

Summary Note - Levels of Public Investment in the East Midlands

1. The most recent HM Treasury [report](#)¹ confirms the region is continuing to lose out in terms of public investment. Of particular concern are the comparably low levels of infrastructure and economic development funding – with an obvious implication for future rates of local and regional economic growth.
2. The lack of public investment was highlighted 12 months ago – and while it is too soon to expect any significant improvement in investment levels – it is very disappointing to note that the trend continues to worsen. In summary the East Midlands has:
 - The lowest level of public expenditure on ‘economic affairs’.
 - The 2nd lowest on health care.
 - The 2nd lowest on education.
 - The lowest level of public expenditure on transport, in total and per head.
 - The lowest level of public expenditure on rail per head.
 - The 3rd lowest total of public expenditure on services per head.
 - Total UK public expenditure per head indexed (UK = 100); the East Midlands = 90, North East = 106, North West = 103, London = 111.
3. Table 1 shows the total identifiable expenditure on services per head in real terms, 2012-13 to 2016/17; examples include spending on health, transport, economic affairs, education, and social protection.
4. Between 2012-13 and 2016-17, total expenditure on services has remained consistently below the England average (£616 per head lower in 2016/17 – and this gap has widened over the past year). If the Northern Powerhouse is seen as a primary competitor for investment funds, then it has been given a head start (£1,024 per head better funded than the East Midlands). The West Midlands, at a little over £550 per head better off, fares comparably well too.

¹ The data has been drawn from the HM Treasury publication *Public Expenditure: Statistical Analyses 2018* published in July 2018. The most recent data available is 2016-17.

Table 1: Total identifiable expenditure on services in real terms 2012-13 to 2016-17 (£ per head, in descending order for 2016-17 outturn)

	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
London	9,933	9,941	9,964	10,074	10,192
North East	9,284	9,377	9,451	9,585	9,680
North West	9,102	9,073	9,275	9,419	9,429
UK	8,747	8,814	8,967	9,058	9,159
England	8,488	8,554	8,711	8,803	8,898
West Midlands	8,476	8,505	8,754	8,702	8,846
Yorks & Humber	8,490	8,523	8,701	8,804	8,810
South West	8,004	8,155	8,356	8,403	8,549
East Midlands	7,943	8,003	8,202	8,231	8,282
East	7,651	7,765	8,000	8,126	8,155
South East	7,532	7,677	7,776	7,913	8,111

5. Table 2 show the level of expenditure on economic affairs, per head for 2012-13 to 2016-17. This area of expenditure includes enterprise and economic development, science and technology, employment policies, agriculture, fisheries and forestry, and transport. It confirms that for both economic affairs, the East Midlands remains the lowest funded region per head of the population.

Table 2: Identifiable expenditure on Economic Affairs (per head, 2012-13 to 2016-17, £m)

	Economic Affairs				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
London	812	864	861	1,077	1,139
UK	557	603	599	673	700
England	493	451	540	626	653
South East	401	456	449	538	620
North West	446	497	475	590	574
South West	419	442	465	496	568
Yorks & Humber	497	557	542	612	565
North East	463	548	500	542	558
East	456	482	494	557	554
West Midlands	418	454	475	491	529
East Midlands	401	455	468	480	468

6. Table 3 show the level of regional transport expenditure, per head for 2012-13 to 2016-17. Not only is the situation similar, i.e. the region consistently receives the lowest funding per head than elsewhere in the country – but it also shows that in the East and West Midlands – despite the work invested in Midlands Connect - expenditure in 2016-17 actually declined in both regions. For the East Midlands, the

situation is particularly acute being the only region where transport expenditure has fallen back below 2014-15 levels.

Table 3: Identifiable expenditure on Transport (2012-13 to 2016-17, £ per head, in descending order - excludes inflation)

	Transport				
	2012-13 outturn	2013-14 outturn	2014-15 outturn	2015-16 outturn	2016-17 outturn
London	652	652	677	859	944
UK	313	319	332	417	435
England	287	297	316	409	425
South East	218	250	255	329	370
North West	247	246	264	382	370
Yorks & Humber	267	284	279	371	335
East	228	237	256	333	333
West Midlands	215	213	251	329	314
South West	185	177	203	263	305
North East	205	213	236	280	291
East Midlands	174	200	222	255	220

7. Table 4 show the level of regional rail expenditure, per head for 2015-16 and 2016-17. The situation here is particularly concerning. Not only is the East Midlands the lowest funded region – but it has also seen a reduction in its rail investment from £91 to £70 per head.

Table 4: Total Identifiable Expenditure on Railways, per head 2015-16/2016-17²

	2015-16	2016-17	% Change
London	746	773	3.6
England	251	249	-0.8
South East	180	201	11.6
North West	203	175	-13.8
West Midlands	143	150	4.9
East	191	144	-24.6
Yorks & Humber	180	137	-23.9
South West	94	136	44.6
North East	110	110	0
East Midlands	91	70	-23.1

8. More widely, the Government confirmed (written answers - HL2087) that the East Midlands has the lowest total expenditure per resident on publicly funded infrastructure projects in 2015-16.

² **Caution**, these figures compares PESA 2015-16 outturn with 2016-17 outturn, i.e. 2 datasets from consecutive yearly publications and so do not allow for any HMT adjustment of 2015-16 figures.

Table 4: Total Expenditure on Publicly Funded Infrastructure Projects, per head 2015-16

	£ per head
London	1,079
North West	702
England	582
Yorks & Humber	489
South East	488
East	468
West Midlands	445
South West	428
North East	418
East Midlands	352

Some Conclusions

9. The HM Treasury PESA data confirms the underfunding of the region, both in real terms and when compared to other regions; particularly within the context of recent investment decisions e.g. MMLe and spending/policy announcements, e.g. Autumn Budget.

10. The data is also useful in supporting the arguments that greater economic growth and productivity could be achieved if public investment was better targeted not necessarily on 'those regions losing out' but to those regions (i.e. the East Midlands) that are underfunded but able to deliver greater rates of return from this investment.