Transport for the East Midlands

East Midlands Councils

Growth, Productivity & Investment in the East Midlands

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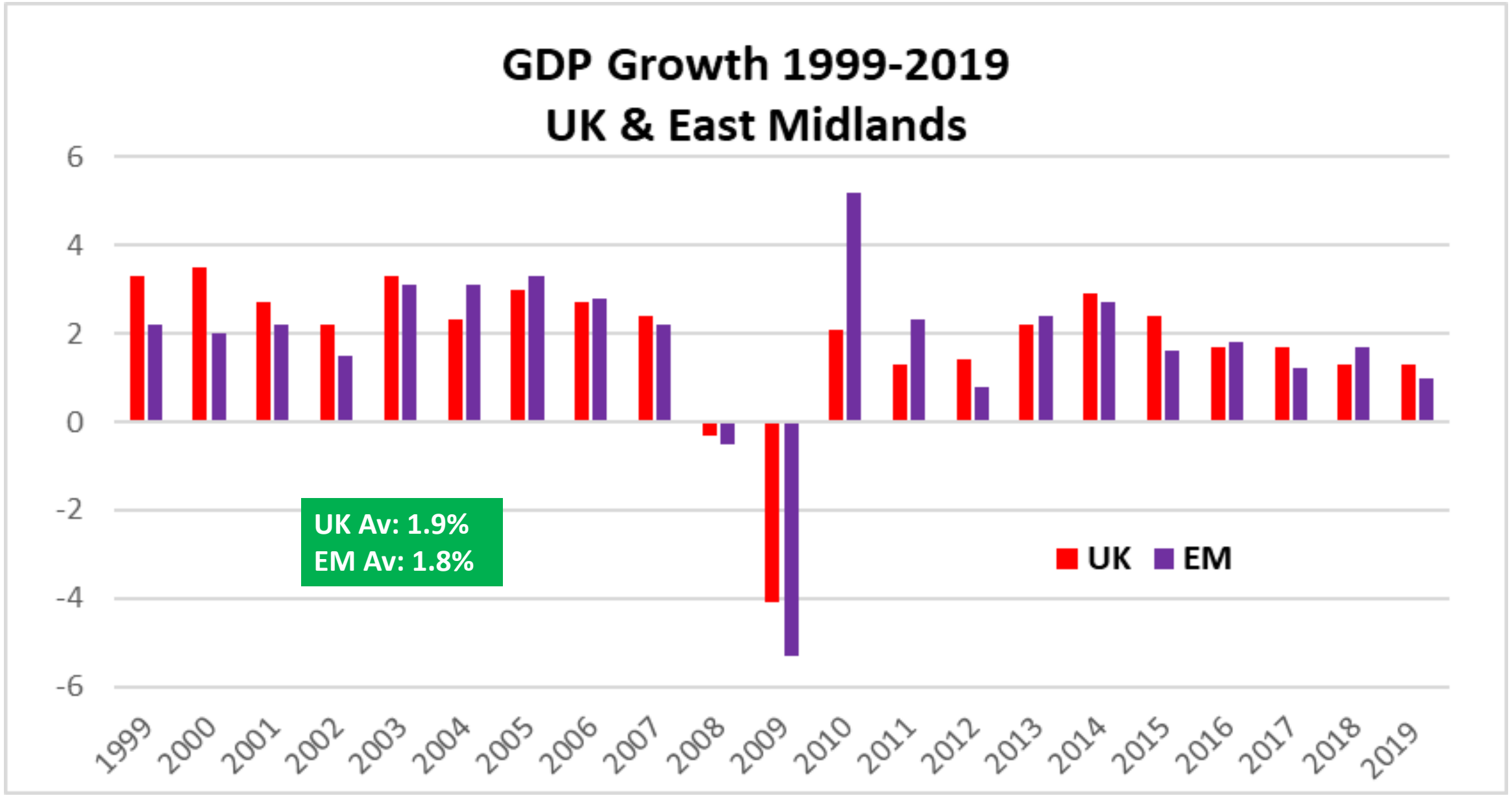
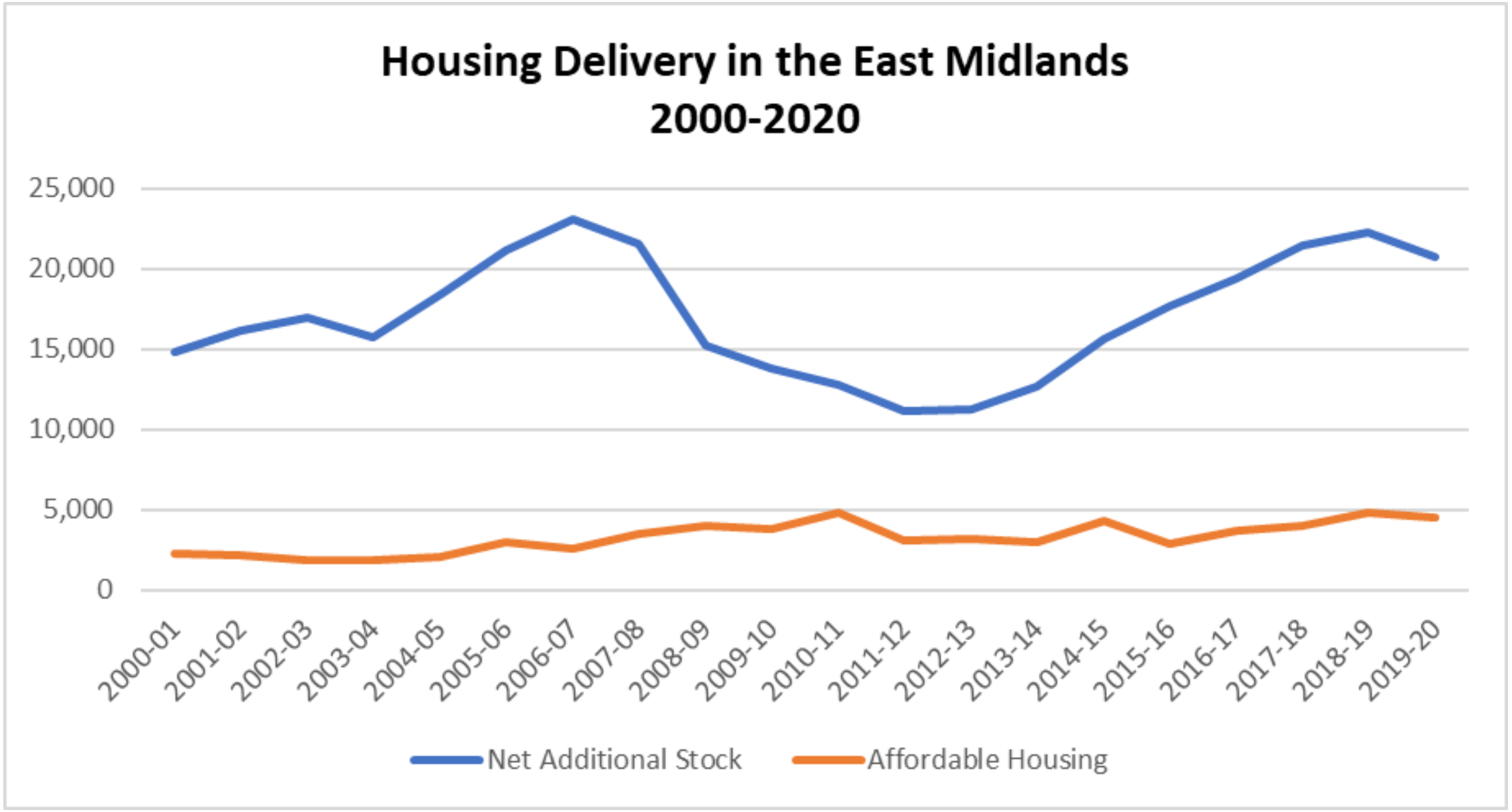
Economic Context

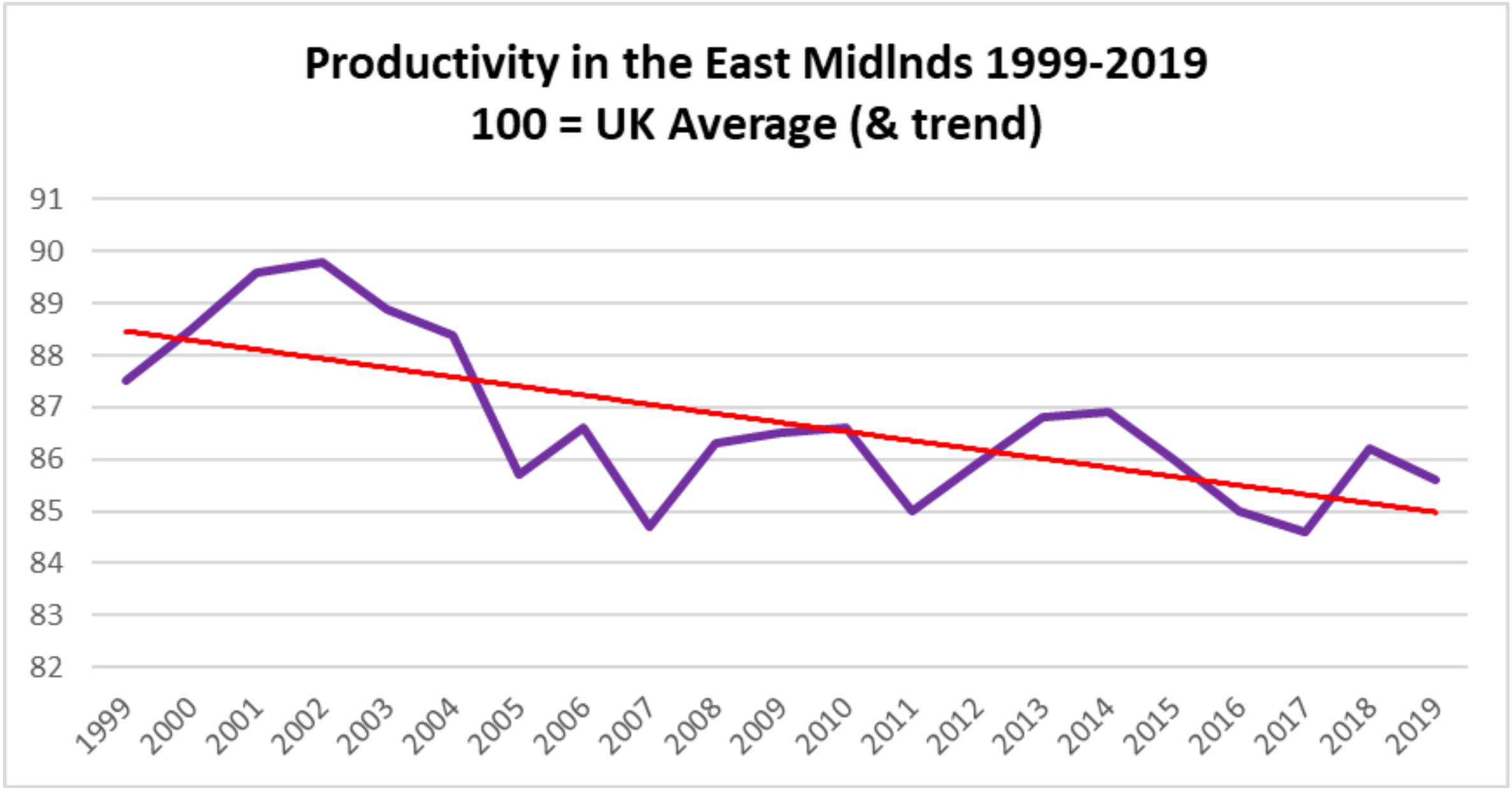
- The East Midlands is a region of 4.8 million people and 397,000 businesses.
- Total regional output in 2018 was £125 billion, equivalent to 5.8% of the UK economy.
- The East Midlands employment rate (2021) remains just above the UK average at 75.3% (UK= 75.2%) but median weekly earnings (2020) are below: £561 pw compared to £586 pw.
- 11.1% of the workforce work in manufacturing, compared with 7.4% for the UK.
- Source: https://researchbriefings.files.parliament.uk/documents/SN06924/SN06924.pdf



Source: [Regional gross domestic product: all ITL regions - Office for National Statistics]

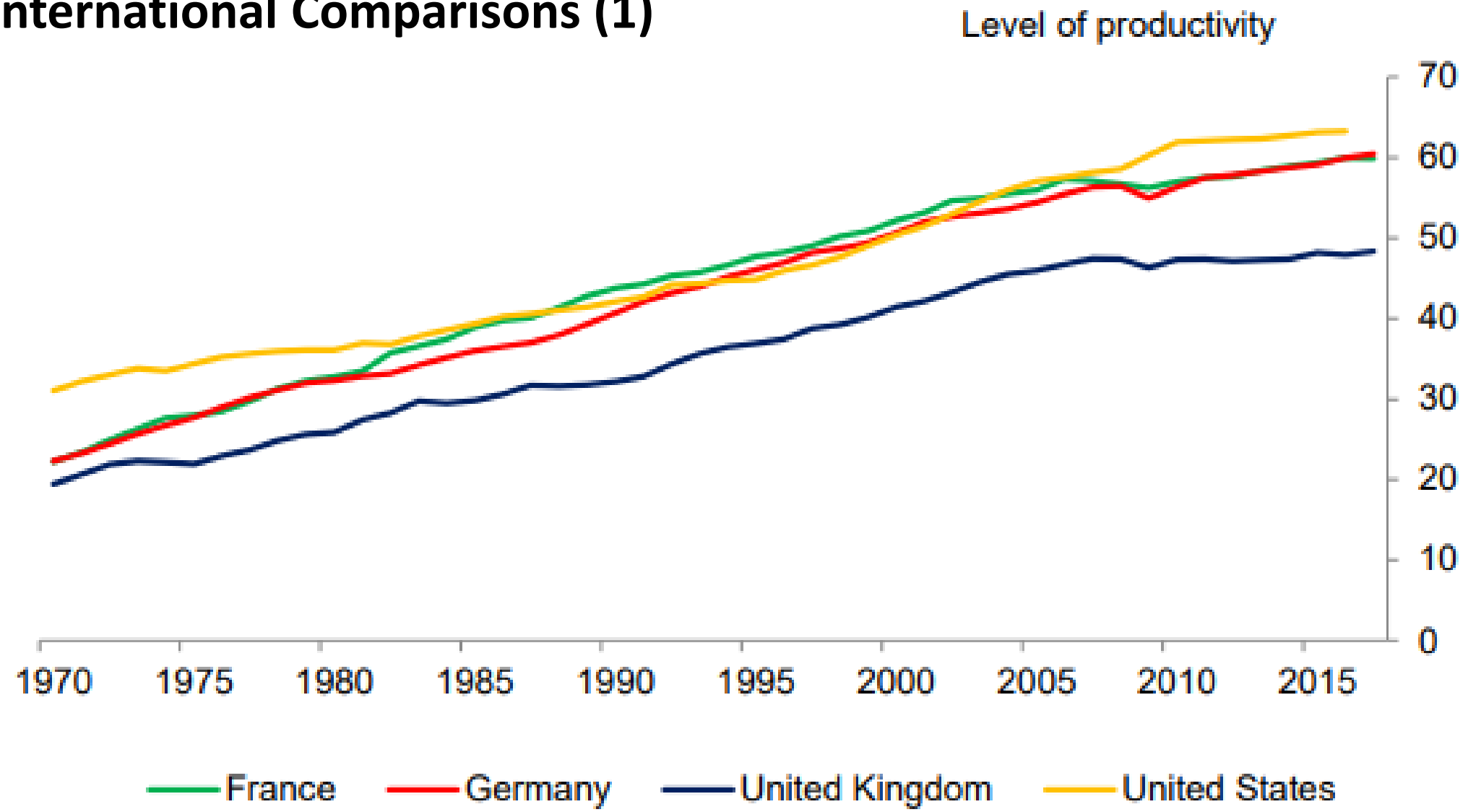


Sources: Net Additional Stock Live_Table_118.ods; Affordable Housing: Live_Tables_1006-1009.ods



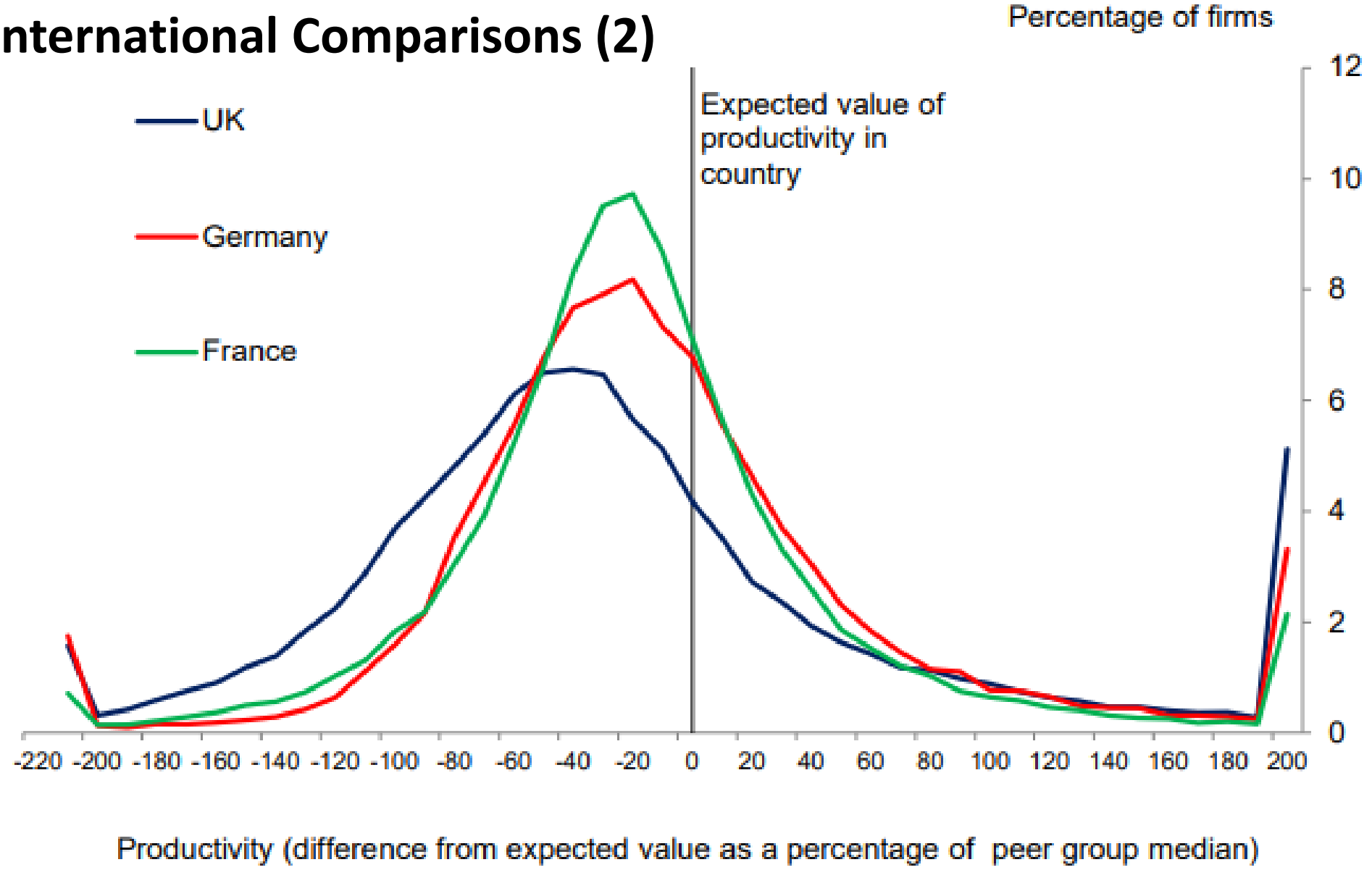
Source: [Annual regional labour productivity - Office for National Statistics (ons.gov.uk)]

International Comparisons (1)



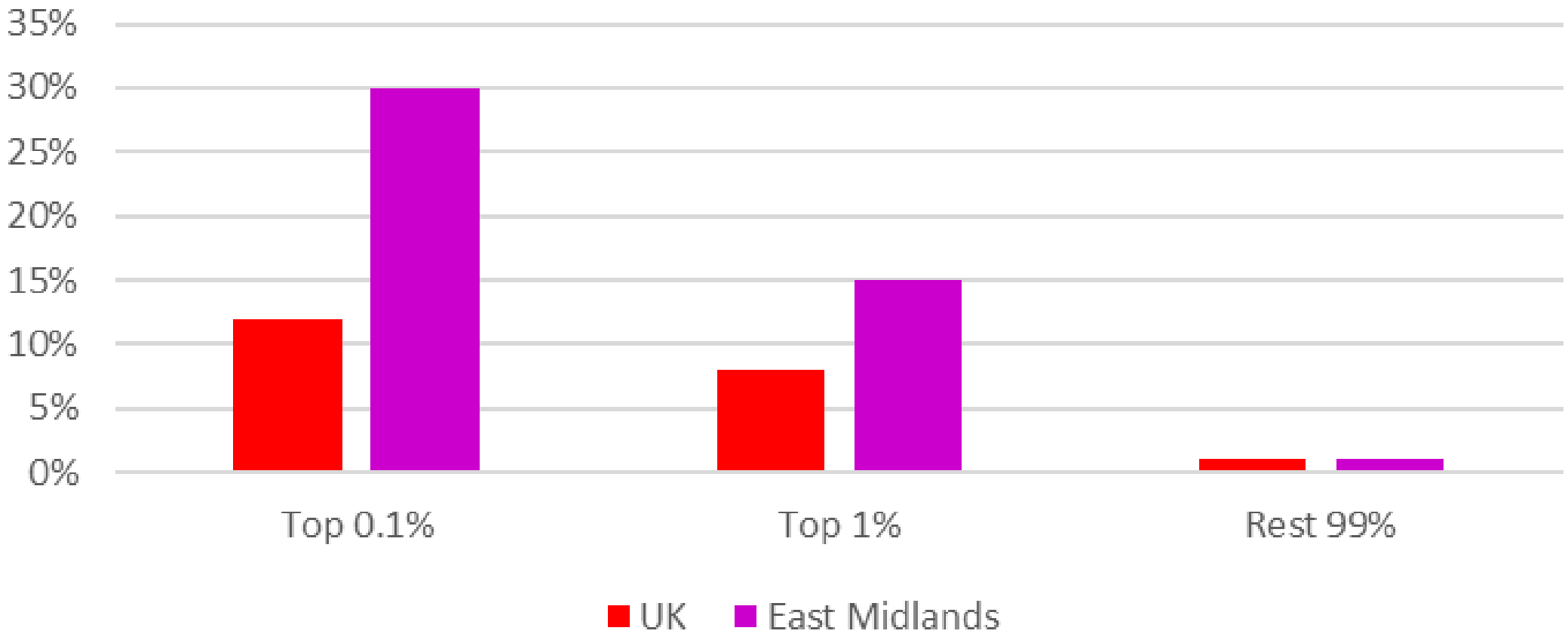
Source: OEDC & Bank of England as quoted by: [The UK's Productivity Problem: Hub No Spokes (bankofengland.co.uk)]

International Comparisons (2)

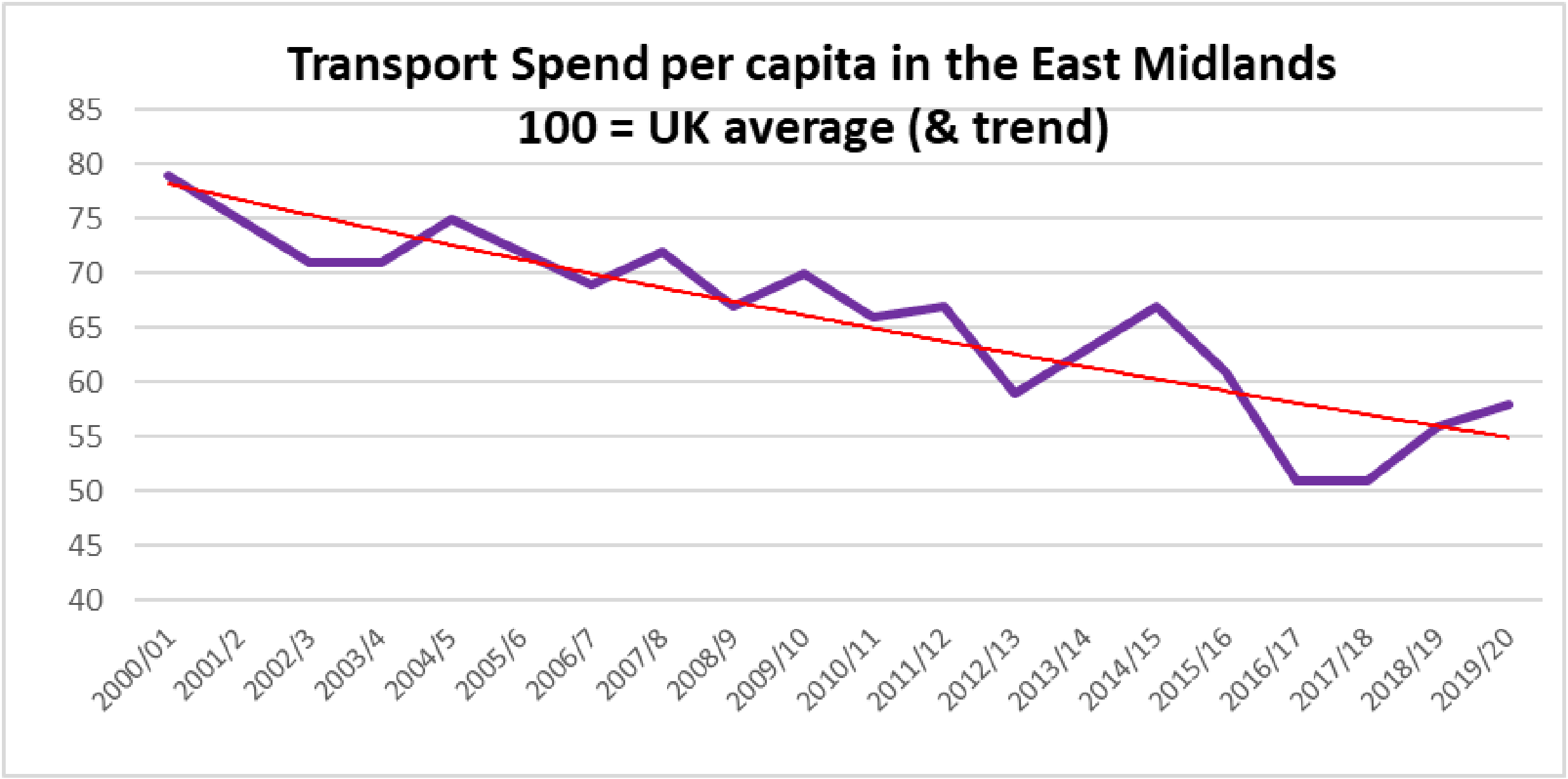


Source: OEDC & Bank of England as quoted by: [The UK's Productivity Problem: Hub No Spokes (bankofengland.co.uk)]

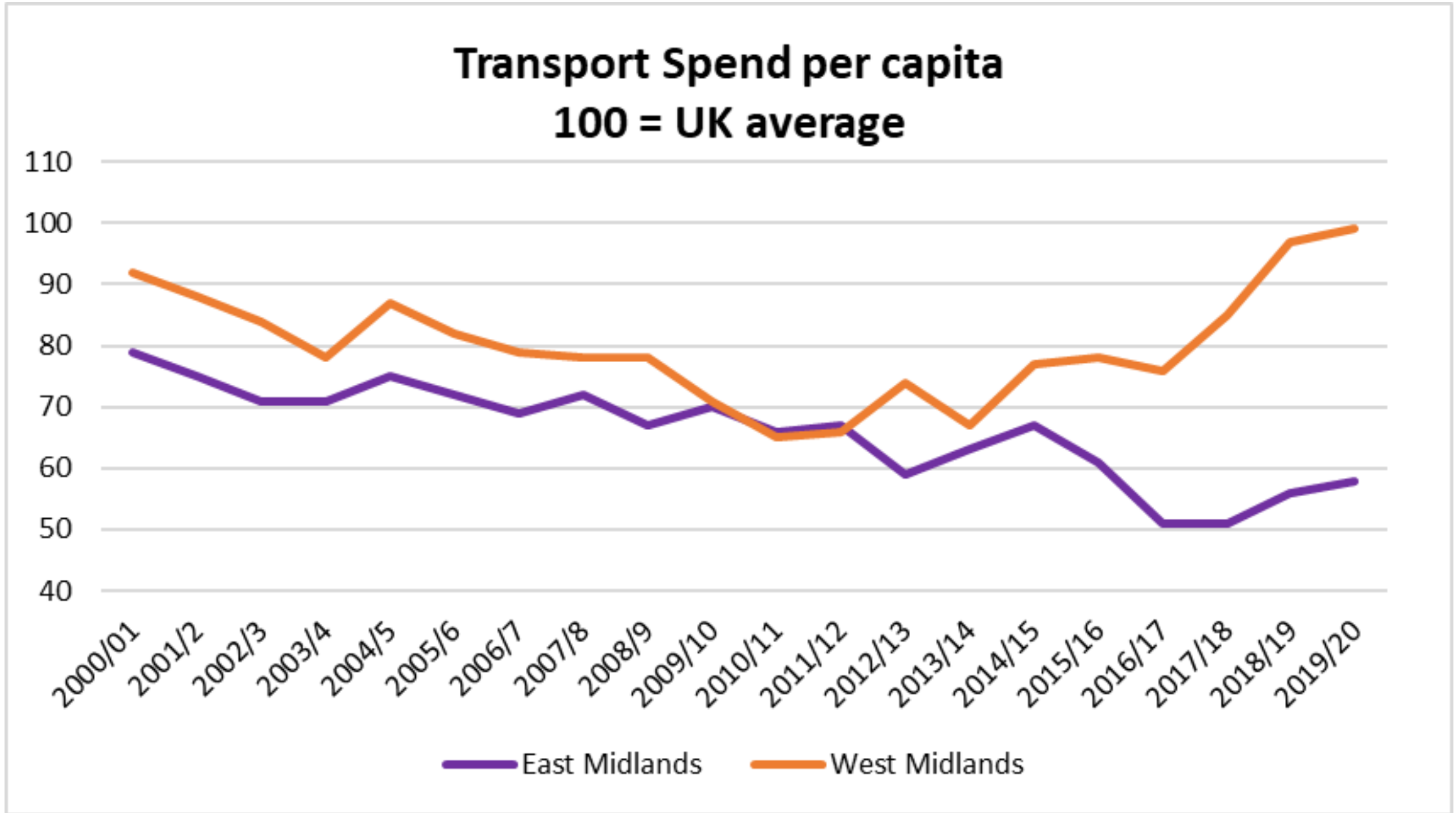
Annual Firm Level Productivity Growth 2004-14 by Percentage of Total Firms



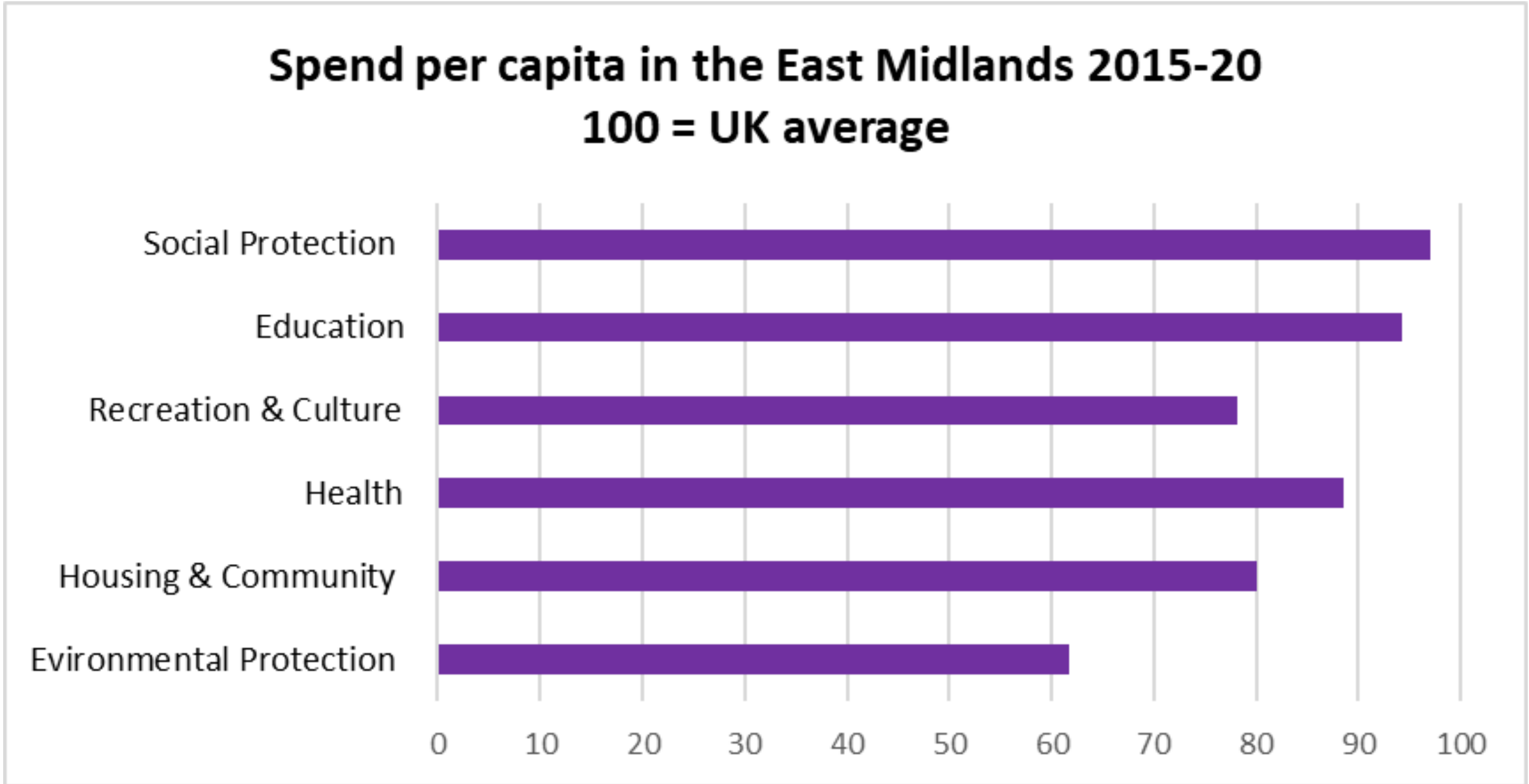
Source: ONS & Bank of England quoted by: [The UK's Productivity Problem: Hub No Spokes (bankofengland.co.uk)]



Source: [Public Expenditure Statistical Analyses 2021 (publishing.service.gov.uk)](publishing.service.gov.uk).



Source: [Public Expenditure Statistical Analyses 2021 (publishing.service.gov.uk)](publishing.service.gov.uk).



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

HS2 in the East Midlands

- Eastern Leg of HS2 between Birmingham and Leeds includes new Hub Station at Toton and HS2 connectivity for Chesterfield
- EM HS2 Growth Strategy sets out plans for 74,000 new jobs and £4billion of GVA
- But HS2Ltd will spend the whole budget just getting to Birmingham…and is committed to extending to Crewe & Manchester…
- Government's long awaited Integrated Rail Plan will set out next steps…shortly
- Expect some changes to the Eastern Leg...

- 3 Core Sites: Toton/Chetwynd, Ratcliffe Power Station & East Midlands Airport
- Combined development potential bigger than the Olympic Park…
- An interim company owned by 5 local authorities has been established
- Proposal to turn this into ‘locally-led’ Urban Development Corporation – subject to legislation
- For more information: Home - East Midlands Development Company (emdevco.co.uk)

Freeports

- Chancellor has proposals to establish 8 new 'Freeports' around the UK
- Proposed locations include East Midlands Airport (with sites in 3 counties) and the Humber Ports
- Outline Business Cases have been submitted - full Business Cases under preparation
- Autumn 2021 budget included an initial capital allocation of £200m (£25m per Freeport)
- Scale of fiscal incentives yet to be confirmed
- For more information: East Midlands Freeport | UK's only inland Freeport (emfreeport.com) **and** Humber Freeport – Britain's Global Gateway

Conclusions

- The East Midlands has consistently delivered growth at or around the UK average…and could do even better
- But productivity and level of public investment are significantly below UK average and falling…
- Interventions of scale are required to turn the situation around and release potential
- HS2, EMDevCo and the two Freeports would be a great start…but Government needs to ensure the money follows the rhetoric…