

# East Midlands Chamber Budget Submission to the UK Government

**October 2024**

**east midlands  
chamber**

Derbyshire | Leicestershire | Nottinghamshire

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The East Midlands Chamber, represents over 4500 businesses across Derbyshire, Nottinghamshire, and Leicestershire. This document, created in partnership with business, outlines the policy recommendations aimed at supporting economic growth, enhancing workforce development and boosting trade and investment in the East Midlands.

The policy recommendations are a continued evolution for the East Midland Chamber Manifesto published in January 2024 - [EMC Manifesto](#)

## Key Requests

1. Skills Investment and Apprenticeship Levy Flexibility
2. Support for the Planning Skills Fund
3. Investment in Transport and Infrastructure
4. Reform of Business Rates and VAT Registration Threshold
5. Strengthened Trade Strategy and Export Finance
6. Investment in Green Growth

## 1. Skills Investment and Apprenticeship Levy Flexibility

Recruitment of workforce skills continues to be a challenge for business across the East Midlands. The East Midlands Chamber Q3 Economic Survey indicates over 60% of respondents continue have difficulty finding the workforce needed. We propose delivery to reforms of the Apprenticeship Levy move at pace and the broader support for skills development.

### A. Flexibility in the Apprenticeship Levy

- **Deliver Flexibility for Non-Apprenticeship Training:** Allow businesses to use Levy funds for accredited, non-apprenticeship training, such as modular upskilling and pre-apprenticeship programs, to meet diverse training needs.
- **Fund All Ages and Skill Levels:** Ensure the Levy continues to support training for all ages and skill levels to maximise employer investment and enhance workforce capabilities.
- **Ringfence Funds for Training:** Allocate a greater percentage of the Levy specifically to apprenticeship and training budgets to meet growing demand for flexible training options.
- **Adjust Funding Bands to Reflect True Costs:** Ensure apprenticeship levy funding bands accurately reflect the true costs of provision, maintaining quality and capacity within the provider market.

### B. Continued Support for Local Skills Improvement Plans (LSIPs)

- **Extend LSIP Funding:** Commit to funding business-led Local Skills Improvement Plans (LSIPs) for an additional year beyond 2025 to continue aligning skills provision with local economic needs.
- **Long-Term Funding Strategy for LSIPs:** Skills England should develop a plan for the long-term funding of LSIPs, ensuring they remain integral to the skills system.

### C. Continued Support for AI Upskilling Fund

The development of artificial intelligence (AI) skills is crucial for the future competitiveness of UK businesses, particularly SMEs. We propose continued support for the AI Upskilling Fund.

- **Extend AI Upskilling Fund Pilot:** Continue the AI Upskilling Fund pilot to help SMEs develop AI skills and integrate these technologies into their operations. This funding will enable businesses to access training and resources that support the adoption of AI, enhancing productivity, innovation, and competitiveness in the global market.

## 2. Support for the Planning Skills Fund

The current planning system continues to stifle growth through its complexity and lack of resource. To address the shortage of skilled planning staff and enhance local development capabilities, we propose the following support:

### A. Matching Public Funding for Planning Skills Development

- **Match Private Sector Funding:** Match the British Chambers of Commerce's (BCC) private sector fund for training new planning graduates with public funding. This initiative would enable local planning authorities to employ planning graduates and mid-level skilled planning staff supported by the fund for at least two years post-graduation, bridging the skills gap in local planning authorities.

## 3. Investment in Transport and Infrastructure

The continued investment in rail, road and digital infrastructure is a key enabler to continued and future economic growth across the East Midlands and therefore immediate asks of Government include the following:

### A. Rail Infrastructure

- **Midland Main Line Electrification:** Fully commit to completing the electrification of the Midland Main Line to improve efficiency, sustainability, and connectivity.
- **Rail Connectivity:** Reinstate direct rail links between Coventry and Leicester, ensuring seamless regional travel and economic growth.

### B. Road Infrastructure

- **A50/A500 Corridor Improvements:** Invest in upgrades along the A50/A500 corridor to improve traffic flow, safety, and business logistics.
- **A46 Corridor Enhancements:** Commit to the modernisation and expansion of the A46 to support regional transport efficiency and accessibility.

### C. Digital Infrastructure

- **Full-Fibre Broadband Rollout:** Accelerate the implementation of full-fibre broadband across the East Midlands to support digital innovation, business growth, and rural connectivity.

## 4. Reform of Business Rates and VAT Registration Threshold

Fair and equitable taxation is essential for supporting businesses and encouraging growth. The current business rates system and VAT thresholds are outdated and therefore we propose the following reforms:

### A. Business Rates Reform

- **Lower the Multiplier:** Set out a pathway to lowering the business rates multiplier to below at least 45p by the end of the current parliament. This reduction will alleviate the financial burden on businesses, particularly small and medium-sized enterprises, and support economic growth.
- **Conduct a full root and branch review of the business rates system:** taking into account the development of different operating models and ensuring business that invest in their premises and machinery are not penalised.
- **Feasibility of Annual Revaluation Cycle:** Explore the feasibility of implementing an annual revaluation cycle for business rates, considering new annual reporting requirements on businesses. This would

ensure that rates more accurately reflect current market conditions and property values.

### B. VAT Registration Threshold Reform

- **Restart the VAT Registration Review:** Resume the review of the VAT registration threshold and explore the implementation of a smoothing mechanism. This approach would help decrease the bunching effect around the threshold while limiting administrative complexity, making it easier for businesses to grow without facing sudden tax burdens.

## 5. Strengthened Trade Strategy and Export Finance

UK Exports continue to decline with a key focus on fewer SME's exporting either to the EU or across the globe. To bolster UK exports and align trade strategy with industrial strategy, we propose the following:

### A. Strengthen Trade Strategy and Linkages with Industrial Strategy

- **Enhance Export Promotion:** Recognise the key role of exports in UK economic growth by developing effective place-based and sectoral export promotion strategies for goods and services. Strengthen commercial diplomacy through an integrated trade and industrial strategy.

## 6. Investment in Green Growth

Developing the future of energy production, storage and provision in the East Midlands will provide solutions to Britain's Net Zero Challenges. Continuing to build on existing research by the regions universities and the practical application by business we propose the following.

### 1. Energy Transition and Sustainability:

- **Support for Low-Carbon Energy Projects:** Continued investment in renewable energy production, including solar, wind, and small modular nuclear reactors, to establish the East Midlands as a leader in clean energy.
- **Funding for Energy Storage and Grid Modernisation:** Upgrade infrastructure to support energy storage solutions, ensuring a stable and sustainable energy supply.

### 2. Decarbonisation Initiatives:

- **Incentivise Net-Zero Projects:** Provide grants and tax incentives for businesses adopting energy-efficient technologies, contributing to the region's goal of achieving Net Zero.

## Summary

The East Midlands Chamber urges the UK Government to adopt these proposals in the upcoming Budget. By reforming the Apprenticeship Levy, investing in Local Skills Improvement Plans, continuing support for AI skills development, funding the Planning Skills Fund, implementing fairer taxation policies, strengthening trade strategy and investing in green growth the government can create a supportive environment for businesses and communities in the East Midlands. These changes are essential for fostering long-term economic growth, enhancing local development, and ensuring the region continues to contribute to the UK's economic success. We look forward to collaborating with policymakers to implement these important reforms.