

APPG South East Inquiry Evidence from Gatwick Airport Limited

7th January 2022

Introduction

1. Gatwick is the UK's second largest airport with a broad mix of airlines flying a range of both short and long-haul point-to-point services. The airport is a vital piece of the UK's national infrastructure and is also a major economic driver for both the South East and the UK as a whole.
2. The Covid-19 pandemic has had a major financial impact on Gatwick and the wider aviation sector. Gatwick saw just 569,000 passengers in the first six months of 2021, resulting in a £244m loss for this period alone.

Background

3. The Covid-19 outbreak has had a catastrophic impact on the whole aviation industry, as travel restrictions have led to a collapse in demand. Gatwick has been hit particularly hard, given the competitive nature of the London airport system.
4. The huge drop in revenue and subsequent loss-making has unfortunately led to a significant number of job losses at Gatwick Airport Limited – around 40% since the start of the pandemic. This is exacerbated by losses in other airport companies – airlines, ground handlers and retail – right across the airport campus.
5. Crawley has been disproportionately impacted by the pandemic. While the aviation industry accounted for 1 per cent of all jobs in the UK pre-pandemic, approximately one in five jobs in Crawley were in this industry. Crawley had the highest proportion of jobs in the aviation and aircraft manufacturing industries of 62 large towns and cities examined by Centre for Cities in April 2020¹.
6. Passenger levels are likely to be below 2019 levels through to 2025, and the economic impact will continue to be felt in Crawley and the surrounding region during this time. It is therefore clear that this region, and Crawley in particular, will require support as part of the levelling up agenda.

Impact of the Covid-19 Pandemic in Crawley

7. At the start of 2020 Crawley was among the most economically successful cities and large towns in the country. It was the 19th most productive urban area in the UK and had the 9th highest workplace earnings, while being among the places with the lowest share of people claiming benefits for the primary reason of being unemployed.
8. The aviation industry is one of Crawley's main exporting industries, bringing money into the local economy that people then spend on shops and restaurants and other local services

¹ Kathrin Enenkel, Centre for Cities, "What does the Covid-19 crisis mean for the economies of British cities and large towns?", April 2020, <https://www.centreforcities.org/blog/what-does-the-covid-19-crisis-mean-for-the-economies-of-british-cities-and-large-towns/>

activities. Unlike in other parts of the country – where the negative effect of the pandemic has been mostly felt on local services activities – this means the pandemic has also affected the exporting base of the town. And this is likely to mean that the pandemic is likely to have a much longer lasting economic impact than in most other parts of the country.

9. Analysis by a group of MPs with interest in aviation found that in constituencies around the UK's top 20 airports the number of people claiming unemployment benefits went up 145% on average between January 2020 and January 2021 (contrasting to 112% across the UK). Some airports in London and the South East saw particularly high rises; in Crawley in January 2021 the number of people claiming unemployment benefits increased 224%.
10. In March 2021, the number of people claiming unemployment-related benefits in Crawley had risen the most in Britain, soaring by 6.1 percentage points since March 2020 to reach 8.9% of the local workforce. At the same time, claimants in Crawley aged 16-24 had increased 200% since March 2020 in contrast to the UK increase of 115%.
11. The Crawley Economic Recovery Taskforce reported in March 2021 that as many as 25,800 Crawley residents had been furloughed in the previous year; this was 41 per cent of the eligible local workforce. Unemployment in Crawley more than trebled from 2.4 per cent to more than eight per cent. Youth unemployment was almost 13 per cent, which was nearly 1,000 young people.

Gatwick's Role in Future Economic Recovery

12. Diversifying the region's economy and making it more resilient has become an important objective for several local economic partners following the COVID-19 pandemic. Gatwick's strong revival will create the dynamic, connected and innovative business environment necessary to diversify the region's economy by making the area attractive to new and emerging industrial clusters, including digital, advanced manufacturing and green technologies.
13. Through the development of recovery plans, local stakeholders acknowledge that Gatwick's revival will be key to supporting the economic recovery of the surrounding region. This includes the airport's role in securing investment and growth, but also the critical role that Gatwick plays in sustaining a business environment in the region that is attractive to key sectors and high-value economic clusters.
14. As a critical economic driver for the UK's South East region, we want to use our return to growth as an opportunity to help rebuild the local economy in a way which is stronger, more diverse and more resilient to future economic change and disruption; building on the foundations of sector specialisation and productivity that already stem from the airport's presence and working with key partners such as the Coast to Capital Local Enterprise Partnership (LEP) to position Crawley and Gatwick as a centre for global growth and economic transformation.
15. As we work with local partners to secure Crawley's economic recovery and longer-term transformation, we want to elevate the airport's contribution to driving local economic productivity and achieving the area's vision to renew Crawley as an attractive and diverse economic powerhouse, founded on 'green growth' and digital innovation.
16. Our role at the heart of the local community and economy has enabled us to forge strong, lasting partnerships with local stakeholders, and we are proud of the airport's achievements

on our economic, social and environmental performance over recent years. Gatwick has continued to actively engage with local authorities, local enterprise partnerships, business membership organisations, local businesses, tourism organisations and education providers to drive economic recovery.

17. This partnership approach is key to everything we do; continuing this strong tradition of collaborative working will be critical for a swift and strong rebound and as we look to rebuild a positive growth agenda for the economy.

Conclusion

18. At Gatwick, the scarring effect of the pandemic will be felt particularly in our community, where the airport acts as an 'economic anchor' within the region. Indeed, the Centre for Cities thinktank identified Crawley as the place in Britain at highest risk of widespread job losses amid the Covid-19 crisis. It reported that more than 53,000 jobs were classed as vulnerable and very vulnerable in Crawley, of about 94,000 in the area.
19. We believe that there is a very strong case to support airport towns such as Crawley in the levelling-up agenda, without which severe and long-term unemployment in particular pockets of the country will remain for years to come.