

**Debate Pack**

Number CDP-2021-0133

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3 September 2021

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## Future of the East Midlands economy

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# 1 Background: Economic Statistics

Some key statistics on the East Midlands economy:

- GDP was £130 billion in 2019, accounting for 5.9% of UK GDP.<sup>1</sup>
- GDP per capita was £26,852 in 2019, below the UK average of £32,876.

## GDP and GDP growth in UK regions/nations

GDP and % change in real\* GDP per head over time period shown

	GDP (£bn), 2019	GDP per head (£), 2019	% total change in real* GDP/head over time period	
			1998-2007	2010-2019
<b>East Midlands</b>	<b>130</b>	<b>26,852</b>	<b>17.0</b>	<b>8.8</b>
North East	64	24,068	29.7	2.7
North West	213	28,993	27.7	10.2
Yorkshire & Humber	147	26,667	25.6	9.8
West Midlands	164	27,574	15.2	13.4
East of England	191	30,622	21.9	11.8
London	504	56,199	33.0	18.0
South East	327	35,631	18.8	10.2
South West	164	29,147	18.7	7.2
England	1,903	33,809	24.4	12.5
Wales	78	24,586	20.9	12.2
Scotland	167	30,560	26.7	10.4
Northern Ireland	49	25,656	27.2	9.3
United Kingdom	2,214	32,876 **	24.8	12.2

\* Regional GDP data are not deflated using true regional price indices but by using industry deflators for the UK and applying to regional industry-level GDP

\*\*UK GDP per head figure excludes GDP that cannot be assigned to a region, this is mostly North Sea oil and gas extraction

Note: 2008-2009 is excluded from GDP per head data, as this period covers the recession related to the global financial crisis

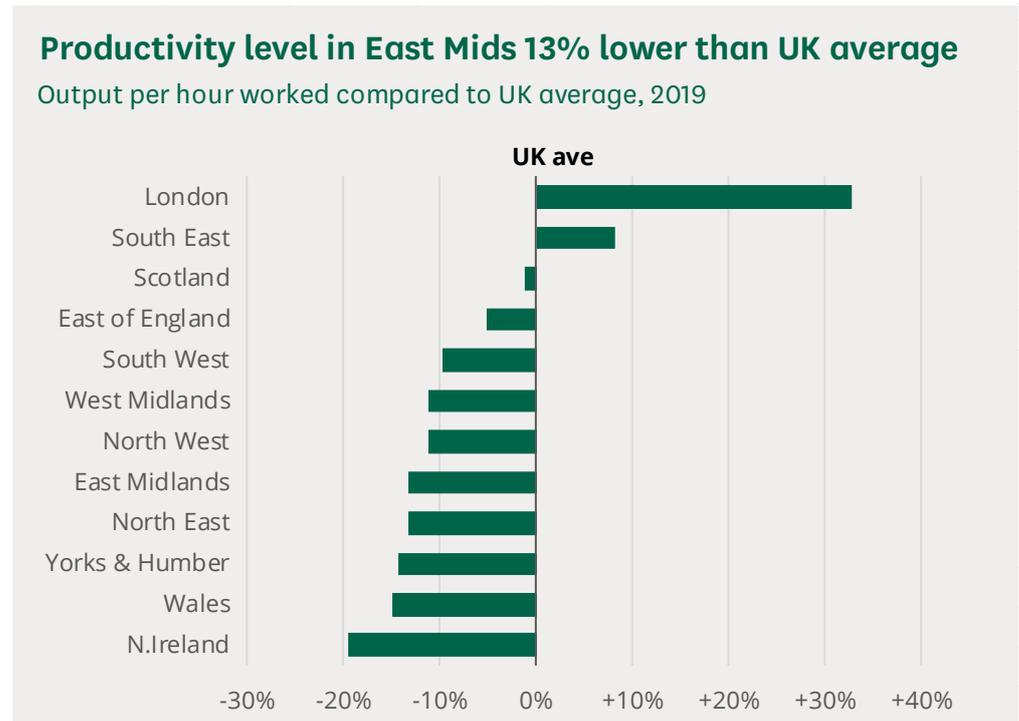
Source: ONS, [Regional economic activity by GDP, UK: 1998 to 2019](#), May 2021

- Oxford Economics, a consultancy, forecasts economic growth of 8.2% in 2021 and 6.8% in 2022 for the East Midlands. This follows an estimated

<sup>1</sup> ONS, [Regional economic activity by GDP, UK: 1998 to 2019](#), May 2021

contraction of 9.8% in 2020. It is forecast to grow faster than the UK over this period (+7.4% in 2021 and +6.7% in 2022).<sup>2</sup>

- KPMG, another consultancy, forecasts GDP growth of 6.3% in 2021 and 4.8% in 2022 for the East Midlands. This would be slower than forecasted UK GDP growth of 6.6% in 2021 and 5.4% in 2022.<sup>3</sup>
- Productivity in the East Midlands was 13% below the UK average in 2019 (measured using economic output per hour worked).<sup>4</sup>



Source: ONS, [Annual regional labour productivity dataset](#), July 2021

- Manufacturing accounts for 16% of economic output in the East Midlands, the second highest proportion of all UK nations and English regions (Wales is at 17%). The UK average is 10%.<sup>5</sup>
- In 2020, there were 396,900 private sector businesses in the East Midlands, an increase of 11% from 2019. There were 1,009 businesses per 10,000 residents (the UK average was 1,105).<sup>6</sup>
- The unemployment rate for East Midlands in April–June 2021 was 4.3%, the UK average was 4.7%.

<sup>2</sup> Oxford Economics, Regional Economic Forecast, July 2021

<sup>3</sup> KPMG, [UK economic outlook](#), June 2021, pp7-8

<sup>4</sup> ONS, [Annual regional labour productivity dataset](#), July 2021

<sup>5</sup> 2019 data. ONS, [Regional gross value added \(balanced\) by industry: all ITL regions](#), May 2021

<sup>6</sup> BEIS, [Business population estimates](#), October 2020, table 26

- The employment rate for the East Midlands in April–June 2021 was 75.3%, the UK average was 75.1%.<sup>7</sup>

<b>Summary of economic indicators</b>		East Midlands	UK
<b>Population</b>			
2020 mid-year estimates	Millions	4.9	67.1
<b>Economy</b>			
Total output (GDP), 2019	£ billions	130	2,214
Total output (GDP) per head, 2019	£	26,852	33,151
Economic Growth (GDP), 2010-19**	Annual ave real terms % ch.	1.7%	1.8%
<b>Forecast economic growth (GVA, real terms)*</b>			
2021	% change on year	8.2%	7.4%
2020-30**	Average annual % change	1.3%	1.4%
<b>Labour market, April - June 2021</b>			
Employment level	Thousands	2,303	32,276
Employment rate	% of population aged 16-64	75.3%	75.1%
Unemployment level	Thousands	104	1,600
Unemployment rate	% of economically active	4.3%	4.7%
Median weekly earnings, 2020	£, full time employees	561	586
<b>Industries - employment, January - March 2021</b>			
Manufacturing	% of total jobs	11.1%	7.4%
Public sector	% of total employment	16.5%	17.7%
<b>House prices, June 2021</b>			
Average	£	227,000	266,000
Annual change	% change on year	14.3%	13.2%
<b>Fiscal indicators, 2019/20</b>			
Public sector revenue per head	£	10,538	12,400
Public sector expenditure per head	£	12,005	13,263
Net fiscal balance per head	£ ('+' is surplus; '-' is deficit)	-1,467	-863
<b>Businesses</b>			
Number of businesses, 2020	Thousands	397	5,981
Annual % change in businesses, 2020	% change on year	11.4%	1.9%

\* Forecasts from Oxford Economics (Jul 2021); \*\* Annual average growth is a compound average  
Source: Library briefing, [Regional and National Economic Indicators](#)

Further information on regional economic comparisons is provided in the Library briefing, [Regional and National Economic Indicators](#)

<sup>7</sup> ONS, [Labour market in the regions of the UK: August 2021](#), 17 August 2021

## 2

## Press articles

[UK ministers set to cut back HS2 eastern route](#)

Financial Times

25 August 2021

[HS2's east leg set to be axed to save £40billion in mockery of Johnson's 'level up' pledge](#)

The Sunday Mirror

21 August 2021

[Confidence falls back slightly, but growth and hiring aspirations strong among region's small businesses](#)

East Midlands Business Link

19 August 2021

[HS2 Eastern leg decision not expected until October](#)

West Bridgford Wire

18 August 2021

[Bassetlaw District Council leader doubts how much the area would benefit from East Midlands devolution](#)

Worksop Guardian

16 August 2021

[Four councils in bid to create East Midlands combined authority](#)

Local Government Chronicle

12 August 2021

[Tory MPs join Labour mayors in bid to save HS2 eastern route](#)

The Financial Times

9 August 2021

[Concerns over East Midlands HS2 as new link road progresses](#)

West Bridgford Wire

28 July 2021

[Ambitious plans for Nottinghamshire could be thwarted by dissension among county councillors](#)

Nottingham Post

22 July 2021

[Report highlights importance of manufacturing to East Midlands as sector recovers from Covid](#)

East Midlands Business Link

20 July 2021

[Leicestershire MP welcomes Midlands eco-boost](#)

In Your Area

20 July 2021

['Strong lift-off' expected for East Midlands economy](#)

TheBusinessDesk

11 June 2021

[Stunning images of sites part of £235m East Midlands recovery plan](#)

Nottingham Post

24 March 2021

[60,000 jobs on way as huge business-friendly site approved for Derbyshire](#)

Derby Telegraph

3 March 2021

[BT added £759 million to East Midlands last year and employs 1-in-12 IT workers, according to report](#)

BusinessLive

10 February 2021

[Leaders call for £2bn rail improvement project green light to unite Midlands](#)

Derby Telegraph

9 February 2021

[How AI is being used to boost the East Midlands economy](#)

BusinessLive

24 November 2020

### 3

## Press Releases

### [Major step forward for new organisation which aims to shift the dial of regional growth in the East Midlands](#)

Broxtowe Borough Council

27 May 2021

**A pioneering body which aims to help generate 84,000 new jobs, 10,000 new homes and add billions in value to the East Midlands economy in years to come has taken a major step forward.**

The proposed East Midlands development corporation will help accelerate the planning and development of three major sites centred on the East Midlands Airport area, Toton and Chetwynd and land around Ratcliffe-on-Soar Power Station.

The five local authorities supporting the initiative have now formally set up a body to begin its work, laying the foundations for a new kind of statutory development corporation which was flagged in the Queen's Speech earlier this month as part of government plans to boost growth through planning reform.

The decision to set up EM DevCo Limited follows the submission of a detailed business case to government which highlighted the potential to use the three sites to fuel a step-change in regional economic performance.

One of its first steps has been to recruit an experienced managing director to lead its work. Richard Carr joins the DevCo having steered multi-billion-pound projects in different parts of the country.

He will now spearhead progress as EM DevCo seeks to significantly increase the overall impact of the three sites by delivering greater, faster, more sustainable and inclusive growth. It will do this by developing detailed plans for development, infrastructure and investment to benefit the wider region.

Supported by regional businesses and universities, it will also work to secure funding to help support developments, speak to investors and developers to establish potential, and liaise with local communities about proposals.

Richard Carr becomes DevCo MD on the back of a 25-year career that has seen him work with private and public sector to drive multi-billion regeneration initiatives. A former CEO at city, unitary authority and district level, he also has a wealth of experience liaising with government and business.

He will lead an organisation which is currently recruiting a small team of planning and economic specialists who will build momentum behind its work.

Richard Carr said: “I’m delighted to be part of a groundbreaking initiative which aims to shift the dial of economic performance in the East Midlands. It’s no exaggeration to say that this is one of the single most important economic development opportunities across the whole of the UK.

“Nor will it be business-as-usual. Our aim is to work with partners, plan carefully and comprehensively, and drive the long-term potential of the three sites in a way which means they can deliver more homes, more business and industrial space and better transport connectivity. We want to hook people up to benefits that bring jobs.

“These sites also offer massive potential to embrace new opportunities and help put the East Midlands economy in a position to exploit clean technologies, new ways of manufacturing, and the region’s status as a global gateway for trade.”

EM DevCo is being backed by Leicestershire and Nottinghamshire County Councils, North West Leicestershire District Council and Broxtowe and Rushcliffe Borough councils.

Councillor Milan Radulovic, leader of Broxtowe Borough Council, said: “With our economy beginning to pick up speed in the wake of the pandemic, now is the time for our region to come together and harness the immense potential of its people and businesses and make the most of major development opportunities and new technologies.”

Mr Carr added: “The projects which the Devco is seeking to progress will bring benefits to both businesses across the region and communities well beyond the immediate development areas.

“One of my priorities will be to engage with businesses in the weeks ahead, and to make sure that we develop a strong dialogue with local communities so that we can build their views into the way we progress.”

The DevCo’s progress is reviewed by an Oversight Authority made up of representatives from the five councils, but the company will also be operated under the direction of an independent skills-led board of directors.

A process to recruit private sector board members is about to get underway. One of the private sector representatives will chair the board.

The DevCo is being supported by the Midlands Engine, which works with partners and government to promote growth and investment across the region.

Midlands Engine chairman Sir John Peace said: “Upping the pace of regional economic growth is critically important as the UK emerges from Covid and we seek to make the most of the technologies of the future.

“I’m thrilled to see this early progress with the DevCo, which has identified opportunities that have the capacity to help the Midlands as a whole to not only grow more rapidly, but to build back better.”

[Top local entrepreneurs help plan boost to Midlands' economy](#)

**Ministry of Housing, Communities & Local Government**

**9 February 2021**

Communities Secretary brings together entrepreneurs and business leaders from across the Midlands as part of the government’s plan to level up the regions.

A group of renowned entrepreneurs and business leaders from across the Midlands has been convened by Communities Secretary and Midlands Engine Ministerial Champion Robert Jenrick today (9 February 2021) as part of the government’s ambitious agenda to level up the regions.

The Midlands Engine Business Council had around 30 top business leaders from across the region and was co-chaired by Mr Jenrick and Midlands Engine Chair Sir John Peace. Attendees included:

- Ben Francis who has grown Gymshark into a billion-pound brand
- Liv Garfield who brings almost 7 years’ experience as CEO of Severn Trent
- Steve Scrimshaw, vice president of Siemens Energy who started his career as an apprentice in the energy sector and now brings over 40 years’ industry experience

Together they discussed ambitious plans to deliver jobs, skills and investment throughout the Midlands as we build back better and grasp opportunities outside of the European Union.

The industry leaders discussed how to overcome challenges posed by the pandemic and committed to working closer together to grow the global footprint of the Midlands as the region plans to build back better.

The Midlands is set to be centre stage with Coventry as the 2021 UK City of Culture and Birmingham hosting the 2022 Commonwealth Games.

Communities Secretary and Midlands Engine Champion Rt Hon Robert Jenrick MP said:

Since the Industrial Revolution, the Midlands has been a major driving force of the UK economy.

The region has led the way in industries as diverse as automotive, medtech, aerospace and finance and is home to many famous British brands.

This proud tradition of innovation will play a key part in Britain's global agenda and post-pandemic recovery.

That is why I am proud to be bringing together such an impressive group providing a stronger voice for businesses across the Midlands as we work together to boost prosperity across the region.

Chair of the Midlands Engine Partnership, Sir John Peace said:

Our Business Council will provide challenge, embed the voice of industry in our strategic planning and act as a valued conduit for industry to government exchange, focused on the needs of the Midlands.

It will be an important part of our work in partnership as together we take bold steps towards recovery and green growth, for every part of the Midlands Engine.

The council met for the first time today and will meet every 6 months to collaborate on how best to drive growth and productivity throughout the Midlands and help level up the region, making it an even better place to live, work, study and do business.

### **Further information**

The Midlands is home to over 10 million people and has a £238 billion economy, generating over 12% of the UK's Gross Value Added. The Midlands Engine Partnership aim to close the productivity gap to match or exceed the national average by 2030.

The Midlands is home to almost 880,000 businesses, 20 universities and 2 international airports and in 2019, the Midlands accounted for a 22% share of all of England's goods exports.

17 towns across the Midlands Engine region have been awarded funding totalling over £220 million as part of the Future High Streets Fund.

The £250 million Midlands Engine Investment Fund has, as of October 2020, invested £90 million into 324 small and medium businesses in the region, with a further £82 million of private sector investment being leveraged.

Spending Review 2020 announced over £500 million to upgrade the A46 Newark Bypass and A38 at Derby, as well as £118.5 million Birmingham Commonwealth Games funding to support the games in 2022.

LEPs across the region have received £214 million from the Getting Building Fund.

The Midlands Engine Partnership brings together the Mayor of the West Midlands Combined Authority, Councils, Local Enterprise Partnerships and universities in order to drive growth and investment across the region.

## 4 Parliamentary material

### 4.1 Written Questions

[Overseas Trade](#): Question for Department for International Trade, UIN 902812

Asked by Philip Hollobone

Asked on 15 July 2021

What assessment she has made of how international trade benefits (a) Kettering constituency, (b) North Northamptonshire and (c) England.

Answered by Graham Stuart

Answered on 15 July 2021

Kettering and the wider East Midlands economy already benefit from the higher productivity and better-quality jobs associated with international trade. Over 680,000 jobs in the region were directly or indirectly linked to exports in 2016, and new Foreign Direct Investment created over 2,149 new jobs in 2020/21. We are confident the new Free Trade Agreements we are striking globally will create even more opportunities for Kettering and Northamptonshire companies.

[Trade Agreements: Australia](#) Question for Department for International Trade UIN 31540

Asked by Lee Anderson

Asked on 12 July 2021

To ask the Secretary of State for International Trade, what recent assessment her Department has made of the potential benefits of the trade deal with Australia for the East Midlands.

Answered by Greg Hands

Answered on 19 July 2021

Nearly 1,200 East Midlands business exported goods to Australia last year. East Midlands business exported goods worth more than £200m to Australia in 2020. The world-famous East Midlands shoemaking industry, the region's manufacturers and high-quality food exporters could all be big winners from an Australia free trade deal. The deal will cut tariffs on key UK exports, while removing red tape and aligning regulations would make exporting easier for

East Midland industries such as machinery and chemicals, which exported £130m worth of goods to Australia last year.

[Transport: East Midlands](#) Question for Department for Transport, UIN 174013

Asked by John Hayes

Asked on 23 March 2021

To ask the Secretary of State for Transport, if he will make a comparative assessment of the Government's per capita transport spending in (a) the East Midlands and (b) Lincolnshire in relation to other UK regions and counties in the most recent period for which that information is available.

Answered by Rachel Maclean

Answered on 31 March 2021

When comparing expenditure across regions several factors should be considered. The benefits from spend on transport interventions will often accrue to passengers far beyond the residents of the immediate local area or region. This is particularly the case for spending on the railways which connect cities and regions across the country and deliver broader benefits beyond the region concerned.

During 2019-20 there was £289 of public expenditure on transport per head in the East Midlands, this compares to an average of £497 per head for the UK.

As we look to level up our country, we are committed to further investment across the country. That is why this Government recently announced the £4.8 billion Levelling Up Fund to provide the opportunity for local areas to bid for their priority investment projects.

A further breakdown of spend in 2019-20 is given in this table, which shows identifiable public expenditure (in £s) on all modes of transport per head of population, by region.

Region	2019-20
North East	315
North West	438
Yorkshire & the Humber	309
East Midlands	289

West Midlands	492
East of England	470
London	882
South East	521
South West	329
UK	497

We do not make comparative assessments between UK counties but some recent examples of Government transport investment in Lincolnshire include:

- £54m in 2020/21 for routine road maintenance and small transport projects.
- £50m of Large Local Major funding towards the recently-opened Lincoln Eastern Bypass.
- A further £110m from the Large Local Major fund towards the North Hykeham Relief Road, which is currently in the detailed design and planning phase, prior to construction starting in the coming years.
- £13m of Local Growth Fund for the Lincoln Transport Hub – a new bus station and multi-storey car park opened in 2018.
- £3.6m from the Local Highways Maintenance Challenge Fund towards the current reconstruction of the A52 Roman Bank in Skegness.
- £900,000 from the Active Travel Fund in 2020/21 to improve cycling and walking facilities.

[Economic Situation: Yorkshire and the Humber](#) Question for Treasury, UIN 67543

Asked by Barry Sheerman

Asked on 1 July 2020

To ask the Chancellor of the Exchequer, what steps he is taking to ensure that the Government's strategy for a green economic recovery is incorporated into plans for the economic recovery of (a) Yorkshire and (b) North Lincolnshire after the covid-19 outbreak.

Answered by Kemi Badenoch

Answered on 10 July 2020

The Coronavirus is the biggest threat this country has faced in decades. We recognise that every region and community will be feeling the impacts of this crisis; that is why the Government has announced unprecedented support for business and workers around the country. Alongside the focus on supporting the economy, the Government continues to take its environmental responsibilities very seriously.

We want local areas to capitalise on their strengths as we move to restart the economy and make progress to achieve net zero carbon emissions by 2050. Supporting sustainable industry in the northern industrial clusters will help us achieve these goals.

At Spring Budget, the Government announced at least £800 million for to support at least 2 Carbon Capture and Storage adoption within industrial clusters, of which the Humber and Teesside are candidates.

This will accompany £95 million to fund shovel-ready projects across the East Midlands and £123.1 million for projects across Yorkshire and Humber to help provide a boost to the local economy and create jobs.

[Local Enterprise Partnerships: East Midlands](#): Question for Department for Business, Energy and Industrial Strategy, UIN 5582

Asked by Luke Evans

Asked on 20 January 2020

To ask the Secretary of State for Business, Energy and Industrial Strategy, what recent assessment her Department has made of the potential economic merits of Local Enterprise Partnerships for (a) Hinckley, (b) Bosworth constituency and (c) the East Midlands.

Answered by Nadhim Zahawi

Answered on 27 January 2020

Local Enterprise Partnerships (LEPs) play an important role in providing a business voice to inform investment decisions and drive economic growth. The Leicester and Leicestershire LEP has supported Hinckley and Bosworth through a total of £13.1m of Local Growth Funds since 2014. This has included:

- £9.5m for the MIRA Technology Institute – training 2,500 learners per annum in advanced manufacturing and automotive technologies for the future.
- £3.6m for the Local Sustainable Transport Fund Rd 2 (Hinckley) - introducing 13 miles of new cycle paths and walking routes, thereby reducing journey times on the highway network.

There are 3 LEPs in the East Midlands: Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2); Leicester and Leicestershire; and Greater Lincolnshire. Through these LEPs, the Government has invested £539m in projects to create infrastructure, drive job creation, and accelerate skills development.

[High Speed 2 Railway Line: Broxtowe](#) Question for Department for Transport, UIN 270335,

Asked by Anna Soubry

Asked on 27 June 2019

To ask the Secretary of State for Transport, whether he has made an assessment of the effect on the economy in Broxtowe of the proposed route for HS2.

Answered by Nusrat Ghani

Answered on 2 July 2019

Whilst no specific assessment of the effect of HS2 on the economy of Broxtowe has taken place, I am aware that the East Midlands HS2 Growth Strategy, published by East Midlands Councils, reports that HS2 has the potential to deliver an additional 74,000 jobs and £4bn of Gross Value Added to East Midlands region by 2043.

## 4.2 Oral Questions

[Levelling-up Agenda](#)

HC Deb 27 May 2021 c 522

## 4.3 Debates

[Devolution for the East Midlands](#)

Volume 699: debated on Wednesday 14 July 2021

[Levelling-up Agenda](#)

Volume 697: debated on Tuesday 15 June 2021

[HS2: Phase 2B](#)

Volume 810: debated on Monday 8 February 2021

## 5

### Further Reading/websites

[The Levelling Up Agenda](#), House of Commons Library Debate Pack, 11 June 2021

[UK Government policy on freeports](#), House of Commons Library Briefing Paper, 19 March 2021

[Midlands Engine](#), A partnership of public sector partners and businesses which aim to complement the activity of local and combined authorities, LEPs, universities, businesses and others.

[Midlands Connect](#), A partnership that researches, develops and progresses transport projects to provide benefits for the Midlands region and the UK.

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