



All Party Parliamentary Group for the East Midlands

Chair: James Naish MP (Rushcliffe)

Identifying East Midlands priorities for the 2025 Comprehensive Spending Review

Final report

16th May 2025

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The views expressed in this report are those of the Group.

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Foreword

The job of the All-Party Parliamentary Group (APPG) for the East Midlands is to help ‘shine a light’ of the key issues of relevance to all of the region’s parliamentarians, and then to use collective influence to affect positive change.

The data is clear – the region hasn’t seen its fair share of investment historically, and this needs to change.

In this inquiry, we wanted to focus on some of the key challenges facing the region in the run-up to the Comprehensive Spending Review (CSR) which will set budgets for the rest of this parliament.

We were very pleased with the scale and quality of the responses we received. I want to thank everyone who submitted written and oral evidence.

Underpinning all our discussions as a group of parliamentarians and local government representatives was the scale of the opportunities for economic and housing growth across the East Midlands. This can be partly realised by removing blockages and bottlenecks in the planning system, but we also need to address the historically low levels of investment in the East Midlands which demonstrably limits the region’s wider economic contribution.

The East Midlands has the potential to play a far bigger role in the UK’s economic ambitions, but only if the government unlocks this potential with fairer investment and more targeted support. Our recommendations are practical, deliverable and build on strong regional evidence. We urge ministers to take these ideas forward in the 2025 CSR.

James Naish
MP for Rushcliffe

Executive summary

GDP in the East Midlands has been growing at or around the UK average for much of the last 20 years, but productivity per worker is below the UK average and has been declining. The population of the East Midlands has been growing rapidly - at the same rate as London and faster than the South East and the West Midlands. The East Midlands has, therefore, been growing its economy by growing its population, not by becoming more productive.

The region benefits from a network of excellent universities and some key sector strengths including high-value manufacturing, the nuclear industry, food processing and logistics, as well as the UK's only inland 'freeport'. But maximising the collective agglomeration impacts of these assets remains a challenge. The region has huge potential to contribute to clean energy generation but is also highly vulnerable to the impacts of climate change. Low levels of public investment relative to other regions, most notably on transport, is frustrating growth. Health outcomes show significant variation and are below the UK average, particularly for women.

Based on the evidence received, we have set out five broad recommendations for change which are supported by a limited number of priority investments requiring immediate CSR decisions. These are as follows:

1. The government should take active measures to **re-balance public investment in transport** in the forthcoming CSR so that it is **better aligned with housing and employment growth at the regional level**. Ministers should be required to report against performance on an annual basis.
2. The government should pilot a network of enhanced **'Local Employment Hubs'** across the East Midlands, devolving skills, careers and business support funding to meet the needs of local employers and people.
3. The government should prioritise rolling out a network of **'Women's Health Hubs'** across the East Midlands with the aim of improving the healthy life expectancy of women towards the UK average.
4. The East Midlands is uniquely placed to spearhead the nation's drive **towards net zero**. However, the government must work more closely with local leaders and communities to **ensure the rationale for new infrastructure is understood and that potential economic and social benefits are fully realised**. This should include delivery of strategic investments that can make direct use of clean energy – starting with the complete electrification of the 'Midland Main Line' which is long overdue and has become a by-word for a lack of regional investment.
5. The government should review the model for allocating investment for flood resilience to **place less priority on land values and more on the social impact of repeated flooding** and give greater priority to **nature-based solutions**. The government should also **relax the requirements for third-party (match) funding**, particularly for smaller schemes with wider socio-economic benefits.

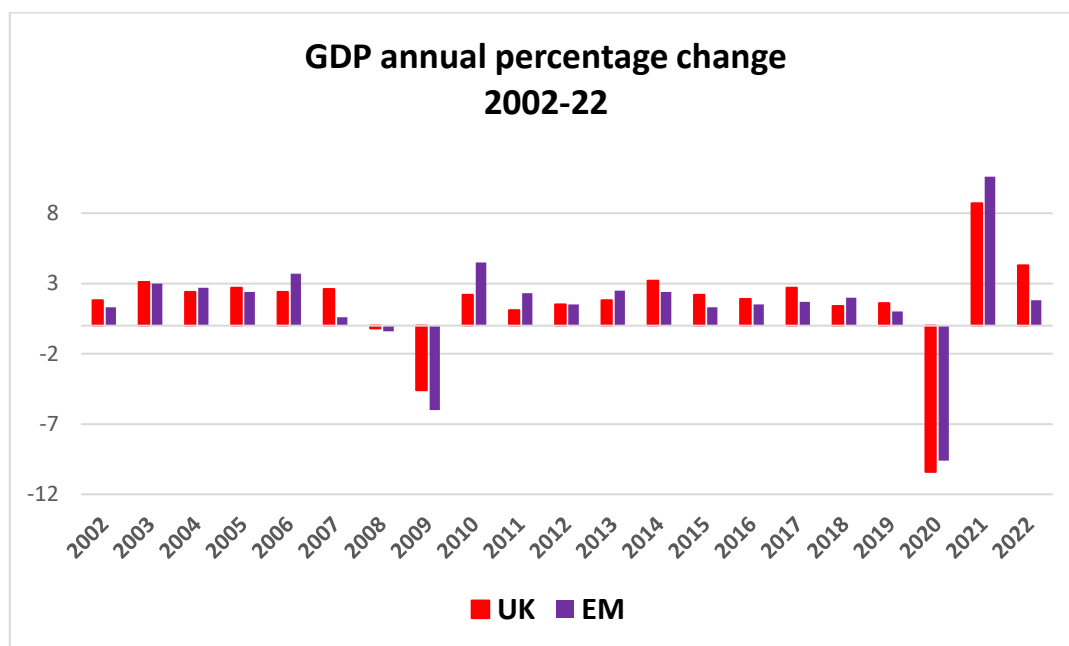
Priority investments for the East Midlands based on the evidence submitted

- **Transport schemes for construction:** Midland Main Line electrification, Lincoln-Nottingham line speed improvements, A46 Newark bypass, A38 Derby junctions, A5 Gibbet Hill junction and M1 junction 28.
- **Transport schemes for development:** Coventry-Leicester-Nottingham rail enhancement, M1 junction 24, A5 (M69-M42) strategic enhancement and A1 (Peterborough-Blyth) strategic enhancement.
- Establishing a pilot program of enhanced **‘Employment Hubs’** in the East Midlands devolving skills, careers and business support funding to meet the needs of local employers and people.
- Expanding the network of **‘Women’s Health Hubs’** to cover the whole East Midlands, starting in Nottinghamshire.
- An immediate cash boost for **flood defence maintenance and renewal** across the East Midlands.

Section 1: Context

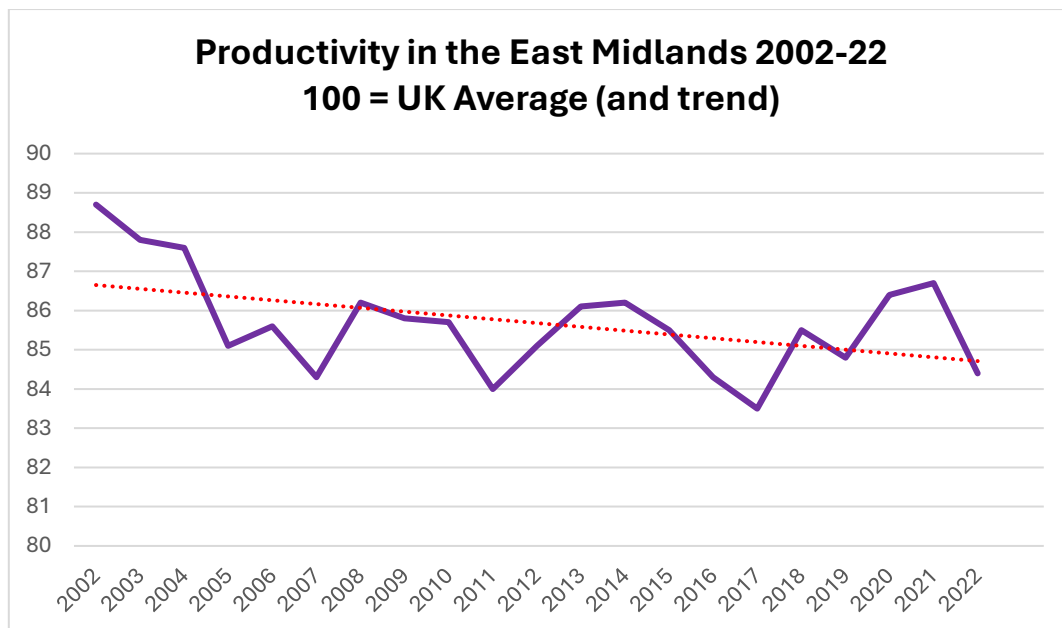
Growth and productivity

- 1.1 The East Midlands has a population of 5 million people and 368,000 businesses. 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: £640pw compared to £682pw. 10.6% of the workforce is employed in manufacturing, compared with 7.0% for the UK – although this percentage has declined significantly in recent years. The region's unemployment rate has recently increased but is now just below the UK average: currently at 4.2% compared to 4.5%.
- 1.2 GDP growth in the East Midlands over the past 20 years has been better than most other regions/nations and generally close to the UK average. More recently, however, it has fallen below.



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

- 1.3 Productivity has remained below the UK average over the past 20 years and has been declining relative to the rest of the UK, to 84.4% in 2022.

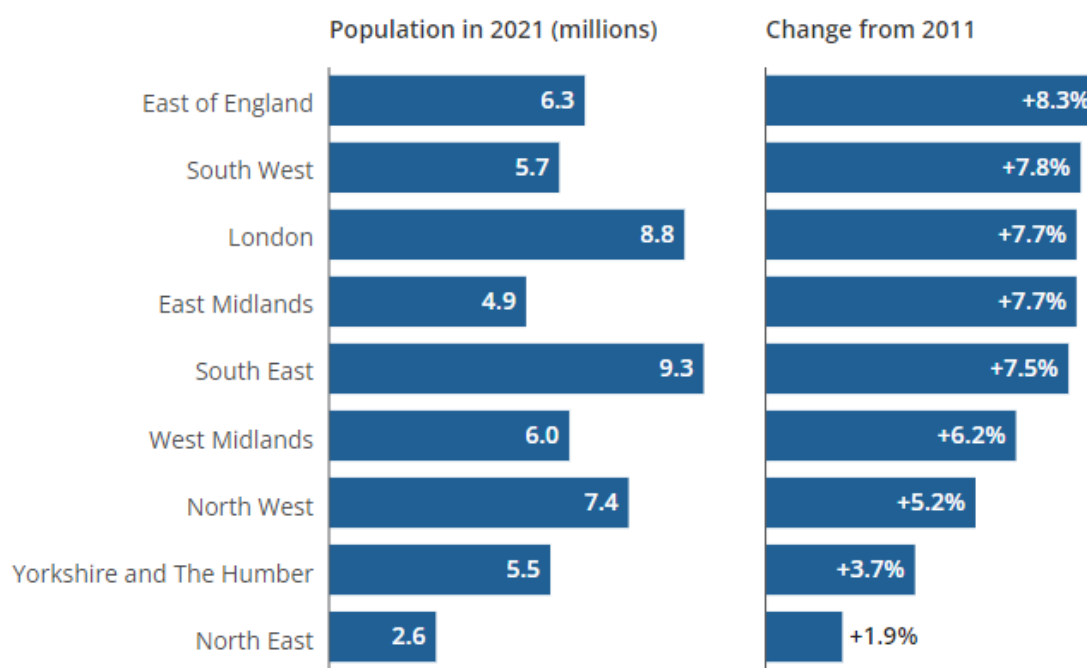


Source: [Annual regional labour productivity - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/economy/productivity/annualregional/labourproductivity)

- 2.3 The East Midlands benefits from a network of excellent universities and some key sector strengths including high-value manufacturing, the nuclear industry, food processing and logistics, as well the UK's only inland 'freeport'. But maximising the collective agglomeration impacts of these assets remains a challenge and the region's cities continue to perform poorly on measures of relative UK competitiveness.

Population change

- 2.3 The population of the East Midlands grew by 7.7% in the period 2011 to 2021, at the same rate as London and faster than the South East and the West Midlands.
- 2.4 The region has, therefore, been growing its economy by growing its population – not by becoming more productive.



Source: [Population and household estimates, England and Wales - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/population-and-household-estimates-england-and-wales)

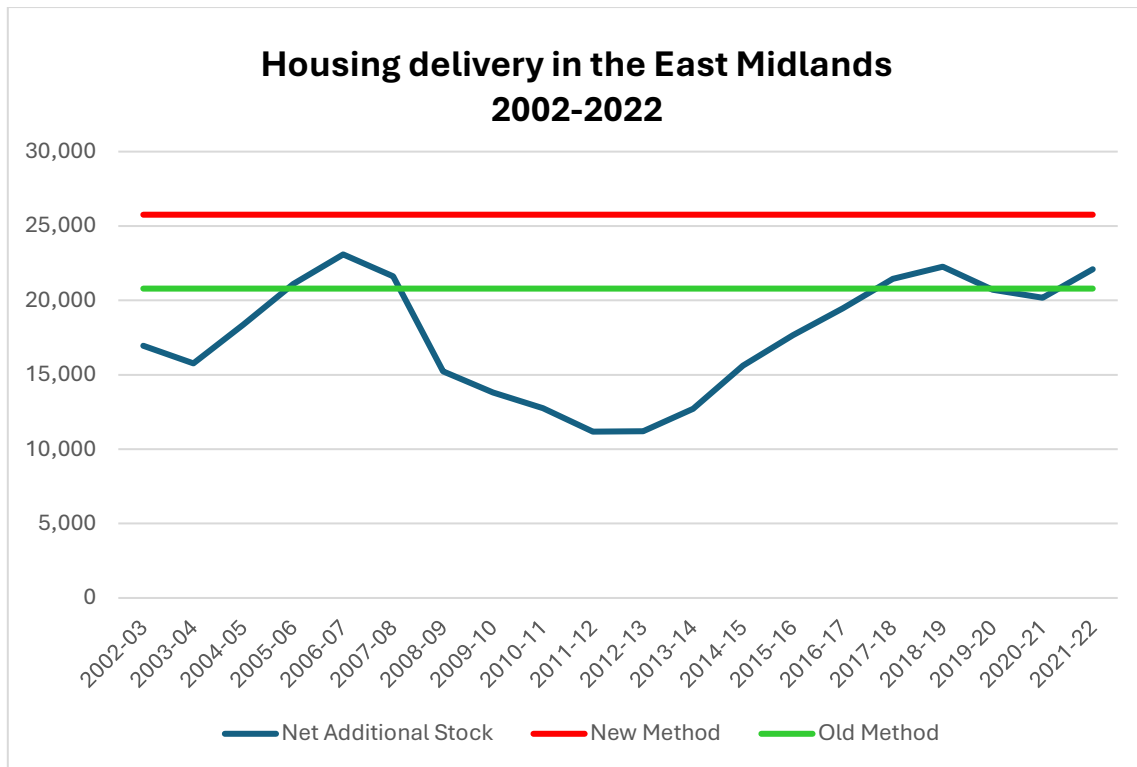
2.5 The East Midlands is not a heavily urbanised region; most people live outside the region's cities. Nottinghamshire and Derbyshire remain the most populous counties but they are also the slowest growing. Since 2011, population growth has been strongest in Northamptonshire, Leicester City and Leicestershire. The region's elderly population is increasingly concentrated in more rural areas, where typically 20-25% of people are over 65 years old. In contrast, the median age of Nottingham's population is just over 30 years old.

2.6 These population trends will have long-term implications for the provision of public services and economic infrastructure across the East Midlands.

Housing delivery

2.7 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 policies but, in recent years, has met or been close to the government's expectations.

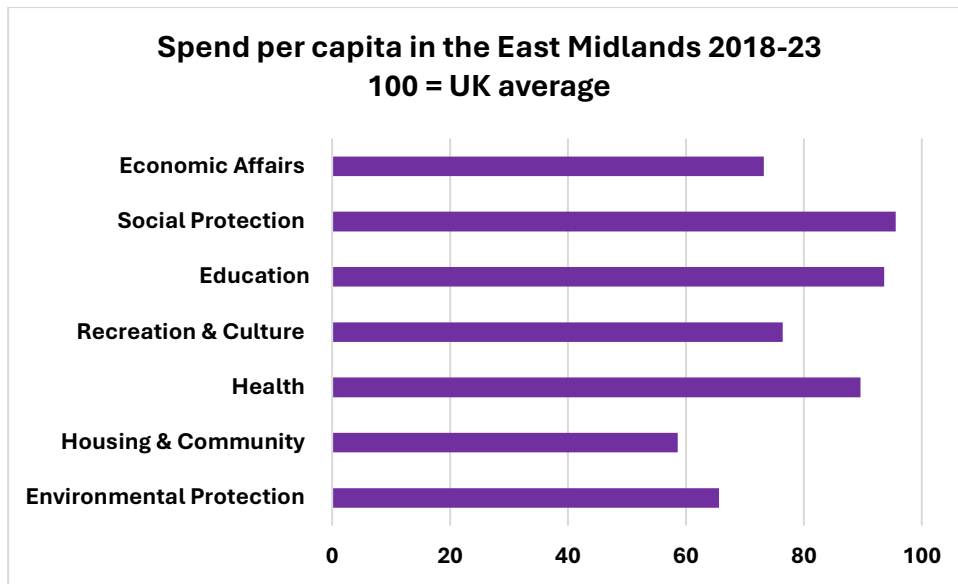
2.8 However, the government's New Standard Method for determining housing need implies an uplift from historic levels of delivery, and a generally more dispersed pattern of distribution with the highest increases in rural and suburban areas.



Source: MHCLG

Public investment

- 2.9 The Treasury publishes an annual Public Expenditure Statistical Analyses (PESA) every July showing where public money (capital and revenue) is spent and on what, in the previous financial year. 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 the period 2018 to 2023, total spend per head in the East Midlands on the functions listed below were all well below the UK average – some significantly.



Source: [Public Expenditure Statistical Analyses 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/publications/public-expenditure-statistical-analyses-2024)

- 2.10 Rebalancing national investment so that it more closely relates to population, housing and economic growth is a key strategic objective for the East Midlands APPG.

Section 2: Conclusions and recommendations

- 2.1 We published a ‘call for evidence’ on 15th January 2025 and received 34 written representations by the deadline of 7^h February 2025. Based on these responses, we held an oral evidence session on 25th March 2025 at 1 Parliament Street, Westminster. Further details are set out in Annexes 1 to 3. This final report has been signed-off by the Chair of the APPG following consultation with all East Midlands MPs.
- 2.2 The report is based around the following key themes:
- Transport and connectivity
 - People and skills
 - A just transition to net zero
 - Flood risk adaptation and mitigation
- 2.3 Underpinning all our discussions as a group of parliamentarians and local government representatives was the scale of the opportunities for economic and housing growth across the East Midlands. This can be partly realised by removing blockages and bottlenecks in the planning system, but we also need to address the historically low levels of investment in the East Midlands which demonstrably limits the region’s wider economic contribution.
- 2.4 We expect that this report will be of use to the government in finalising the Comprehensive Spending Review in June 2025, but also in to informing the detail of departmental spending priorities over the following years of this parliament.

Transport and connectivity

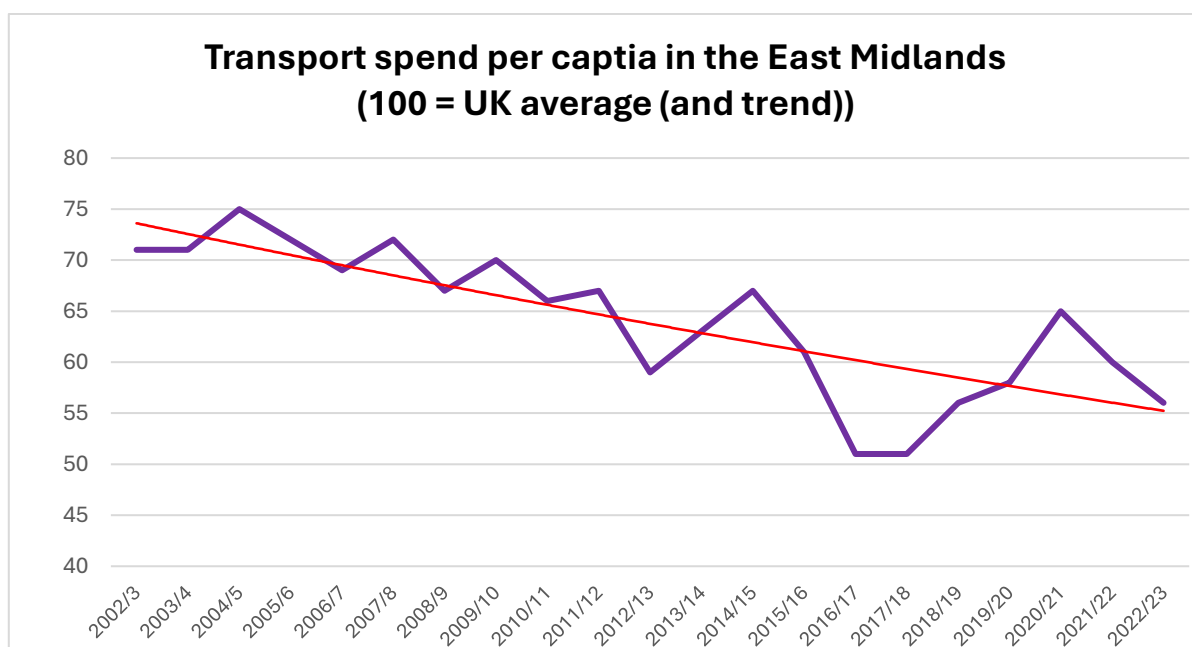
Recommendation 1

The government should take active measures to re-balance public investment in transport in the forthcoming CSR so that it is better aligned with housing and employment growth at the regional level. Ministers should be required to report against performance on an annual basis.

- 2.5 The importance of improvements to transport connectivity to support new development, reduce social exclusion and improve business competitiveness featured in many of the representations we received.
- 2.6 In reviewing the evidence, we were struck by the sheer scale of the spatial disparities in public investment in transport across the UK.

“Transport is a key driver of productivity. However, transport investment per head in the East Midlands has been in relative decline for many years and now stands at only 56% of the UK average. Turning this situation around will require concerted action.”

Transport for the East Midlands



Source: PESA 2024 and previous releases

- 2.7 We can conceive of no reasonable justification for these figures. Whilst we accept that there will always be some variation in levels of investment between

regions over time, the scale of these disparities and their enduring nature suggests that there is something fundamentally flawed about the way in which public investment for transport has been determined over many parliaments.

- 2.8 We received numerous examples from across the East Midlands of where housing and employment growth was being frustrated by a lack of transport investment. Transport for the East Midlands (TfEM) set out a list of eight strategic transport priorities for the region¹, including the A46 Newark bypass which is currently subject to a Development Consent Order Inquiry. In our oral sessions, we heard about three more of TfEM's priorities.
- 2.9 Bill Cullen, representing Hinckley & Bosworth Borough Council, spoke about the A5 which passes through Northamptonshire, Leicestershire, Warwickshire and Staffordshire and is a key freight route and an alternative to the M6. The A5 corridor is also a major driver for housing and employment growth – including the MIRA Enterprise and Technology Park, DIRFT near Daventry and Magna Park near Lutterworth. But congestion and safety are major problems because of the sub-standard nature of much of the road, and as a result, the route requires major investment.
- 2.10 National Highways has previously undertaken work to develop a strategic enhancement to the A5 between M69 and M42. Midlands Connect has also identified the junction between the A5 and A426 at Gibbet Hill as an early priority for investment to allow new employment sites to come forward. However, at present, no funding for delivery has been identified and any investment will be dependent on the forthcoming CSR and the confirmation of the next Roads Investment Strategy (RIS).
- 2.11 Bill Cullen pointed out that an estimated 111,000 new homes are planned along the corridor over the next 10-15 years. We asked what the 'Plan B' would be if investment in the road corridor was not forthcoming in the next RIS period. His response is below:

"This kind of level of growth is not going to continue unless we get the investment in the infrastructure to unlock the opportunities that do exist... the 'Plan B' will require everyone reimagining their local plans and where they direct growth and also the timetable for those local plans."

Bill Cullen, Hinckley & Bosworth Borough Council

¹ [Our Shared Vision for the East Midlands](#)

2.12 We heard a similarly stark perspective from the CEO of East Midlands Freeport, Tom Newman-Taylor. The Freeport designation offers a series of tax incentives at three key sites which have the potential to generate thousands of new jobs and generate retained business rates:

- East Midlands Airport and Gateway Industrial Cluster (EMAGIC) in Leicestershire.
- Ratcliffe-on-Soar power station site in Nottinghamshire.
- East Midlands Intermodal Park (EMIP) in Derbyshire.

2.13 These tax incentives are time limited and were originally due to expire in 2026 but have now been extended to September 2031. Failure to develop these sites by 2031 will fundamentally undermine the economic impact of the freeport designation.

2.14 Whilst there appears to be no shortage of potential occupiers for the three tax sites, major infrastructure constraints will need to be addressed quickly before development can take place.

“Targeted upgrades to the M1 at Junction 24, which is already at capacity, are crucial to not only enable the proposed developments at the freeport sites, but a range of other developments in the vicinity. It is worth noting that a transport cap is already in place for development sites such as Ratcliffe-on-Soar... a solution to improve junction capacity is required or full the potential of the freeport, its economic benefits and the benefits of the generated business rates will not be realised.

“To accommodate the forecasted 53% increase in traffic by 2041, a wholistic approach will be required.”

East Midlands Freeport

2.15 We understand that there is currently no planned investment in M1 junction 24 by National Highways and that it typically takes at least seven years to develop and build a major scheme on the Strategic Road Network. Given the M1 is the spine road of England, this would stifle future investment significantly. Tom Newman-Taylor told us:

“We’re up for the negotiation and for doing our bit. But ultimately what we are going to need from the government is a real sense of pace. National Highways, to their credit, have really engaged well on this, but we’re going to have to be

innovative... including with our planning authorities about creating mechanisms for recouping funding from developers.”

Tom Newman-Taylor, EM Freeport

- 2.16 Finally, we heard again about the multiple benefits of the Midland Main Line Electrification (MMLe) and the latest twists in the 50-year saga to deliver the project. We understand that a delayed funding decision to extend electrification from South Wigston (south of Leicester) to Trent Junctions will be made as part of the CSR process, along with funding for detailed designs northwards to Derby, Chesterfield and Sheffield.
- 2.17 We were particularly interested to hear about the links between electrification and growth and regeneration proposals, along what is already a densely populated railway corridor. We support the work of the East Midlands Combined County Authority in developing a ‘Stations Growth Strategy’ focused on Derby, Nottingham, Chesterfield and East Midlands Parkway, using stations as the focus for new housing and employment growth.
- 2.18 On Leicester train station, we heard directly from Grant Butterworth about a jointed funded scheme to re-orientate the entrance of Leicester station to face the city centre, improve the public realm and open-up new commercial development opportunities.

“The whole area around Leicester Station has got really significant growth potential in terms of high productivity jobs and the city’s future growth...so investment in the Midland Main Line is not just transport priority – it’s an economic development priority too.”

Grant Butterworth, Leicester City Council

- 2.19 Paul Barnfield from EMR also spoke about the wider industry decarbonisation benefits of MMLe, which we will return to later in this report.
- 2.20 It is clear to us that if the government is going to meet its ambitions from growth and housing delivery, it will need to think differently about transport investment. A ‘business and usual’ approach will simply not be sufficient because underinvestment in the region over successive years has been too stark.
- 2.21 In particular, active measures should be taken to re-balance public investment in transport so that is better aligned with housing and employment growth at the regional level, against which ministers should be required to report and explain

significant imbalances. The significant and widening spatial disparities in transport funding reported annually by the Treasury's Public Expenditure Survey Analyses (PESA) should not be allowed to endure unchecked.

- 2.22 While we do not presume to identify every important transport scheme across a region of five million people, there are a number of strategic investments which the APPG believes require an immediate government decision to either construct or to develop to a point at which construction is possible, so that it can realise the potential growth of the region. These include:

Construction: Midland Main Line electrification, Lincoln-Nottingham line speed improvements, A46 Newark bypass, A38 Derby junctions, A5 Gibbet Hill junction and M1 junction 28.

Development: Coventry-Leicester-Nottingham rail enhancement, M1 junction 24, A5 (M69-M42) strategic enhancement and A1 (Peterborough-Blyth) strategic enhancement.

People and skills

Recommendation 2

The government should pilot of a network of enhanced ‘Local Employment Hubs’ across the East Midlands, devolving skills, careers and business support funding to meet the needs of local employers and people.

Recommendation 3

The government should prioritise rolling out a network of ‘Women’s Health Hubs’ across the East Midlands with the aim of improving the healthy life expectancy of women towards the UK average.

- 2.23 The APPG is conscious that whilst improved and resilient infrastructure is necessary to deliver productivity and growth, it is not sufficient. The region must also invest in its people to ensure that they are able to participate more fully in the labour market and to secure better paid and more satisfying employment.
- 2.24 We noted a huge sense of frustration from many respondents about the complexity of the current skills system and a desire for more freedom to meet local labour market priorities. For example:

“There are fantastic career opportunities in Greater Lincolnshire, but often the pathways to achieve a good quality career are unclear. They are often unaware of what is available, finding the skills system difficult to navigate because of the inconsistent and the “stop start” nature of the funding, often from multiple pots and agencies. We want the provision of skills in Greater Lincolnshire to be flexible and able to respond to gaps in the labour market.”

Lincolnshire County Council

“Radical change is needed – akin to the ‘guildhall’ approach where apprentice, employer and training were woven together. Without seismic shift in the way things work, there will only be incremental improvement. At the very least, the following are essential:

- 1. Skills training at the right levels in the right areas that support job creation and economic growth.*
- 2. Comprehensive and accessible pathways to enter and progress into skills training and/or employment.*

3. *Genuine creation and investment in an ‘all age careers advice and guidance service’ – that not only supports young people in the choices they make through school but has a focus on adults looking to retrain and/ or re-enter the workplace. There is an inordinate amount of ‘working age’ skill and talent in the UK that is not necessarily pointed in the right direction. A systemic and systematic approach is needed to address this*
4. *Genuine advocacy and support for vocational routes/ opportunities – beyond qualifications. This supports the ‘guildhall’ approach.”*

Derbyshire County Council

2.25 Blaby District Council suggested four specific reforms:

1. **“Reforming Apprenticeship Levy Rules.** *The rigid structure of the Apprenticeship Levy limits employer flexibility in workforce development. Ask: Allow greater employer control over levy funds, enabling them to invest in shorter, sector-specific training courses aligned with local industry needs.*
2. **Flexible Skills Funding for Local Authorities.** *Current skills funding is fragmented and does not always align with local business needs. Ask: Establish regional skills investment pots managed by councils and business leaders to directly fund priority sector upskilling.*
3. **Strengthening Local-Employer Partnerships.** *Businesses struggle to access targeted, practical skills training, leading to productivity gaps. Ask: Simplify engagement with Further Education Colleges and universities by mandating industry advisory panels in all publicly funded training programmes.*
4. **Investing in Local Employment Hubs.** *Blaby’s work and skills agenda supports employer-led initiatives like job fairs, employer site visits, and workforce academies. Ask: Devolve funding to support the expansion of local Skills Brokerage Services that connect jobseekers with real employment opportunities.”*

Blaby District Council

2.26 In our oral evidence session, Richard Blackmore from East Midlands Chamber shared businesses’ perspective, emphasising the particular challenges of engaging with schools and the Further Education (FE) colleges:

“Our members have expressed concern about the patchwork of funding and how it has been unable to deliver against various skills requirement that are identified locally. I’d also add in that we don’t talk enough about secondary schools. Speaking with a lot of businesses in the region, they find it very, very hard to be able to connect with schools. There are some great pockets where it

works, but they're pockets. And it tends to be based on personalities rather than any direct sort of funding framework that can help them work together."

Richard Blackmore, East Midlands Chamber

2.27 Bill Cullen from Hinckley & Bosworth District Council commented:

"It is that granular level where you make those connections. We've seen some relationships between the schools and the FE College and businesses that do experience real issues about recruitment and retention flourish...Kind of growing that local talent, exposing these young kids at the age of 14 when they're making choices around GCSEs...It's really powerful, but you can't do that at a kind thing at a regional level. You can have your strategy at regional level, but you need models at a localized level to really get the connection between local companies, schools, and FE."

Bill Cullen, CEO Hinckley & Bosworth District Council

2.28 Anticipating labour market needs, particularly where large inward investment projects are involved, is also critical. In relation to the STEP fusion energy project at West Burton, Bassetlaw District Council highlighted:

"Understanding the jobs that will be created from these projects is critical to ensure we have the local and regional further education provision available. Funding is required to develop a policy mechanism and relevant interventions for people to access jobs that will be coming on stream, learning from the likes of Hinkley Point C. This may be through a job shop, for the skilled labour and civil engineering force and building the curriculum at facilities such as The Bridge Skills Hub, a new facility in Worksop, so that offer is made locally."

Bassetlaw District Council

2.29 In the oral evidence session, ICE East Midlands made a similar point:

"Existing employers, existing construction companies can actually ramp up for the work that's coming their way. But unless we actually see and understand the broader pipeline, we're not going to make those jobs available."

Adrian Coy, ICE East Midlands

2.30 We also received representations relating to the importance of local initiatives to bring economically inactive people back into the labour market:

"Over the last two years with the support of the Department of Work in Pensions, we've brought in about a thousand inactive people back into employment... They're supported by an individual advisor, which has helped

bringing them back into full-time employment on a long-term basis. So that's been a very positive scheme that's worked and, and I think these kind of targeted interventions could be replicated more widely"

Richard Blackmore, East Midlands Chamber

- 5.31 We received similar evidence from East Midlands Airport, one of the largest employment sites in the region with more than 8,000 people working in businesses ranging from hospitality to air cargo handling.

"The airport works in partnership with Nottingham College to deliver a programme of skills training aimed particularly at those who are furthest removed from the jobs market. The monthly course, which is often oversubscribed, has successfully prepared job seekers for roles across the airport with many attendees landing jobs in customer facing roles. Regional partnerships with local education providers are key to the success of such programmes and these alliances need to be encouraged and nurtured."

East Midlands Airport

- 2.32 Despite a lot of positive work, our reflection is that current arrangements often fail to help people reach their full potential or to ensure business have the skilled labour force they need to succeed. As a result, both our society and our economy lose out.
- 2.33 It is not just a question of more money. As a nation, we spend huge amounts on education, training and employment support. It is more about how that money is targeted and at what level. From an East Midlands perspective, it seems clear that we should be moving towards a more personalised, less sectoral and more locally-led forms of intervention. There is some opportunity to do this where devolution deals exist, but these are not universal or indeed consistent. Instead, we believe that more radical place-based reform is needed and the APPG would offer the East Midlands to the government as a pilot area.
- 2.34 Whilst we received no compelling evidence to explain the unusually low levels of healthy life expectancy in women across the East Midlands relative to men, several respondents emphasised the importance of sustained funding for 'Women's Health Hubs'. These bring together a range of services and facilities under one roof and are wrapped around the needs of individual women who, in some cases, may have multiple needs.² Whilst there are some Women's Health Hubs operating in the East Midlands, provision appears to be patchy.

² [Women's health hubs: core specification - GOV.UK](https://www.gov.uk/government/publications/women-s-health-hubs-core-specification)

“Women in Nottinghamshire live longer in ill health than men and have a lower healthy life expectancy than the national average for women...Nottingham and Nottinghamshire lack an operational Women’s Health Hub...improving data collation and publication for health conditions specific to women and all health outcomes by gender should be a national priority.”

Nottinghamshire County Council

- 2.35 We, therefore conclude, that a more consistent approach is required to ensure that provision matches need more effectively.

A just transition to net zero

Recommendation 4

The East Midlands is uniquely placed to spearhead the nation's drive towards net zero. However, the government must work more closely with local leaders and communities to ensure the rationale for new infrastructure is understood and that potential economic and social benefits are fully realised. This should include delivery of strategic investments that can make direct use of clean energy – starting with the 'complete electrification of the Midland Main Line' which is long overdue and has become a by-word for a lack of regional investment.

- 2.36 Evidence submitted by ICE East Midlands highlighted that nationally, electricity consumption is projected to double by 2050 as fossil fuels are phased out. At the same time, the electricity grid system will need to be substantially re-engineered to cope with a much more dispersed pattern of energy usage and generation.
- 2.37 These changes will have a profound impact on the East Midlands over the coming years which will need to be carefully managed, particularly in more rural areas where Development Consent Order applications for new energy infrastructure are often controversial.
- 2.38 We are, therefore, supportive of the government's and industry proposals to establish Regional Energy Strategic Plans (RESPs), including for the East Midlands (albeit without Northamptonshire, which will be dealt with elsewhere). The RESP process should provide a clearer spatial framework for decision-making. However, better meaningful engagement with the public and local leaders is also required to demonstrate the benefit of major energy investment and to address local concerns transparently.
- 2.39 Historically known as 'Megawatt Valley', the 13 coal-fired power stations of the lower Trent Valley generated up to a quarter of the power demand in England and Wales. The redevelopment of new closed power station sites, the transmission infrastructure that surrounds them, and the new clean energy opportunities provide opportunities for the East Midlands to drive the net zero transition.
- 2.40 We heard first-hand about one of these opportunities from David Armiger of Bassetlaw District Council: the STEP fusion energy project at West Burton power station between Retford and Gainsborough in north Nottinghamshire.

- 2.41 Nuclear fusion is carbon-free at the point of generation. By harnessing the process that powers the sun and stars, fusion has the potential to provide a safe, abundant source of low carbon energy. Building a commercial fusion plant, known as STEP (Spherical Tokamak for Energy Production), is the responsibility of UK Industrial Fusion Solutions Limited (UKIFS), a UK Atomic Energy Authority subsidiary. Although STEP is currently 100% government funded, UKIFS will establish and lead a public and private alliance to deliver the programme. The project aims to demonstrate net energy from fusion by the 2040s.
- 2.42 We are clear from the evidence that the STEP investment represents a generational opportunity for the East Midlands, but one that must be actively grasped.

“STEP is the catalyst to turn into something absolutely amazing for the whole region. The whole of the East Midlands as well as for South Yorkshire and beyond. And we have worked collaboratively with a whole range of partners now to make sure that that opportunity is delivered.

“What we must do is to make sure that the infrastructure that is needed is in place, and that will start when they bring in some very large, complicated pieces of equipment in probably about five or six years’ time. The infrastructure needs to be in place and ready for that.”

David Armiger, CEO Bassetlaw District Council.

- 2.43 Lincolnshire County Council also highlighted the existing scale and future growth of the energy sector to drive the local economy.

“The low carbon and energy economy, already worth £1.2bn per annum in Greater Lincolnshire, holds exceptional potential offering an unprecedented level of private investment of £60bn over the next 15 years. Already employing over 12,000 people, there are major opportunities for growth in offshore wind as well as other low carbon goods and services.”

Lincolnshire County Council

- 2.44 We understand that there are plans in development for at least two hydrogen generation projects within south Lincolnshire which could form the basis for a local hydrogen ecosystem to support the agri-food sector. Elsewhere in Lincolnshire, West Lindsey District Council noted that:

“Consumer demand for sustainable food is driving innovation and co-location of key infrastructure. Electricity, heat, CO2 and water should be delivered via renewable energy sources and other green renewable initiatives, including onsite energy centres fed by a co-located existing anaerobic digestion plant delivering a true circular economy model.”

West Lindsey District Council

- 2.45 ICE East Midlands also highlighted the potential for large scale ‘carbon capture’ off the Lincolnshire coast:

“A Carbon Capture & Storage (CCS) project for the Viking area of the North Sea is awaiting approval. CCS will allow gas-fired stations to operate without releasing CO2. On shore facilities would be built at Theddlethorpe on the Lincolnshire coast. The project can provide an initial storage capacity of 300 million tonnes of CO2 with 10 million tonnes per year being captured by 2030. The CO2 will be stored by pumping into depleted gas wells”.

ICE East Midlands

- 2.46 The challenge with all these investments is to ensure that in addition to national benefits in terms of carbon reduction and energy security, there are real local benefits for communities and businesses most impacted. We understand that the STEP programme has so far been enthusiastically received by local communities which is testament to all those who have been involved with the project to date. But the same cannot be said for many solar farm and transmission infrastructure proposals across the region.
- 2.47 As well as strategic infrastructure, we believe that there is an important role for community energy initiatives.

“There is a huge opportunity to harness the region’s extensive network of community energy groups, and utilise the region’s abundant natural resources, to generate local renewable energy, thereby strengthening energy security, reducing energy costs, decarbonising the energy system and leading to local investment and employment. This requires a national and long-term programme of support and investment in locally led (and owned) community energy, as well as the development of national policy/position on the role of community energy in both Local Area Energy Plans and Regional Energy Strategic Plans.”

Derbyshire County Council

- 2.48 If we are to deliver the nation's official ambition, as increasingly contested as this may be, there must be a more consistent and wholistic approach to delivering net zero from across government, one which offers high-quality jobs to local communities. This will require greater alignment between the policy decisions of government departments, and more emphasis on concurrent infrastructure investment that will, in turn, unlock more opportunities in regions like the East Midlands.
- 2.49 Again, we return to the vexed question of Midland Main Line electrification (MMLe) and why it is has taken governments of all colours 50 years to complete only around 60% of the line. We understand that the East Midlands has the most 'diesel dependant' railway in Great Britain. Even when the new Auroa intercity bi-mode trains are introduced later this year, they will be running on diesel through Leicester, Nottingham, Loughborough, Derby, Chesterfield and Sheffield. All of the EMR's regional fleet is diesel powered and between 25 and 35 years old.
- 2.50 Clearly, completing MMLe will enable inter-city services to be fully decarbonised, reduce air pollution and improve journey times (as well as generating 4,300 jobs and 100 apprenticeships). But as we heard from Paul Barnfield from EMR, it will also benefit regional services across the East Midlands from Matlock in the Derbyshire Peaks to Skegness on the Lincolnshire Coast.

"Electrification of the Midland Main Line to Nottingham and Sheffield enables the introduction of a fleet of clean battery electric trains across the region. Simply put it will deliver improved connections and more seats on zero emission trains."

"The replacement of the regional fleet is one strand of EMR's long term strategy that includes timetable, station and performance improvements. When we assess these impacts together the financial business case is broadly neutral over 15 years and achieves £0.4bn of economic and social value."

East Midlands Railway

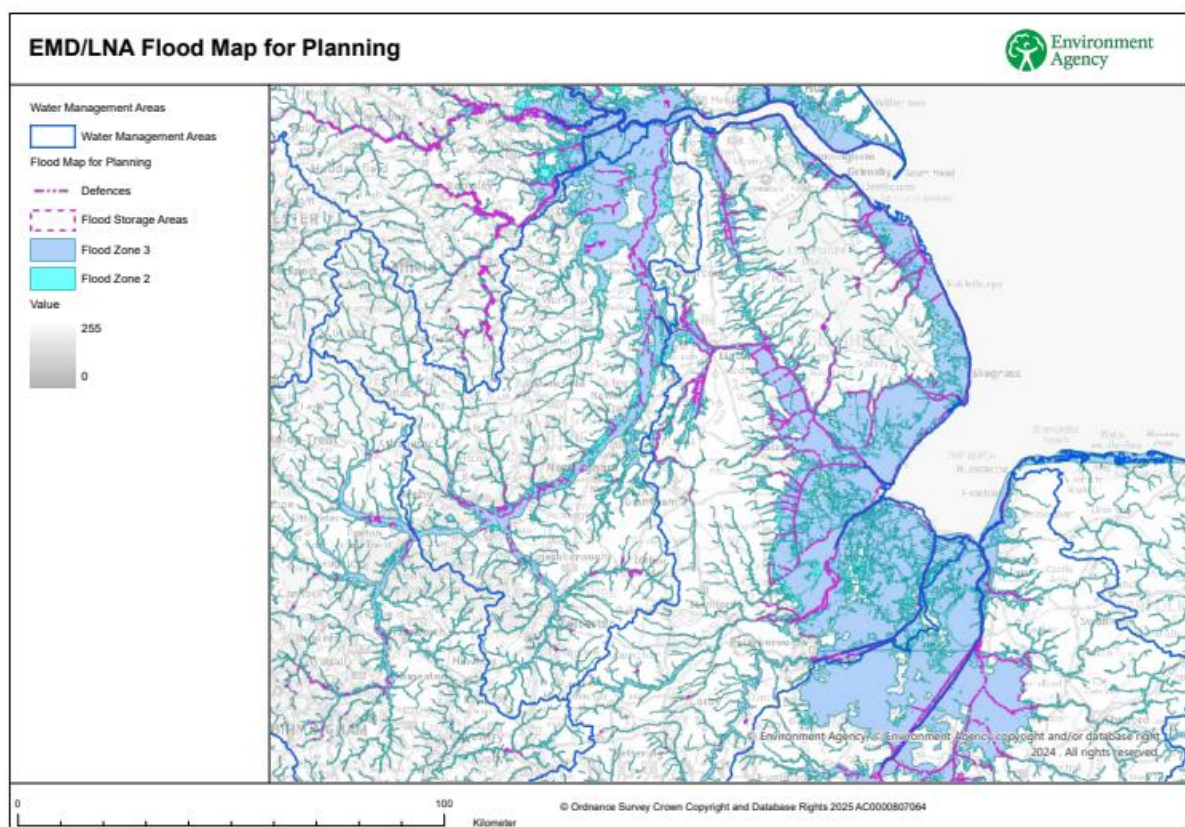
- 2.51 It is difficult for local people to accept intrusive new infrastructure designed to produce clean electricity when obvious opportunities to use that energy for public benefit like rail electrification fail to be delivered.

Flood risk adaptation and mitigation

Recommendation 5

The government should review the model for allocating investment for flood resilience to place less priority on land values and more on the social impact of repeated flooding and give greater priority to nature-based solutions. The government should also relax the requirements for third-party (match) funding, particularly for smaller schemes with wider socio-economic benefits.

- 2.52 We received compelling evidence about the scale of flood risk in the East Midlands and the impact of recent flooding events.
- 2.53 The Environment Agency's National Assessment of Flood & Coastal Erosion Risk in England highlighted that the East Midlands has the greatest share of properties at risk of flooding from rivers or the sea in England (18.4% - 127,500), and the highest proportion of properties at risk of any English Region (4.6%). This is the current risk and does not include the impact of future climate change or the impacts of surface water flooding.



- 2.54 In addition to large expansive areas of low-lying land on the Lincolnshire coast, the river systems of the Trent, Derwent, Soar, Witham and Nene drain through the region's most heavily built-up areas, many of which were historically developed around river crossings
- 2.55 Climate warming contributes to rising sea levels and to more extreme weather events, the scale of which can overwhelm drainage systems and flood defences that were built consistent with previous understandings of risk. Even if the rise in global temperatures can be limited to 1.5°C above pre-industrial levels, these climate impacts are likely to become more severe over the coming decades.³
- 2.56 The APPG heard that flooding is a significant barrier to economic and housing growth and can cause economic harm to people, businesses, landowners and infrastructure from across the East Midlands.

"The frequency and devastating effects leave many residents living in constant fear of flooding which they report affects their mental health, financial stability and reduces property values leaving them feeling trapped."

Bassetlaw District Council

"Thousands of properties in Leicester are at significant risk of flooding from both the river network and during heavy thunderstorms. In the last 2 years, we have seen 3 major flooding events in Leicester with hundreds of properties affected in densely populated and deprived areas of the city."

Leicester City Council

"Around 45% (2843km²) of Greater Lincolnshire lies within the flood plain, 17% of England's total flood plain area. It has been affected by significant coastal and Inland floods, most notably 1953, 2007, 2012, 2013, 2019/20 and most recently Storm Babet (October 2023) and Storm Henk (January 2024) which saw over 950 properties internally flooded and record river levels within Lincolnshire."

Lincolnshire County Council

³ [March 2023 Progress in adapting to climate change 2023 Report to Parliament](#)

“Not only is flood risk a constraint on site allocations in the next Local Plan, without further measures, by 2070 there will be 4,111 properties ‘at risk’ of flooding, up from 1,543.”

Nottingham City Council

- 2.57 Improving and maintaining flood defences is critical to protecting communities and businesses, and to maintaining investor confidence. Although important new assets have been created in recent years, most notably the Boston Barrier which was became fully operational in 2022, the East Midlands appears to be losing out in the battle for investment.
- 2.58 Analysis by the National Audit Office⁴ highlighted that the East Midlands receives close to the lowest level funding per property at risk at £3,227, despite the Region’s high level of inherent risk. This compares unfavourably to the North East which receives almost four times as much at £12,563 per property and the North West at £10,204.
- 2.59 A 2024 report by the Public Accounts Committee highlighted that the impact of construction inflation and scheme delays would significantly erode the effectiveness of planned investment by the Environment Agency over coming years.⁵ The report also highlighted that lack of investment in existing assets is also increasing risk to communities. This is exacerbated by the investment associated with new housing development where developers may be obliged to contribute to new flood defences but subsequent responsibilities and liabilities for ongoing maintenance are passed onto the Environment Agency and local authorities.
- 2.60 We were told that public investment in flood defences requires a very strong business case (typically a BCR of more than 9 to 1) and a local partner contribution. This funding model makes delivering flood defences in areas with comparatively low property and land values (including Grade 1 Agricultural land) more challenging. There are often good social, economic and environmental reasons to protect local areas but the investment methodology may preclude this. While the government might expect the partnership model to ‘stretch’ public funding, in practice, it can cause schemes to stall before any real momentum has been gained.

⁴ [Resilience to flooding](#)

⁵ [Flood resilience eroded by poorly maintained defences with Government in the dark on progress - Committees - UK Parliament](#)

“The existing funding formular for allocating money to defences slows down the delivery of new schemes through a complex application process with limited flexibility.”

Bassetlaw District Council

- 2.61 A number of councils and landowners have proposed the further roll-out of nature-based flood prevention and the cost effectiveness of a number of recent schemes have been highlighted. It was questioned whether nature-based flood prevention schemes receive sufficient investment.

“Devonshire Group is working at scale to look for natural flood managements options on our land to reduce flooding on Baslow, Beeley, Holymoorside and the edges of Chesterfield...The issue is that there are not many funding opportunities for us to explore, and the majority part-fund rather than wholly fund these activities.”

Devonshire Group

“A site of strategic importance is the former foundry and textile factory plots (now cleared) on the banks of the River Soar at Repton Street. The land is privately owned and largely undevelopable for housing due to the flood constraint. Some housing delivery is possible on limited elevated sections, but most could be repurposed as riverside park incorporating flood defences and flood storage features. To deliver this, the Council is likely to need to use its CPO powers, which bring with them significant financial costs and risks that are currently un-budgeted.”

Leicester City Council

- 2.62 However, we did hear of one apparently successful nature-based intervention in Mansfield - funded by the water industry rather than from public money.

“Severn Trent is investing £76 million on a range of nature-based solutions to protect communities from flooding. Working alongside Mansfield District Council and Nottinghamshire County Council, this is one of the largest projects of its kind ever to be attempted in this country. When its complete, the scheme will reduce flood risk for 90,000 people and is creating 390 jobs.

ICE East Midlands

- 2.63 It is clear to us that as a nation, we are going to have to spend more flood defences over the coming decades to meet the challenges of climate change and growth – on both new and existing assets.

“There’s a really strong case for investing in maintaining existing infrastructure... and improving the resilience of that infrastructure.”

Adrian Coy, ICE East Midlands

- 2.64 However, at least as important is the basis on which funding is targeted. We understand that the government is planning to review the current partnership funding model for investment in flood defences later this year. From an East Midlands perspective, it will be important that the current model is revised to place less priority on land values and more on the social impact of repeated flooding as well as giving greater priority to nature-based solutions. It would also be beneficial to relax the requirements for third-party funding, particularly for smaller schemes with wider socio-economic benefits.
- 2.65 Unless such changes are made, we are concerned that the existing spatial inequalities in investment will endure, and that the growth potential of the East Midlands will be undermined.

Annex 1



All Party Parliamentary Group for the East Midlands **Chair: James Naish MP (Rushcliffe)**

Identifying East Midlands priorities for the 2025 Comprehensive Spending Review

Call for Evidence Deadline: Friday 7th February 2025

Background

As our recent briefing paper confirms⁶, the East Midlands continues to be ‘under invested’ relative to the UK average across a range of functions, despite delivering high levels of population, employment and housing growth. Regional productivity is below the UK average – so the East Midlands has been growing its economy by growing its population, not by becoming more productive.

Whilst the East Midlands is uniquely positioned to lead the transition to low carbon energy generation, it is also vulnerable to the impacts of climate change, particularly increased flooding of all forms (coastal, fluvial and surface water).

And yet the Chancellor’s 2024 Autumn Budget only referenced the East Midlands twice.

The forthcoming Comprehensive Spending Review (likely to be published in June 2025) presents an opportunity to redress the imbalance, and to put needs and opportunities of the East Midlands front and centre of the new government’s agenda.

The APPG is, therefore, keen to here from stakeholders across the East Midlands (Derbyshire, Leicestershire, Lincolnshire, Northamptonshire, Nottinghamshire and Rutland) about strategic policies and projects that will enable the region to address one or more of the following challenges:

⁶ <https://www.emcouncils.gov.uk/wp-content/uploads/2025/03/EM-APPG-inaugural-meeting-Background-paper.pdf>

- **Boosting transport links.**
- **Improving climate resilience and flood mitigation/adaptation, including flood risk.**
- **Creating new jobs, boosting skills and improving labour productivity.**
- **Building more homes and addressing rising homelessness.**
- **Supporting a just transition to net zero.**
- **Improving healthy life expectancy and reducing health inequalities, particularly for women.**

Submissions

Written submissions of no more than 1,800 words in total (300 per bullet) are invited by **5.00pm on Friday 7 February 2025**. Please focus on top priority strategic policies and projects only, and the anticipated socio-economic and human impacts of these projects, with a particular focus on the government's overarching aim to boost short- and long-term growth.

Please provide your:

- Organisation name and sector (or name if an individual).
- Contact details including email and phone number.
- Willingness to come and speak at a meeting of the APPG.
- Consent (or not) for your submission to be made public.

Submissions should be sent by email to: **emappg@emcouncils.gov.uk** and we will reach out to you for further input as needed.

Responses should use the following format:

Strategic areas	Stakeholder response (maximum of 300 words per area)	Anticipated costs and economic impact(s)
<i>Boosting transport links.</i>		
<i>Improving climate resilience and flood mitigation/adaptation, including flood risk.</i>		
<i>Creating new jobs, boosting skills and improving labour productivity.</i>		

<i>Building more homes and addressing rising homelessness.</i>		
<i>Supporting a just transition to net zero.</i>		
<i>Improving healthy life expectancy and reducing health inequalities, particularly for women.</i>		

APPG Discussion

Oral evidence sessions will likely take place on the **Wednesday 26th February 2025**. Evidence sessions will last around 90 minutes and provide an opportunity for Parliamentarians to hear from invited guests representing differing perspectives.

A draft report will be considered on by the APPG in March 2025.

APPG Reporting

The APPG will look to publish a report by the end of March 2025 and seek a meeting with the Chancellor and Chief Secretary to the Treasury to discuss the Report and its conclusions.

APPG Administration

The Secretariate for the East Midlands All Party Parliamentary Group is jointly provided by East Midlands Councils and East Midlands Chamber. Further details available at: [East Midlands All Parliamentary Group \(emcouncils.gov.uk\)](https://emcouncils.gov.uk).

Annex 2

Ref	Organisation
1	Amber Valley District Council
2	Bassetlaw District Council
3	Blaby District Council
4	Bolsover District Council
5	Broxtowe Borough Council
6	Campaign for Peak Rail
7	Cllr David Bill
8	Cllr Ray Sutton
9	Derbyshire Dales District Council
10	Derbyshire County Council
11	Devonshire Group
12	East Midlands Housing
13	Eileen Richards Recruitment
14	East Midlands Airport
15	East Midlands Chamber
16	East Midlands Freeport
17	East Midlands Railway
18	Environment Agency (Climate Adaptation)
19	Harworth Group
20	Hinckley & Bosworth Borough Council
21	ICE East Midlands
22	Ideagen
23	Labour Group East Lindsey
24	Leicester City Council
25	Lincolnshire County Council
26	Mansfield District Council
27	MEMRAP
28	Nottingham City Council
29	Nottinghamshire County Council
30	South Derbyshire District Council
31	South Kesteven District Council
32	Transport for East Midlands (TfEM)
33	Tritax BigBox
34	West Lindsey District Council

Annex 3



East Midlands APPG

Chair: James Naish MP (Rushcliffe)

**Identifying East Midlands Priorities for the
2025 Comprehensive Spending Review**

Evidence Session: Tuesday 25th March 2025

Room C, 1, Parliament Street, Westminster

4.30pm to 6.00pm

This evidence hearing has been arranged to inform the East Midlands APPG following a request to identify the regional priorities for the 2025 Comprehensive Spending Review.

The hearing will be split into two sessions of 40 minutes each. The first session will hear from representatives from local authorities, while the second session will have a private sector focus.

AGENDA

4.30 pm: Welcome from the Chair

Session 1: 4.30pm to 5.10pm

- **David Armiger:** Chief Executive, Bassetlaw District Council
- **Grant Butterworth:** Head of Planning, Leicester City Council
- **Daniel Gillett:** Principal Officer (Transport and Growth), Lincolnshire County Council
- **Bill Cullen:** Chief Executive Hinckley & Bosworth Borough Council

Session 2: 5.15pm to 5.55pm

- **Tom Newman-Taylor:** CEO, East Midlands Freeport
- **Paul Barnfield:** Deputy MD, East Midlands Railway

- **Adrian Coy:** ICE East Midlands & East Midlands Infrastructure Partnership
- **Richard Blackmore:** Director of Policy & Insight, East Midlands Chamber

5.55pm: Closing Remarks by the Chair

6.00pm: Close