All Party Parliamentary Group for the East Midlands

(for the Parliament elected in July 2024)

Background Paper

for the

Inaugural Meeting

27th November 2024
5.00pm
Grimond Room
Portcullis House

East Midlands Councils

east midlands chamber

1. Introduction

1.1 This Background Paper has been produced by East Midlands Councils and East Midlands Chamber to inform discussion at the inaugural meeting of the EMAPPG for the new Parliament elected at the July 2024 General Election.

1.2 In particular it is designed to assist MPs and Peers in highlighting areas of focus for the APPG over the coming months.

1.3 The Background Paper is structured around the following broad themes:

- Institutional Context
- Economy
- Population
- Housing
- Transport
- Flood Risk Management
- Energy
- Health
- Public Investment

2. Institutional Context

2.1 The East Midlands Region comprises the following areas:

- Derby
- Derbyshire
- Leicester
- Leicestershire
- Lincolnshire
- Northamptonshire
- Nottingham
- Nottinghamshire
- Rutland

2.2 There are 47 Parliamentary Constituencies across the East Midlands. Following the July 2024 General Election, these are split as follows:

- 29 Labour
- 15 Conservative
- 2 Reform
- 1 Independent

2.3 There are 40 local authorities across the East Midlands:

- 6 Unitary Authorities
- 4 County Councils
- 30 District & Borough Councils

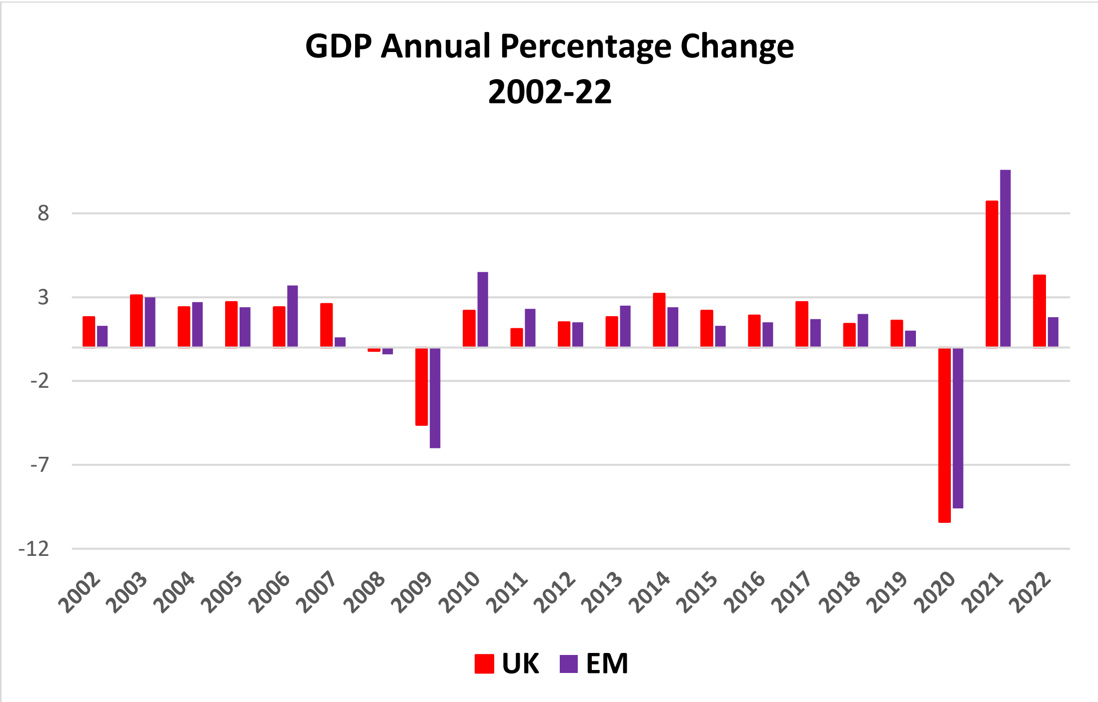
2.4 In addition, a new East Midlands Combined County Authority (EMCCA) was established in May 2024, which covers the areas of Derby, Derbyshire, Nottingham and Nottinghamshire.

2.5 In 2025 a further Combined County Authority will be established for Greater Lincolnshire, comprising the areas covered by Lincolnshire County Council and the unitary authorities of North Lincolnshire and North East Lincolnshire, which form part of the Yorkshire & Humber Region.

3. Economy

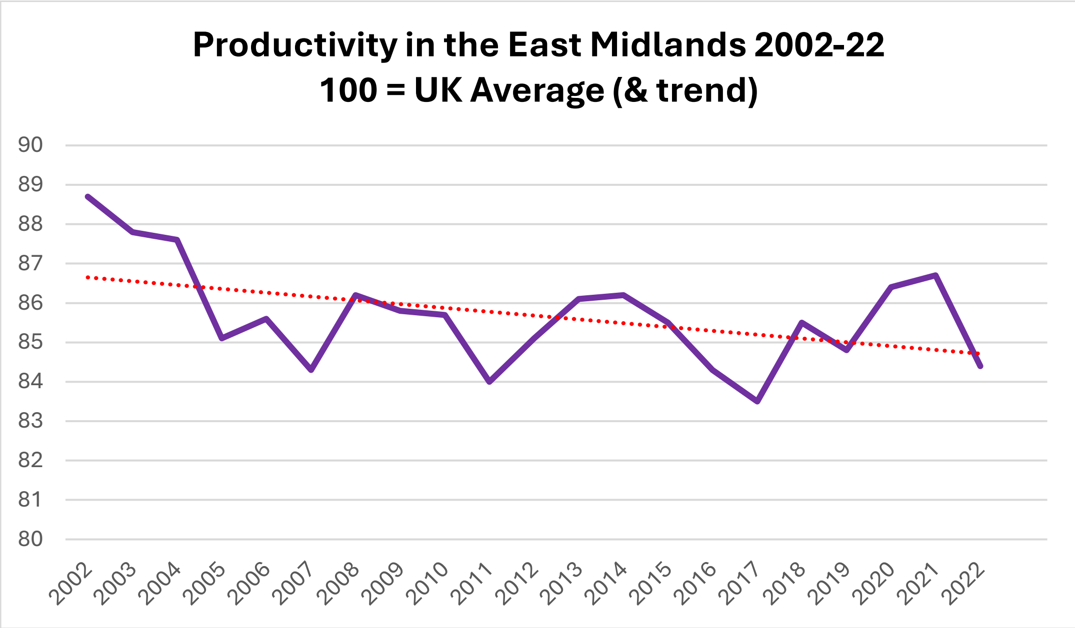
3.1 The East Midlands is a region just under five million people and 358,000 businesses[1]. Total regional output in 2022 (as measured by GDP) was £146.4bn, equivalent to 5.8% of the UK economy. The East Midlands employment rate is just above the UK average at 75.8% (UK=75.0%). Median weekly earnings are below the UK average: £640 pw compared to £682pw. 10.6% of the workforce work in manufacturing, compared with 7.0% for the UK – although this percentage has declined significantly in recent years. The Region's unemployment rate is now above the UK average: currently at 4.4% compared to 4.0%.

3.2 GDP growth in the East Midlands over the last 20 years has been better than most other regions/nations but more recently has fallen sharply[2]. Productivity has remained below the UK average over the last 20 years and has been declining relative to the UK to 84.4% in 2022[3]. The region has therefore been growing its economy by growing its population - not by becoming more productive.



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

[1] Regional and National Economic Indicators - House of Commons Library
[2] https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/regionaleconomicactivitybygrossdomesticproductuk/1998to2022#gross-domestic-product-by-uk-country-and-region
[3] Annual regional labour productivity - Office for National Statistics (ons.gov.uk)



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

3.3 The latest sub-regional data on unemployment and workplace earnings are set out below

Area	Unemployment Rate	Workplace Earnings (pw)
Derby	5.3%	£756
Leicester	7.0%	£587
Nottingham	6.5%	£592
Rutland	4.0%	£703
North Northamptonshire	3.4%	£622
West Northamptonshire	3.2%	£660
Derbyshire	3.6%	£660
Leicestershire	3.1%	£636
Lincolnshire	4.1%	£605
Nottinghamshire	4.0%	£595

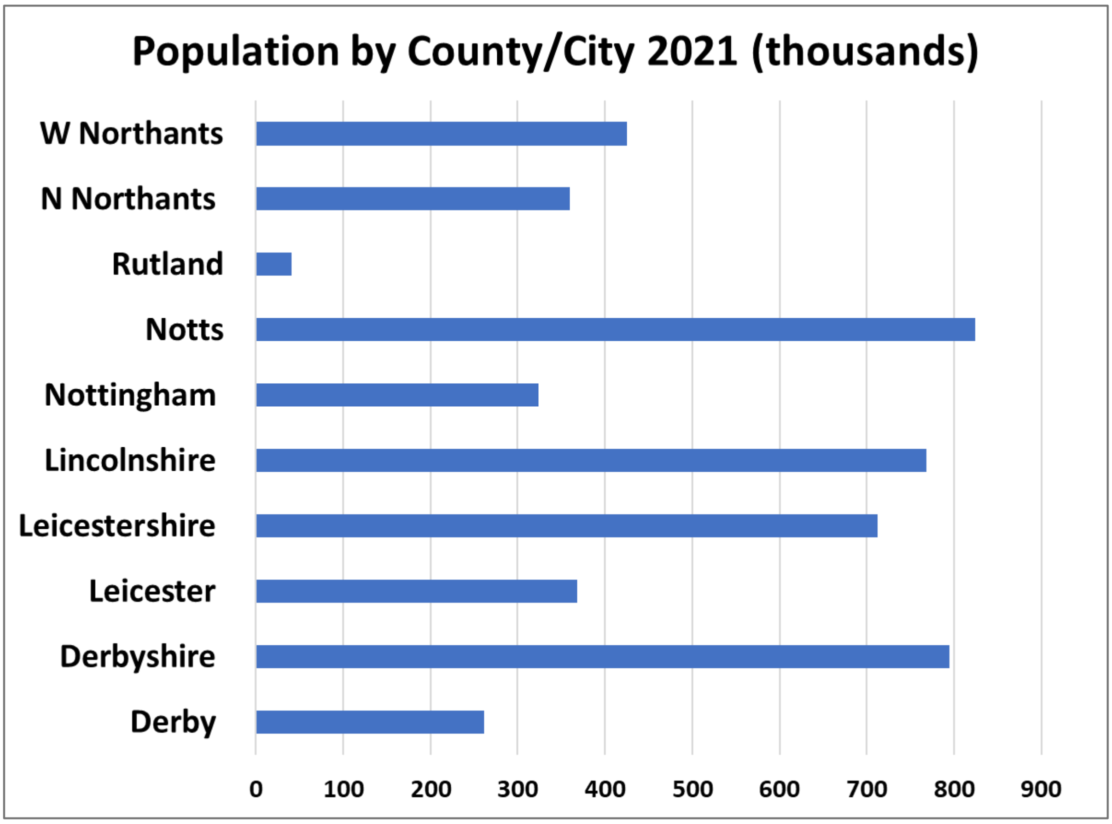
Source: LI01 Regional labour market: local indicators for counties, local and unitary authorities - Office for National Statistics

4. Population

4.1 Based on the latest Mid-Year Estimates the population from ONS of the East Midlands has now reached 4.99 million. In the period between the 2011 and the 2021 censuses, the East Midlands population grew by 7.7%, faster than the South East and the West Midlands and at the same rate as London.

4.2 The 2023 Mid-Year population estimates suggest that this growth is being driven by a mix of internal and international migration, and that otherwise the population in the East Midlands would be declining as deaths outnumber births. This is a similar picture for the UK as a whole as the Nation's population ages[4].

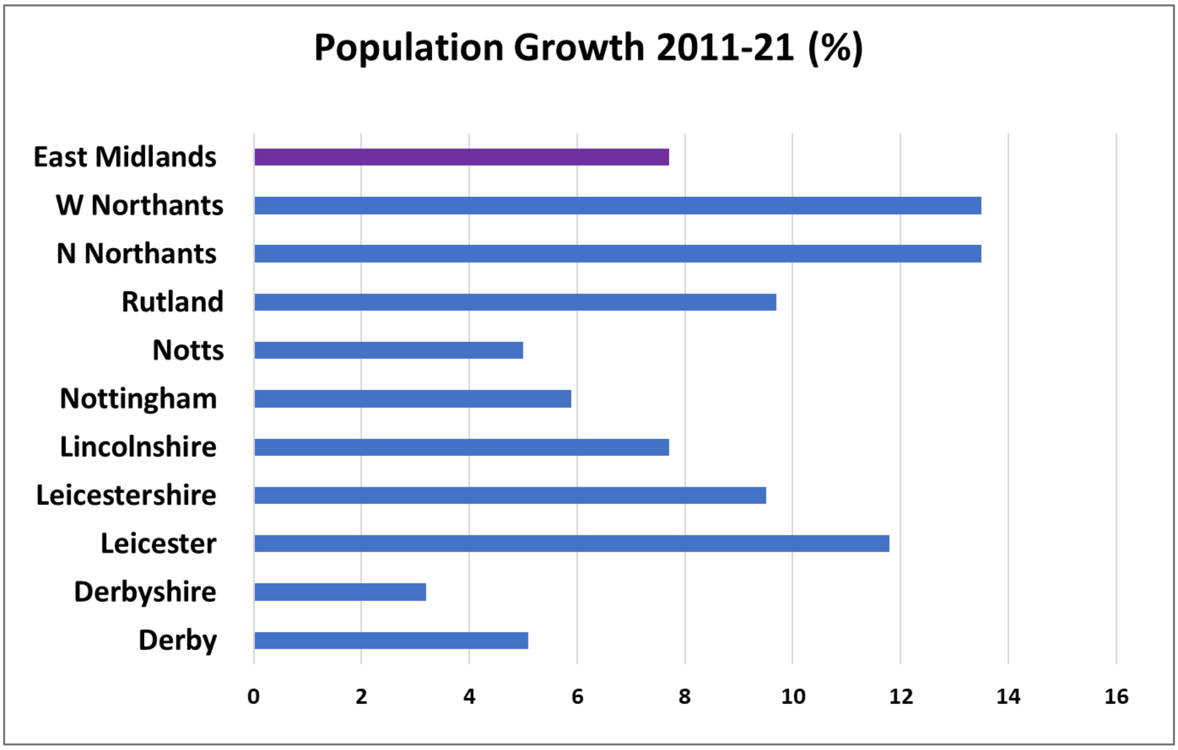
4.3 At the East Midlands level, population is distributed as follows:



Source: [Population and household estimates, England and Wales - Office for National Statistics (ons.gov.uk)]

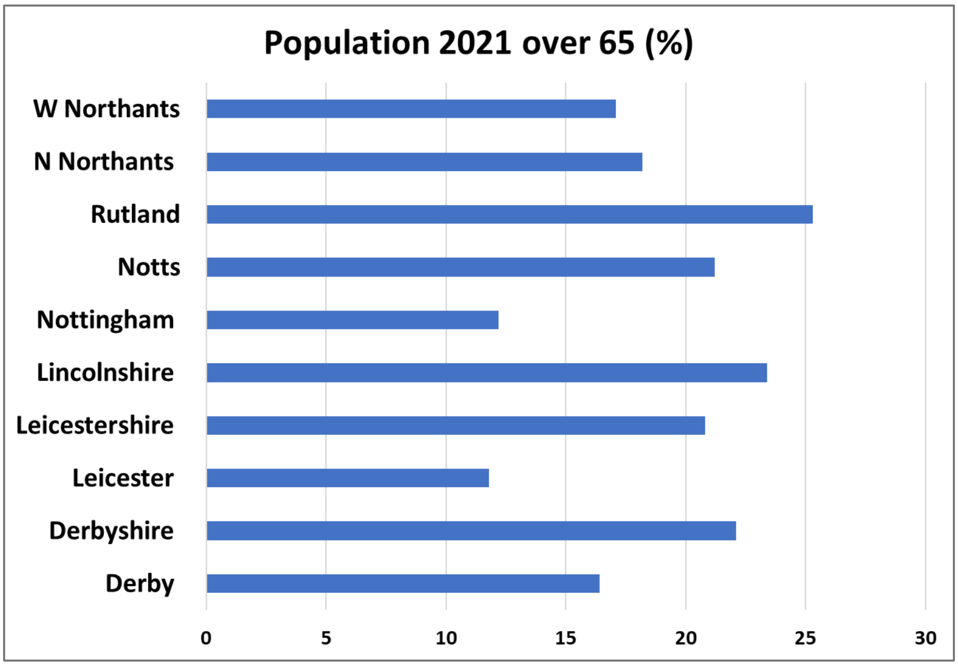
[4] [Population estimates for the UK, England, Wales, Scotland and Northern Ireland - Office for National Statistics]

4.4 However, population growth over the last 10 years has followed a different pattern.



Source: [Population and household estimates, England and Wales - Office for National Statistics (ons.gov.uk)]

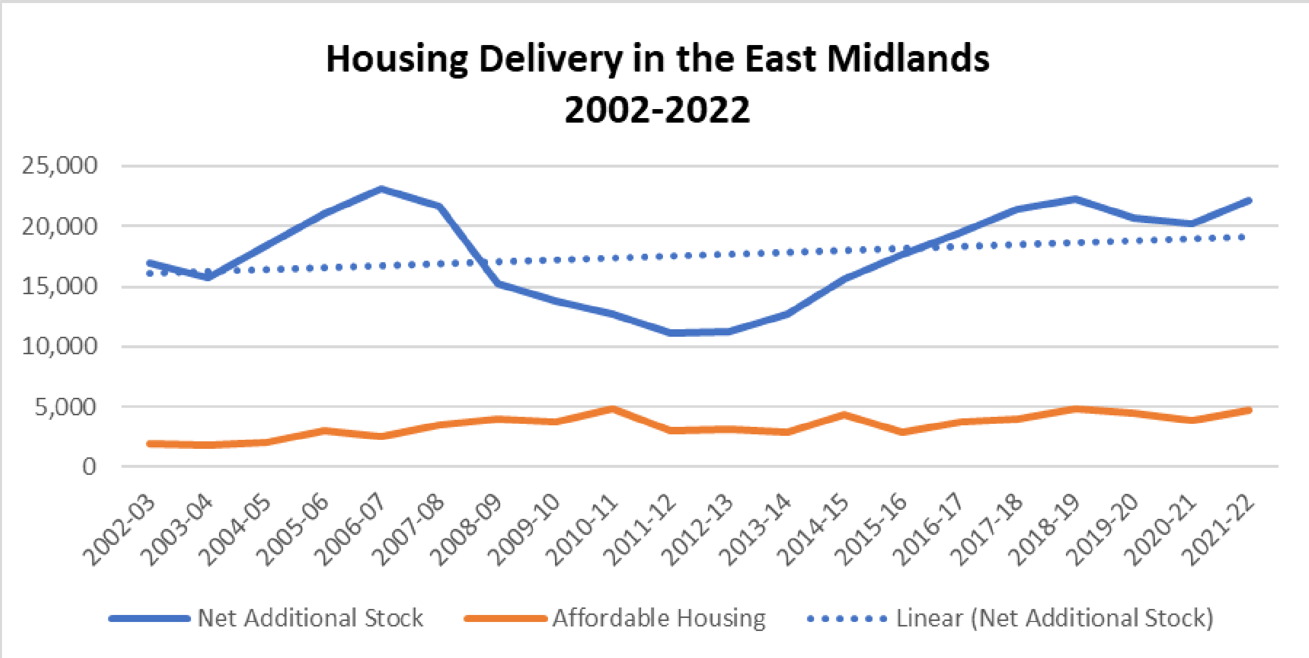
4.5 Age structure also shows considerable variation, particularly the percentage of people over 65 years of age – which has an significant impact on the demand for health and social care services.



Source: [Population and household estimates, England and Wales - Office for National Statistics (ons.gov.uk)]

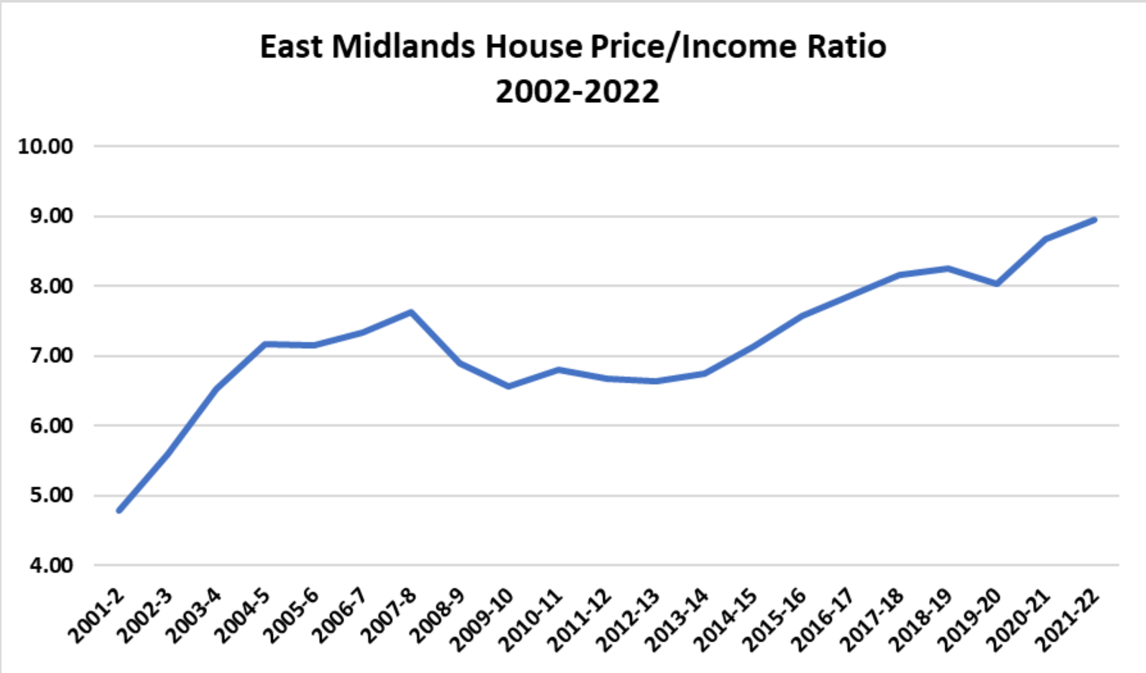
5. Housing

5.1 Housing delivery in the East Midlands over the last 20 years is set out below. As elsewhere, the scale of delivery has been largely determined by macro-economic conditions rather than local polices. Levels of affordable housing have been more consistent, although the definition of what constitutes 'affordable' has changed radically over this time.



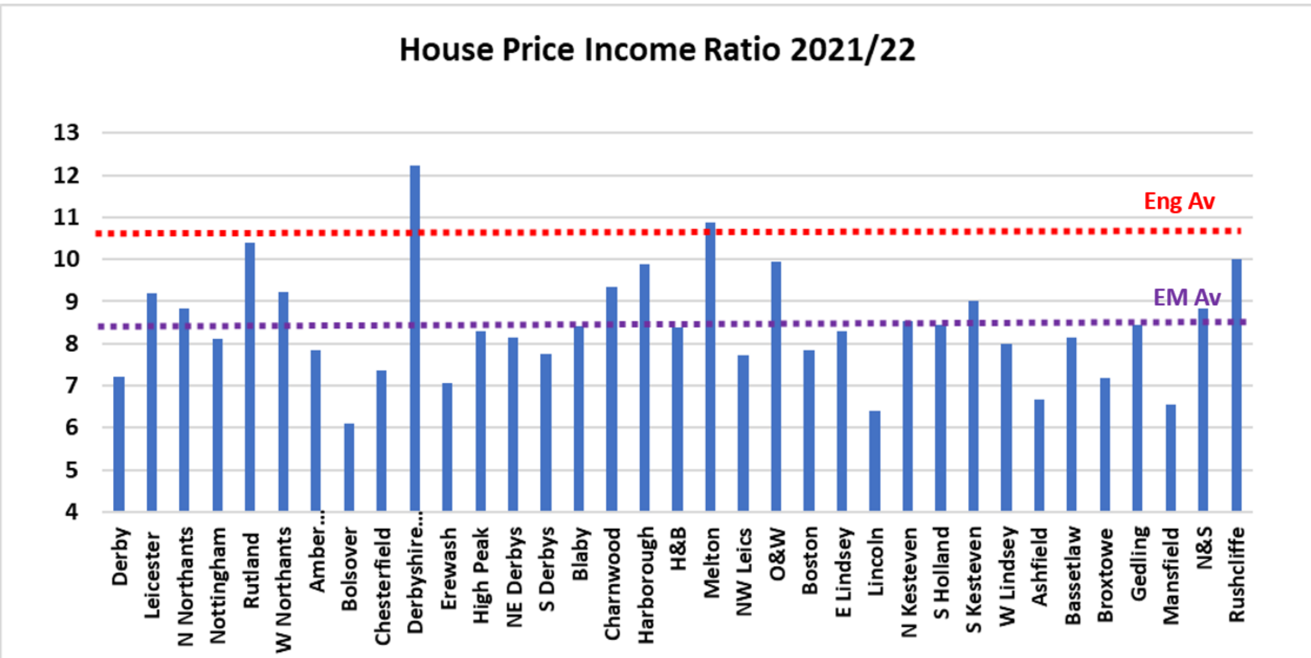
Net Stock Source: Live tables on dwelling stock (including vacants) - GOV.UK
Affordable Housing Source: Live tables on affordable housing supply - GOV.UK

5.2 Housing affordability (the relationship between average house prices and average incomes) has worsened significantly over the last 20 years in the East Midlands – although the Region remains in a better position than England as a whole. Over this period, the value of capital assets generally (not just property) has risen at much faster rate than wages.



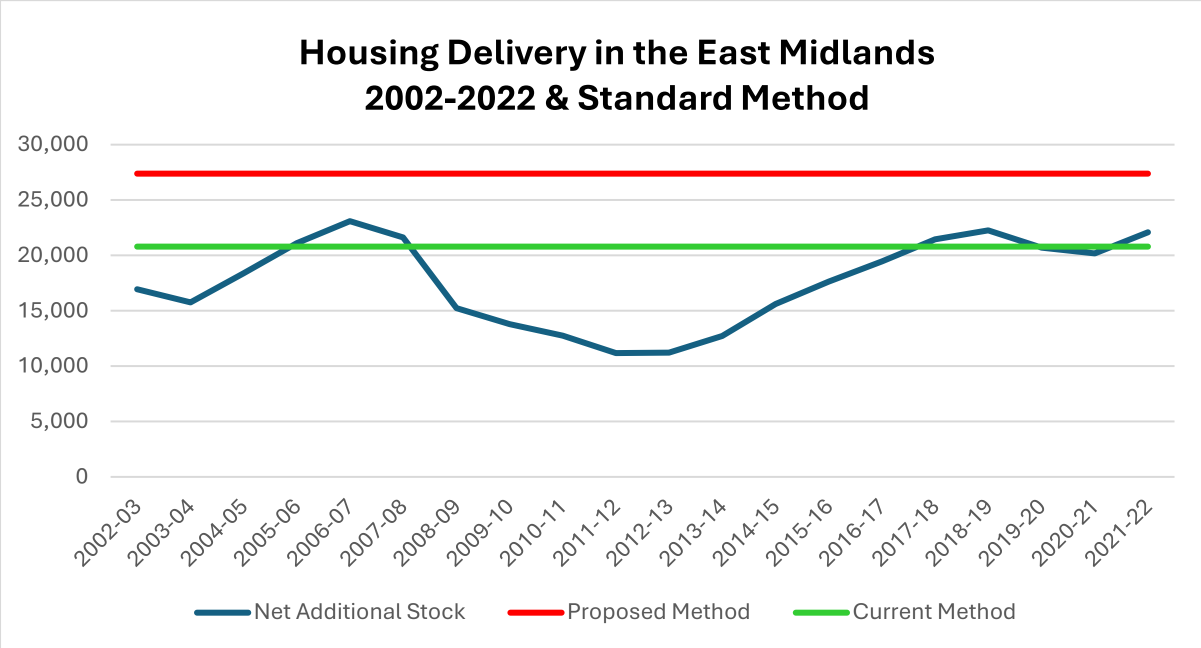
Source Net Additional Stock: [Live tables on dwelling stock (including vacants) - GOV.UK (www.gov.uk)]
Source Affordable Housing: [Live tables on affordable housing supply - GOV.UK (www.gov.uk)]

5.3 There are also major variations between local authorities within the Region. Based on analysis from the National Housing Federation, Derbyshire Dales and Melton Borough have the least affordable housing, whilst Bolsover and Lincoln have (relatively speaking) the most affordable.



Source: [National Housing Federation - Home Truths]

5.4 The Government has recently proposed a new Standard Method to determine the number of houses that Local Planning Authorities should plan for. This implies regional delivery of just over 27,300 new homes a year, significantly above both the current Standard Method and levels of delivery over the last 20 years.



5.5 The proposed new Standard Method does not rely on demographic data or household projections. Instead, it comprises an annual 0.8% growth rate based on existing housing stock and an uplift adjustment to address affordability. The potential impact of the proposed new Standard Method on each of the Local Planning Authorities in the East Midlands is shown in the following table.

Local Authority Name	Average Annual Net additions (2020/21-2022/23)	Current Method	Proposed Method	0.8% Dwelling Stock Base	Affordability Uplift	% Affordability Uplift
Amber Valley	470	351	682	478	204	43
Ashfield	340	446	604	460	144	31
Bassetlaw	887	260	665	449	216	48
Blaby	290	329	559	354	205	58
Bolsover	498	195	404	306	98	32
Boston	324	250	379	252	127	50
Broxtowe	292	384	658	410	248	60
Charnwood	763	1,115	1,012	626	386	62
Chesterfield	313	211	558	405	153	38
Derby	628	1,244	1,062	906	156	17
Derbyshire Dales	293	216	571	288	283	98
East Lindsey	1,159	437	1,091	716	375	52
Erewash	229	376	569	424	145	34
Gedling	450	460	665	436	229	53
Harborough	981	510	706	351	355	101
High Peak	352	243	585	352	233	66
Hinckley & Bosworth	535	432	689	419	270	64
Leicester	1,014	2,435	1,690	1,097	593	54
Lincoln*	167		459	363	96	26
Mansfield	424	259	540	410	130	32
Melton	340	192	370	195	175	90
Newark and Sherwood	731	437	730	460	270	59
North East Derbyshire	611	224	622	389	233	60
North Kesteven*	581		690	432	258	60
NW Leicestershire	789	357	621	387	234	61
Nottingham	1,442	1,845	1,451	1,105	346	31
Oadby and Wigston	232	198	389	192	197	102
Rushcliffe	917	609	831	433	398	92
Rutland	95	123	264	143	121	85
South Derbyshire	1,018	507	606	397	209	53
South Holland	659	427	573	351	222	63
South Kesteven	551	687	912	535	377	70
West Lindsey*	618		527	368	159	43
N Northamptonshire	1,784	1,856	2,064	1269	795	63
W Northamptonshire	2,115	2,124	2,584	1473	1,111	75
*Central Lincs Joint Plan		1,054				
EM Total	**22,890**	**20,793**	**27,382**	**17,631**	**9,751**	**55**

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50-74% Affordability Uplift
75-99% Affordability Uplift
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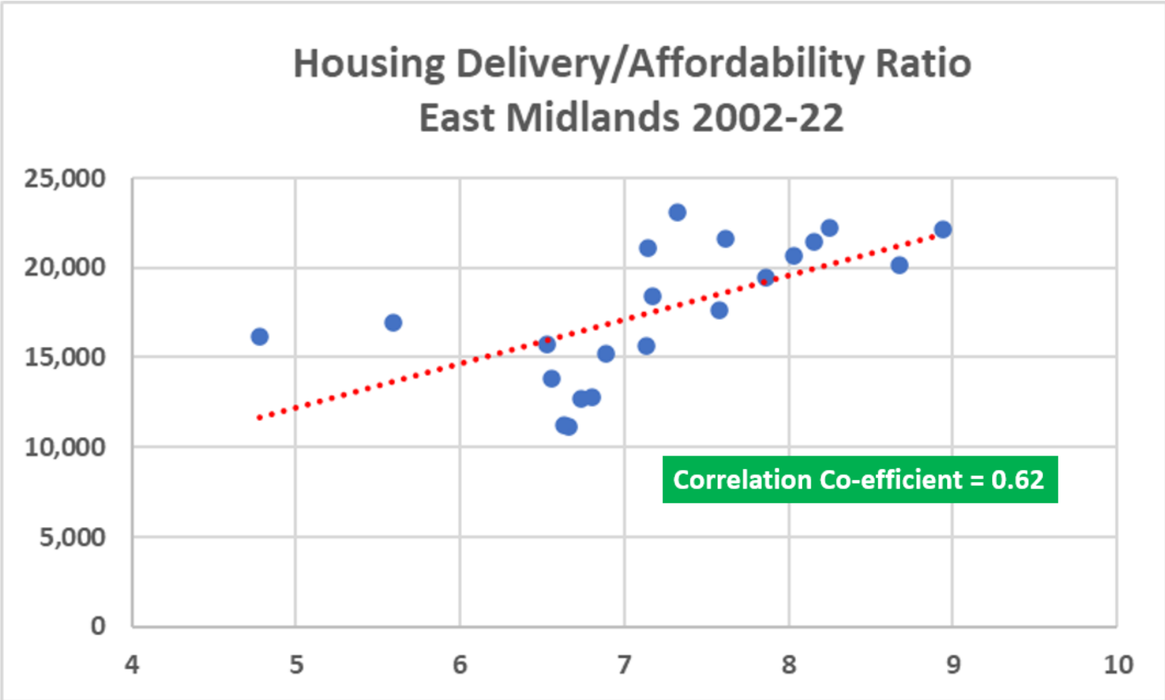
5.6 Underpinning the new Standard Method appears to be an assumption that increasing the amount of land allocated for housing will improve affordability - either by reducing house prices or increasing wages. However, there is no indication from recent experience in the East Midlands that this is likely to be the case - if anything the opposite appears to be true.



5.7 One of the most significant housing trends over the last 20 years has been the increase in the number of people living in the private rented sector, which has almost doubled in the East Midlands to 17.3% in 2022[5] as both the owner-occupation and the social housing sectors have declined. However, the quality of private sector rented accommodation is a major concern, with over 30% of such homes in the East Midlands failing to meet the Government's Decent Homes Standard in 2022[6].

[5] Source: LT_109.ods (live.com)
[6] Source: English Housing Survey 2021 to 2022: private rented sector - GOV.UK (www.gov.uk

6 Transport

6.1 The East Midlands is a very car-dependant region: 80% of journeys to work are made by car, the highest in England.

Region	% of Journeys to Work by Car
North East	76%
North West	73%
Yorkshire & Humber	75%
East Midlands	**80%**
West Midlands	79%
East of England	76%
London	27%
South East	75%
South West	75%
UK	68%

Source: Transport Statistics Great Britain: 2022 Domestic Travel - GOV.UK (www.gov.uk)

6.2 Bus usage is very low in the East Midlands and inflated by the exceptionally high levels in Nottingham City, which is second in bus usage only to Brighton (and London).

Region	Bus Journeys (millions)	Population (millions)	Journeys per head by bus
North East	128	2.6	49
North West	302	7.4	40
Yorkshire & Humber	222	5.5	40
East Midlands	**142**	**4.9**	**29**
West Midlands	253	6.0	42
East of England	140	6.3	22
London	1,766	8.8	200
South East	272	9.3	28
South West	158	5.7	28

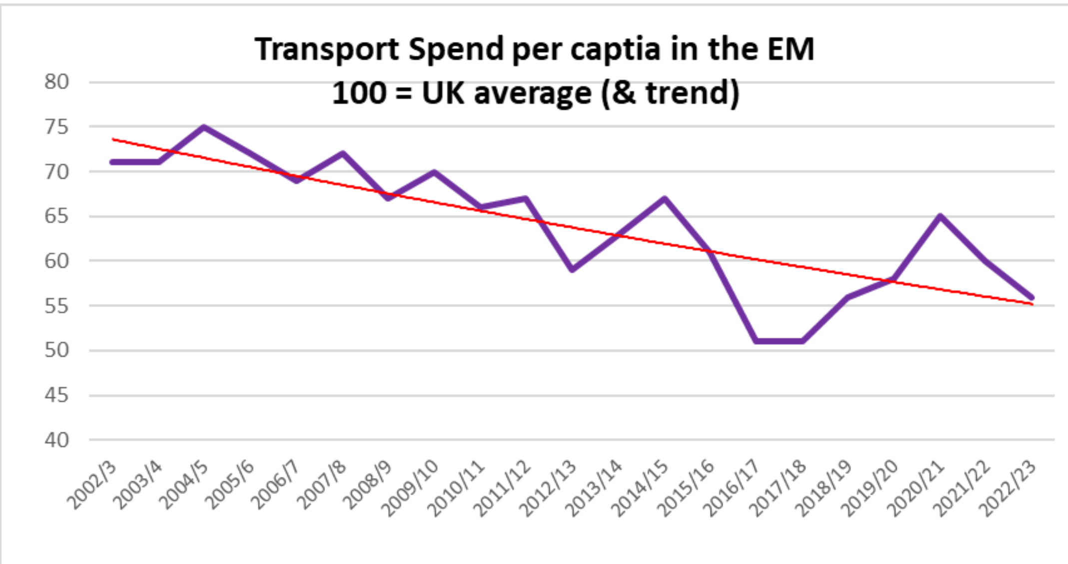
Source: bus01.ods (live.com)

6.3 Similarly rail travel is low in the East Midlands, reflecting the limited infrastructure and services as well as relatively high travel costs, particularly for journeys made on the Midland Main Line. However, rail usage has been growing robustly since the pandemic, perhaps indicating a high level of latent demand.

Source: Regional rail usage (orr.gov.uk)

6.4 In common with all English regions outside of London, there is no system of multi-modal ‘tap and cap’ smart ticketing in the East Midlands, and public transport fares generally are much less competitive with the car.

6.5 The East Midlands has consistently received the lowest level of public spending on Transport of any UK region and nation – just 56% of the UK average in 2022-23. If the region was funded at a level equivalent to the England average over the 5 years (2018-19/2022-23), a not unrealistic target, the East Midlands would have received an extra £6bn to spend on transport investment and services.



Source: Public Expenditure Statistical Analyses 2024 - GOV.UK (www.gov.uk) & previous releases

6.6 In order to help address this persistent under-investment Transport for the East Midlands (which brings together the Local Transport Authorities in the region) and Midlands Connect have identified and promoted a shared program of priorities. The latest version was agreed by the TfEM Board on the 20th March 2024. The document is available on the TfEM page of the EMC website at: Our Shared Vision for the East Midlands (emcouncils.gov.uk), and highlights eight strategic priorities:

- **Full Electrification of the Midland Main Line:** A funding decision on delivering next phase from South Wigston to Trent Junctions is pending and is now dependant on the outcome of the forthcoming spending review – which will also consider funding for detailed design work to Nottingham, Derby and Sheffield.
- **Improved Rail Connectivity between Nottingham, Leicester, and Coventry**: Midlands Connect is undertaking a revised Strategic Outline Business Case for the scheme, but there is no identified DfT finding for the next stage of development or for delivery.
- **Improved Rail Connectivity between the Midlands, Leeds, and the North East**: Following the cancellation of HS2 the Government is looking at options to improve rail connectivity along the former Eastern Leg corridor, but there is no commitment to fund delivery.
- **Improvements on the A46 Growth Corridor including delivery of the A46 Newark Northern Bypass**: The A46 Newark Northern Bypass is progressing through the Development Consent Order process although DfT funding has not been confirmed. EMR is progressing plans for timetable changes that will increase services frequencies between Lincoln and Nottingham without the need for additional infrastructure.
- **Improvements to the A50/A500 Growth Corridor.** Derbyshire County Council is progressing a LUF funded access road from the A50 to the East Midlands Intermodal Park adjacent to Toyota. Any further strategic improvements to the corridor will require funding through the RIS3 process (2025-2030, which will be dependent on the spending review
- **Improvements to the A5 Growth Corridor**. Any strategic improvements will require funding through the RIS3 process, which will be dependent on the spending review.
- **Improving safety and reliability on the A1**: National Highways is continuing deliver a programme of improvements to road signage and lane markings along the route in the East Midlands, but currently have no plans to develop any additional improvements for delivery in RIS3.

- **Improving capacity around the M1 Junction 24.** Any strategic improvements will require funding through the RIS3 process which will be dependant on the spending review – although there are emerging plans for a private sector led package of improvements.

7. Flood Risk Management

7.1 The East Midlands has a significant area of land at risk of flooding: 20% of the region is within Flood Zone 2 for fluvial and coastal flooding, with over 200,000 properties and over 400,000 people living in flood risk areas.

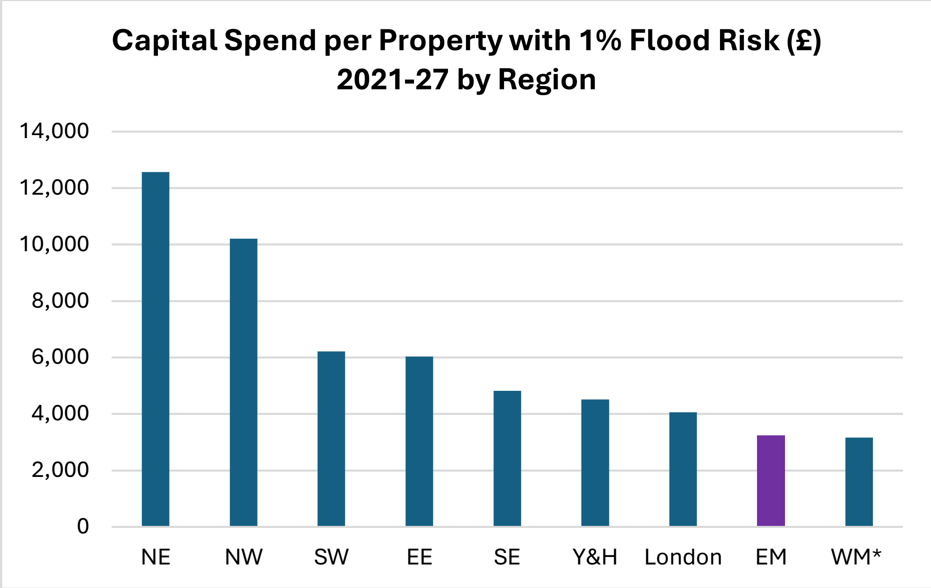
7.3 An independent review by the Met Office for East Midlands Councils back in 2015 concluded that, based on the proportion of people at risk, the East Midlands region has the highest exposure to increases in flood risk due to climate change in England[7].

7.4 The region's vulnerability has also been highlighted in the Environment Agency's National Flood Risk Assessment and by the Government's independent advisors, the Committee on Climate Change.

7.5 The East Midlands is highly vulnerable to coastal flooding, due to large areas of low lying land along the Lincolnshire coastline, river flooding and surface water flooding. A 10% increase in peak flow in the East Midland's rivers would potentially double the number of residential properties at 'significant risk' of flooding from around 30,000 to 60,000 properties.

[7] The-Changing-Nature-of-Flooding.pdf

7.8 Funding for flood risk management comes largely from Defra, although in parts of the East Midlands Internal Drainage Boards can also raise revenue through local taxation – which can place a significant burden on local communities. Recent analysis from the National Audit Office as questioned the extent to which national funding is focussed on the areas of greatest vulnerability to funding. Certainly from an East Midlands perspective it would seem that levels of investment does not fully reflect the needs of the region, or indeed the importance of low lying agricultural land to food security.



Source: Resilience to flooding (nao.org.uk)

*The West Midlands is the only region without a coastline, so figure relates to fluvial flooding only

8. Energy

8.1 The East Midlands was the birthplace of the UK's electricity grid. In previous decades, the River Trent and the Trent Valley were lined with big fossil fuel fired power stations and coal mines, generating large amounts of electricity, and transmitting this to other areas of the country. These power stations gave the area the nickname 'Megawatt Valley'. Over time, many stations have been decommissioned as they reached the end of their service life. Some were replaced by gas power stations, and are now being complemented with cheaper, newer forms of renewable energy spread across Great Britain. The final coal fired power station at Ratclife stopped generating in October 2024.

8.2 The East Midlands has the required geography, location and potential for the growth required to become the heart of Great Britain's future electricity grid, including the landing points of multiple offshore cables which will provide this north to south capacity. Most of the required transmission infrastructure in the region has previously been identified through past network planning processes – but the environmental impacts remain locally controversial, for example in Lincolnshire, as does the scale of some solar farm proposals.

8.3 Previous work by the EMAPPG has also highlighted that in the short term, lack of grid capacity for new housing and employment development has inhibited economic development[8].

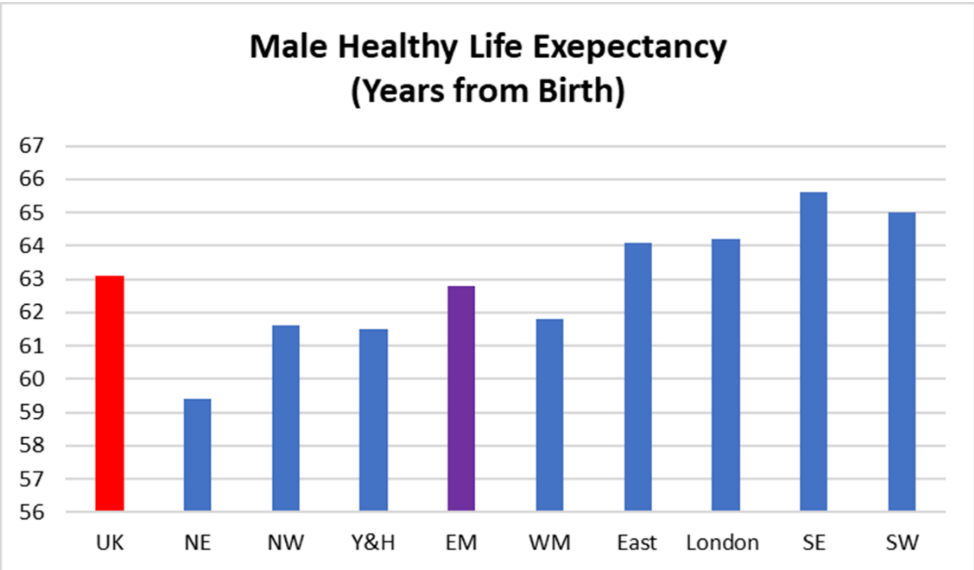
8.4 A 2020 report from National Grid showed that to enable the UK to meet its 2050 net-zero target over 18,000 new 'net-zero jobs' will need to be created in the East Midlands by 2050 – with more opportunities also enabled through wider investment.

8.5 There are nationally significant opportunities for new energy technologies in the East Midlands, including:

- Hydrogen (around East Midlands Airport)
- Nuclear Fusion (STEP Fusion at West Burton between Retford and Gainsborough)
- Small Modular Nuclear Reactors (Rolls Royce based in Derby)

9. Health

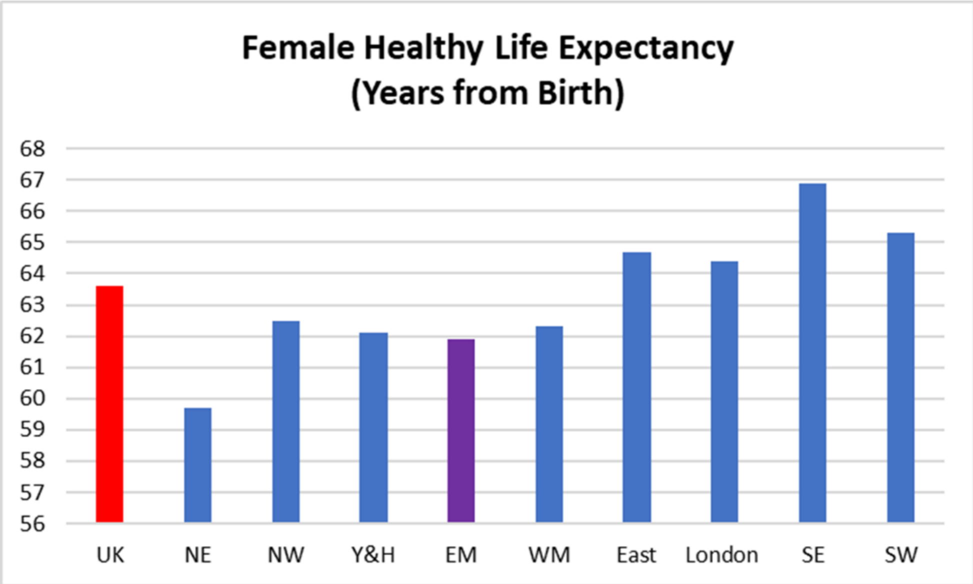
9.1 A key measure of wellbeing is Healthy Life Expectancy – the length of time that people can expect to spend in good health. HLE for men in the East Midlands relative to the UK and other English Regions is set out below:



Source: Health state life expectancy at birth and at age 65 years by local areas, UK - Office for National Statistics (ons.gov.uk)

[8] APPG REPORT 2023

9.2 The same figures for women are set out below:



Source: [Health state life expectancy at birth and at age 65 years by local areas, UK - Office for National Statistics (ons.gov.uk)]

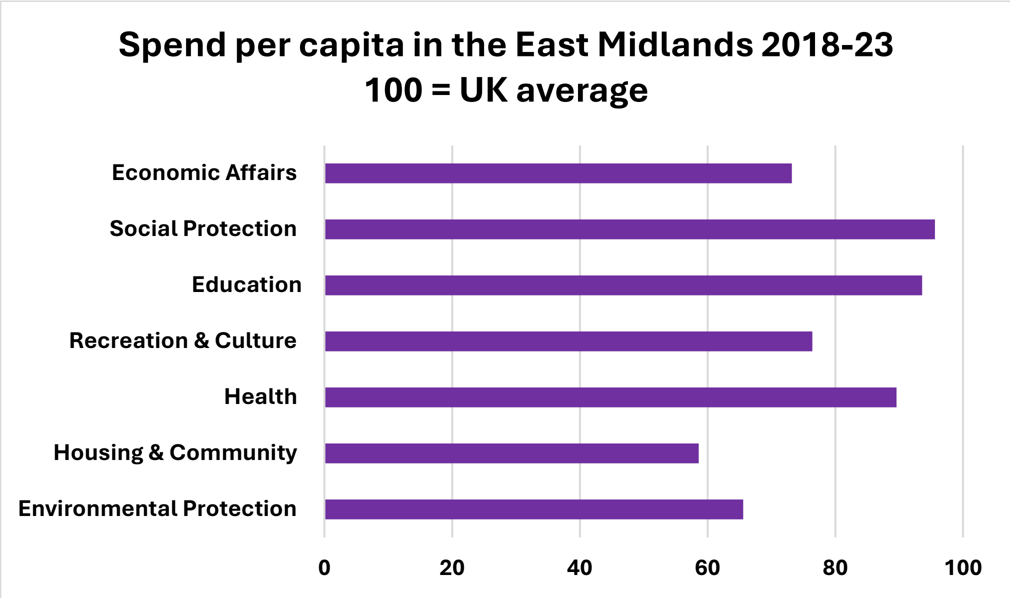
9.3 For both measures the East Midlands falls below the UK average. However, the position for women is relatively worse than for men. Indeed, the East Midlands appears to be the only region where average Healthy Life Expectancy for women (61.9 years) is actually lower than that for men (62.8 years) - despite women living 3.5 years longer. Again, these regional figures hide significant local variations.

	Highest	Lowest
Men	69.6 years (Rutland)	57.7 years (Nottingham)
Woman	66.4 years (Rutland)	54.2 years (Nottingham)

10. Public Investment

10.1 The Treasury publishes an annual Public Expenditure Statistical Analysis (PESA) every July on where public money (capital and revenue) is spent and on what, in the previous financial year.[9] The data has the status of 'National Statistics' as defined by ONS and has been published on a broadly consistent basis over several decades. Over period 2018-23 total spend per head in the East Midlands on the functions listed below were all below the UK average.

[9] Public Expenditure Statistical Analyses 2024 - GOV.UK (www.gov.uk)



Source: Public Expenditure Statistical Analyses 2024 - GOV.UK (www.gov.uk)

10.2 Table 1 shows the total identifiable expenditure on services per head in real terms, 2018-19 to 2022-23; examples include spending on health, transport, economic affairs, education, and social protection.

10.3 Between 2018-19 to 2022-23, total expenditure on services has remained consistently below the England average. If the Northern Powerhouse is seen as a primary competitor for investment funds, then it's certainly out in front (£1,321 per head better funded than the East Midlands). And there's an imbalance within the pan-Midlands partnership with the West Midlands, at a little over £957 per head better off, faring comparably well too.

Table 1: Total Expenditure on Services (Real Terms, £ per head)

	2018-19	2019-20	2020-21	2021-22	2022-23
London	12,072	12,339	16,476	14,625	14,486
North East	11,525	11,597	14,228	12,896	12,938
North West	11,283	11,358	14,236	12,916	12,845
UK	**10,963**	**11,100**	**14,141**	**12,648**	**12,549**
England	10,638	10,778	13,864	12,278	12,227
West Midlands	10,654	10,737	13,55	12,227	12,182
Yorks & Humber	10,450	10,525	13,325	11,820	11,855
South West	10,116	10,271	13,197	11,539	11,492
East	9,916	10,105	13,139	11,374	11,309
South East	9,878	9,971	12,986	11,338	11,244
East Midlands	**9,773**	**9,920**	**12,710**	**11,151**	**11,225**

10.4 Table 2 show the level of expenditure on economic affairs, per head for 2018-19 to 2022-23. This area of expenditure includes enterprise and economic development, science and technology, employment policies, agriculture, fisheries and forestry, and transport.

Table 2: Expenditure on Economic Affairs (£ per head)						Per Head (indexed)
	2018-19	2019-20	2020-21	2021-22	2022-23	
London	1,336	1,419	4,327	2,363	2,685	146
UK	**884**	**963**	**3,049**	**1,482**	**1,834**	**100**
England	852	934	3,055	1453	1,805	98
West Midlands	843	887	2,751	1,415	1,787	97
South East	918	1,034	3,090	1,470	1,786	97
North West	748	771	2,726	1,312	1,713	93
East	839	965	3,092	1,399	1,705	93
North East	697	736	2,530	1,125	1,599	87
Yorks & Humber	625	710	2,622	1,117	1,489	81
South West	659	772	2,807	1,141	1,459	80
East Midlands	**594**	**666**	**2,552**	**1,025**	**1,420**	**77**

10.5 For this important element of public investment, it is not solely that the East Midlands is the lowest funded region per head of the population, it is the consistently wide gap between East Midlands' levels and the national average (£385 less per head at 2022-23 prices), and 21% less than the West Midlands who are partners in the Midlands Engine. Leaving aside 2021-22 data that is inflated for all regions as a result of Covid support programmes and funding, the overall trend remains a concern with the significant gap between the East Midlands and England as a whole now evidently 'baked in'.

10.6 In monetary terms, over the 5 year time frame covered by the PESA 2024 publication, the difference between East Midlands levels of funding against the UK average equates to be approximately **£9.5bn in loss of funding**, and £7bn less than the level received by the West Midlands region.

10.7 Table 3 shows levels of transport investment. There are a number of evident trends:

a) Transport spend per head has been very significantly below the UK average level for all of the last 5 years, and previous PESA publications show this to be trend for 10+ years.

b) Transport spending in the East Midlands has now declined to just 56% of the UK average for 2022/23, the lowest level of any UK region or nation.

c) The disparity in levels of investment spend per head between the East Midlands (£361) and the West Midlands (£694) continues to widen. This is likely due to large-scale infrastructure programmes including HS2 and related highways investment.

d) If the region was funded at a level equivalent to the England average over the 5 years (2018-19/2022-23), a not unrealistic target, the East Midlands would have received an extra £6bn to spend on transport investment and services.

Table 3: Expenditure on Transport (£ per head)						**Per head (indexed)**
	2018-19	**2019-20**	**2020-21**	**2021-22**	**2022-23**	
London	901	842	1411	1240	1,275	196
West Midlands	489	506	634	690	694	107
UK	**484**	**502**	**732**	**659**	**648**	**100**
England	478	494	739	656	642	99
North West	449	451	584	609	637	98
South East	447	529	795	643	571	88
East	473	462	683	596	529	82
North East	323	362	566	464	502	77
Yorks & Humber	311	339	529	424	418	65
South West	301	342	484	411	388	60
East Midlands	**277**	**309**	**468**	**382**	**361**	**56**