GROWTH, PRODUCTIVITY & INVESTMENT IN THE EAST MIDLANDS

East Midlands Councils

Headline Regional Overview

Population:	**5 million**	Bigger than Wales + NI
Businesses:	**368,000**	6.5% of the UK total
GDP (2022):	**£157bn**	5.8% of the UK total
Employment Rate:	**74.3%**	UK = 75.2%
Median weekly earnings:	**£684**	UK = £728
Manufacturing jobs:	**10.6%**	UK = 7.0%
Unemployment:	**5%**	UK = 4.7%

- The East Midlands is now a region of 5.0 million people (bigger than Wales & Northern Ireland combined) and 368,000 businesses[1].
- Total regional output in 2022 (as measured by GDP) was £157bn, equivalent to 5.8% of the UK economy.
- The East Midlands employment rate has recently (May 2025) slipped just below the UK average at 74.3% (UK=75.2%).
- Median weekly earnings are below the UK average: £684 pw compared to £728pw 2024).
- 10.6% of the workforce work in manufacturing, compared with 7.0% for the UK – although this percentage has declined significantly over the last 20 years.
- The region's unemployment rate has risen recently to just above the UK average: currently at 5% compared to 4.7%. (May 2025).

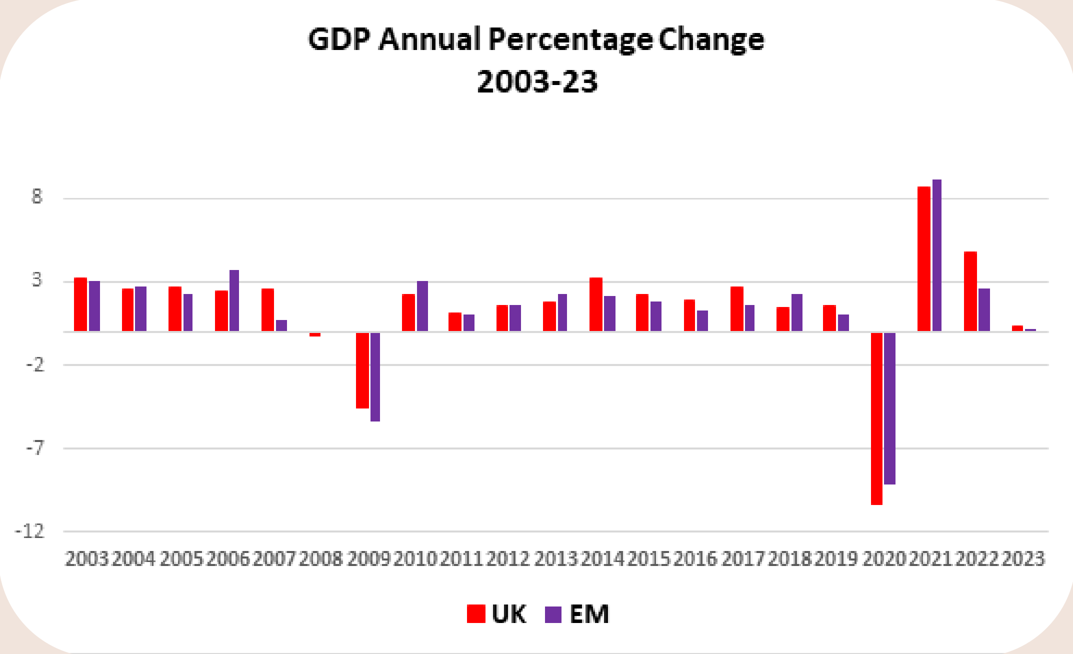
[1] Regional and National Economic Indicators - House of Commons Library (parliament.uk)

GROWTH, PRODUCTIVITY & INVESTMENT IN THE EAST MIDLANDS

East Midlands Councils

Growth

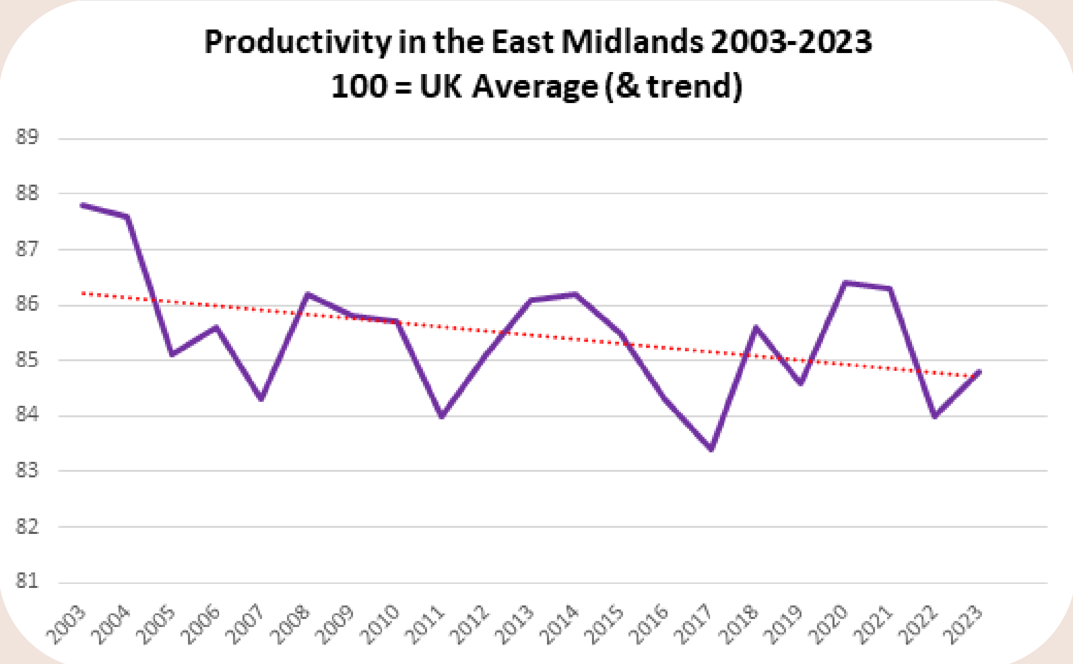
GDP growth in the East Midlands over the last 20 years has been better than most other regions/ nations and generally close to the UK average.



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

Productivity

Productivity has remained below the UK average over the last 20 years and has been on a declining trajectory relative to the UK - currently to 84.8% in 2023[2].



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

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

GROWTH, PRODUCTIVITY & INVESTMENT IN THE EAST MIDLANDS

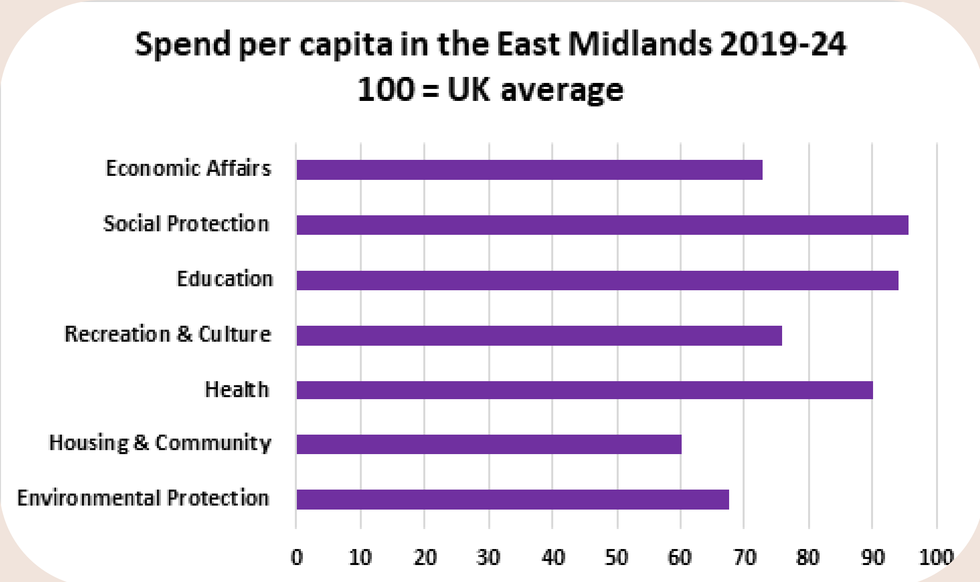
East Midlands Councils

Growth

The population of the East Midlands grew by 7.7% in the period 2011-21: at the same rate as London and faster than the South East and the West Midlands. The latest sub-national population projections suggest that above English average growth is set to continue, with the East Midlands population expected to rise by 6.75% between 2022 and 2023[3].
The region has therefore been growing its economy by growing its population - not by becoming more productive.

Public Investment

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[4]. 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 2019-24 total spend per head in the East Midlands on the functions listed below were all below the UK average.



Source: CP 1363 – Public Expenditure Statistical Analyses 2025

Table 1 shows the total identifiable expenditure on services per head in real terms, 2019-20 to 2023-24; examples include spending on health, transport, economic affairs, education, and social protection.

Between 2019-20 to 2023-24, total expenditure on services has remained consistently below the UK and England averages.

If the Northern Powerhouse is seen as a primary competitor, then it's certainly out in front (£1,422 per head better funded than the East Midlands).

And there's an imbalance within the pan-Midlands partnership with the West Midlands, at a £924 per head better off, faring comparatively better.

[3] Subnational population projections for England - Office for National Statistics
[4] CP 1363 – Public Expenditure Statistical Analyses 2025

Table 1: Total Expenditure on Services (Real Terms, £ per head)					
	2019-20	2020-21	2021-22	2022-23	2023-24
London	11,059	15,583	13,711	14,425	14,842
North East	10,470	13,518	12,121	13,035	13,593
North West	10,100	13,469	12,126	12,919	13,297
UK	**9,947**	**13,370**	**11,852**	**12,572**	**12,958**
England	9,650	13,095	11,491	12,243	12,625
West Midlands	9,582	12,765	11,369	12,158	12,527
Yorks & Humber	9,363	12,504	11,001	11,847	12,185
South West	9,190	12,541	10,799	11,480	11,936
East	9,042	12,395	10,645	11,378	11,730
South East	8,934	12,278	10,608	11,285	11,613
East Midlands	**8,884**	**12,037**	**10,470**	**11,245**	**11,603**

Table 2 show the level of expenditure on economic affairs, per head for 2019-20 to 2023-24. This area of expenditure includes enterprise and economic development, science and technology, employment policies, agriculture, fisheries and forestry, and transport. 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 (£451 less per head at 2023-24 prices), and 30% less than the West Midlands.

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'.

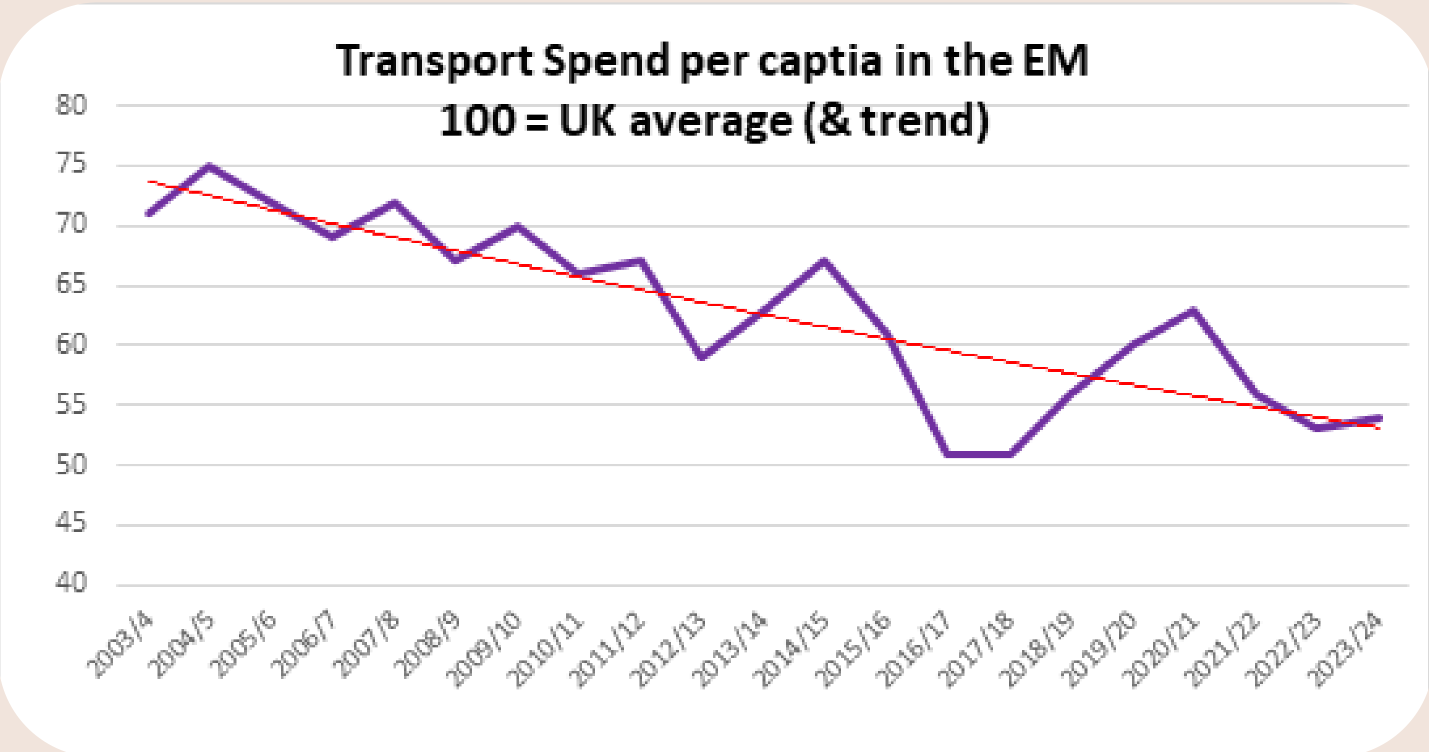
Table 2: Expenditure on Economic Affairs (£ per head)						Per Head (indexed)
	2019-20	**2020-21**	**2021-22**	**2022-23**	**2023-24**	
London	1,412	4.334	2,367	2,687	2,139	161
UK	**959**	**3,051**	**1,472**	**1,827**	**1,332**	**100**
England	928	3,054	1,440	1,796	1,311	98
West Midlands	843	2,708	1,325	1,702	1,249	94
South East	1,025	3,087	1,441	1,779	1,300	98
North West	784	2,747	1,334	1,726	1,261	95
East	965	3,090	1,392	1,723	1,252	94
North East	742	2,538	1,138	1,624	1,118	84
Yorks & Humber	710	2,625	1,114	1,488	1,025	77
South West	771	2,808	1,138	1,454	991	74
East Midlands	**659**	**2,543**	**1,011**	**1,385**	**881**	**66**

In monetary terms, over the 5 year time frame covered by the PESA 2025 publication, the difference between East Midlands levels of funding against the UK average equates to be approximately **£10.8bn in loss of funding**, and £6.7bn less than the level received by the West Midlands region.

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

1. 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.
2. Transport spending in the East Midlands has now declined to just 54% of the UK average for 2023/24, the lowest level of any UK region or nation.
3. The disparity in levels of investment spend per head between the East Midlands (£368) and the West Midlands (£687) continues to widen. This is likely due to large-scale infrastructure programmes including HS2, several new local rail stations and related highways investment.
4. If the region was funded at a level equivalent to the England average over the 5 years (2019-20/2023-24), a not unrealistic target, the East Midlands would have received an extra £7bn to spend on transport investment and services.

Table 3: Expenditure on Transport (£ per head)						Per head (indexed)
	2019-20	2020-21	2021-22	2022-23	2023-24	
London	827	1,410	1,244	1,279	1,313	191
West Midlands	466	592	626	468	706	103
UK	**496**	**729**	**656**	**655**	**687**	**100**
England	487	736	652	651	693	101
North West	361	595	629	676	729	106
South East	529	479	646	584	628	91
East	468	692	609	556	599	87
North East	361	568	469	541	541	79
Yorks & Humber	331	525	419	432	495	72
South West	338	479	405	387	429	62
East Midlands	**299**	**459**	**369**	**349**	**368**	**54**



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

GROWTH, PRODUCTIVITY & INVESTMENT IN THE EAST MIDLANDS

East Midlands Councils

Table 4 shows levels of rail investment over the period 2019-20 to 2023-24. The disparities here are even greater. In 2023-24 the East Midlands spending on rail was only just over 40% of the English average and barely a third of that in the West Midlands. In cash terms compared to the English average, the East Midlands lost out by a little under £1.3b last year and by about £5.2b over the last 5 years.

The recent indefinite 'pausing' of Midland Main Line electrification is likely to reinforce these disparities.

Table 4: Expenditure on Railways (£ per head)

	2019-20	2020-21	2021-22	2022-23	2023-24
London	653	925	842	952	1,047
West Midlands	288	388	473	510	477
England	**275**	**427**	**388**	**403**	**432**
North West	243	338	352	384	440
South East	249	446	328	321	327
East	233	433	363	320	359
North East	111	201	183	213	264
Yorks & Humber	130	240	228	206	223
South West	148	230	195	163	178
East Midlands	**119**	**213**	**190**	**185**	**175**

The figures and analysis set out in this note present a challenge to the Government, new and emerging combined authorities and Government funded transport bodies to demonstrate the impact of a collective approach.

East Midlands Councils

Published by
East Midlands Councils
July 2025