Midlands Engine Economic Observatory, delivered by:

Midlands Engine Public Expenditure Analysis

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Introduction

- This presentation highlights the level of public spending in the East and West Midlands over recent years, focusing particularly on comparisons with other parts of England and the wider UK;
- It draws heavily on HM Treasury's Public Expenditure Statistical Analysis (PESA) as the best available overall source for data on expenditure by region. It is an annual publication based on two defined frameworks; budgeting and total expenditure on services for the UK;
- We supplement PESA data from a variety of sources in order to provide a more granular analysis of funding streams relevant to economic development;
- Where data permits we have provided time series comparison;
- A variety of regional and sub-regional geographic areas are used for this analysis – again reflecting the nature of available data;
- The Northern Powerhouse has a higher national profile than the Midlands Engine. Previous studies have found that the North receives less public funding, particularly for transport projects, than London and the South East (Raikes 2019). This presentation seeks to explore this phenomenon from a Midlands perspective.

Key findings

- Total identifiable expenditure on services in the Midlands was £8,707 per head in 2017-18 – compared to the UK total of £9,350 per head
- Transport spending in the Midlands Engine lags behind other parts of the UK (£245 per head for the East Midlands, compared to £1,019 in London). It has also increased at a much slower rate over the last decade (3.35% in the East Midlands, compared to 79% in London).
- Spending is below the UK average in most sectors, including: general public services; public order and safety; enterprise & economic development; environmental protection; agriculture, fisheries & forestry; housing & community amenities; health; and recreation, culture & religion
- Excluding local government, identifiable public spending in the Midlands has increased by 23.5% since 2008-09 (compared to 22.7% for England as a whole), but it has fallen in many sectors, particularly general public services; public order and safety; employment; and housing & community amenities
- Local government 'spending power' fell by 28.6% across England between 2011-12 and 2017-18. Councils in the East and West Midlands experienced fairly average reductions (27.5% and 30.1% respectively)

Key findings (cont)

- Headline spending figures often disguise the situation at the local level. Some councils suffered much more from funding cuts than others - Chesterfield’s spending power fell by 45.2%, whereas Stratford’s only dropped by 15.9%
- Regional and sub-regional inequalities in levels of public spending may also increase over the medium term, for two key reasons:
  - Some parts of England have agreed ‘devolution deals’ with central government, and others have not, and the terms of these deals vary significantly across regions. Therefore, they risk exacerbating the current, asymmetric nature of public spending
  - Some Local Enterprise Partnerships have been much more successful than others in receiving external funding to support projects (e.g. the West Midlands has performed much better than the East Midlands). This could exacerbate regional and sub-regional inequalities even further
- Finally, we do not know much about how different organisations, departments and functions have reassessed their spending priorities over the last decade; some services may have experienced funding increases, whilst others have suffered cuts – LAs retrenched on statutory services.

Public Expenditure Statistical Analysis 2017-18

- PESA provides country and regional analyses within overall public sector spending. The expenditure is divided into two types; identifiable and non-identifiable;
- Around 88% of the expenditure is identifiable – where spending has been allocated for the benefit of enterprises, communities or individuals within regions (for example, functions such as; economic affairs, education and social protection). The remaining 12% is non-identifiable expenditure where it has been incurred on the UK as a whole (for example, tax collection and overseas representation);
- We examined PESA statistics from 2008-09 to 2017-18 – a ten-year period – to identify trends in public spending in the Midlands Engine area, and compared these data with figures for the whole of England and the wider UK. All figures are in 2017-18 prices;
- We supplemented these with other sources, including the National Audit Office, House of Commons Library, National Archive, grey literature and academic studies.

Source: HM Treasury, Public Expenditure Statistical Analysis 2019, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/818399/CCS001_CCS0719570952-001_PESA_ACCESSIBLE.pdf

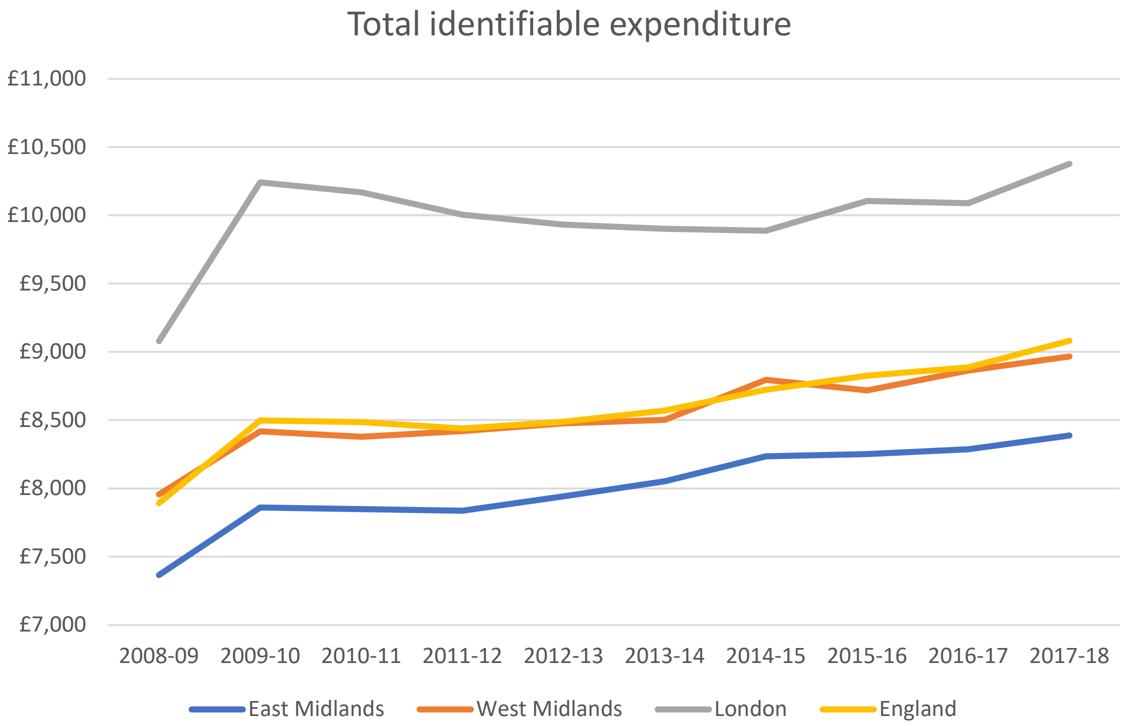
Total Identifiable Expenditure on Services

- The Midlands Engine total identifiable expenditure on services was £8,707 per head in 2017-18 – compared to the UK total of £9,350 per head.
- The South East and East have the lowest expenditure on total services per head at £8,359 and £8,359 – followed closely by the East Midlands at £8,388.
- In contrast, Northern Ireland and Scotland had the highest expenditure on services per head with £11,190 and £10,881 respectively.
- The Midlands Engine per head index for total services is 93, when the UK equals 100.

Area	Total identifiable expenditure on services per head (£) 2017-18	Per head indexed (UK = 100) 2017-18
North East	£9,805	105
North West	£9,807	105
Yorkshire and The Humber	£8,966	96
East Midlands	**£8,388**	**90**
West Midlands	**£8,967**	**96**
East	£8,359	89
London	£10,378	111
South East	£8,299	89
South West	£8,628	92
Scotland	£10,881	116
Wales	£10,397	111
Northern Ireland	£11,190	120
Midlands Engine	**£8,707**	**93**
UK Identifiable	**£9,350**	**100**

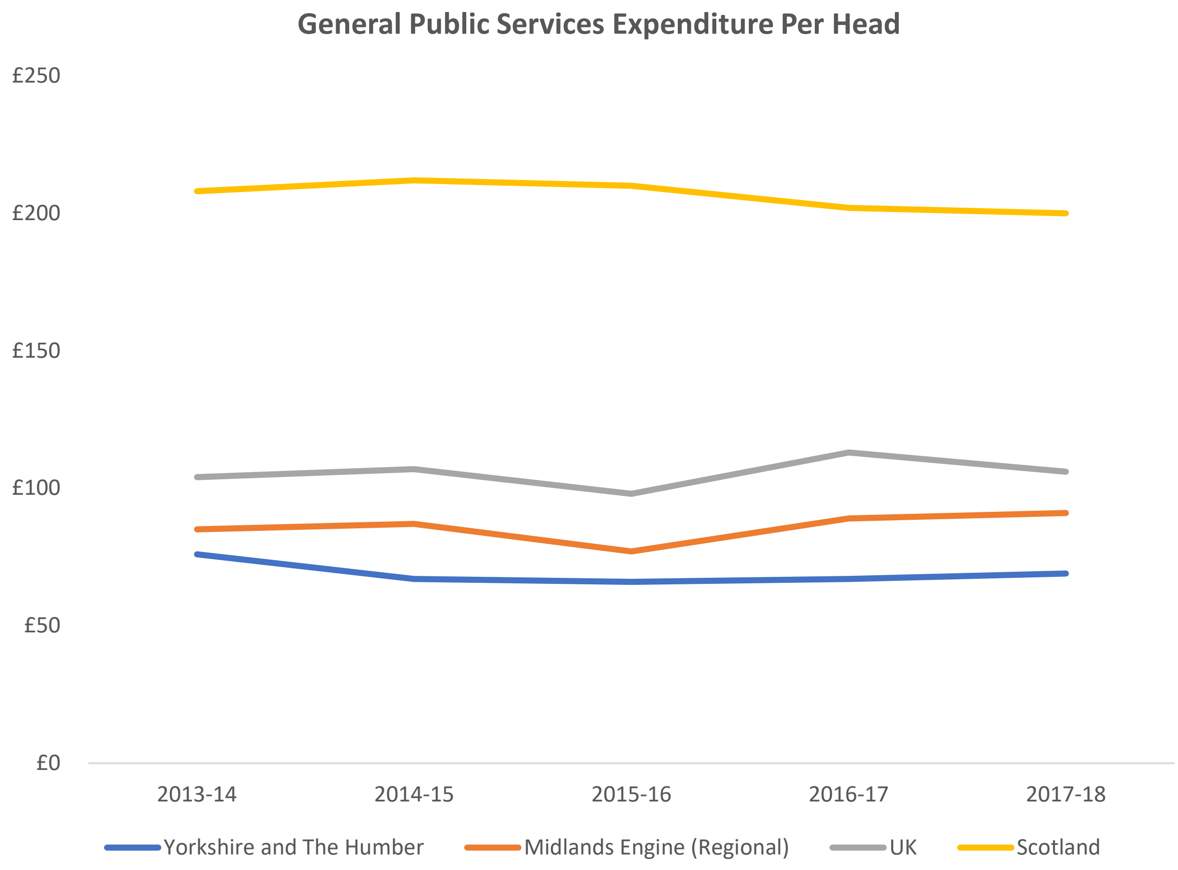
Total Identifiable Expenditure on Services per Head

- Total identifiable expenditure in the West Midlands remained broadly in line with the English average over the last decade
- Total expenditure in the East Midlands stayed below the English average throughout this period
- Total spending per head in London has been significantly higher than the rest of England since 2008-09



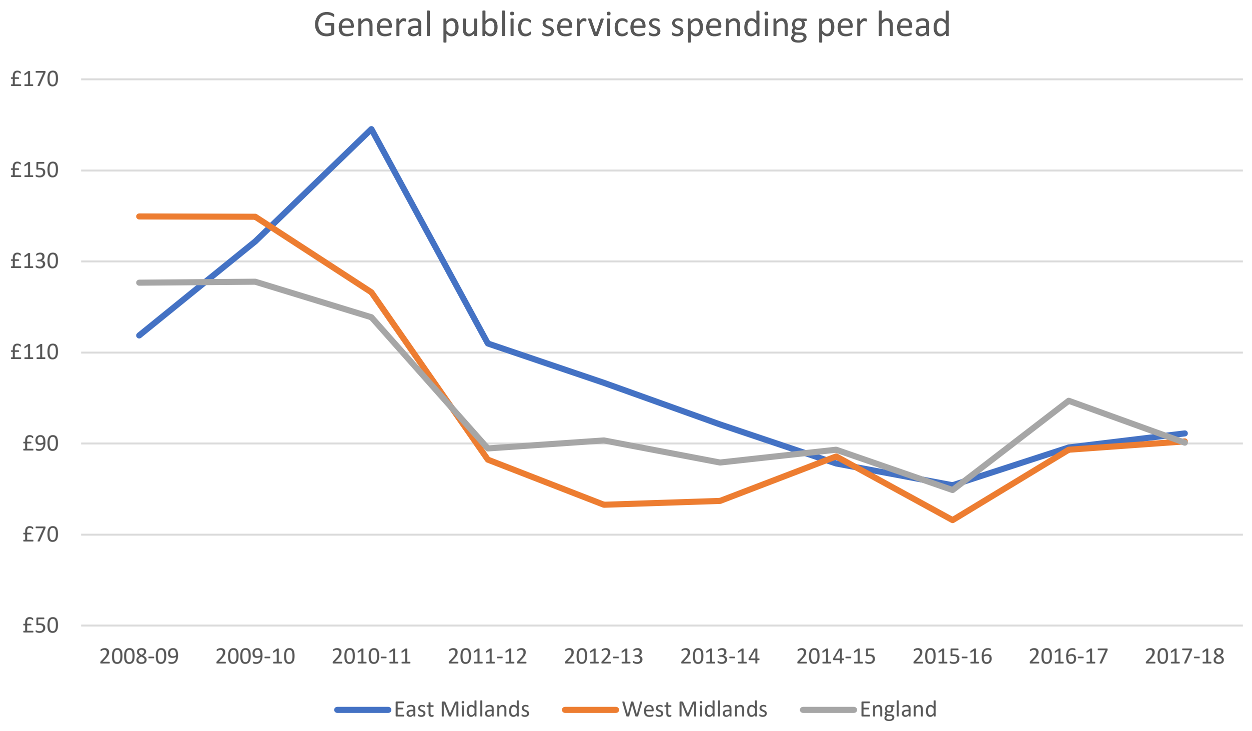
Function: General Public Services

- Spending per head for general public services in the Midlands Engine remains below the UK average at £91 in 2017-18 compared to £106.
- Yorkshire and The Humber had the lowest spend on general public services per head with £69 followed by the North West with £77.
- The West Midland per head spending is in the lower third within the UK areas at £90 in 2017-18.
- Scotland and Northern Ireland had the highest spend on general public services per head in 2017-18 at £200 and £196 respectively.



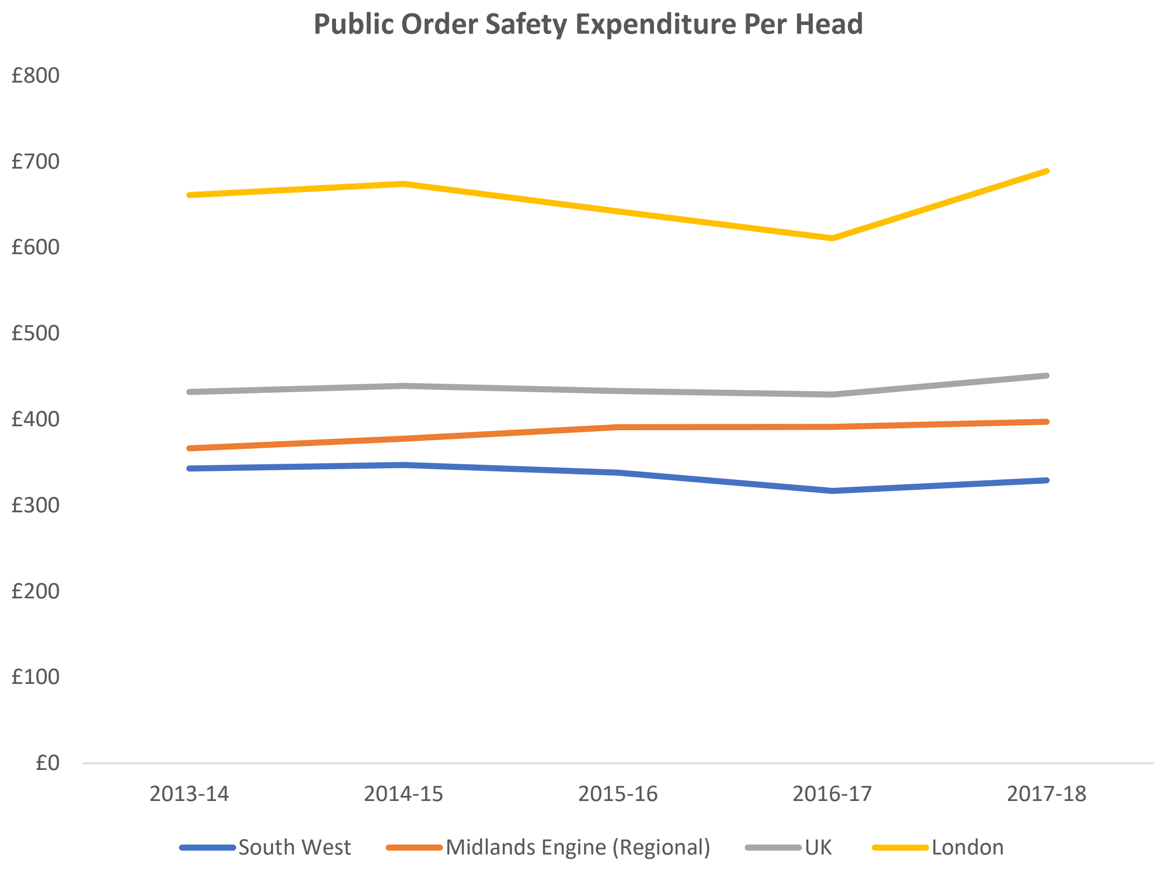
Function: General Public Services (cont)

- The figures for Scotland and Northern Ireland skew the overall UK averages: spending per head for general public services in 2018-18 the Midlands is around the English average
- However, spending on general public services in all English regions has reduced since the 2008 financial crash, and particularly since 2010.
- The mean average spending per head in England in 2009-10 was £126; by 2017-18 this had fallen to £90



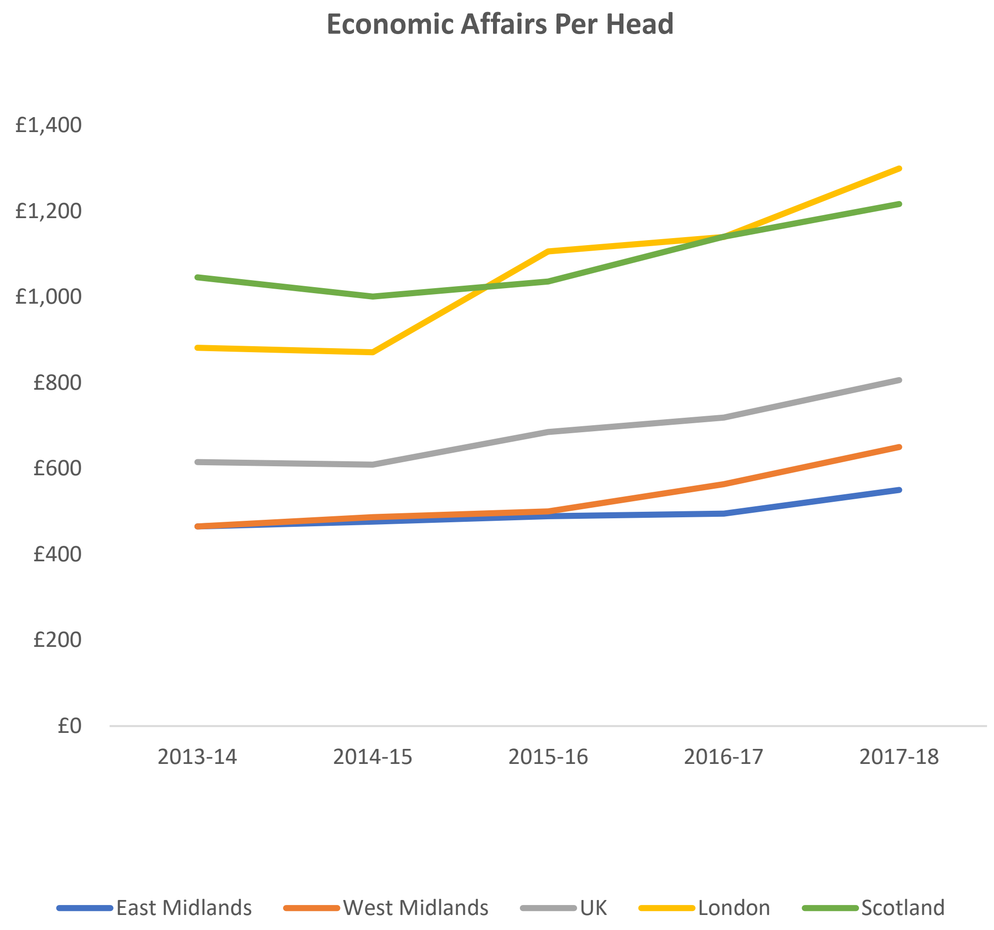
Function: Public Order and Safety

- Expenditure on public order and safety in the Midlands Engine regions was £397 per head in 2017-18 - below the UK average of £451 per head
- The West Midlands per head index for public order and safety is 90 (£405), when the UK equals 100 and the East Midlands is 86 (£388).
- The South West had the lowest expenditure than any other area on public order services in 2017-18 with £329 per head.
- London had the highest expenditure per head with £689 in 2017- 18.
- Spending per head across England on public order and safety fell from £510 in 2009-10 to £441 in 2017-18



Function: Economic Affairs

- £605 per head was spent on economic affairs in the Midlands Engine region, while the UK identifiable expenditure per head was £806 in 2017-18.
- Overall, the East Midlands had the lowest spend per head than any other area in the UK at £550 in 2017-18.
- Spending on economic affairs has increased in real terms in all English regions since the 2008 financial crash
- The mean average spending per head in England in 2009-10 was £634; by 2017-18 this had risen to £763
- Economic affairs can be split into five sub categories: enterprise & economic development; science and technology; employment; agriculture fisheries and forestry; and transport



Function: Sub-categories of economic affairs per head 2017-2018

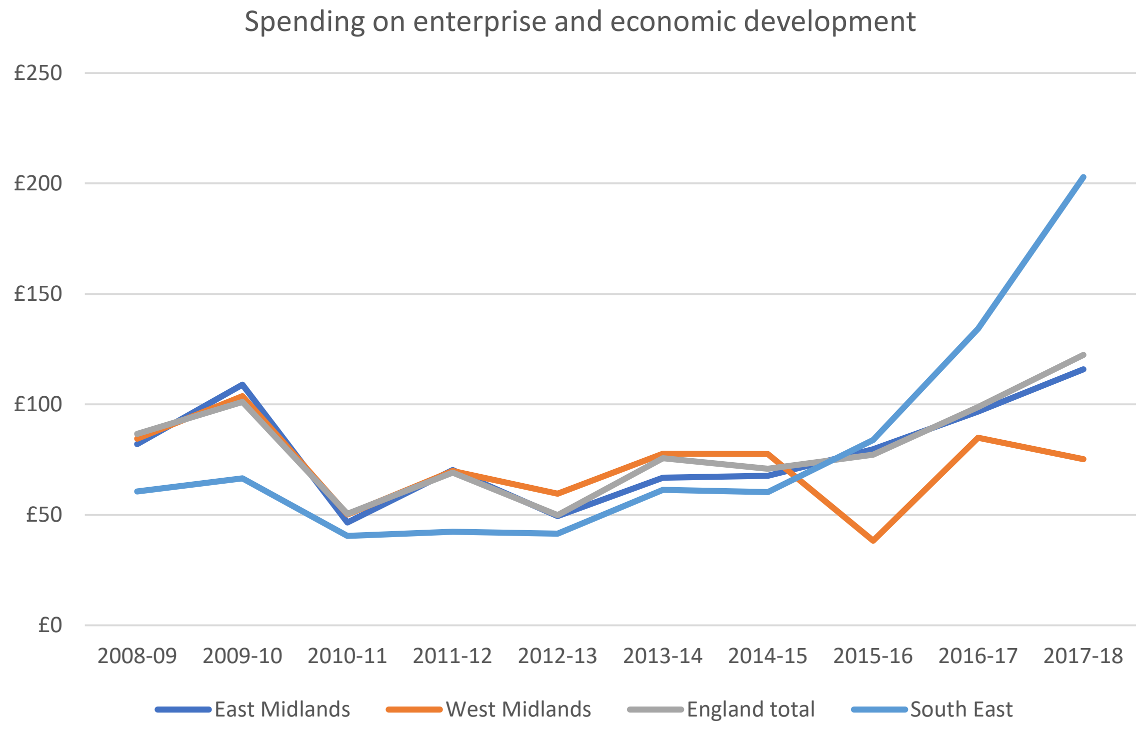
	Economic Affairs	of which: enterprise and economic development	of which: science and technology	of which: employment policies	of which: agriculture, fisheries and forestry	of which: transport
North East	£616	£91	£67	£65	£73	£320
North West	£764	£86	£59	£44	£47	£528
Yorkshire and The Humber	£568	£61	£63	£51	£78	£315
East Midlands	**£550**	**£116**	**£74**	**£40**	**£76**	**£245**
West Midlands	**£650**	**£75**	**£66**	**£52**	**£45**	**£412**
East	£683	£99	£81	£26	£74	£402
London	£1,300	£161	£67	£42	£10	£1,019
South East	£720	£203	£75	£25	£47	£370
South West	£630	£134	£78	£22	£106	£290
Scotland	£1,217	£231	£102	£48	£168	£667
Wales	£846	£162	£72	£43	£159	£410
Northern Ireland	£848	£202	£41	£43	£266	£297
Midlands Engine	**£605**	**£93**	**£69**	**£46**	**£59**	**£337**
UK identifiable	£806	£135	£72	£40	£77	£483

Function: Sub-categories of economic affairs

- In 2017-18, the West Midlands had the second lowest spend per head on enterprise and economic development at £75, down from £84 in 2008-09. In the East Midlands the figure was £116, up from £82 in 2008-09. In contrast, spending in the South East more than trebled from £61 to £203

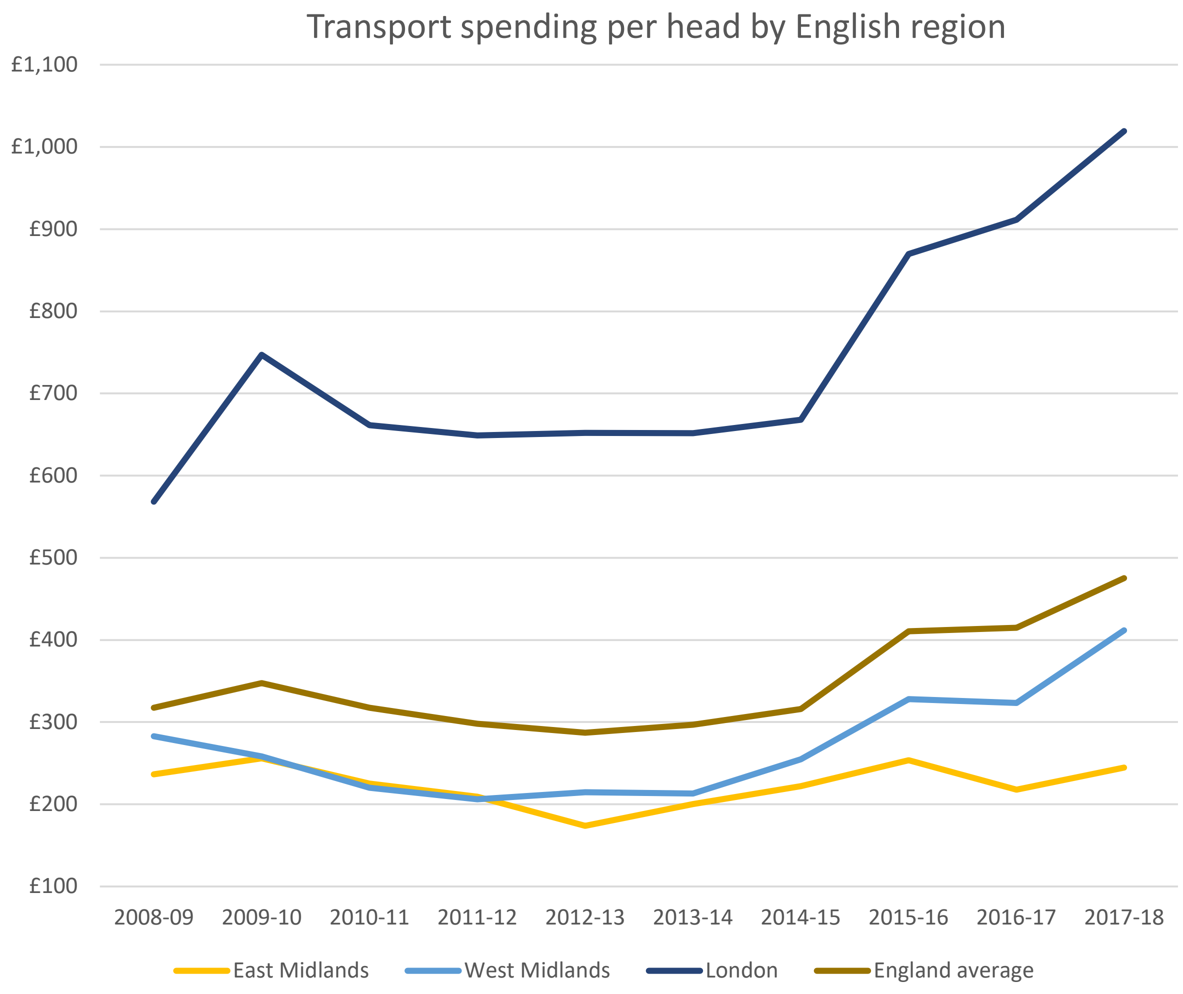
- Per capita spending on science and technology in the East and West Midlands has more than doubled, and rose at a faster rate than the English average

- The West Midlands had the lowest spend per head on agriculture, fisheries and forestry with £45 per head; the UK average is £77.



Function: Transport

- Spending on transport per head in the East Midlands rose by only 3% between 2008-09 and 2017-18, compared to the England average of 50%
- London far outstrips the other English regions in transport spending; it has also risen by a bigger percentage (79%) over the last decade than any other region
- Average annual spending on transport per head in the East Midlands was the lowest in England over the last decade (£224). The figure for the West Midlands was £291; the English average was £348



Function: Transport

- Raikes (2019) also highlights two methodological issues that mean spending in London on transport is even higher than often assumed:
  - Government calculations exclude expenditure beyond 2021 (yet far more is planned for the capital than in other regions)
  - Government calculations exclude spending by Transport for London

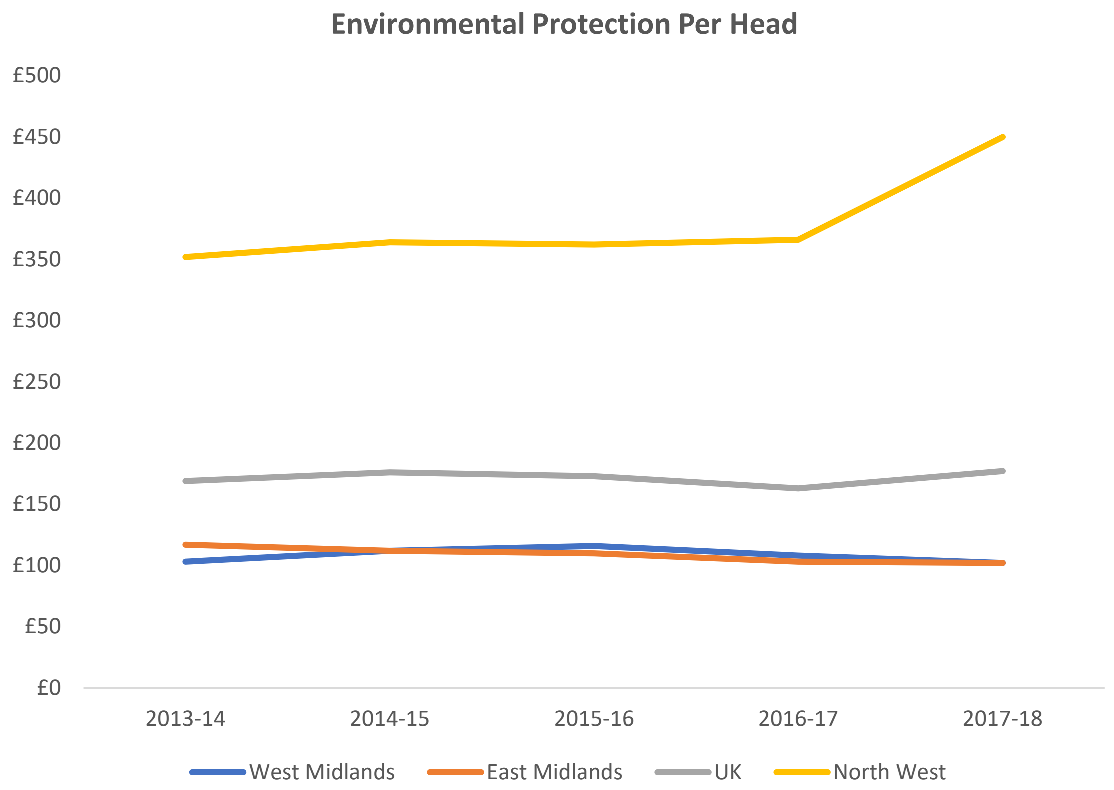
- With the future of HS2 currently under review and MML electrification scaled back, the pipeline of transport infrastructure projects in the Midlands is uncertain.

Function: Environmental Protection

- The Midlands Engine regions had £102 per head spent on environmental protection in 2017-18 – with East and West Midlands the lowest than any other area in the UK. The UK spent on average £177 per head with the North West the highest at £450 per head.

- Between 2013- 14 and 2017-18, the East and West Midlands have always had the lowest spend on environmental protection per head than any other area.

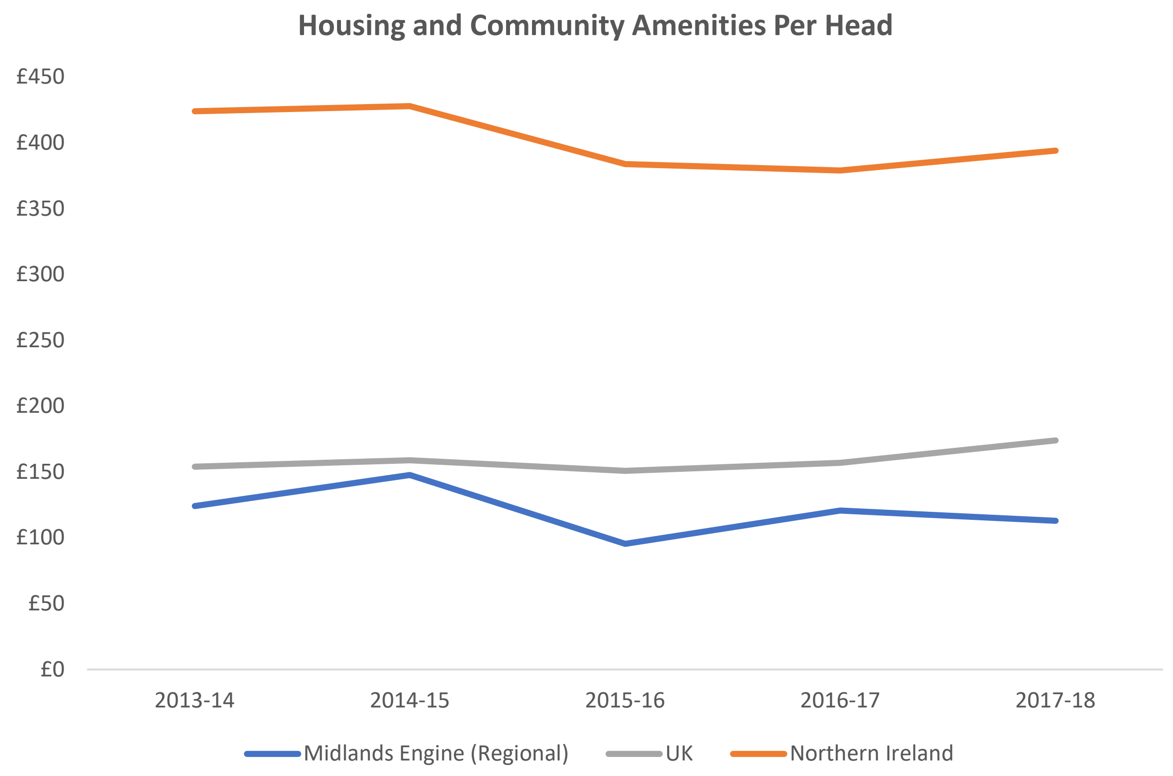
- The expenditure on per head indexed for the East Midlands and West Midlands is 58 when the UK equals 100.



Function: Housing & Community Amenities

- Spending on housing and community amenities fell in every English region over the last decade, by an average of 35%

- In the East Midlands, spending fell from £143 to £110 per head; in the West Midlands it dropped from £177 to £115. The English average is £145 per head; higher figures for Scotland and Northern Ireland £394 and £365 mean the UK-wide average is £174 per head.

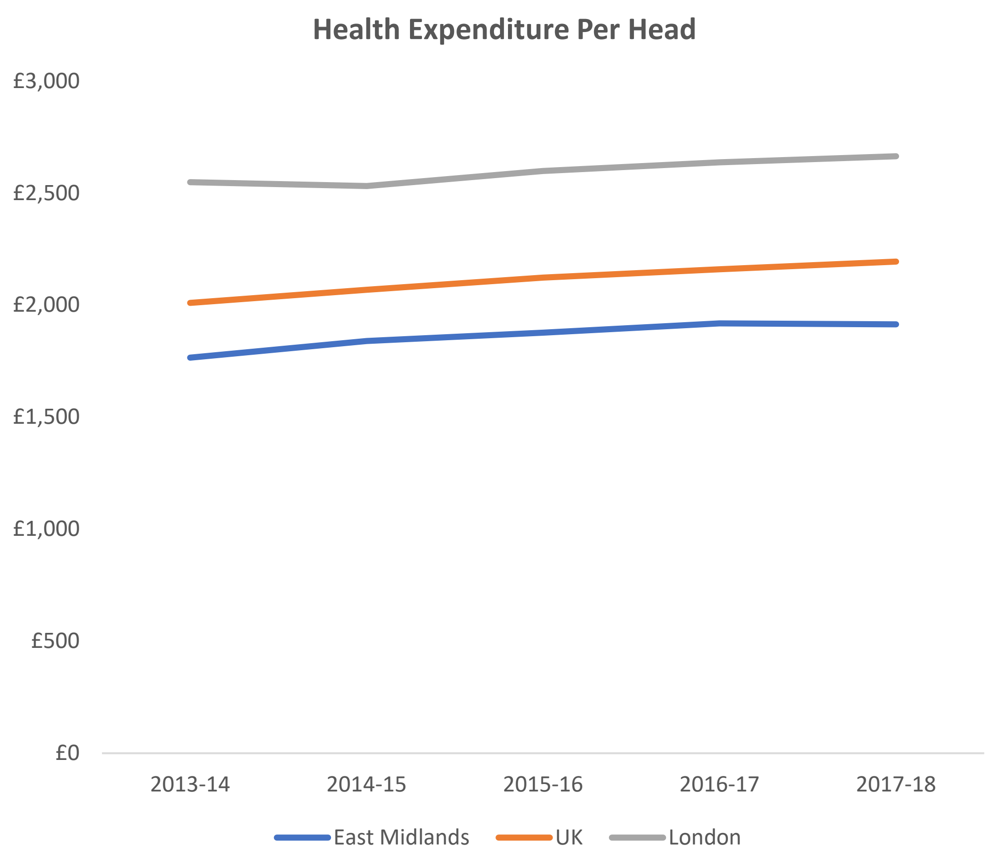


Function: Health

- Expenditure on health in the Midlands Engine was £2,050 per head in 2017-18 - below the UK average of £2,194 per head. The North East and London had the highest spend per head at £2,356 and £2,665 (respectively).

- Per capita spending on health increased across all English regions over the last decade, by an average of 27%. In the East and West Midlands it rose slower; by 19% and 21% respectively

- The East Midlands had the lowest spend than any other area on health in 2017-18 with £1,915 per head, this was followed by the East with £1,929 per head.

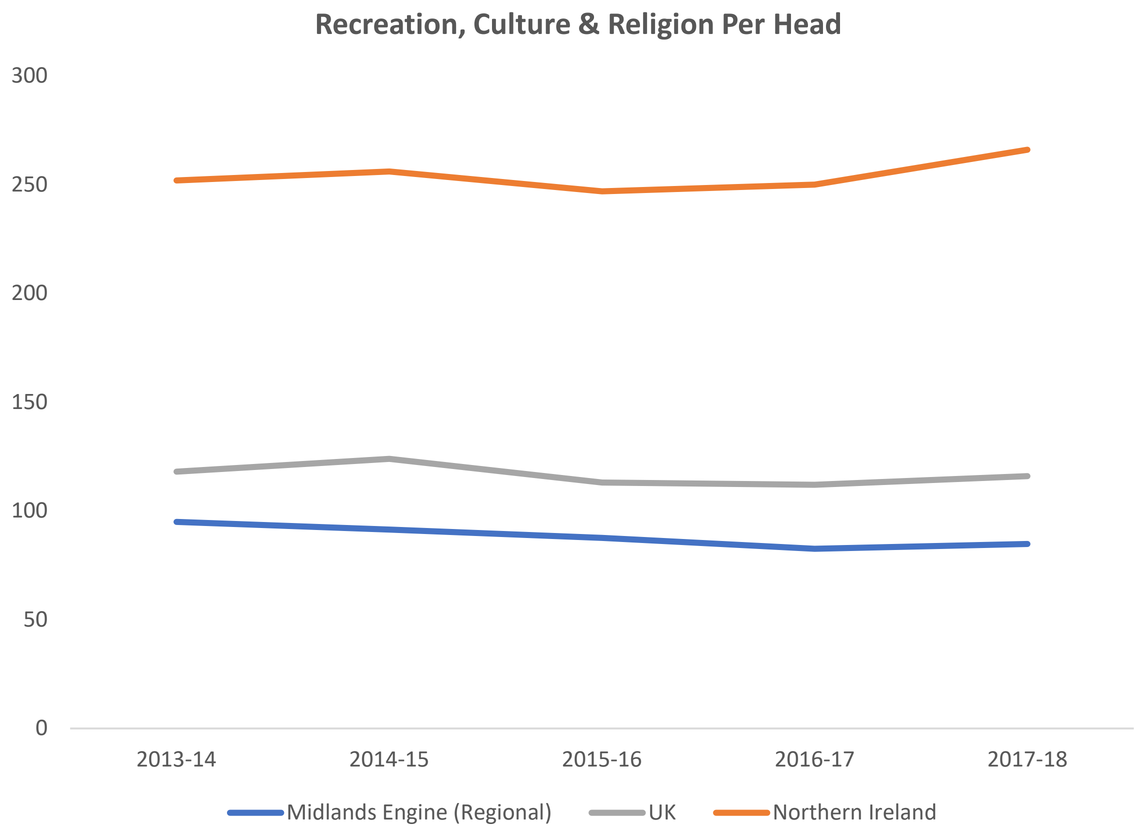


Function: Recreation, Culture & Religion Per Head

- Spending on recreation, culture and religion fell in every English region bar London over the last decade (by an average of 12%). It dropped by 17% and 24% in the East and West Midlands respectively

- By 2017-18 the West Midlands was the second lowest of all areas at £84 per head and the East Midlands was the third lowest with £86 per head.

- The UK average was £116 per head in this sector, although this is skewed slightly by Northern Ireland, where the figure was £266

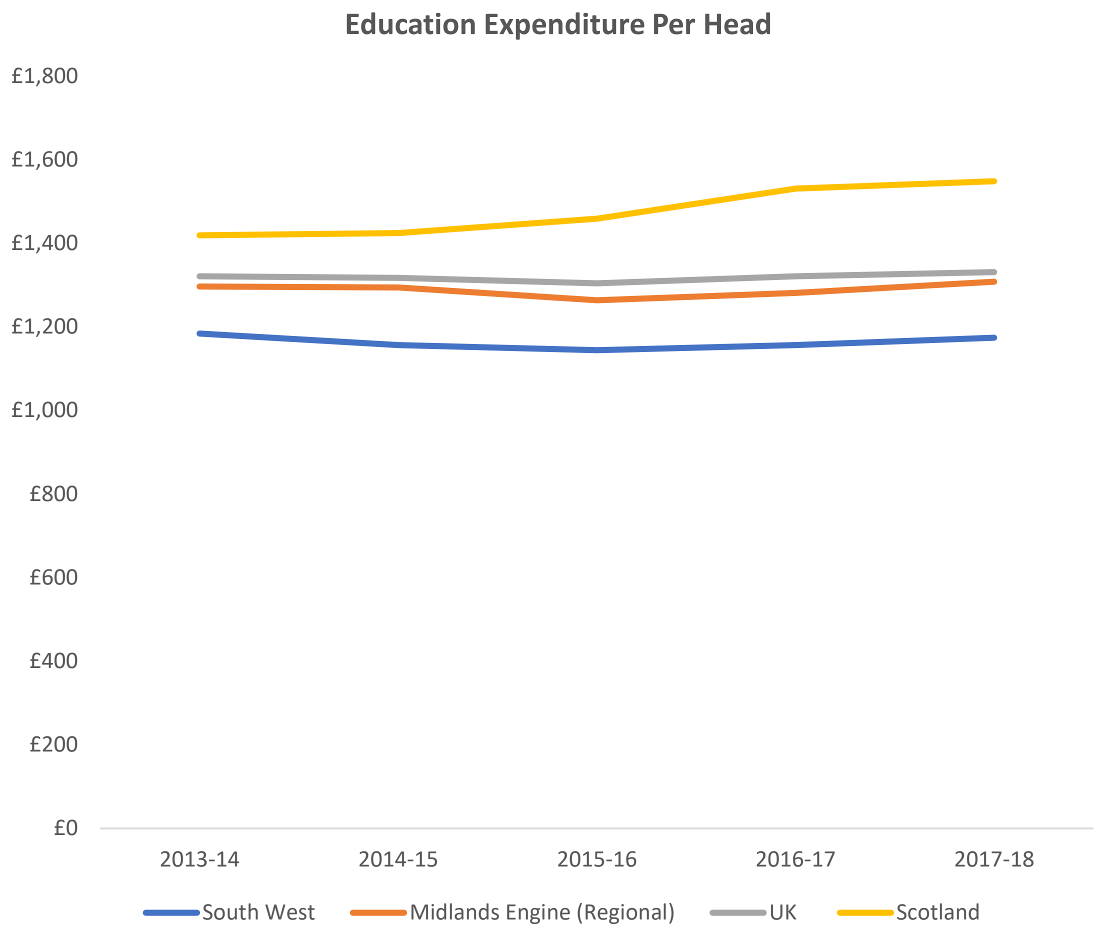


Function: Education

- At £1,335 per head, the West Midlands public sector spend on education was slightly above the UK average of £1,331. The East Midlands figure was lower, at £1,275 per head, meaning the Midlands Engine average was £1,308

- Scotland had the highest expenditure on Education in 2017-18 with £1,548, this was followed by London with £1,486

- Real-terms expenditure on education has fallen slightly in England over the last decade (by 1.74%); it dropped by 1.09% in the East Midlands but increased by 0.49% in the West Midlands

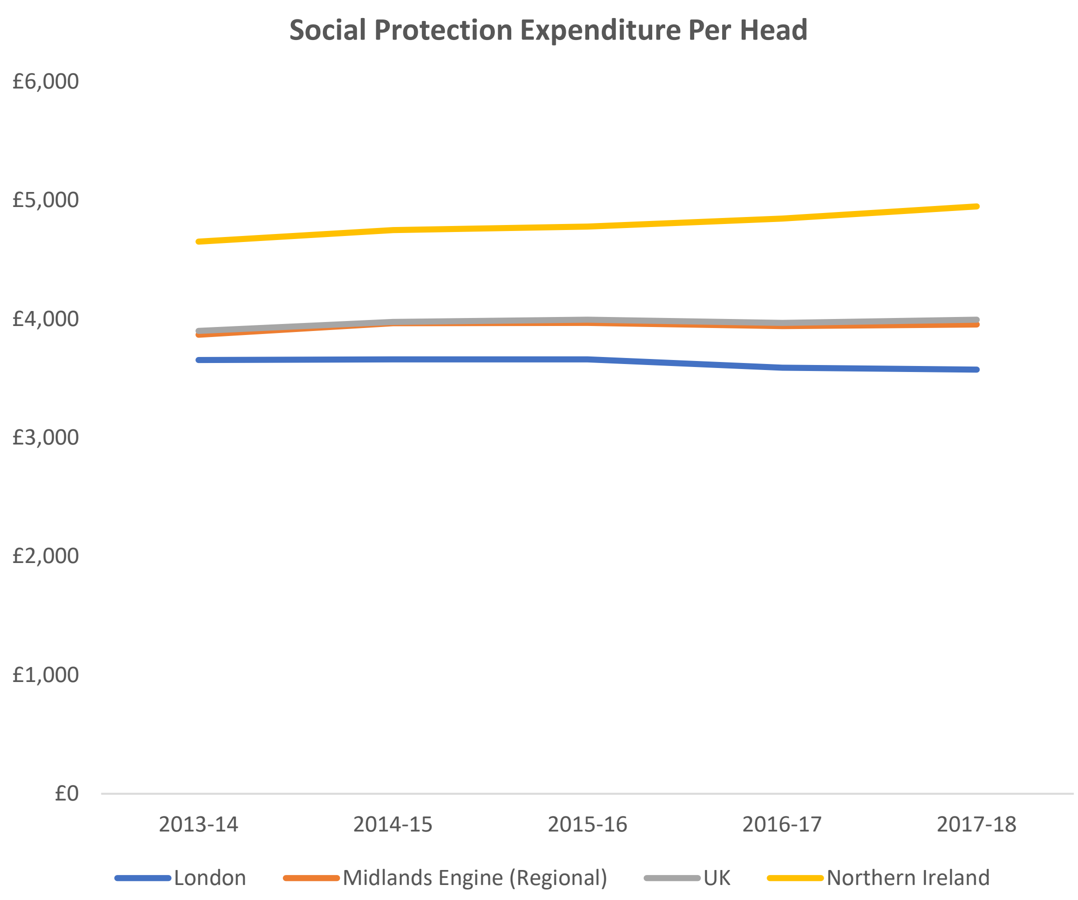


Function: Social Protection

- Spending on social protection rose in all English regions over the last decade, by an average of 23%. The figures for the East and West Midlands were broadly in line with this trend, at 26.3% and 21.5% respectively.

- The Midlands Engine public sector spend on social protection was £3,954 per head – slightly below the UK of £3,995 per head.

- London has the lowest expenditure per head with £3,573; Northern Ireland has the highest (£4,948)

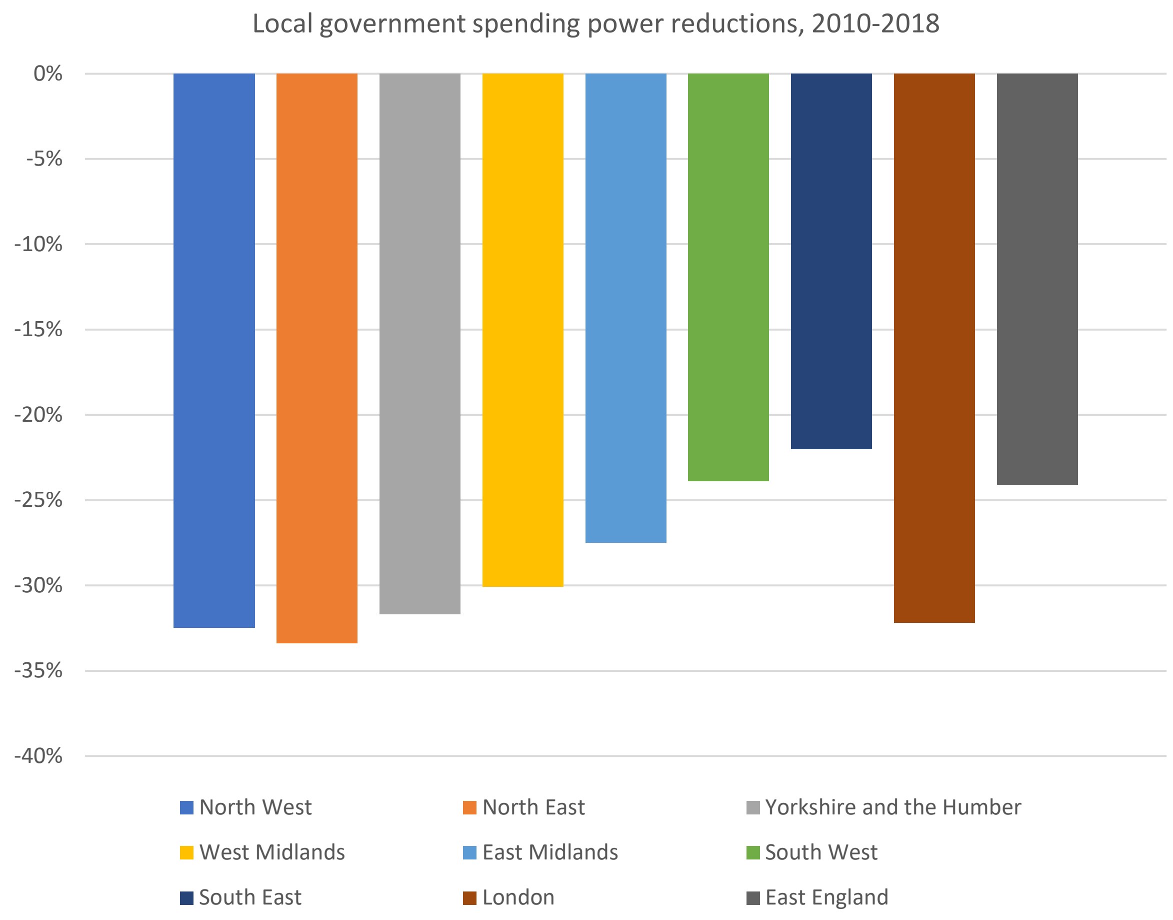


Function: Local government

- Funding for local government across England fell by 49.1% between 2010-11 and 2017-18. The figures for the East and West Midlands were broadly in line with this trend (49.0% and 48.4% respectively)

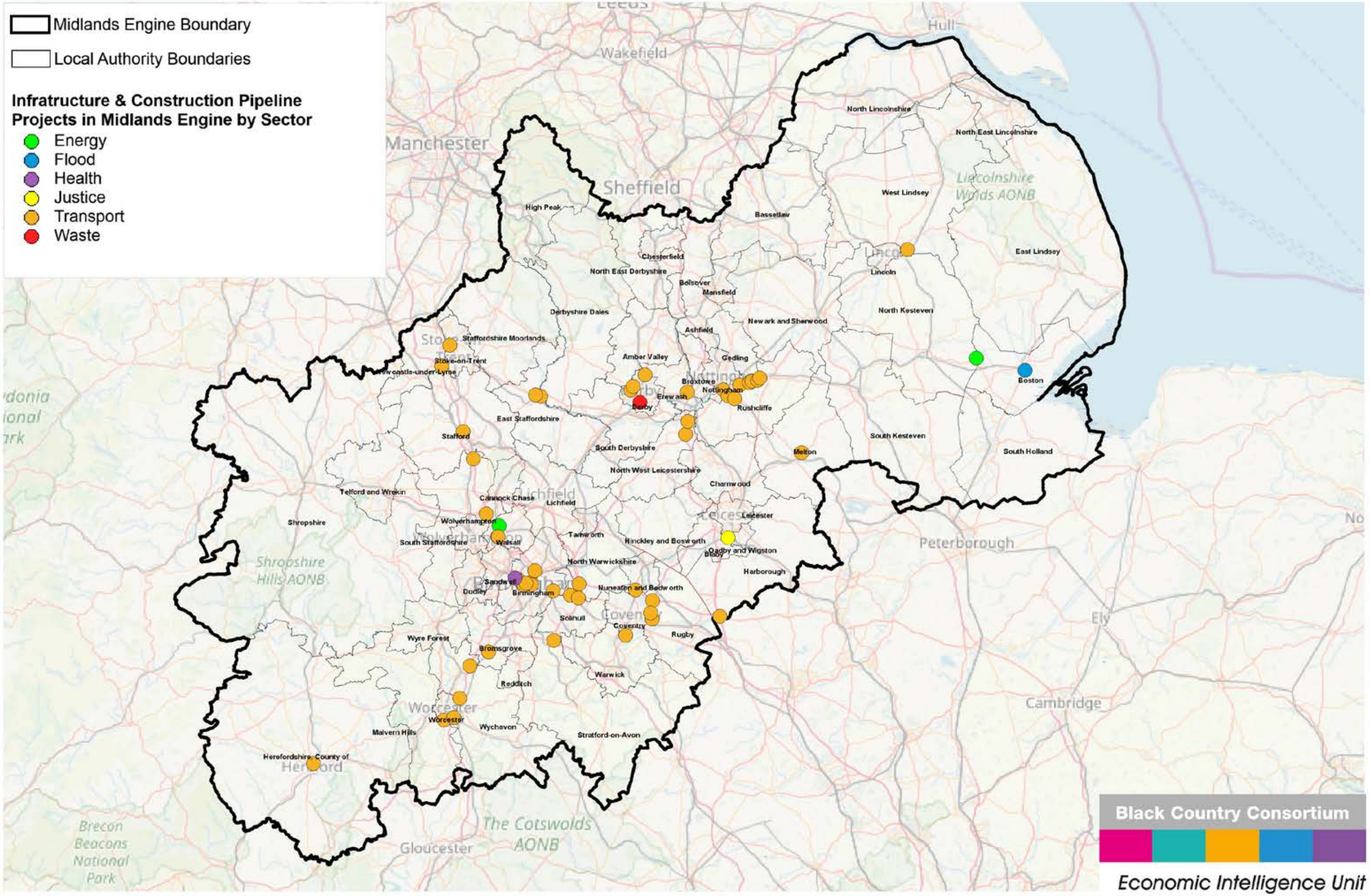
- Because local government also raises some of its own revenue (e.g. through council tax), the overall drop in its 'spending power' was less across England (28.6%). The East and West Midlands (27.5% and 30.1%) experienced fairly average reductions

- However, these figures disguise local differences within the Midlands Engine: Chesterfield's spending power fell by 45.2%, whereas Stratford's only dropped by 15.9%



National Audit Office (2018) *Financial sustainability of local authorities*

MIDLANDS ENGINE INFRASTRUCTURE & CONSTRUCTION PIPELINE



Construction & Infrastructure Pipeline

- The preceding map plots projects that can be readily attributed to a specific location within the Midlands;
- The source is the Infrastructure and Projects Authority (2018) *Analysis of the National Infrastructure and Construction Pipeline;*
- It should be noted that many projects listed cannot be attributed to specific locations e.g. major cross-government IT projects.

East Midlands 2018/19 to 2020/21 (£m constant)	East of England 2018/19 to 2020/21 (£m constant)	London 2018/19 to 2020/21 (£m constant)	North East 2018/19 to 2020/21 (£m constant)	North West 2018/19 to 2020/21 (£m constant)	South East 2018/19 to 2020/21 (£m constant)	South West 2018/19 to 2020/21 (£m constant)	West Midlands 2018/19 to 2020/21 (£m constant)	Yorkshire and the Humber 2018/19 to 2020/21 (£m constant)
£ 4,062.13	£ 4,240.63	£ 12,922.94	£ 1,336.10	£ 8,411.90	£ 9,994.57	£ 3,070.51	£ 5,002.83	£ 3,134.39

Geographic Distribution of Regional Growth Fund

Area	Total Contracted Regional Growth Fund Rounds 2-4 (£)	Total Contracted Regional Growth Fund Rounds 2-4 per head(£)
Northern Powerhouse LEPs	£192,769,513	£11.57
Midlands Engine LEPs	£115,348,746	£8.19
South West LEPs	£77,831,000	£14.35
London & South East LEPs	£34,100,000	£1.76
East LEPs	£15,261,200	£3.46

Source: Gov.uk(a); NOMIS (2018).

- Funding awarded to Northamptonshire LEP prior to its merger with SEMLEP is included in the awards for the Midlands Engine).
- It has not been possible to find award figures for round 1. LEPs were not eligible to apply for funds in rounds 5-6.
- Per head calculations are based on the total population in each group of LEPs using 2014 mid-year population estimates from NOMIS. However, not all LEPs received funding from the programme. It has not been possible to take account of the LEP overlap as figures are not available showing where in each LEP funding was spent.

Geographic Distribution of Regional Growth Fund

- The Regional Growth Fund was set up to promote the private sector in areas considered most at risk of public sector job cuts. It aimed to provide financial support for businesses to leverage additional funding and create sustainable jobs (House of Commons Library, 2016).
- Midlands Engine LEPs received the second highest total value of Regional Growth Fund awards in rounds 2-4 at £115,348,746. LEPs in the Northern Powerhouse received the highest total value of funding from the scheme at £192,769,513.
- The Midlands Engine received the third highest value of funding per head at £8.19.
- Pike et al (2015) argue that the geographical distribution of the fund was slanted towards areas that were less prosperous and had relatively high levels of public sector employment. Analysis by the Institute of Fiscal Studies shows in 2012-2013 the public sector employment was higher in the North West and Yorkshire and the Humber than in areas of the Midlands Engine such as the West Midlands and the East Midlands.
- The Fund is unequally distributed within LEPs, with some areas receiving high awards and other areas receiving none. For example, two LEPs within The Midlands Engine and three LEPs within The Northern Powerhouse did not receive any funding. The value of funding awarded does not correspond to population size. The highest value of funding within The Midlands Engine was received by Coventry and Warwickshire at £28,345,000 which has a population of 863,500 (2011). The highest value of funding within The Northern Powerhouse was received by Greater Manchester at £35,000,000, which has a population of 2,685,400 (2011).

Geographic Distribution of Growing Places Fund Allocations Rounds 1 and 2

Area	Value of Growing Places Fund Rounds 1-2 (£)	£ per head
London & South East LEPs	£254,500,000	£13.40
Northern Powerhouse LEPs	£202,880,000	£12.27
Midlands Engine LEPs	£150,500,000	£11.52
South West LEPs	£71,600,000	£13.41
East LEPs	£50,300,000	£11.62

- Source: Gov.uk(b); National Archives (no date given), NOMIS (2018)
- N.B. Northampton is classified within The Midlands Engine group of LEPs.

Per head calculations are based on the total population in each group of LEPs using 2012 mid-year population estimates from NOMIS.

It has not been possible to take account of the LEP overlap as figures are not available showing where in each LEP funding was spent.

Geographic Distribution of Growing Places Fund Allocations Rounds 1 and 2

- The £500 million Growing Places Fund was announced in November 2011. It was extended by £270 million in 2012 (House of Commons Library, 2017). Administered by the Department for Communities and Local Government, the fund aimed to address immediate infrastructure issues as well as to support wider economic growth, create jobs and build houses across England.
- Midlands Engine LEPs lag behind LEPs in London & the South-East as well as The Northern Powerhouse in terms of the total value of funding and funding per head secured from the Growing Places Fund. The Midlands Engine received the lowest value of funding at £11.52 per head.
- However, the formula for allocating awards was based on population and employment earnings and designed to take account of the size of each LEP. DCLG (2013) stressed how the formula provided a proxy for economic activity in each LEP. Pike et al (2015) emphasise the innovative nature of this allocation method. Slide 31 shows how £ per head allocations were the same in four of the five groups of LEPs and that the Midlands Engine actually received the highest £ per head allocation.

Geographic Distribution of Local Growth Deal

Area	Total Growth Deals Allocation Rounds 1-3 (£m)	£ per head
Northern Powerhouse LEPs	3432.1	£220.20
London & South East LEPs	2091.21	£109.20
Midlands Engine LEPs	1806.36	£150.90
South West LEPs	947.68	£173.20
East LEPs	702.95	£187.10

These figures are based on data from central government provided by the Black Country Consortium. It has not been possible to address LEP overlaps.

Source: Gov.uk(b), NOMIS (2018)

Geographic Distribution of the Local Growth Deal

- The Growth Deals provided funds to LEPs for projects designed to benefit the local area and economy. Three rounds of the Growth Deal have been awarded. Round 1 deals were announced in July 2014, round 2 deals in January 2015 and round 3 deals in Spring 2017. Growth Deals were significant as they involved a single pot of money bringing together housing, infrastructure and other funding.
- Growth Deal Allocations varied considerably by round and by LEP. The bulk of funds were awarded in round 1 (a combined total of £6.232 billion compared to £9.669 billion in round 2 and £1.782 billion in round 3). 7 large urban core city LEPs and 3 London-centred LEPs received almost half of the programme funding. Lancashire was the only non core-city or London-based LEP to feature in the 10 LEPs with highest total allocations for rounds 1-4 of the programme.
- In terms of total and per head allocations, the Midlands Engine lags behind the Northern Powerhouse. Midlands Engine LEPs received a combined total of £1806.36m (£150.9 per head) compared to £3432.1m in the Northern Powerhouse (£220.20 per head).

Geographic distribution of European Structural and Investment Fund 2014-2020

Area	ESIF Allocation 2014-2020 (Euros)	ESIF Allocation 2014-2020 per head (Euros)
Northern Powerhouse LEPs	€ 2,674,100,000	€ 158.04
Midlands Engine LEPs	€ 1,565,400,000	€ 121.54
London & South East LEPs	€ 1,152,600,000	€ 57.79
South West LEPs	€ 909,000,000	€ 163.51
East LEPs	€ 239,500,000	€ 53.10

Source: House of Commons Library (2017)

- This table shows the total allocations for the European Regional Development Fund (ERDF) and the European Social Fund (ESF), which together form two of the European Structural and Investment Funds (ESIF).
- It does not consider the other ESIF funds as the majority of structural funding that the UK receives comes from the ERDF and ESF.
- Per head calculations are based on the total population in each group of LEPs using 2017 mid-year population estimates from NOMIS. Northamptonshire is included in SEMLEP.
- It has not been possible to take account of the LEP overlap as figures are not available showing where in each LEP funding was spent.

Geographic Distribution of the European Structural and Investment Fund 2014-2020

- In 2013, the Government announced that LEPs would be responsible for designing and delivering strategies concerning how to best use European Structural and Investment Funding (ESIF) for the period 2014-2020. LEPs' roles involve ensuring that projects deliver on time against their targets and monitor progress against project strategies and priorities. However, they are not responsible for managing the funds themselves with central government taking responsibility for this (House of Commons Library, 2017; HM Government, 2013).
- As explained on the website for the Department for Business, Innovation and Skills (now BEIS), the primary criteria driving ESIF funding allocations are regional categories defined in the EU budget. ESIF allocations are based first on notional funding allocations for each region within the 28 European Union member states. The European Commission categorises regions according to their per capita Gross Domestic Product (GDP) as either 'less developed, 'transition' or 'more developed'. This categorisation helps to explain why Cornwall & the Isle Scilly received the largest allocation in terms of total grant and grant per capita. It is the only English region, which is categorised as 'less developed' due to having a per capita GDP of less than 75 per cent of the EU average.

Geographic Distribution of the European Structural and Investment Fund 2014-2020

- The highest ESIF allocation was received by the Northern Powerhouse (€ 2,674,100,000). Midlands Engine LEPs received the second highest value of awards (€ 1,565,400,000), followed by London and the South East (€ 1,152,600,000), the South West (€ 909,000,000) and the East (€ 239,500,000), demonstrating the value of ESIF funding to the Midlands Engine. The Midlands Engine received the third highest value of ESIF funding per head.
- Nine areas of England (Tees Valley and Durham, Cumbria, Lancashire, Shropshire & Staffordshire, Merseyside, Devon, East Yorkshire and Northern Lincolnshire, South Yorkshire) are categorised as ‘transition regions’ in view of their per capita GDP rates being between 75 and 90% of the EU average. All other UK regions are categorised as having a per capita GDP above 90% of the EU average. This categorisation helps to explain why the Northern Powerhouse received the highest ESIF allocation.
- The three highest awards in the Northern Powerhouse were: The North East (€ 539,600,000), Greater Manchester (€ 415,600,000) and Leeds City Region (€ 391,200,000). The three highest awards in the Midlands Engine were Greater Birmingham and Solihull (€ 255,800,000), D2N2 (€ 249,700,000) and the Black Country (€ 177,400,000).
- Within each LEP group, differences in allocations can also be identified. ESIF stands out in how it provides high per head allocations to areas with low per capita GDP rates such as The Marches, Lancashire, Cumbria and the Black Country, which have not been prioritised in the other schemes analysed.

Geographic Distribution of the number of H2020 awards

Area	Number of H2020 Projects Awarded by LEP 2014-2018
Northern Powerhouse LEPs	1519
Midlands Engine LEPs	1055
London & South East LEPs	3375
South West LEPs	827
East LEPs	802

Source: EU Open Data Portal As downloaded on 17th May 2018.

- Horizon 2020 is an €80 billion Research and Innovation programme funded by the EU. It constitutes the financial instrument behind the Innovation Union, a Europe 2020 flagship initiative aimed at securing Europe's global competitiveness (European Commission). The programme supports research as a means of driving economic growth and creating jobs.
- The majority of applications are awarded to Higher Education Establishments (57%); followed by private for profit companies (28%); research organisations (9%); other organisations (4%); and public bodies (3%). Figures do not add up to 100% due to rounding.
- It has not been possible to take account of the LEP overlap as figures are not available showing where in each LEP funding was spent.

Geographic Distribution of the number of H2020 awards

- Analysis of which LEPs the organisations awarded Horizon 2020 project funding are located in reveals the importance of having a research-intensive university. Of the 10 LEPs awarded the highest number of Horizon 2020 grants, 8 have at least one Russell group university (the 24 leading research universities in the UK). Indeed, these 10 LEPs include 14 of the 20 Russell group universities in England
- London performs particularly strongly in terms of the number of H2020 awards, reflecting the strength of research institutions in London.
- The Midlands Engine received the third highest number of H2020 awards after London and the South East, and the Northern Powerhouse.

Geographic Distribution of the number of H2020 awards

Midlands Engine LEPs	Number of H2020 Projects Awarded by LEP 2014-2018
Black Country	24
Coventry and Warwickshire	232
South East Midlands	153
The Marches	14
Worcestershire	14
D2N2	181
Greater Lincolnshire	27
Greater Birmingham & Solihull	271
Leicester & Leicestershire	115
Stoke-on-Trent & Staffordshire	24
Total	1055

Source: EU Open Data Portal As downloaded on 17th May 2018.

- The number of Horizon 2020 grants awarded varies considerably within the Midlands Engine. This reflects the concentration of Russell group universities in Birmingham, Coventry and Warwickshire and Nottingham.
- Rural areas without a research-intensive university have secured the lowest value of Horizon 2020 funding.
- It has not been possible to take account of the LEP overlap as figures are not available showing where in each LEP funding was spent.

Geographic Distribution of the value of H2020 awards

Area	Value of H2020 Projects by LEP 2014-2018 (Euros)	Value of H2020 Projects by LEP 2014-2018 per head (Euros)
London & South East LEPs	985,598,351 €	€ 49.41
Northern Powerhouse LEPs	381,815,930 €	€ 22.57
East LEPs	318,713,187 €	€ 70.67
South West LEPs	220,684,215 €	€ 39.70
Midlands Engine LEPs	210,108,810 €	€ 16.31

Source: EU Open Data Portal As downloaded on 17th May 2018.

Per head calculations are based on the total population in each group of LEPs using 2017 mid-year population estimates from NOMIS. Northamptonshire is included in SEMLEP. It has not been possible to take account of the LEP overlap as figures are not available showing where in each LEP funding was spent.

- Whilst the Midlands Engine receives the third highest number of awards, it receives a lower proportion of total Horizon 2020 funding value. It appears to have the lowest value of Horizon 2020 funding of all five LEP groups.
- However, the value of funding in the South West is interesting. Despite not having a University and not receiving any Higher Education H2020 funding, it received the 7th highest total H2020 grant awards thanks to the largest total award(63,096,122€) of any LEP. This is likely to be because Swindon is the registered address of all Research Councils, Innovate UK, and various other agencies.
- Nonetheless, the value of Horizon 2020 funding secured in the Midlands Engine is low, reflecting how several LEPs in the area do not have a research intensive university. Whereas five LEP areas received over 30 million Euros in Horizon 2020 funding in the Northern Powerhouse, only three LEP areas in the Midlands Engine secured this value of funding. Overall, the Midlands Engine secured the lowest value of H2020 funding per head. The importance of Cambridge University is demonstrated by how the East groups of LEPs received the highest value of H2020 funding head despite having only one Russell group university.

Geographic distribution of UKRI (Gateway to Research Funding)

Area	Total Sum of Awards (£)	Total Sum of Expenditure (£)	Value of UKRI Research Council Project Awards per head (Euros)
London & South East LEPs	£8,324,206,576	£508,130,533	£417.34
Northern Powerhouse LEPs	£4,263,176,926	£51,264,481	£251.96
Midlands Engine LEPs	£3,328,690,326	£79,390,099	£258.43
East LEPs	£1,765,662,894	£338,285,547	£391.49
South West LEPs	£1,720,083,617	£25,823,638	£309.41

Source: UK Research and Innovation (2019). As downloaded 13th March 2019.

- This table shows the value of publically funded projects included on the Gateway to Research website. Developed by UK Research and Innovation, the website publishes information from a variety of source systems including:
  - Arts and Humanities Research Council (AHRC)
  - Biotechnology and Biological Sciences Research Council (BBSRC)
  - Economic and Social Research Council (ESRC)
  - Engineering and Physical Sciences Research (EPSRC)
  - Innovate UK
  - Medical Research Council (MRC)
  - National Centre for the Replacement, Refinement and Reduction of Animals in Research (NC3Rs)
  - Natural Environment Research Council (NERC)
  - Science and Technology Facilities Council (STFC)
- The Gateway to Research portal splits up funding into two categories: “award” and “expenditure”. “Awards” is the amount of funding awarded as a grant, while “Expenditure” is the amount of funding used on intramural expenditure (i.e. when a research council does the research itself).
- Per head calculations are based on the total population in each group of LEPs using 2017 mid-year population estimates from NOMIS. Northamptonshire is included in SEMLEP. It has not been possible to take account of the LEP overlap as figures are not available showing where in each LEP funding was spent.

Geographic distribution of UKRI (Gateway to Research Funding)

- As with Horizon 2020, LEP areas with one or more research-intensive University are most successful in securing UKRI funding. The thirteen LEP areas with the highest award values include nineteen of the twenty Russell group universities in England.
- The three LEP areas with the highest value of awards are: London, Oxfordshire, and Greater Cambridge and Greater Peterborough.
- The Midlands Engine has secured the third highest value of total funding after London and the South East, and the Northern Powerhouse. It has received the second lowest value of funding per head at £258.48.
- London and the South East particularly stands out for the value of UKRI funding awarded – it has received more than twice as much total funding as the Midlands Engine. Funding per head is also considerably higher at 417.34 per head – the highest of all groups of LEPs.

Geographic distribution of UKRI (Gateway to Research Funding)

London & South East LEPs	Total Sum of Awards (£)	Total Sum of Expenditure (£)	Value of UKRI Research Council Project Awards by LEP 2014-2018 per head (Euros)
Enterprise M3	£397,826,447	£68,547,366	£234.22
Thames Valley Berkshire	£193,438,184	£0	£213.56
Buckinghamshire Thames Valley	£46,767,403	£0	£87.27
Oxfordshire	£1,571,206,837	£216,018,054	£2,302.47
Coast to Capital	£153,911,623	£1,636,810	£75.90
South East	£381,956,705	£0	£90.84
Solent	£687,242,694	£19,149,707	£645.06
London	£4,891,856,683	£202,778,596	£554.32
Total	£8,324,206,576	£508,130,533	£417.34

Within each group of LEPs, London LEP area has secured the highest value of UKRI funding (nearly £5 million), reflecting the existence of a number of leading research universities in the area.

Source: UK Research and Innovation (2019). As downloaded 13th March 2019.

Geographic distribution of UKRI (Gateway to Research Funding)

Northern Powerhouse LEPs	Total Sum of Awards (£)	Total Sum of Expenditure (£)	Value of UKRI Research Council Project Awards by LEP 2014-2018 per head (Euros)
Liverpool City Region	£449,741,348	£6,613,205	£291.21
Lancashire	£205,944,561	£118,649	£138.17
Cheshire and Warrington	£123,537,359	£0	£133.34
Greater Manchester	£1,064,963,586	£28,209,267	£380.51
Tees Valley	£68,071,415	£0	£101.22
Humber	£31,389,783	£0	£33.76
Cumbria	£12,412,640	£0	£24.90
North East	£482,215,599	£6,964,731	£244.51
Leeds City Region	£925,376,246	£4,342,524	£302.10
Sheffield City Region	£551,977,688	£3,841,348	£295.79
York, North Yorkshire, East Riding	£347,546,701	£1,174,757	£300.15
Total	£4,263,176,926	£51,264,481	£251.96

Greater Manchester LEP area has secured the second highest sum of awards (just over £1 million), followed by Greater Birmingham and Solihull LEP area (almost £1 million).

Geographic distribution of UKRI (Gateway to Research Funding)

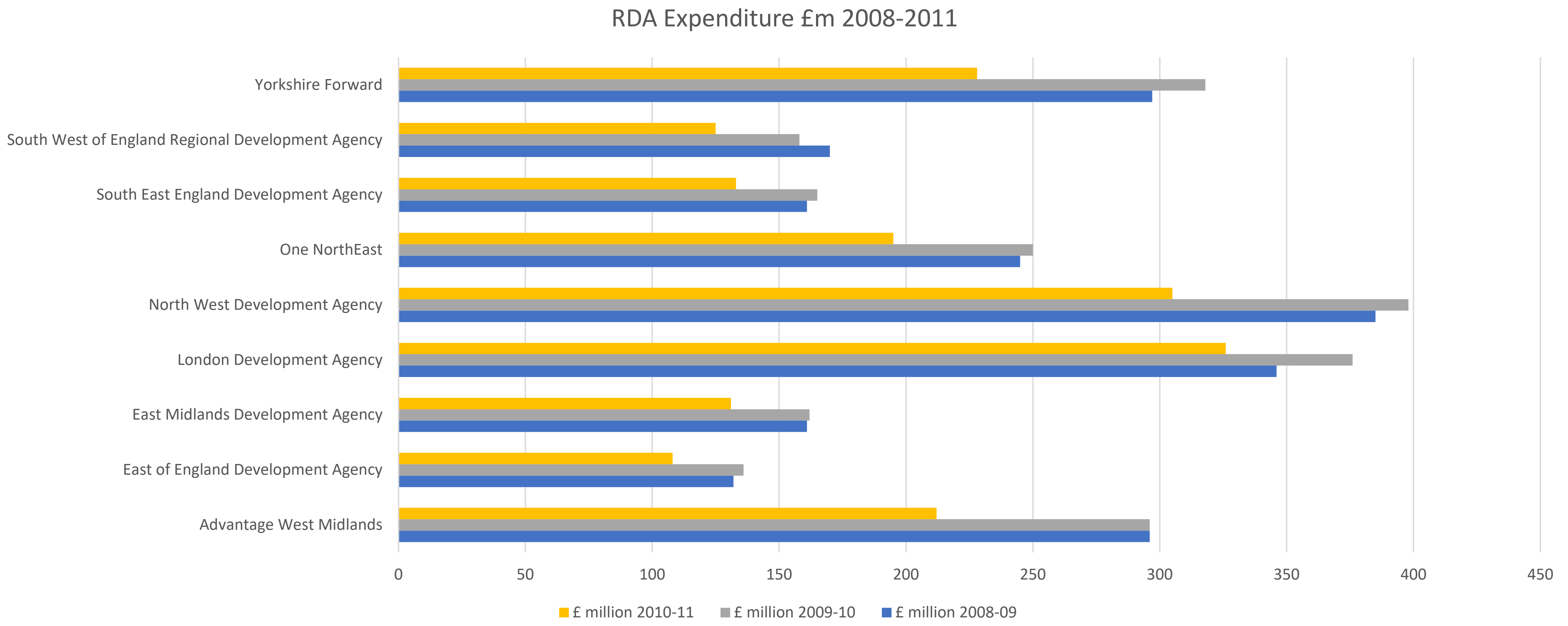
Midlands Engine LEPs	Total Sum of Awards (£)	Total Sum of Expenditure (£)	Value of UKRI Research Council Project Awards by LEP 2014-2018 per head (Euros)
Black Country	£23,410,064	£0	£19.74
Coventry and Warwickshire	£864,635,745	£1,161,987	£935.04
South East Midlands	£387,997,052	£0	£192.36
The Marches	£24,323,672	£0	£35.55
Worcestershire	£18,236,057	£0	£30.99
D2N2	£606,622,880	£56,048,881	£276.23
Greater Lincolnshire	£36,176,658	£0	£33.43
Greater Birmingham & Solihull	£997,002,402	£5,849,843	£490.82
Leicester & Leicestershire	£321,286,264	£15,961,953	£307.80
Stoke-on-Trent & Staffordshire	£48,999,532	£367,435	£43.51
Northamptonshire	£0	£0	£0
Total	£3,328,690,326	£79,390,099	£258.43

Total value of Regional Growth Fund Rounds 2-4, Growing Places Funding Rounds 1-2, and Total Growth Deal Funding rounds 1-3

Area	Total value of Regional Growth Fund Rounds 2-4, Growing Places Funding Rounds 1-2, and Total Growth Deal Funding rounds 1-3	Total value of Regional Growth Fund Rounds 2-4, Growing Places Funding Rounds 1-2, and Total Growth Deal Funding rounds 1-3 per head (£)
Northern Powerhouse LEPs	£3,827,749,513	£229.78
London & South East LEPs	£2,379,810,000	£122.63
Midlands Engine LEPs	£2,072,208,746	£159.48
South West LEPs	£1,097,111,000	£202.30
East LEPs	£768,511,200	£202.30

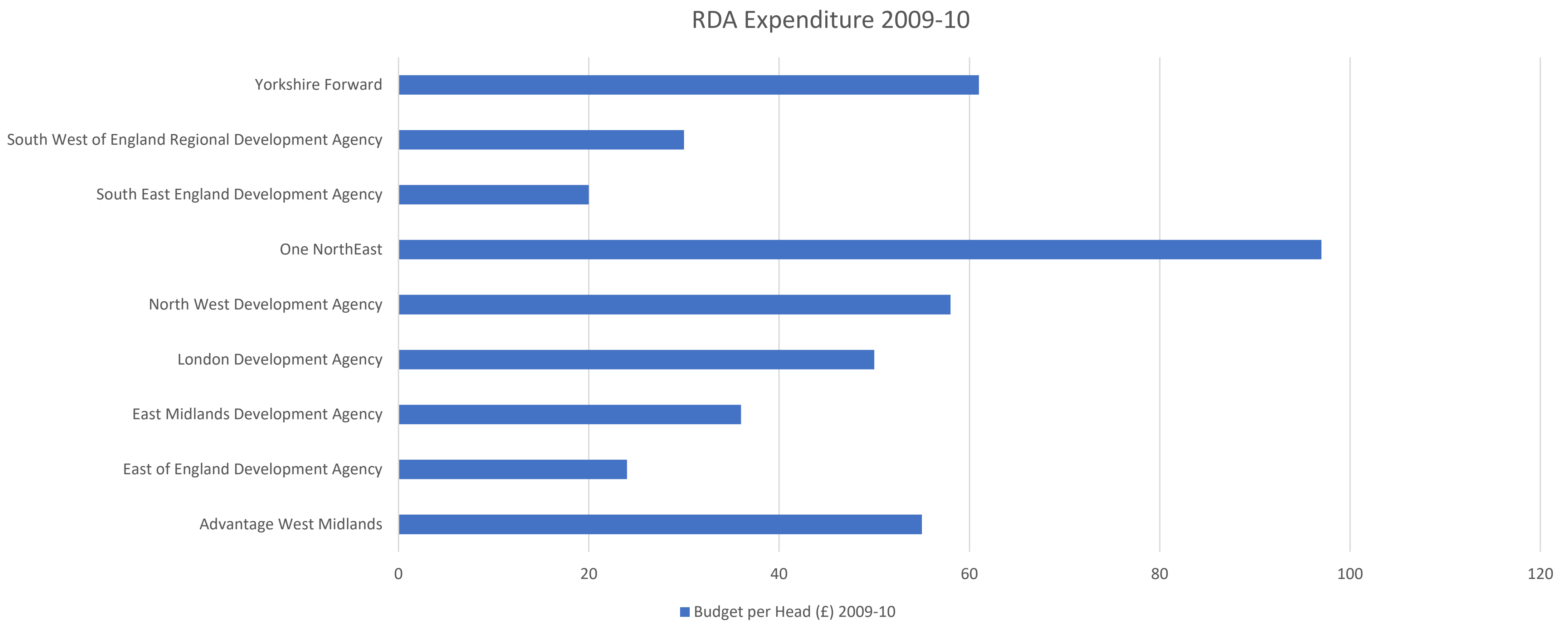
- It has not been possible to take account of the LEP overlap as figures are not available showing where in each LEP funding was spent.
- Per head calculations are based on the total population in each group of LEPs using 2014 mid-year population estimates from NOMIS.
- Figures exclude core LEP funding.

RDA expenditure 2008-2011



Source: DBERR website, National Archive, accessed Sept. 2019

RDA expenditure per capita 2009/10



Source: DBERR website, National Archive, accessed Sept. 2019

RDA expenditure by broad intervention type

RDA	Spend (£m, 2002/03-2006/07)							Total (£m, 1999/2000 - 2006/07
	Business	Place	People	SRB	Other/hybrid	National programmes	Total	
AWM	305.7	321.1	61.0	218.0	322.7	147.1	1,503.6	1,841.4
EEDA	86.0	150.2	78.9	64.9	24.9	65.6	521.6	648.0
EMDA	101.1	221.7	20.6	95.4	118.1	122.2	857.8	1,124.4
LDA	164.4	992.8	65.7	507.8	169.6	82.7	2,116.0	2,857.8
NWDA	356.7	640.1	123.4	321.9	27.7	228.2	1,697.9	2,563.2
ONE	378.2	351.3	147.9	204.9	-	145.6	1,334.3	1,799.0
SEEDA	90.0	243.8	54.4	128.8	59.8	194.2	873.3	1,129.9
SWRDA	128.7	342.5	116.1	55.2	14.1	73.8	765.9	1,033.6
YF	272.3	335.7	221.2	331.5	10.5	302.4	1,564.0	2,113.4
Total	1,883.1	3,599.2	889.2	1,928.4	747.4	1,361.8	11,234.4	15,110.7

Source: DBERR & PWC (2009) Impact of RDA Spending – National Report - volume 1

RDA Expenditure as % total public spending 2002/3-2006/7

	RDA spending (£m)	Local authority spending (£m)	Central government spending (£m)	Total identified public spending (£m)	RDA spending as % of total spending (%)
AWM	1,504	50,300	117,701	168,002	0.9
EEDA	522	46,451	106,156	152,607	0.3
EMDA	858	36,358	88,924	125,282	0.7
LDA	2,116	106,943	178,553	285,496	0.7
NWDA	1,698	68,432	168,568	237,004	0.7
ONE	1,334	26,721	65,191	91,912	1.5
SEEDA	873	68,394	158,383	226,777	0.4
SWRDA	766	42,162	106,834	148,997	0.5
YF	1,564	46,449	117,407	163,855	1.0
Total	**11,234**	**492,212**	**1,107,717**	**1,599,930**	**0.7**

Source: DBERR & PWC (2009) Impact of RDA Spending – National Report - volume 1

Broader issues

- These headline figures mask the sub-regional impacts of austerity over the last decade, because spending cuts have been implemented asymmetrically across England, with some areas much harder hit than others (Gray and Barford 2018)

- The patchwork and *ad hoc* nature of 'devolution deals' around England means that some regions and combined authorities have more powers and resources than others (Pike et al 2019). Given that the data we analysed pre-date the rolling out of many devolution deals, we were unable to identify how they might change current levels of regional and sub-regional public spending

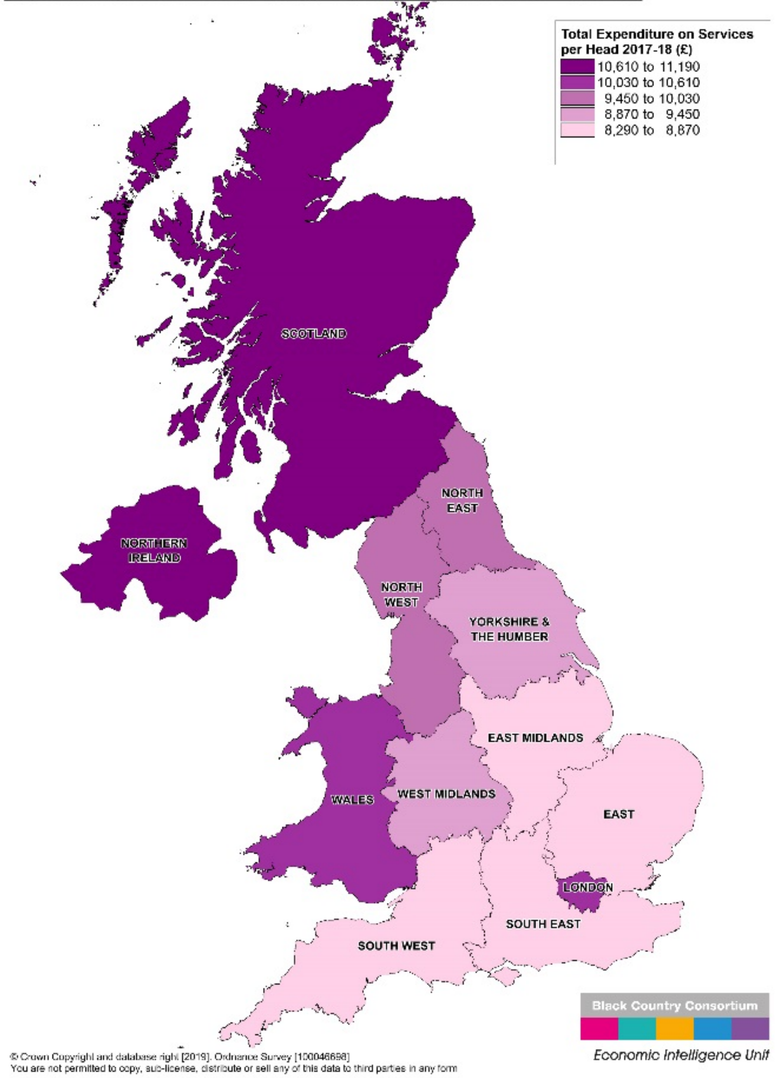
- Some Local Enterprise Partnerships have been much more successful than others in receiving external funding to support projects (e.g. the West Midlands has performed much better than the East Midlands against this metric, Taylor 2019). This could exacerbate regional and sub-regional inequalities even further over the medium term.

- We do not know much about how different organisations, departments and functions have reassessed their spending priorities over the last decade; some services may have experienced funding increases, whilst others have suffered cuts

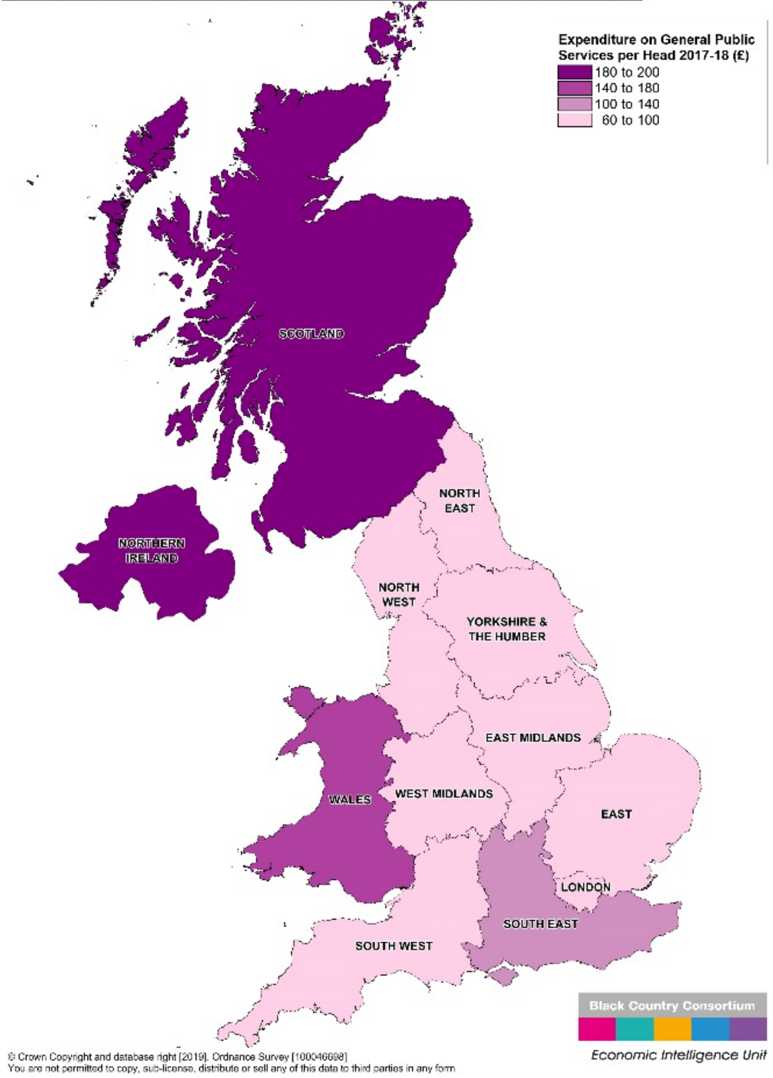
- Even if public bodies have prioritised 'front-line' activities, this is likely to create longer-term problems, because cutting 'back-office' budgets will reduce their capacity to develop and implement effective policies and strategies in the future (Eckersley and Tobin 2019). Indeed the asymmetrical coverage of economic research/evidence revealed by the ME IER itself maybe symptomatic of this phenomenon.

Appendix – Regional mapping of PESA expeniture

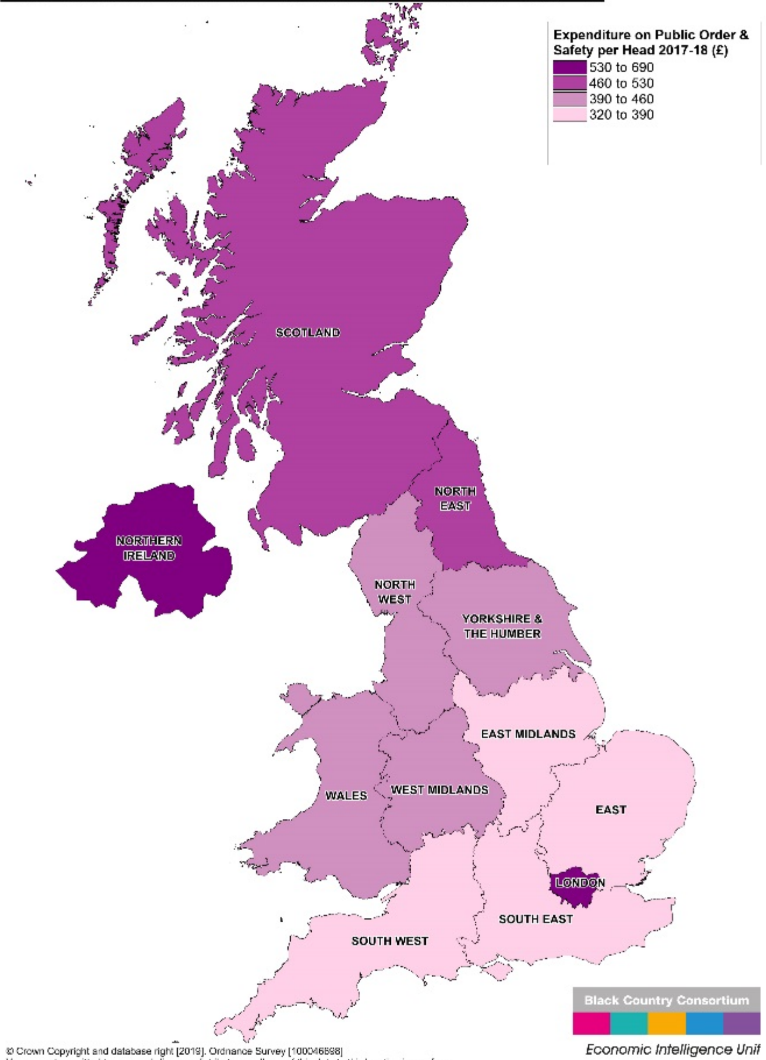
TOTAL EXPENDITURE ON SERVICES PER HEAD 2017-18



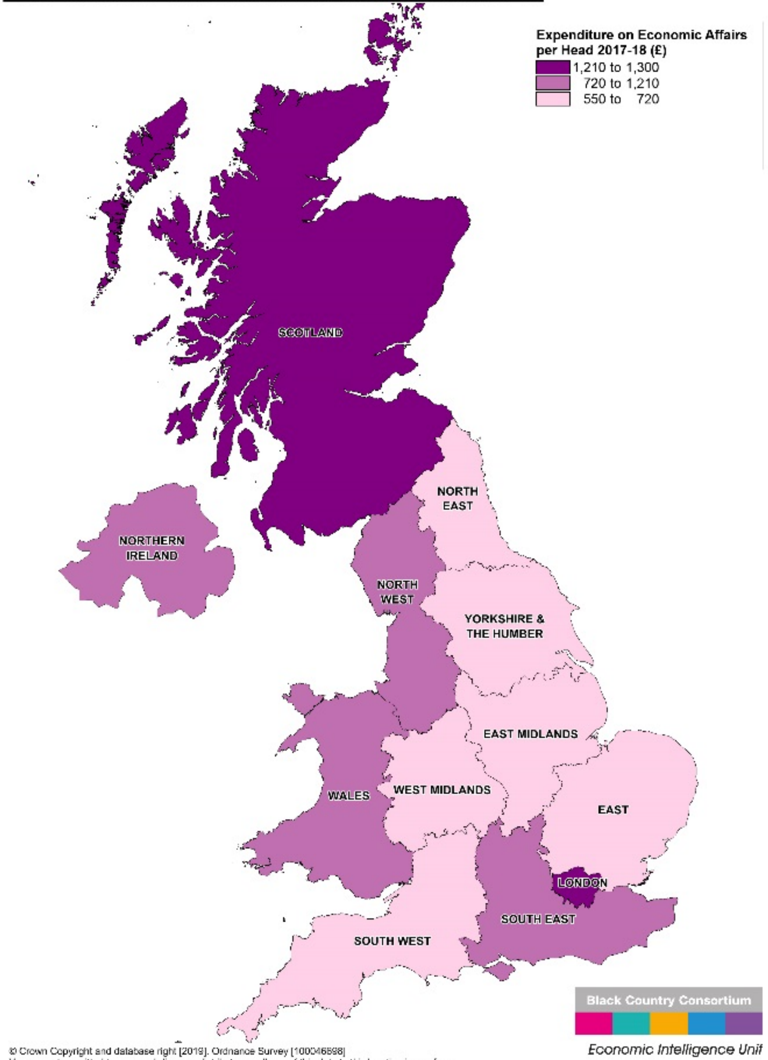
EXPENDITURE ON GENERAL PUBLIC SERVICES 2017-18



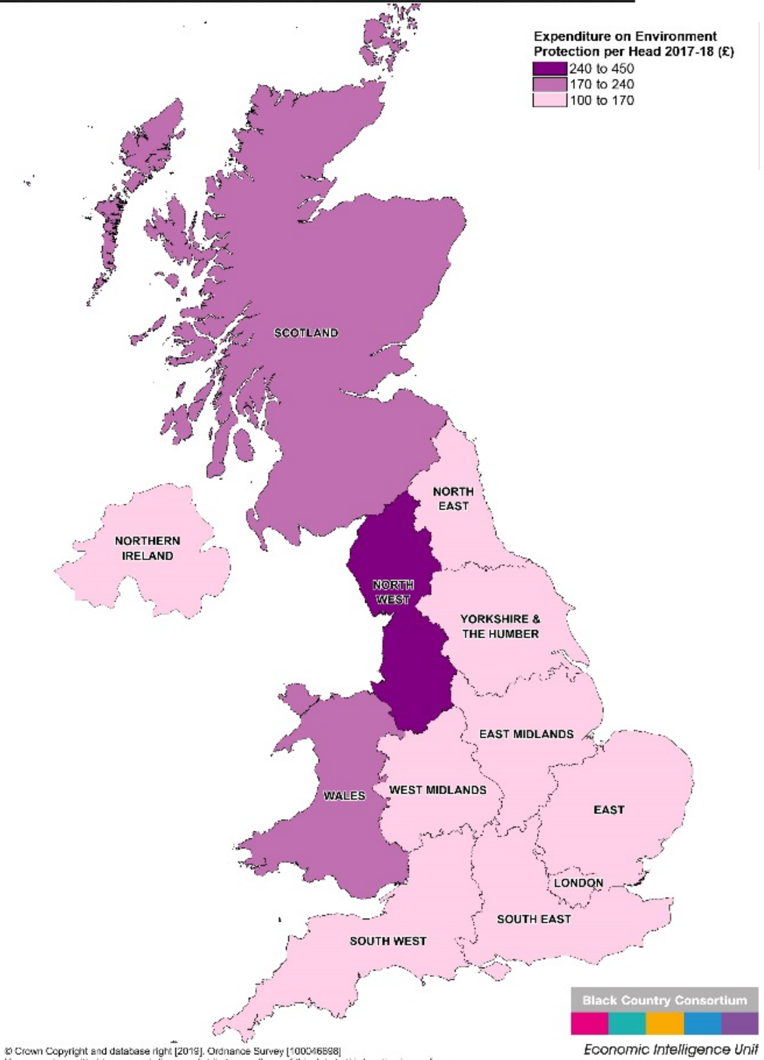
EXPENDITURE ON PUBLIC ORDER & SAFETY 2017-18



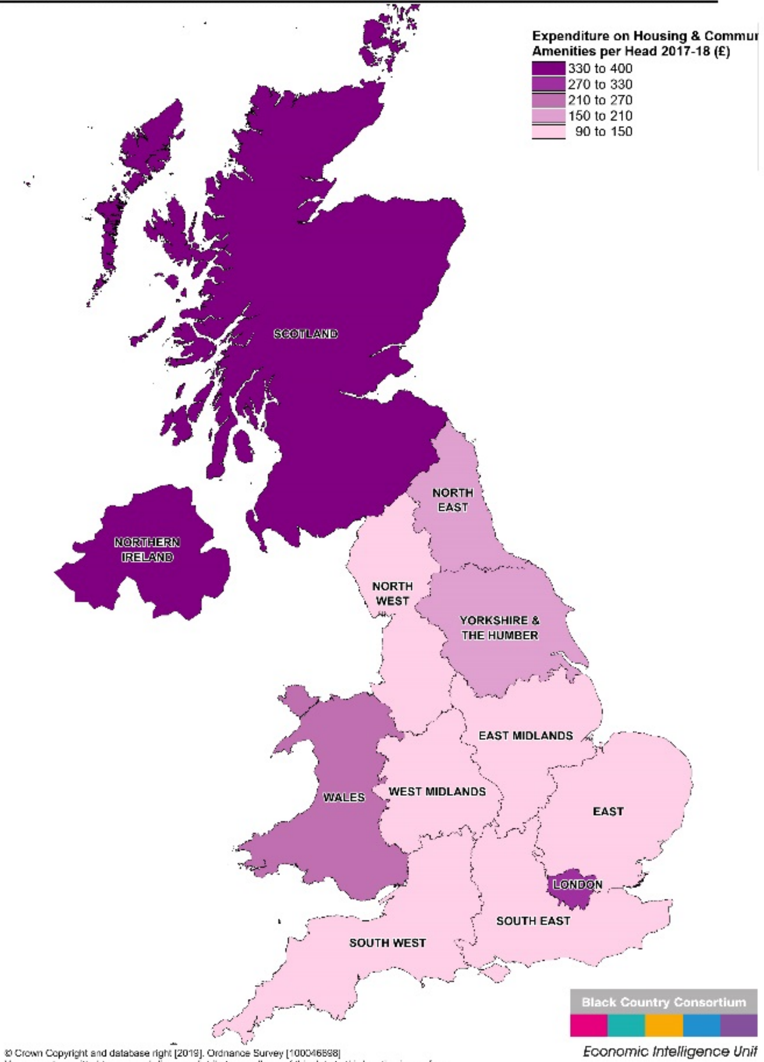
EXPENDITURE ON ECONOMIC AFFAIRS 2017-18



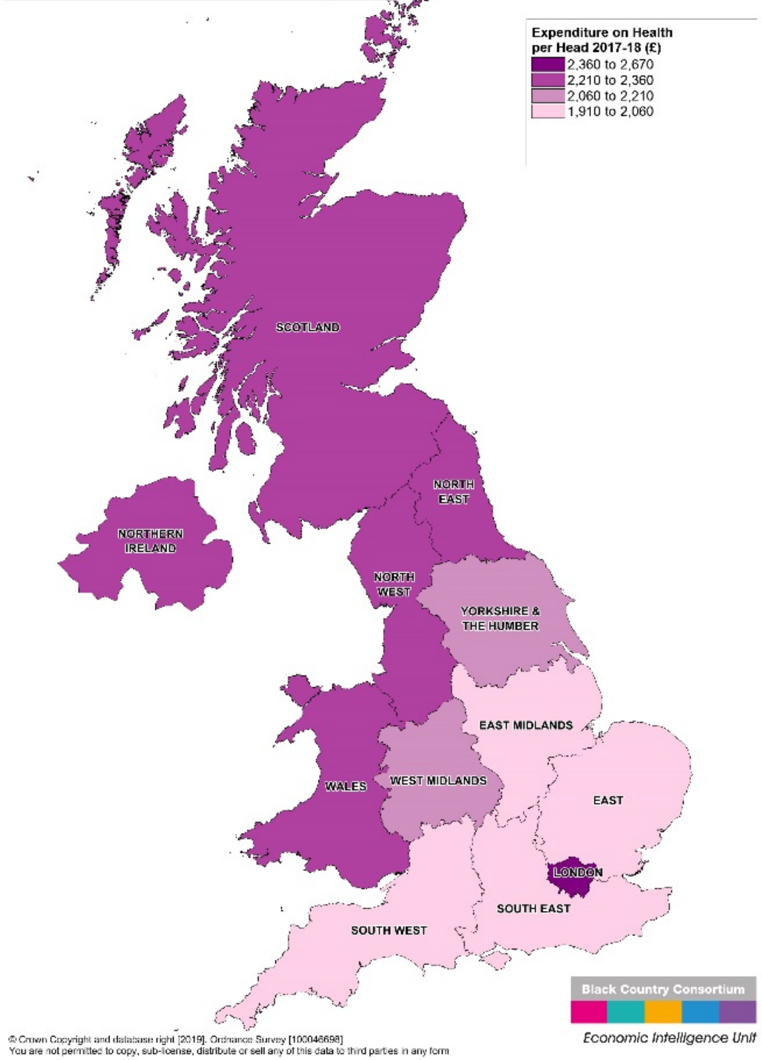
EXPENDITURE ON ENVIRONMENT PROTECTION 2017-18



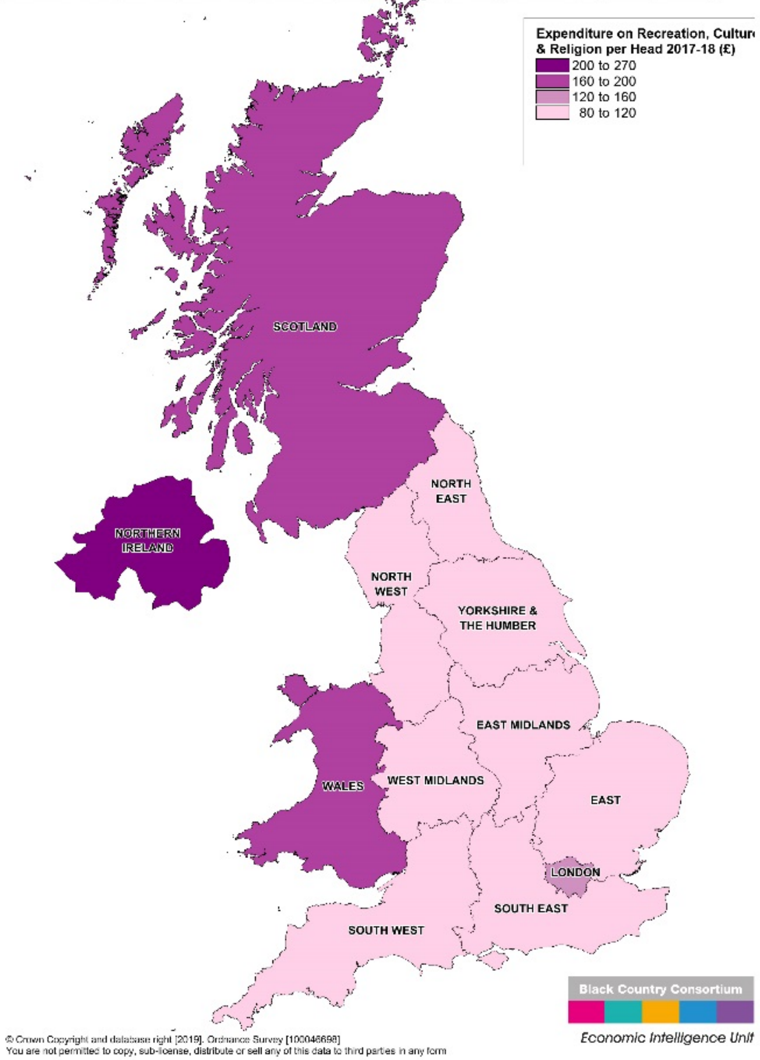
EXPENDITURE ON HOUSING & COMMUNITY AMENITIES 2017-18



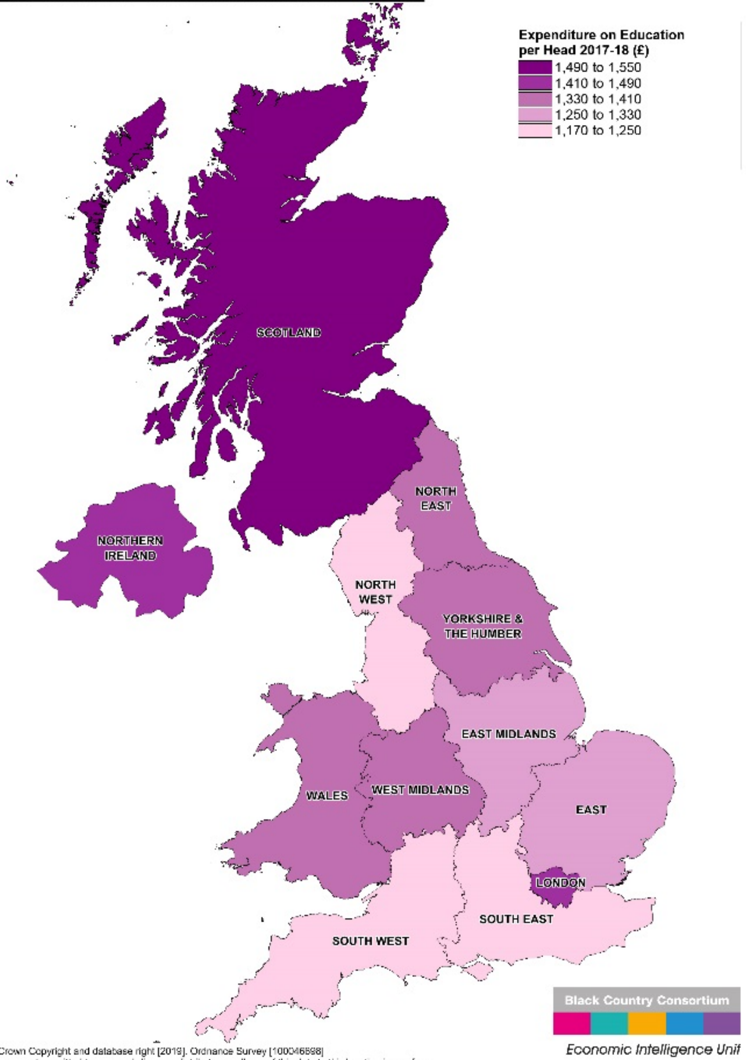
EXPENDITURE ON HEALTH 2017-18



EXPENDITURE ON RECREATION, CULTURE & RELIGION 2017-18



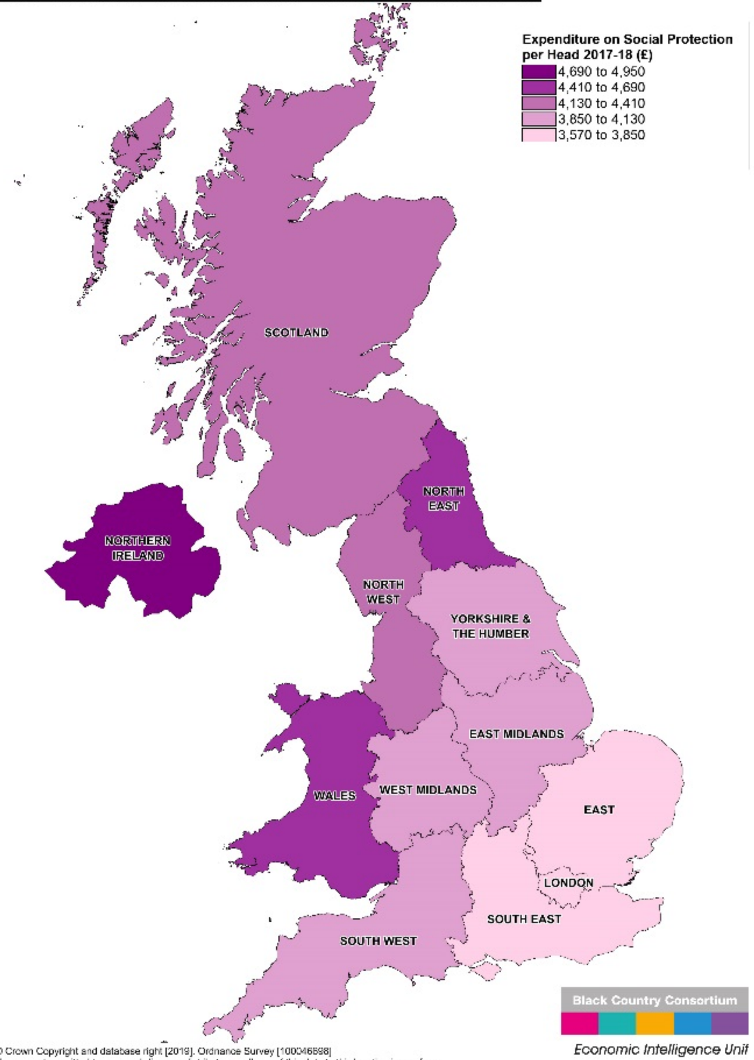
EXPENDITURE ON EDUCATION 2017-18



Black Country Consortium

Economic Intelligence Unit

EXPENDITURE ON SOCIAL PROTECTION 2017-18



Black Country Consortium

Economic Intelligence Unit

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