East Midlands Chamber Budget Asks

November 2025

east midlands chamber

Derbyshire | Leicestershire | Nottinghamshire

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This submission sets out the views and priorities expressed by business leaders during recent engagement across the East Midlands on the forthcoming UK Budget.

The central message is clear: businesses require stability, clarity, and a long-term strategic framework in order to invest and deliver growth in the East Midlands. Recent volatility in taxation, regulation, and immigration policy has undermined confidence and risks accelerating the relocation of manufacturing and other sectors overseas.

In response, this submission identifies three credible asks from business:

1. **Tax and Regulation Reform** – to simplify processes, stabilise policy, and target incentives where they will drive growth.
2. **Skills and Workforce Development** – to ensure apprenticeships, vocational training, and adult skills are properly funded and accessible.
3. **Accelerated Delivery of the Industrial Strategy** – the Industrial Strategy launched in 2025 must now move rapidly into implementation, backed by funding, clear milestones, and guaranteed access for SMEs to procurement opportunities

1. Regional Economic Background

Trends in Business Conditions – East Midlands Quarterly Economic Survey Results (Q3 2024 – Q3 2025)

A. Sales & Orders

- Domestic and overseas demand has remained volatile.
- Q3 2024 recorded steep falls in sales (UK sales down 5%, overseas sales down 10).
- Modest recovery in export orders was seen in Q1 2025, though this was not sustained.
- By Q2 2025, UK sales fluctuated and overseas demand weakened again.

B. Business Confidence

- Confidence in turnover and profitability has been consistently subdued.
- Some temporary improvements were observed (e.g. profitability expectations in Q3 2024), but these proved short-lived.
- By Q3 2025, confidence remained fragile, undermined by persistent cost pressures and tax concerns.

C. Workforce and Skills

- Recruitment activity fluctuates across all quarters, with many businesses using a ‘natural attrition’ model to reduce staff levels and not filling subsequent vacancies.
- Those looking to recruit skilled labour reported difficulty in doing so throughout the last 12 months.
- Businesses prioritised full-time roles, reflecting a desire for stability, but struggled to fill vacancies
- Q3 2025 saw business intentions to recruit reduce sharply.

D. Cashflow and Capacity

- Firms frequently reported pressure on cashflow, with many operating at or below capacity.
- Q4 2024 in particular highlighted a sharp deterioration, with reduced ability to manage costs.
- These constraints limited firms' ability to plan or expand operations.

E. Investment

- Investment intentions in plant, machinery, and training declined in late 2024, as businesses focused on cost containment.
- By Q2 2025, some sectors continued to prioritise training, but overall investment remained subdued and uneven.
- This trend suggests short-term pressures are being prioritised over long-term productivity growth.

F. Cost Environment

- Inflation and corporate taxation were consistently cited as top concerns across all five quarters.
- Business rates, interest rates, competition, and exchange rate volatility added further pressure.
- Many businesses signalled intentions to raise prices, reflecting continued inflationary stress.

2. East Midlands Chamber Member Insight

A. Taxation and Regulation

- Concern about the scale and timing of upcoming tax rises.
- Calls for simplification of the apprenticeship levy and broader regulatory processes.
- Support for multi-year funding settlements to provide certainty.
- Demand for targeted tax incentives, particularly around apprenticeships, skills, R&D, and capital expenditure.
- Repeated changes in tax and regulation cited as a significant driver of instability.

B. Skills and Education

- Strong emphasis on apprenticeships, with business leaders advocating tax breaks and simplified levy arrangements.
- Desire for adult skills funding beyond universities, tailored to local needs.
- Concerns about piecemeal delivery of education policy and reductions in training provision. Longer secured funding cycle and policy commitment needed.
- Recognition of housing and construction as key areas requiring both skills and planning reform.

C. Confidence and Stability

- Markets described as "all about confidence," with repeated shocks damaging investment decisions.
- Political reversals (e.g. on visas) and instability cited as major factors undermining trust.
- Businesses called for "no rabbits out of the hat" in the Budget; consistency and predictability are valued above surprise announcements.
- Slow progress on R&D and innovation support also identified as a barrier.

D. Industrial Strategy and Growth

- Clear demand for the Industrial Strategy launched in 2025 to move into delivery at pace.
- Questions raised over the government's long-term position on climate change within the growth agenda.
- Recognition of opportunities in creative industries, intellectual property, and AI.
- Concern and examples that UK competitiveness is driving manufacturing offshore.
- Businesses emphasised the importance of funding mechanisms and procurement access to ensure SMEs can benefit from the strategy.

E. Communication and Collaboration

- Requests for clearer communication of government plans and greater visibility of success stories.
- Need for business support to be delivered in accessible, sector-relevant language.
- Call for government to match the pace, discipline, and delivery standards expected of private sector firms.

3. Policy Interventions

A. Tax and Regulation Reform

- Introduce targeted tax incentives for apprenticeships, skills, and innovation.
- Simplify regulatory requirements, including apprenticeship levy administration.
- Establish multi-year tax and settlement frameworks to provide certainty.
- Reform business rates to ease cost pressures on smaller firms.
- Reintroduce the Super Deduction Tax Relief – A time-limited enhanced capital allowance to support investment in plant, machinery, and green technology.

B. Skills and Workforce Development

- Expand adult skills funding, including vocational and technical training.
- Ensure apprenticeship levy funds are more easily accessible and less bureaucratic.
- Link housing and construction policy to skills investment, creating a pipeline of trained workers.

C. Accelerating Delivery of the Industrial Strategy & Regional Growth

- Move from Strategy to Execution – The Industrial Strategy launched in 2025 must now shift quickly into delivery, with a clear timetable of actions, measurable outcomes, and annual reporting.
- Dedicated Delivery Fund – Establish a multi-year fund to accelerate implementation, with ringfenced resources for priority sectors such as clean energy, advanced manufacturing, and digital.
- SME Procurement Targets – Guarantee that contracts linked to the strategy are accessible to SMEs, supported by simplified procurement rules and prompt payment practices.
- Regional Rollout – Empower local growth hubs and combined authorities to deliver funding and procurement opportunities at pace, ensuring SMEs can engage without being crowded out by larger firms.
- Transparent Pipeline – Publish forward procurement pipelines and investment schedules so SMEs can plan, invest, and prepare bids with confidence.
- Partnership and Co-funding – Scale up matched-funding programmes that enable SMEs to join major supply chains, particularly in R&D and export-facing sectors.
- Integrated Fundng Settlement – The treasury provides the East Midlands Combined County Authority (EMCCA) with an Integrated Funding Settlement, bringing the region in line with Greater Manchester and the West Midlands and enabling strategic, flexible investment in skills, transport, housing, regeneration and growth.

Recommendations

Based on East Midlands business feedback, the Government should:

1. Stabilise the Policy Environment – Avoid frequent reversals and provide clarity on tax, regulation, and industrial priorities.

2. Invest in Skills – Simplify levy arrangements, expand adult training, and ensure funding reaches local communities.

3. Accelerate Industrial Strategy Delivery – Shift focus from planning to rapid execution, backed by a dedicated delivery fund, transparent pipelines, and guaranteed SME access to procurement.

4. Strengthen Communication – Share successes, provide clear guidance, and communicate with business in a consistent and accessible manner.