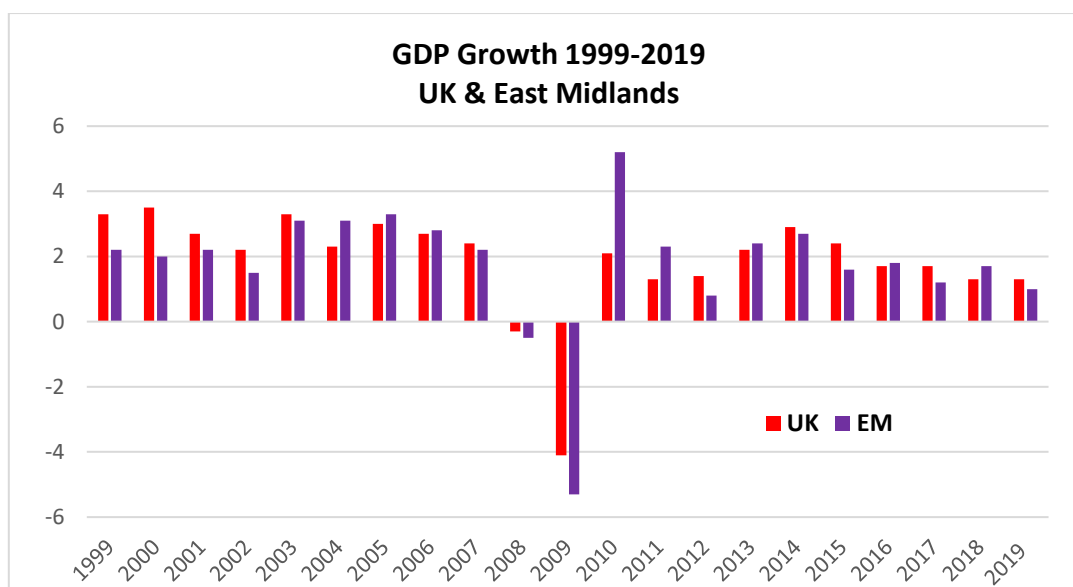


Briefing Note from East Midlands Councils & East Midlands Chamber: Growth, Productivity & Investment in the East Midlands

1. The East Midlands is a region of **4.8 million people** and **397,000 businesses**. Total regional output in 2018 was **£125 billion**, equivalent to **5.8% of the UK economy**. The East Midlands employment rate (2021) remains just above the UK average at **75.3%** (UK= 75.2%) but median weekly earnings (2020) are below: **£561 pw** compared to £586 pw. **11.1% of the workforce work in manufacturing**, compared with 7.4% for the UK¹.
2. In terms of manufacturing:
 - East Midlands Chamber research (June 2021) found that 90% of manufacturers innovated over the past 2 years with 96% planning further innovation over the coming 24 months – with 64% planning to develop new products and processes.
 - Despite this, the East Midlands receives below the average funding for UK regions from Innovate UK (East Midlands 2020 Innovate UK funding £72m, English average £95m)
 - A five-year research partnership between EM Chamber and University of Derby showed that the percentage of businesses in the East Midlands deriving turnover from supplying pro-environmental goods or services increased from 16% in 2015 to 37% in 2021. 36% of the companies in 2021 surveyed stated that clean growth is already wholly or partly integrated into their business growth strategies; up from 29% in 2020.
3. GDP growth in the East Midlands over the last 20 years has been better than most other regions/nations, but generally just below the UK average - **1.8% p.a. between 1999 and 2019** compared to 1.9% p.a. for the UK².

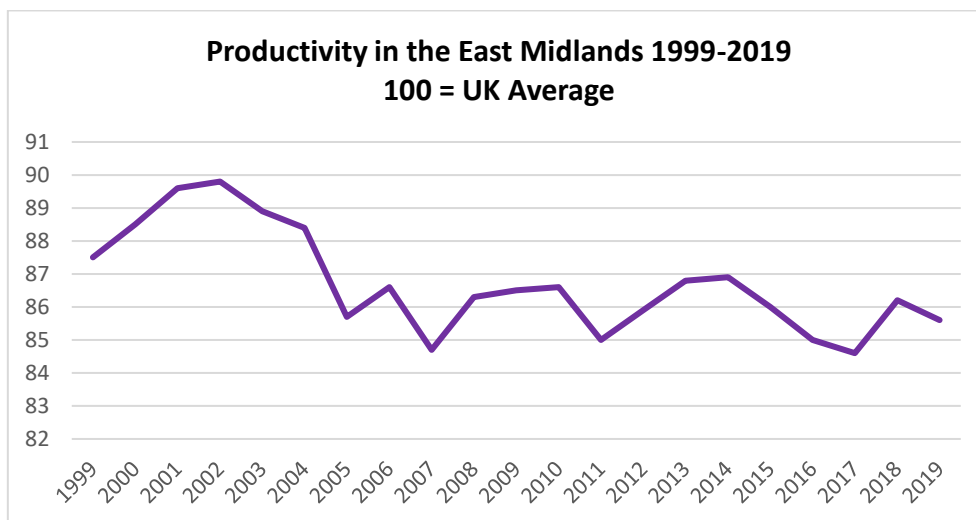


Source: [Regional gross domestic product: all ITL regions - Office for National Statistics](https://researchbriefings.files.parliament.uk/documents/SN06924/SN06924.pdf)

¹ <https://researchbriefings.files.parliament.uk/documents/SN06924/SN06924.pdf>

² [Regional gross domestic product: all ITL regions - Office for National Statistics](https://researchbriefings.files.parliament.uk/documents/SN06924/SN06924.pdf)

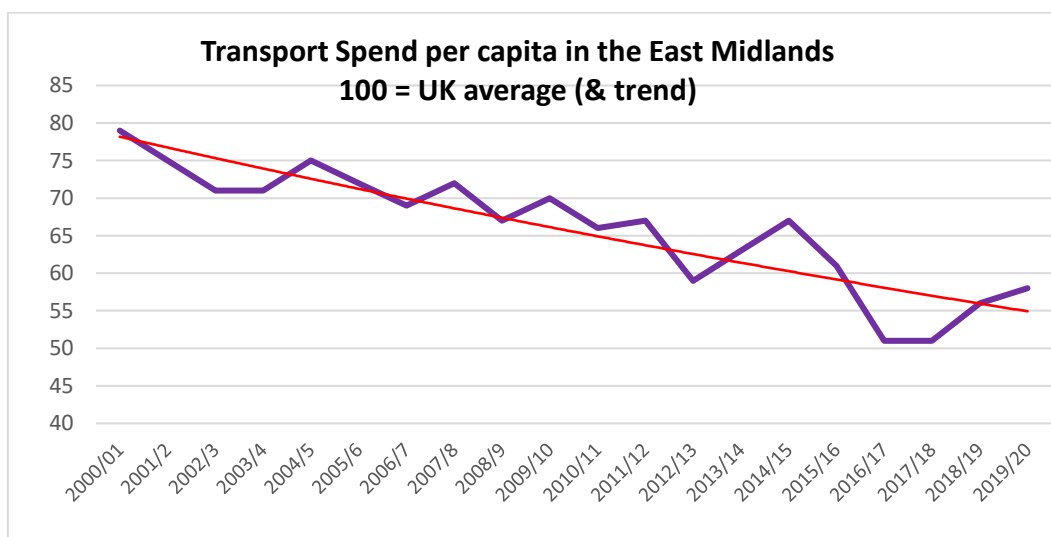
4. Similarly, **productivity has remained below the UK average** over the last 20 years and has been declining relative to the UK to **85.6% in 2019**³.



Source: [Annual regional labour productivity - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/publications/annual-regional-labour-productivity)

5. The most recent Treasury (PESA) statistics⁴ confirms the region is continuing to lose out in terms of public investment. Of continued concern are the low levels of infrastructure and economic development funding – with an obvious implication for future rates of local and regional economic growth. The East Midlands receives:

- **The lowest level of public expenditure on ‘economic affairs’;**
- **The lowest level of public expenditure on services per head; and**
- **The lowest level of public expenditure on transport, in total and per head.**

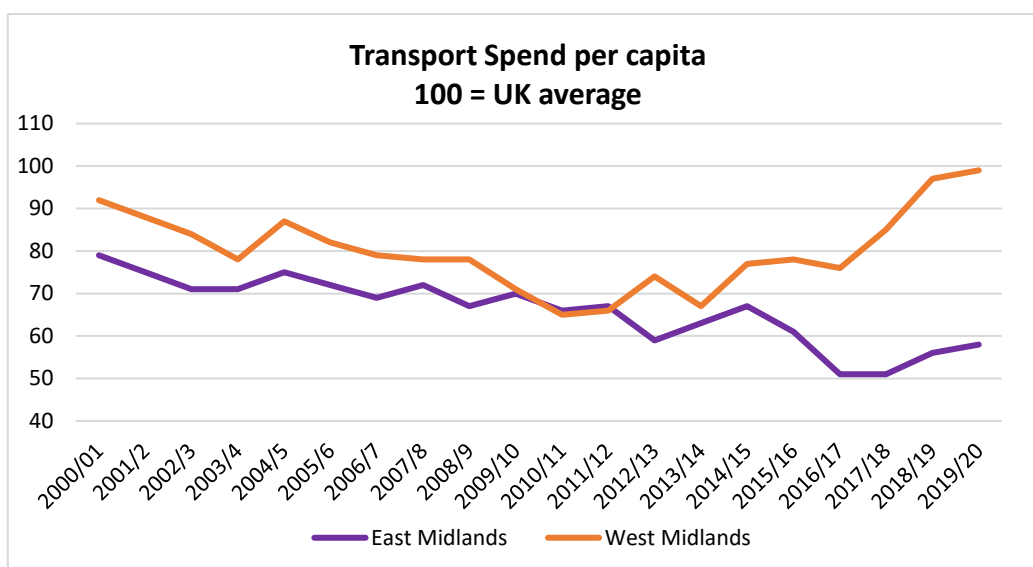


Source: <https://www.gov.uk/government/statistics/public-expenditure-statistical-analyses-2021>

³ [Annual regional labour productivity - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/publications/annual-regional-labour-productivity)

⁴ <https://www.gov.uk/government/statistics/public-expenditure-statistical-analyses-2021>

6. **Transport spend per head** has been very significantly below the UK average level for all of the last 20 years, **declining to just 58% of the UK average in 2019/20**, the lowest level of any UK region or nation. If the region was funded at a level equivalent to the UK average, the East Midlands would have an **extra £1billion a year** to spend on transport.
7. In addition, there is a **growing gap between the East and West Midlands** which is likely to widen further over the next decade as a result of the delivery HS2 Phase 1 and associated investments, and initiatives like the 'City Region Sustainable Transport Settlements'.



Source: <https://www.gov.uk/government/statistics/public-expenditure-statistical-analyses-2021>

8. Transport investment is a key driver of productivity and economic growth. The fact that the East Midlands has consistently delivered GDP growth close to the UK average from very low levels of transport investment is testament to commitment and ingenuity of the thousands of SMEs that are the backbone of the region's economy. But declining relative productivity means even this level of performance cannot be sustained.
9. **In order to level up the economy the Government must first level up investment. Boosting transport spending in the East Midlands towards the UK average will improve productivity and GDP growth in the East Midlands, which will not just benefit the region's people and businesses but the whole UK economy.**
10. **Breaking the long-term cycle of underinvestment requires a long-term commitment to transforming regional connectivity. Key to this will be the Government's forthcoming Integrated Rail Plan (IRP) which must set out a clear plan for the delivery of Eastern Leg of HS2 in full, including the East Midlands Hub Station at Toton, HS2 connectivity for Chesterfield and the Infrastructure Maintenance Depot at Staveley.**