

The COVID-19 Economic Crisis in Crawley & The Emergency Response

1. The Forecasts for Crawley's Economy

- A recent Centre for Cities report predicts that **57% of Crawley's 94,000 job employment base is at risk of redundancy / furloughing – the highest proportion of any urban area in the country. This in view of the existing large number of jobs benefiting Crawley residents in aviation, transportation, retail, hospitality and leisure.**
- The same report predicts **almost 60% of all Crawley's exporting jobs will be adversely impacted**, which would seriously undermine the ability for Crawley's economy to recover quickly once the COVID-19 crisis is over.
- A separate report – by Hatch Regeneris - identifies **Crawley as being one of the areas most exposed nationally to job losses and business failures due to the Covid 19 crisis and Crawley's economic make-up.**
- A third report by the Centre for Progressive Policy forecasts that **Crawley will see a 42% drop in economic output.** Given the total value of Crawley's economy is nearly £6 billion per annum, this would represent a loss of £2.5 billion+ PA – by far the steepest fall in the Coast to Capital LEP area.

2. Crawley's Unfolding Economic Crisis – Here and Now

- The latest official figures from the Department of Work and Pensions show that **unemployment in Crawley doubled between March and April to nearly 5%** due to aviation industry, supply chain and travel industry job losses.
- It is estimated that **as many as 7,000 new Universal Credit claims have been made by Crawley residents since the lockdown began.** The May unemployment rate is therefore expected to have risen significantly higher.
- The sharp increase in unemployment in Crawley has occurred **predominantly due to the current crisis in the aviation industry and huge contraction of aviation activity at the Gatwick Airport from around 880,000 passengers on average per week in 2019 to a couple of hundred per week now.** As a result, airlines have announced major redundancies:
- The scale of the potential impact is huge: **pre-crisis there were 24,000 "on airport" jobs at Gatwick, 31,000 direct / indirectly linked, supporting 85,000 jobs in the broader sub-region.**
- According to media reports, **British Airways** are closing Gatwick Airport operation as part of a programme of 12,000 redundancies (including 1,100 pilots). They plan to lay off 80% of crew managers at Gatwick (relocating the others) and more than 1,100 cabin crew. They are outsourcing the jobs of 400 ground staff. A total of 22,000 staff are furloughed.

- **Virgin Atlantic** are making 3,150 redundancies out of a workforce of 10,000 and are shutting operations at Gatwick Airport after 35 years. VA previously accounted for 19% of transatlantic air travel capacity with 258 weekly flights. (They have decided to retain ownership of their slots at Gatwick.....).
- **Easyjet** announced at the end of May that they would be making 30% of their workforce redundant, with the likelihood of significant scale backs at Gatwick. Jobs will be lost in airport operation; baggage handling; maintenance; sales and marketing.
- **Norwegian Air** has cancelled an agreement with its cabin crew and pilots supplier OSM Aviation and will lay off 1,200 employees at Gatwick. The company has recently secured a £770m “debt for equity” swap, its shareholders selling off their asset share to the company’s creditors, so avoiding company bankruptcy. No prospect of flights resuming until 2021.
- **TUI** has secured a €1.8 billion loan from a German state-owned bank. It has announced 8,000 job losses and there are redundancies pending in Crawley.
- Other travel industry firms based in Crawley such as **Travelopia** have announced hundreds of redundancies.

3. initial findings of a Business Intelligence Gathering Exercise – May 2020

- **74% of Crawley businesses surveyed are significantly less busy** since the crisis began and nearly a quarter have had to cease trading completely.
- **80% of Crawley businesses have seen a significant drop in turnover** and nearly a quarter businesses have seen turnover reduce to zero.
- **Professional services firms in Crawley are typically experiencing a turnover fall of between 10 and 30%** (with the exception of accountants).
- **Over 40% of businesses have had orders cancelled and are struggling to get customers to pay bills.**
- **Over two thirds have benefited from the government’s Job Retention Scheme and 70% have furloughed staff.** Most are deeply nervous about a major recession in the autumn and about the ending of the furlough scheme.
- **Just over a quarter have benefited from government funded loan schemes set up during the crisis.**
- **61% are confident their business will survive post COVID-19 crisis but:**
- **Almost three quarters believe they need additional government support to survive.**

4. The Emergency Response – Progress to date

- **Crawley Borough Council has succeeded in distributing £11.7 million of government funded business grants to over 800 local businesses – 97% of its allocation – one of the best performing rates in the country.**
- **However just 860 local business ratepayers qualify for the government business grant to help rescue their businesses and preserve local jobs.**
- **This compares with a Crawley VAT / PAYE registered business base of 4,600 – so just 19% of Crawley’s business base have benefited at best.** This compares with approximately 36% in Worthing; 27% in Horsham; 27% in Mid Sussex; 22% R&B; 39% in Chichester and 32% in Brighton & Hove.
- **Crawley BC has received a “top up” funding allocation from the government of £612,750 – 5% of the original business grants amount - towards a “Discretionary Business Grants” scheme where the criteria can be set by the Council, in adherence to government guidelines. Details are on the Crawley BC web site here:**
<https://crawley.gov.uk/emergency/coronavirus-information/businesses-and-employers/discretionary-business-grants>
- **This provides the Council with funding for business grants to benefit potentially an additional 50 to 60 Crawley businesses - still a long way short when considering the above business grant figures and that over 50% of employment is considered to be at risk of redundancy in the Borough.**

5. What other emergency interventions are needed to help Crawley’s businesses / workforce / economy?

5.1 A Place Based Emergency Business Grants scheme – working title: “Backing Crawley Business” – is urgently needed due to:

- The scale of economic downturn forecast in Crawley (section 1);
- The real and present unemployment crisis in Crawley (section 2);
- The large number of Crawley businesses experiencing a significant turnover reduction due to the COVID-19 crisis (section 3);
- The relatively small proportion of Crawley businesses who have successfully been able to access COVID-19 government support.

5.2 The expansion and intensification of employment support services in partnership with DWP / JCP and local stakeholders to help unemployed Crawley residents and combat the sharp rise in unemployment:

- Access alternative employment;
- Overcome barriers to employability;
- Access training to re-skill and adapt to rising new vocations

5.3 Urgent aviation Industry relief / intervention by the government to help mitigate the volume of job losses and help Gatwick Airport and the industry manage the “hiatus” in passenger volumes, enabling new opportunities.