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Foreword

Investment, infrastructure and growth are common concerns for councils across the East Midlands. Often these objectives can be achieved best by local action, either directly or by working through Local Enterprise Partnerships (LEPs).

However, there are some ‘larger than local’ issues where a more strategic approach is required. EMCs successful campaign to upgrade and electrify the Midland Main Line demonstrated the power of well evidenced collective action to deliver major investment that will boost economic growth.

This prospectus takes that approach a step further. It demonstrates the economic benefits to UK plc of increasing the share of national investment in the East Midlands, and highlights a limited number of strategic infrastructure projects that will unlock economic growth and private sector investment.

The diverse communities that make up the East Midlands are a great place to live and work and already make a huge contribution to the nation’s wealth. We want to work together with LEPs, business and Government to make them even better.

This prospectus is just the start.

Cllr Martin Hill
Chair, East Midlands Councils

Cllr Jon Collins
Vice Chair, East Midlands Councils

Cllr Neil Clarke
Vice Chair, East Midlands Councils

Cllr Jim Harker
Chair, EMC Infrastructure Group
The East Midlands: An Excellent Investment Opportunity

Local economies across the East Midlands have huge potential for export-led growth, with the highest proportion of manufacturing employment in England and competitive advantage in key sectors targeted by the Government’s emerging industrial strategy. Local councils across the East Midlands have plans to deliver 400,000 homes over the next 20 years.

Given this growth potential, there is a strong case for councils, LEPs and business across the East Midlands to receive a higher share of national investment than is currently the case, including resources for economic growth, housing, transport, flood defence and broadband infrastructure. Increasing the share of public investment across the East Midlands will unlock a higher proportion of private sector investment and job creation. Opportunities for greater devolution of these funds (for example through existing and further ‘city deals’), should also be taken.

There are a small number of ‘larger than local’ infrastructure projects where there is an immediate opportunity for Government to support collective action by councils and LEPs that will unlock economic growth and investment. EMC will support local partners and Government to implement these projects, and work with the Institution of Civil Engineers to keep up to date a wider sub-national infrastructure pipeline to maximise business opportunities for local companies.
Executive Summary

In economic terms, the East Midlands has the highest proportion of manufacturing employment in England (16%) with huge potential for export-led growth (already 20% of GVA is exported). Analysis by the Nottingham Business School has confirmed that the local economies of the East Midlands are well represented in many of the key sectors targeted by the Government’s emerging industrial strategy, with a competitive advantage relative to England in:

- Transport equipment manufacturing (26,000 jobs, £2.4 billion GVA);
- Food and drink manufacturing (57,000 jobs, £3.6 billion GVA); and
- Construction (60,000 jobs, £5.9 billion GVA).

In addition, there is significant growth potential in power generating machinery, life sciences, logistics and low carbon goods and services. The East Midlands also has a strong academic network, with a number of high performing universities and colleges, making it well placed to develop a thriving knowledge based economy. It is also home to a number of national centres of excellence, including the British Geological Survey at Keyworth near Nottingham, the Health & Safety Laboratory at Buxton and the Energy Technologies Institute at Loughborough.

And yet the LEPs and businesses in the East Midlands have only received around 5% of the national allocation of Regional Growth Fund (RGF). Increasing the proportion of RGF and other investment funds spent in the East Midlands will make a better contribution to ‘rebalancing’ the economy away from south-east based financial services.

Over the past 10 years, the East Midlands has contributed a higher than proportionate share of the national housing supply. The East Midlands has an attractive mix of urban and rural environments not dominated by a single conurbation. Key locally led housing growth opportunities include:

- Eastern Diamond: Lincoln, Grantham, Gainsborough, & Newark (47,000 new homes);
- 3 Cities: Derby, Leicester & Nottingham (120,000 new homes); and
- Northamptonshire Arc: Northampton & surrounding towns (75,000 new homes).

In addition, there are plans for significant local growth at other places including Mansfield/Ashfield and Chesterfield. In total, councils are planning for 400,000 new homes across the East Midlands over the next 20 years to support the needs of current and future local communities.

And yet LEPs in the East Midlands have only received around 8% of the national allocation of Growing Places Fund (GPF). Increasing the proportion of GPF and other similar investment funds in the East Midlands will make a better contribution to meeting the country’s housing and employment needs.

Greater investment in the infrastructure and economic strengths of the East Midlands is key to securing sustainable economic growth. This prospectus sets out a number of investment corridors themes that provide a strategic framework for growth, and 6 ‘larger than local’ infrastructure projects where there is an opportunity for the Government to support collective action by councils and LEPs that will unlock growth.

Key Investment corridors:

- Humber Ports to West Midlands (A46/A38/M42/Grimsby-Birmingham Rail Corridor);
- Haven Ports to West Midlands (A14/Felixtowe-Nuneaton rail corridor);
- South East to West Midlands (A5/WCML/HS2 Phase 1);
- South East to South Yorkshire (M25/M1/MML/HS2 Phase 2); and
- South East to West Yorkshire (M25/M11/A14/A1/ECML/HS2 Phase 2).
The East Midlands is the cross-roads of England, vital to the functioning of the UK economy. There is clear evidence for the economic benefits of increasing connectivity between employment and population centres and transport hubs, including surrounding ports and airports (such as Manchester and Robin Hood airports). East Midlands Airport is the largest freight airport outside of London.

Yet transport public spending per head in the East Midlands has been well below the national average and is currently the second lowest in England. Increasing the proportion of national transport investment spent in the East Midlands will make a better contribution to the Government’s objectives for sustainable economic growth.

Key Investment Themes:

- **Exploiting Broadband**: boosting GVA by up to £2.4 billion by extending the speed and reach of super-fast broadband;
- **Flood Resilience**: a commitment to protecting 50% of England’s Grade 1 agricultural land; and
- **Energy Resilience**: providing a clear national framework for the private investment that will ensure energy security and stimulate local supply chains.

**Strategic Infrastructure Opportunities:**

- **A5 Corridor** (Staffordshire to Northamptonshire);
- **Castle Line** (Lincoln-Newark-Nottingham Rail Corridor);
- **Lincolnshire Coastal Flood Defences**;
- **A14 Corridor** (Haven Ports to M1);
- **A43/A45 Corridors** (Northampton); and
- **Northern Regeneration Opportunities** (Derbyshire & Nottinghamshire).

Early work is also progressing on a number of other cross boundary schemes, including the A38 corridor between Derby and the West Midlands.

Investment in the local economies that make up the East Midlands offers a greater economic return than others parts of the country. By increasing the proportion of national infrastructure spending in the East Midlands, the Government will have a better chance of unlocking the private sector investment needed to revive and re-balance the UK economy.
1 Key Economic Growth Opportunities

Summary

The East Midlands has the highest proportion of manufacturing employment and output in England, with huge potential for export-led growth.

Analysis by the Nottingham Business School has confirmed that the local economies of the East Midlands are well represented in many of the key sectors targeted by Government with a competitive advantage in transport equipment manufacturing, food and drink and construction, and significant growth potential in power generating machinery, life sciences, logistics and low carbon goods and services. Boosting investment in these sectors could have a significant impact on economic growth across both the local economies of the East Midlands and the country as a whole.

Increasing the proportion of Regional Growth Fund (RGF) and other similar investment funds spent in the East Midlands will make a better contribution to ‘rebalancing’ the economy away from south-east based financial services.

1.1 National Context

The Government remains committed to deficit reduction, but also to reviving and rebalancing the UK economy away from south-east based financial services and public sector dependency. There has been a renewed focus on manufacturing and other activities that can deliver export-led growth – in particular through trading with the emerging ‘BRIC’ economies.

Analysis by BIS\(^1\) has highlighted a number of key economic sectors of importance to the future of the UK economy on which the Government intends to focus:

- advanced manufacturing, including aerospace, automotive and life sciences;
- knowledge-intensive services including higher education, creative industries and professional business services; and
- enabling sectors, including the information economy, construction, energy, including green energy and digital and creative industries.

“These specific areas offer significant growth opportunities for the UK economy, benefiting from the long term trends like globalisation”

Vince Cable, Secretary of State for Business, 11 September 2012.

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\(^1\) Industrial Strategy: UK Sector Analysis, BIS Economics Paper No 18, September 2012
1.2 Economic Growth Opportunities in the East Midlands

The local economies of the East Midlands are exceptionally well placed to deliver the Government’s emerging industrial strategy.

The East Midlands already has the highest proportion of manufacturing employment in England.

Manufacturing gross value added (GVA) in the East Midlands is £13.2 billion – 16% of output, a higher proportion than in any other region in England.

In addition, several sectors are significantly more productive compared to the national average, giving the East Midlands a competitive advantage: transport equipment manufacturing, food and drink manufacturing, and construction.

There is also significant growth potential in areas such as power generating machinery, life sciences, logistics, and low carbon goods and services. These strengths are consistent with the Government’s emerging industrial strategy and are critical to its delivery.

Figure 1: Manufacturing as a proportion of employment (2010)

The local economies of the East Midlands are already a strong contributor to the UK balance of payments exporting around 20% of GVA, with power generating machinery and automotive equipment accounting for the largest exports over the period 2007-11. The proportion of exports to Asia and Oceania is the highest in England, and the East Midlands is less reliant on the EU as an export destination than most other regions.

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2 Regional, Sub-Regional and Local Gross Value Added, ONS, December 2012
3 Making the most of housing and growth in the East Midlands, Smith Institute, September 2012
4 Regional Trade Statistics (RTS) datasets: www.uktradeinfo.com/Pages/Home.aspx
Transport Equipment Manufacturing

This sector includes aerospace, automotive and rail, and is 40% more productive in the East Midlands than for the UK as a whole. The sector employs over 26,000 people and generates around £2.4 billion of GVA per year.

There is a world class motorsport and high performing engineering cluster based in Northamptonshire, including internationally recognised engine builders Cosworth and F1 constructors Mercedes GP Petronas and Force India, with further growth potential at the Northampton Waterside Enterprise Zone. The area in and around Derby is home to globally significant companies such as Rolls Royce, Toyota, JCB Power Systems and Bombardier - which is also part of a nationally significant rail engineering cluster. In Leicestershire the automotive research centre at MIRA is now part of an Enterprise Zone and Caterpillar UK Ltd is based in Leicester. The University of Leicester houses one of the foremost academic space science and instrumentation centres in Europe with links to a number of local high tech companies.

Food & Drink Manufacturing

This sector is closely related to the East Midlands agricultural strengths and is around 5% more productive in the East Midlands than for the country as a whole. It employs over 57,000 people and generates around £3.6 billion of GVA per year.

South Lincolnshire is home to Bakkavor Food Ltd, part of nationally significant agri-business sector worth £1 billion pa, serving the major supermarket chains both in the UK and abroad, closely related to the abundance of highly productive Grade 1 agricultural land. Elsewhere, Melton Mowbray is renowned for Stilton cheese and the pork pie, Carlsberg and Weetabix are based in Northamptonshire, Newark is the national location for sugar refining and High Peak is home to Buxton Water. There is also a growing market for high value niche products across the rural East Midlands, closely related to the visitor economy and ‘food tourism’ in places such as the Peak District National Park. The National Centre for Food Manufacturing is based at Lincoln University.
Construction is a key enabling sector for the economy, and is around 10% more productive in the East Midlands than for England as a whole. The sector employs over 60,000 people and generates around £5.9 billion GVA per year.

Construction is well represented across Derbyshire and parts of North Nottinghamshire and Lincolnshire. Key companies include Bowmer and Kirkland, Langley Holdings, North Midland, Bloor Homes Ltd and a large number of more specialist smaller companies with strong linkages to local planning and design consultancies. The sector has key education strengths with Derby, Nottingham, Nottingham Trent, De Montfort and Lincoln Universities all having schools of Architecture and Design. There is a growing emphasis on sustainable construction and design, with strong links to the Energy Technologies Institute based at Loughborough University, and Lincoln is a centre for building conservation skills.

Other Related Strengths

- **Power generating machinery:** Lincoln is home to a division of the world-class gas turbine manufacturers, Siemens and a new School of Engineering recently opened at the University of Lincoln.

- **Life sciences:** Alliance Boots plc has its headquarters just outside Nottingham as part of an Enterprise Zone. Bio-City also hosts over 70 companies. 3M Healthcare Limited is based in Loughborough. Peakdale Molecular is based in Chapel-en-le-Frith.

- **Logistics:** Leicestershire and Northamptonshire together with parts of Warwickshire form the ‘Golden Triangle’ – the hub of the UK logistics industry. Key facilities include the Daventry International Freight Terminal, Corby Eurohub, Magna Park near Market Harborough and East Midlands Airport – the largest freight hub outside London.

- **Low carbon goods & services:** Northamptonshire is a centre of excellence for specialised low carbon technologies. Derby based Rolls Royce is active in research to reduce aviation emissions and in the civil nuclear industry. E.ON’s global R&D facility is based at Radcliffe-on-Soar in Nottinghamshire.
1.3 **Regional Growth Fund: A Strong Investment Case**

The Government has created the Regional Growth Fund to stimulate export-led growth and the re-balancing of the UK economy.

To date, LEPs and businesses in the East Midlands have only been able to attract a 5% national share of the Regional Growth Fund (RGF)\(^5\).

Councils and LEPs across the East Midlands are keen to work with Ministers to maximize the potential of the RGF to stimulate export led growth that will benefit the nation and local economies across the East Midlands.

*Increasing the proportion of RGF and other similar investment funds spent in the East Midlands will make a better contribution to ‘rebalancing’ the economy away from south-east based financial services.*

“I am really willing to work with the East Midlands... to make sure that they get the money and funding that they deserve”

George Osborne, Chancellor of the Exchequer, 2 November 2012.

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\(^5\) Making the most of housing and growth in the East Midlands, Smith Institute, September 2012
2 Key Housing Growth Opportunities

Summary
Councils across the East Midlands have delivered housing growth above the national average for many years. Councils remain committed to the delivery of substantial amounts of new housing to meet local needs and future economic prospects. Key locally led housing growth opportunities include:

- Eastern Diamond: Lincoln/Newark/Gainsborough/Grantham (47,000 new homes);
- 3 Cities: Derby/Leicester/Nottingham (120,000 new homes); and
- Northamptonshire Arc: Northampton & surrounding towns (75,000 new homes).

In addition, there are plans for significant local growth at places including Mansfield/Ashfield (8,000 new homes) and Chesterfield (7,000 new homes).

Together, councils have plans to deliver 400,000 new homes over the next 20 years across the East Midlands. As well as investment in strategic infrastructure, improvements to local infrastructure will be required to unlock individual development sites.

Increasing the proportion of Growing Places Fund (GPF) and other similar investment funds in the East Midlands will make a better contribution to meeting the country’s housing and employment needs.

2.1 National Context

Housing completions in England have dropped to their lowest level since the First World War as a result of the economic downturn and market restrictions on the supply of mortgages.

The Government’s Housing Strategy: ‘Laying the Foundations’ (2011) states that:

“A thriving, active but stable housing market that offers choice, flexibility and affordable housing is critical to our economic and social wellbeing”.

The strategy sets out a range of initiatives to stimulate the housing market and increase housing delivery including the ‘Firstbuy’ mortgage guarantee scheme and the ‘Get Britain Building’ investment for developers.

In addition, the Government has established the Growth Places Fund to address local infrastructure constraints and unlock individual development sites, allowing places to realise development values which can then be recycled to support further investment.
2.2 Key Housing Growth Opportunities in the East Midlands

Over the past 10 years, the East Midlands has contributed a higher than proportionate share of the national housing supply – delivering consistently more homes than the West Midlands for example\(^6\).

The decline in land values has made the local infrastructure required for development to take place more difficult to deliver. The impact of new development on local roads and services is often a key concern of local communities.

Despite difficult economic circumstances, there are signs that private sector housing delivery is starting to recover in the East Midlands\(^7\).

Councils remain committed to the delivery of substantial amounts of housing growth to meet local needs and future economic prospects. However, improvements in local infrastructure will often be required to allow development to proceed and to meet the legitimate concerns of local people.

The East Midlands has an attractive mix of urban and rural environments not dominated by a single conurbation. Key housing growth opportunities include:

**Eastern Diamond (Lincoln/Newark/Gainsborough/Grantham)**

Lincoln is an historic city with a strong industrial heritage, which has been boosted by the recent development of the Lincoln University based around the historic Brayford Pool area. There are currently plans to deliver over 40,000 new homes through the emerging Central Lincolnshire Joint Core Strategy, including 19,000 for Lincoln and 10,000 for Gainsborough (plus 4,500 in Sleaford). The towns of Newark and Grantham are both located on the A1 and the East Coast Main Line and have significant potential for economic and housing growth. Adopted local plans propose 11,000 new homes for Newark, and 7,500 for Grantham.

**3 Cities (Derby/Leicester/Nottingham)**

Derby, Leicester and Nottingham are the three largest urban areas in the East Midlands and together comprise around half of its economic output. The cities are major centres for work, shopping, education, health care, leisure and sport. The adopted core strategy for Leicester provides for 25,000 new homes, with additional adjacent development proposed by neighbouring districts. The emerging aligned core strategies in and around Nottingham are planning for around 47,000 new homes. The emerging aligned core strategies in and around Derby are planning for 36,000 new homes.

**Northamptonshire Arc (Northampton & surrounding towns)**

The Northamptonshire Arc encompasses the towns of Corby, Kettering, Wellingborough and Daventry, as well as the University town of Northampton itself. Northamptonshire’s is projected to be one of the fastest growing places in England. The emerging West Northamptonshire Joint Core Strategy is proposing 34,000 new homes. The emerging revised Joint Core Strategy for North Northamptonshire is proposing over 40,000 new homes.

**Other Local Growth Opportunities**

Councils elsewhere across the East Midlands also have ambitious plans for growth. Examples include: Mansfield/Ashfield in north Nottinghamshire (around 8,000 homes) and Chesterfield in north Derbyshire (around 7,000 homes).

Councils have plans to deliver 400,000 new homes over the next 20 years across the East Midlands, but this will require investment to address strategic and local infrastructure constraints.

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\(^6\) Making the most of housing and growth in the East Midlands, Smith Institute, September 2012

2.3 Growing Places Fund: A Strong Investment Case

East Midlands Councils and a number of leading housing associations have already made a compelling economic case for increasing the share of national affordable housing investment in the East Midlands⁸.

The formula used to determine allocations to the Growing Places Fund is based on existing levels of population and employed earnings⁹, and does not reflect the scale of future growth potential. As a result, LEPs across the East Midlands have received a relatively small share of national funding (around 8%) – well below the share of housing growth in recent years (over 10%).

For instance, the Leicester and Leicestershire LEP had an allocation of £13 million from the GPF, but enough viable bids to loan up to £60 million. The first 5 schemes alone (costing less than 5 million) will help to secure almost 1,300 new homes, creating 2,000 jobs and safeguarding a further 500.

*Increasing the proportion of GPF and other similar investment funds in the East Midlands will make a better contribution to meeting the country’s housing and employment needs.*

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⁹ Growing Places Prospectus, DCLG & Department for Transport, November 2011
3 Strategic Infrastructure Priorities

Summary

Infrastructure led development is key to securing sustainable growth, linking manufactured goods and food to ports and airports, producers to markets and suppliers, and ensuring that businesses have access to broadband, energy and flood protection.

Consistent with the Treasury’s National Infrastructure Plan, 5 key investment corridors and 3 key investment themes for the East Midland have been identified:

- **Key investment corridors:** Humber Ports to West Midlands; Haven Ports to West Midlands; South East to West Midlands; South East to South Yorkshire; South East to West Yorkshire;
- **Key investment themes:** Exploiting Broadband; Flood Resilience; and Energy Resilience.

There is also clear evidence of the agglomeration benefits of improving connectivity between centres of economic activity both within the East Midlands and to surrounding areas. Yet transport public spending per head in the East Midlands has been below average and currently the second lowest in England.

Higher rates of economic growth will be achieved if the Government focuses a greater proportion of national investment on these corridors and themes in the East Midlands.

There are a small number of ‘larger than local’ infrastructure projects where there is an immediate opportunity for Government to support collective action by councils and LEPs that will unlock economic growth and investment.

Many local businesses are well placed to directly deliver infrastructure investment across the East Midlands and beyond. To enable local companies to plan their workloads and maximise potential business opportunities, EMC and the Institution of Civil Engineers will work together to produce and keep up to date a sub-national infrastructure pipeline.

3.1 National Context

The Government recognises that investment in strategic infrastructure is a significant determinant of economic success. In addition to promoting long term competitiveness, research indicates that every £1 spent on construction generates £2.84 of direct economic activity. In order to ensure a more strategic approach to the delivery of infrastructure that maximises economic benefits, the Treasury (through Infrastructure UK) has produced two iterations of a National Infrastructure Plan (NIP).

“Infrastructure networks form the backbone of a modern economy and are a major determinant of growth and productivity.”

3.2 Key Investment Corridors and Themes

Consistent with the Treasury’s National Infrastructure Plan, 5 key corridors and 3 key themes can be highlighted which have the potential to give a significant return on investment for UK plc through linking local economic strengths to external markets.

Investment Corridors

Humber Ports to West Midlands (A46/A38/M42/Grimsby-Birmingham rail corridor)

This corridor links major economic and housing growth opportunities in 3 Cities and the Eastern Triangle with the Humber Ports and the major population centres of the West Midlands. Access to East Midlands Airport, the largest freight hub airport outside of London, is also hugely important for local businesses.

Haven Ports to West Midlands (A14/Felixstowe-Nuneaton rail corridor)

The corridor links the major economic and housing growth opportunities of the Northamptonshire Arc with the ports of Felixstowe and Harwich and the major population centres of the West Midlands. The corridor forms part of a Trans-European Network (TEN), and is the major gateway to Europe and the Far East for freight movements.

South East to West Midlands (A5/WCML/HS2 Phase 1)

The corridor links a number of key growth opportunities along the A5 (including the MIRA Enterprise Zone) and the Northamptonshire Arc with the major population centres of the South East and West Midlands.

South East to South Yorkshire (M25/M1/MML/HS2 Phase 2)

The corridor links the Northamptonshire Arc, the 3 Cities and East Midlands Airport with the Sheffield City Region and the population centres of London and south east. The corridor forms part of a Trans-European Network (TEN) and is a major gateway to Europe.

South East to West Yorkshire (M25/M11/A14/A1/EMCL/HS2 Phase 2)

This corridor links the Eastern Diamond with Leeds City Region and Robin Hood Airport near Doncaster to the north, and the major population centres of the East and South East. The corridor forms part of a Trans-European Network (TEN) and is a major gateway to Europe.
Maximising the Benefits of HS2

On the 28 January 2013 the Secretary of State for Transport, Rt Hon Patrick McLoughlin MP, announced proposals for Phase 2 of HS2, including a line of route between Birmingham to Leeds and a new ‘Hub’ station at Toton near Nottingham. Council Leaders and LEPs will work with the Secretary of State and HS2 Ltd to:

- maximise the economic benefits and mitigate the environmental impacts of HS2 in the East Midlands;
- ensure that capacity released from the classic network by HS2 is used to improve services to existing stations across the East Midlands;
- ensure that local rail and construction companies are in the best position to secure contracts to build and maintain HS2; and
- ensure that that investment in existing rail lines is maintained.
Transport Investment: A Strong Business Case

East Midlands is at the heart of country’s strategic transport network – literally the crossroads of England. Good transport links are required for the movement of food, goods and services, efficient labour markets and to support local visitor economies in places such as the Peak District National Park, the Lincolnshire holiday coast, Sherwood Forest and international sporting venues at Silverstone and Trent Bridge Cricket Ground.

Research undertaken by the University of Lincoln has highlighted the importance of connectivity to economic performance in the East Midlands\(^\text{11}\). This has been supported by analysis of the economic benefits of the upgrade and electrification of the Midland Main Line by Arup\(^\text{12}\). Atkins has estimated that the economic cost of congestion to the East Midlands is close to £1 billion per year\(^\text{13}\).

Yet in 2010/11 public spending on transport in the East Midlands was the second lowest of any region in the UK at £236 per head; the national average is £344 and the figure for London is £774\(^\text{14}\). In addition, the proposed level funding to Local Transport Bodies in the East Midlands may not be sufficient to maintain a viable programme of major transport schemes required to deliver planned housing growth.

Despite delivery of a number of important schemes in recent years, the economic and housing growth potential in the East Midlands and its role in facilitating growth elsewhere in England has been under-represented in transport spending decisions for a number of years.

**Higher rates of economic growth will be achieved if the Government focuses a greater proportion of national transport investment on infrastructure priorities in the East Midlands.**

\(^\text{11}\) A Atherton & A Johnston, Mapping the Structure of Regional Economies, University of Lincoln, 2006

\(^\text{12}\) The Case for Upgrading and Electrifying the Midland Main Line, Arup, 2011

\(^\text{13}\) Economic Costs of Congestion in the East Midlands, Atkins, 2007

\(^\text{14}\) Public Expenditure Statistical Analysis, 2012, HM Treasury, Table 9.16
Investment Themes

Exploiting Broadband

ICT is linked to improved business systems, e-commerce and design and innovation, and is a key aspect of the Government’s emerging industrial strategy.

UK and international studies have confirmed that increased broadband penetration can have a significant (and quick) GVA uplift through increasing business efficiencies and enhancing trading opportunities. Based on this analysis, maximising broadband across the East Midlands could boost GVA by up to 3.8% or £2.4 billion. There is also potential for reduced travel demand through increased home working, which would be particularly beneficial for rural areas such as the Peak District National Park.

Improving broadband infrastructure is a crucial first step. Support for transformational activities within businesses to make more effective use of digital technologies must follow.

The Government has made available funding through BDUK to ensure that all areas have access to basic broadband provision of around 2 megabytes per second, including £34 million across the East Midlands. Although this will be an improvement, it will still leave broadband speeds well below emerging international standards. Councils have been attempting to add value to BDUKs investment by matching it against European Regional Development Fund, but have so far been frustrated by the terms of the EM Operational Programme, which will have to be amended as a result.

The Government has also made available £164 million to deliver super-fast fibre optic broadband to 22 cities across the UK. Under this scheme, homes and businesses will benefit from broadband speeds of up to 100 megabytes per second. However, at present the only place in the East Midlands to benefit from this investment is Derby.

Fast reliable broadband is a fundamental priority. Without it, the East Midlands will lose out on future economic growth and be a less attractive place to live. There is a strong business case for extending super-fast broadband to at least Nottingham, Leicester, Lincoln and Northampton, and for increasing the speed and reach of broadband across the East Midlands as a whole.

Flood Resilience

Around 17% of the land area of the East Midlands falls within identified flood risk zones. Flood risk is a major issue for the East Midlands, in particular along the Lincolnshire coast, but also in parts of the area’s most dynamic urban economies. Further investment in flood defences is therefore an overriding issue for many local communities and businesses.

Councils, businesses and the Environment Agency are working together to try and find innovative solutions to managing flood risk in an increasingly uncertain climate. A strategic approach to promoting flood alleviation and economic growth along the River Derwent in Derby (‘Our City Our River’) has been jointly developed by the City Council and the Environment Agency and has already enabled significant investment to take place although more will be required to fully realise the benefits.

Coastal flooding is a significant risk to the important town and port of Boston and the seaside resorts of Skegness and Mablethorpe as well as prime agricultural land around the wash. Lincolnshire’s sea defences also provide wider benefit by protecting large areas of the east of England, in total encompassing 50% of England’s Grade 1 agricultural land. Despite the importance of this resource to the nation’s food security, Defra’s funding formula fails to adequately consider this in investment decisions.

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Continuing uncertainty over flood insurance is also starting to undermine investor confidence in flood risk areas. A business that cannot get insurance is not viable. The current national agreement is due to expire in mid 2013 and there are an increasing number of policies now up for renewal. It is vital that the Government moves quickly to secure an agreement with the insurance industry to prevent economic blight spreading across large parts of the East Midlands.

Energy Resilience

The East Midlands is a net exporter of electricity and power generation sector and its supply chain contributes significantly to a number of local economies. This strength was founded on the establishment of large coal fired power stations in

The long term future of the Lincolnshire Coast is a national, not just a local issue. Government must work with councils and local partners in taking a more strategic approach to the whole of the coast south of the Humber consistent with the national interest but also respecting particular local circumstances.

Image courtesy of Mark J Slack.
the Trent Valley during the post war period. Easy access to the grid and cooling water also attracted investment in large gas fired power stations when natural gas supplies came on line, and there is significant potential for offshore wind generation and local scale biomass, solar and hydropower generation. A new 38MW Biomass power station is nearing completion in Sleaford. However, there are parts of Lincolnshire, East Northamptonshire and northern Derbyshire where insufficient energy infrastructure (gas and electricity) is restricting economic growth and development.

There are good examples of locally led energy generating initiatives in parts of the East Midlands, such as energy from waste schemes, one successfully operating in Nottingham, and one being developed in Lincoln. Most recently, Derby City Council has completed construction of a 230kw hydropower scheme at Longbridge weir on the River Derwent. Climate East Midlands has published technical advice to help such projects secure the necessary planning and environmental permissions, available at: [www.climate-em.org.uk/resources/item/planning-for-hydropower-planning-advice2/](http://www.climate-em.org.uk/resources/item/planning-for-hydropower-planning-advice2/)

Given the strengths of the East Midlands in power generation there is considerable scope for local supply chain development resulting from investment in this sector. Potential for innovation is further boosted by the Energy Technologies Institute (ETI) based at Loughborough University. The ETI is a public-private partnership between global industries (BP, Caterpillar, EDF, E.ON, Rolls-Royce and Shell) and the UK Government. The ETI’s mission is to accelerate the development and commercial roll-out of energy technologies, which will increase energy and business efficiencies and help achieve energy and climate change goals.

Refurbishment, replacement and restructuring and the energy distribution systems will need to be a significant part of regional investment over the coming years, and could also boost local supply chains across the East Midlands. However, a lack of clarity from Government on energy policy is inhibiting the private sector from providing the infrastructure needed, and this must be addressed.
3.3 Strategic Infrastructure Opportunities

Councils and LEPs across the East Midlands are keen to work with Government to agree strategic growth plans to deliver the jobs and homes that the country needs. In the meantime, there are a number of ‘larger than local’ infrastructure projects where there is an immediate opportunity for Government to support collective action by councils and LEPs that will unlock growth.

A14 Corridor (Haven Ports to M1)

Implementation of schemes at Kettering and the Catthorpe Interchange and Government funding for proposed improvements between Ellington and Fen Ditton in Cambridgeshire, complemented by a strategic investment plan for the route as a whole to properly co-ordinate development with investment.

A5 Corridor (Staffordshire to Northamptonshire)

Implementation of £11.4 million scheme to enable 1.5 million sq ft of employment space at the MIRA Enterprise Zone, and development of a longer term investment strategy, based on the work of the A5 Transport Partnership, to deliver over 45,000 new homes with associated employment opportunities.

Castle Line (Lincoln-Newark-Nottingham Rail Corridor)

A five stage investment programme (total estimated cost up to £20 million) which will reduce journey times by 40% (to speeds not achieved since 1912!) and double service frequency, improving access to new employment opportunities, including 150 ha of employment land within Newark, and delivering wider economic benefits along the whole corridor through increasing business connectivity, improving local commuter networks and better access to tourism opportunities.

Northern Regeneration Opportunities (Derbyshire & Nottinghamshire)

A package of investments required to enable long term growth and regeneration in and around Chesterfield, Mansfield/Ashfield and Worksop helping to deliver over 17,500 new homes with related employment opportunities.

Lincolnshire Coastal Flood Defences

Fully funding the existing coastal flood defence programme (costing £16 million pa) protecting 2,414 km2 of land, an agri-food business sector worth £1 billion pa, a local tourism industry worth over £400 million pa, and investment to support sustainable economic development in Boston.