

## **Policy Committee Report (February 2018)**

### **East Midlands Councils**

#### **1. Background**

- 1.1 East Midlands Councils is the membership organisation for the region's local authorities. It is a voluntary membership body that focuses on issues of significance and common priorities for councils in the East Midlands and where a collective approach is likely to be effective.
- 1.2 It also provides training and development programmes for councillors and staff of councils in EMC membership (at no additional or marginal cost), access to low-cost services and consultancy, e.g. recruitment and HR, and governance and organisational change support.
- 1.4 EMC also hosts lead members networks for 'portfolio holders' of Children's Services, Adult Social Care and Health and Wellbeing Board.
- 1.5 The following policy report includes detail on:
  - a) Economic Growth and Infrastructure
  - b) Asylum and Refugee Resettlement Programmes
  - c) Children's Services
- 1.6 Nottinghamshire County Council is a key partner in this work, and EMC welcomes the advice on these and any other matters of policy development and delivery.

#### **2. Economic Growth and Infrastructure**

- 2.1 This report updates members on the latest position on:
  - a) Public investment, economic growth and social outcomes in the East Midlands
  - b) East Midlands rail franchise competition
  - c) The cancellation of investment for the electrification of the Midland Mainline
  - d) HS2 in the East Midlands
  - e) The Autumn Budget, the Industrial Strategy White Paper and Manufacturing Zones

**a) Public Investment, Economic Growth and Social Outcomes in the East Midlands**

- 2.2 EMC previously reported that Government data confirms that the region is losing out in terms of public investment.<sup>1</sup> Of particular concern are the comparably low levels of infrastructure and economic development funding – with an obvious implication for future rates of local and regional economic growth.
- 2.3 The recent trend has worsened rather than improved; Government statistics demonstrate that in 2015-16, the East Midlands has:
- The lowest level of public expenditure on ‘economic affairs’.
  - The lowest level of public expenditure on transport, in total and per head.
  - The lowest level of public expenditure on rail per head.
- 2.4 The analysis is attached as Appendix (1) to this report.
- 2.5 On 28<sup>th</sup> November 2017, the Social Mobility Commission published its 5<sup>th</sup> ‘State of the Nation’ report. It confirms a striking geographical divide with London and its surrounding areas pulling away from the rest of the country, while many other parts of the country are being ‘left behind economically and hollowed out socially’.
- 2.6 It warns that *“Britain is in the grip of a self-reinforcing spiral of ever-growing division and calls on government to increase its proportion of spending on those parts of the country that most need it.”*
- 2.7 At the heart of the report is the Social Mobility Index, which ranks all 324 local authorities in England in terms of their social mobility prospects for someone from a disadvantaged background. It uses a range of 16 indicators for every major life stage, from early years through to working lives, to map the nation’s social mobility ‘hotspots’ (good opportunities for social progress) and ‘coldspots’ (those that do not).
- 2.8 Based on this analysis, the East Midlands is the worst performing region/nation in the UK, with half of the region’s local authority areas in social mobility ‘coldspots’, and 10 within the bottom 20 ranked places. A summary is attached as Appendix (2) to this report.

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<sup>1</sup> The data has been drawn from the HM Treasury publication *Public Expenditure: Statistical Analyses 2017* published in July 2017 (the most recent data available is 2015-16).

- 2.9 The report highlights under-investment in infrastructure resulting in poor connectivity and economic productivity as one of the major causes of poor social mobility.
- 2.10 While some may challenge the methodology, question the approach or even its recommendations – SMC’s publication of the State of the Nation report paints a grim picture of the region.
- 2.11 However, the timings are not unhelpful and offers an opportunity to reinforce the case for greater investment – and to remind Government of the effects of not doing so. Following on the Autumn Budget announcement, the publication of the Industrial Strategy and the region’s infrastructure summit meeting on the 27<sup>th</sup> November 2017, followed by the release of the SMC’s annual report; there is now a credible and compelling body of evidence that confirms the lack of investment in the region, the overall effect of this and therefore the need to identify specific actions to address this.
- 2.12 The priority is now to move from the identification of the problem to the presentation of the solution, and enable the region to respond within the context of the Midlands Engine Vision for Growth, the Budget and the Industrial Strategy, through for example:
- a) The emphasis on our growth potential (the investment return) - reinforcing the argument that investing in the East Midlands is a cost-effective means of delivering national economic growth and productivity.
  - b) The East Midlands has delivered the highest GVA growth relative to public investment in transport of any UK region/nation since 2010. Conversely, relatively high levels of transport investment in the devolved nations and northern regions does not yet seem to have delivered similar levels of GVA growth. This leads to a clear economic argument, as well as an equity case, for increasing transport investment in the East Midlands.
  - c) Credible partner in the delivery of the Industrial Strategy.
  - d) Clarity and impact – the focus on a small number of priorities where value can be added at regional level.
  - e) Establish governance arrangements that maximise the collective influence of council leaders and business sector representatives.

**b) East Midlands Rail Franchise Competition**

- 2.13 The Government published the [East Midlands Franchise Competition Prospectus](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/569286/east-midlands-rail-franchise-competition-prospectus.pdf)<sup>2</sup> on the 16<sup>th</sup> November 2016.
- 2.14 The formal 'Invitation to Tender' (ITT) is expected in April 2018, against which candidate Train Operating Companies (TOCs) will make their bids. In the meantime, EMC's Transport for the East Midlands (TfEM) Board is in dialogue with DfT regarding the potential for a longer term management role on the franchise to ensure that future rail services continue to meet the needs of local communities and businesses. A proposition was discussed at TfEM's meeting on the 26<sup>th</sup> January 2018.
- 2.15 The new franchise will start in later 2019. As a result, there will be a further short 'direct award' to the current train operating company, East Midlands Trains.

Proposition for a 'Limited Management Role' for TfEM

- 2.16 The current partnership arrangement with the Department for Transport on East Midlands Franchise Competition has enabled consideration of a longer term role for EMC once the franchise has been awarded. A 'Limited Management Role' would allow local leaders to oversee the performance and investment plans of the TOC alongside the Department for Transport (DfT). It would also allow councils to have an influencing role via DfT on other TOCs serving the East Midlands and Network Rail.
- 2.17 Any proposition agreed by councils will also need to be agreed with the Department for Transport prior to the publication of the Franchise Invitation to Tender (ITT), which is expected in the spring of 2018. A proposed 'Limited Management Role' has been the subject of positive discussions with the DfT officials, but the final decision will rest with the Secretary of State.

**c) Cancellation of Midland Main Line Electrification**

- 2.18 In 2012, after a long regional campaign, the Government announced an integrated package of investment to upgrade and electrify the Midland Main Line between Bedford and Sheffield, which would have resulted in the whole route between Sheffield and London operating under electric traction by 2020. Although the scheme was subsequently delayed (Hendy review), full electrification as planned

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<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/569286/east-midlands-rail-franchise-competition-prospectus.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/569286/east-midlands-rail-franchise-competition-prospectus.pdf)

would also enable HS2 'classic compatible services' to run between Leicester and Leeds from 2033.

- 2.19 However, in July 2017, the Secretary of State announced the cancellation of the full electrification of the Midland Main Line in favour of the procurement of a new fleet of bi-mode trains (rolling stock with both electric and diesel traction).
- 2.20 Even taken in isolation from the wider upgrade scheme, the business case for MMLe remains very strong. Although there is a substantial upfront cost, moving to electric traction will significantly reduce operating costs and have major positive economic and environmental benefits that can be monetised using standard DfT appraisal methodology.
- 2.21 Information released by the DfT suggests that the Benefit to Cost Ratio (BCR) for full electrification would be 3.6 with very high benefits, compared to a BCR of 1.2 for a bi-mode solution requiring an operating subsidy. These conclusions are largely consistent with independent analysis undertaken by EMC.
- 2.22 Notwithstanding the decision to cancel electrification of the line between Kettering and Sheffield, EMC continues to work with DfT on alternative options to improve services on the Midland Main Line. This relates to discussions with DfT that are part of both the franchise process and wider infrastructure prioritisation that include proposals for integrating HS2 into the wider rail network.
- 2.23 Following a joint letter sent at the end of July 2017 and the intervention of Sir John Peace, EMC secured a meeting with the Secretary of State on the 30<sup>th</sup> November 2017 which was attended by Sir Peter Soulsby as Chair of TfEM and Cllr Kay Cutts MBE.
- 2.24 In support of the Select Committee's review into rail infrastructure investment, EMC submitted written evidence (available [here](#)<sup>3</sup>). We anticipate the Select Committee will invite EMC to further support the review, including presenting oral evidence. Any further work will be undertaken in consultation with our Member Councils.

**d) HS2 in the East Midlands**

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<sup>3</sup> <http://www.parliament.uk/business/committees/committees-a-z/commons-select/transport-committee/inquiries/parliament-2017/rail-infrastructure-17-19/publications/>

- 2.25 The East Midlands HS2 Emerging Growth Strategy was submitted to Government in September 2016, available on the EMC website [here](#)<sup>4</sup>.
- 2.26 The document sets out initial plans to use HS2 connectivity to boost economic growth from just below to above the projected UK trend - equivalent to an additional 74,000 local jobs and an extra £4 billion to the UK economy.
- 2.27 While the publication of the Growth Strategy represents an important milestone in the Strategic Board's work – in reality it is just the start of a much longer implementation phase. The key immediate priorities are:
- Establishing a Shadow Delivery Body: To provide the focus and critical mass necessary to drive forward the implementation of the Growth Strategy the current informal partnership will need to move to a more substantive arrangements.
  - Phase 2b Hybrid Bill and Environmental Statement: It will be important to ensure that there is maximum complementarity between the Growth Strategy and the Government's proposition, to minimise the need to secure changes to the Bill through the Parliamentary petitioning process.
- 2.28 Government, Midlands Connect & East Midlands Councils have also agreed priorities to maximise the benefits of HS2. For the first time, all parties have agreed to work towards:
- Partially opening the East Midlands Hub station at Toton in the 2020s, at least for Network Rail services, to support and stimulate the development of the planned Innovation Campus nearby, which has the potential to create 10,000 new jobs.
  - Early delivery of road infrastructure around the Toton Hub Station to support the early phases of the Innovation Campus.
  - Relocating the Network Rail/DB Cargo depot in Toton to another site within the East Midlands to facilitate the development of the Innovation Campus.
  - Establishing an East Midlands 'delivery body' to realise the potential of the Innovation Campus and associated Garden Village housing developments.

**e) The Autumn Budget, the Industrial Strategy White Paper and Manufacturing Zones**

- 2.29 With the exception of Government's intention to pilot a manufacturing zone (or zones) in the East Midlands, there were few announcements of specific relevance to

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<sup>4</sup> [http://www.emcouncils.gov.uk/write/East\\_Midlands\\_HS2\\_for\\_Website\\_single\\_pages.pdf](http://www.emcouncils.gov.uk/write/East_Midlands_HS2_for_Website_single_pages.pdf)

the region from the Autumn Budget (22<sup>nd</sup> November 2017) and the Industrial Strategy White Paper (launched 27<sup>th</sup> November 2017).

- 2.30 Manufacturing zones have the stated intention of tackling planning restrictions to allow land to be used more productively, providing certainty for business investment and help boost local productivity and growth.
- 2.31 Leaving aside the contestable assertion that it is planning restrictions that are holding back manufacturing growth; 'manufacturing zones' could be a significant opportunity for the region. The Industrial Strategy places an emphasis on high-end manufacturing, technologies and engineering alongside the importance of place. The region has strengths in these sectors, alongside the immediate opportunities offered by the airport, and the more medium-term opportunities at HS2 Toton 'innovation campus'.
- 2.32 EMC is already taking a lead in working with the sector in developing the 'proposition' with private sector representatives and BEIS. Final proposals will be considered and agreed by the council leaders, LEP chairs and Sir John Peace through the auspices of the Midlands Engine.

### **3. Asylum and Refugee Resettlement**

#### **a) Dispersal of Asylum Seekers**

- 3.1 The East Midlands has been an asylum dispersal area since 2001 but it continues to be the case that the distribution of asylum seekers is uneven across the country and within the East Midlands - with areas in the north and midlands accommodating the majority of asylum seekers in urban centres of population.
- 3.2 Asylum seekers are located in 6 dispersal areas across the East Midlands; with approximately 800 in Derby City, 1000 in Leicester City, 950 in Nottingham City, 15 in Broxtowe and 55 in Oadby & Wigston. Gedling Borough Council has also agreed to become an asylum dispersal area but no placements have yet taken place. The latest information on the dispersal on asylum seekers supported under Section 95 of the Immigration and Asylum Act 1999 can be found [here](https://www.gov.uk/government/statistics/immigration-statistics-april-to-june-2017)<sup>5</sup>.

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- 3.3 To relieve pressures on existing areas, there remains a need to increase the number of areas participating in asylum dispersal within the region. The position remains (however unlikely) that unless sufficient numbers of local authorities consent to becoming an asylum dispersal area, the power to impose asylum dispersal on a local authority area could be invoked by the Secretary of State.
- 3.4 The current COMPASS accommodation contract comes to an end in 2019 and the Home Office are consulting with local government, via EMC's Regional Migration Board, on future asylum dispersal arrangements.

**b) Refugee Resettlement**

- 3.5 In July 2017, the Government announced that the Syrian Vulnerable Persons Resettlement Scheme would be extended to cover persons displaced by the conflict in Syria and will no longer exclusively cover Syrian nationals (now termed the Vulnerable Persons Resettlement Scheme).
- 3.6 Over the summer, there were 38 additional arrivals as part of the Vulnerable Persons Resettlement Scheme bringing the regional total to 414 refugees.
- 3.7 Local Authorities that have participated in the resettlement of refugees through the programme are Derbyshire (Chesterfield, Derbyshire Dales, High Peak, South Derbyshire), Leicester City, Leicestershire (Blaby, Charnwood, Melton, Rutland, North West Leicestershire), Nottingham City, Nottinghamshire (Ashfield, Broxtowe, Gedling, Mansfield, Newark and Sherwood, Rushcliffe) and Northamptonshire (Northampton). Nationally over 9000 refugees have been resettled.
- 3.8 A schedule of arrivals has been agreed with the Home Office for 2017/18 and the East Midlands is asked to accept 250 refugees as part of the ongoing commitment to the programme. Currently the region is 'below-profile' against this year's target and pledges from new and existing areas are being sought. The next charter flight of arrivals is due in March 2018.
- 3.9 Across the East Midlands, the key challenge to successful implementation of the scheme remains the identification of suitable accommodation. Councils in the East



Midlands have continued to support the scheme and additional funding for void costs and adaptations has been welcomed.

3.10 The Home Office are continuing to seek offers of pledges for the Vulnerable Children's Resettlement Scheme (VCRS). The scheme applies to children and their families outside of Europe in refugee camps in the Middle East and North Africa, with the same funding levels as the current resettlement scheme.

3.11 Based on a proportion of the population, the number of refugees the East Midlands might be expected to support under the scheme would be just over 200. To date, 8 refugees have been resettled through the VCRS in 2 local authorities with another 4 local authorities indicating willingness to accept VCRS cases going forward.

**c) Unaccompanied Asylum Seeking Children (UASC) and Additional Resettlement Requests**

3.12 The UASC National Transfer Scheme (NTS) is based on regions taking a proportion of UASC in relation to their current looked after child population, with no region expected to exceed 0.07% of refugee children as a proportion of the total child population.

3.13 While all local authorities in the region continue to be engaged in the ongoing discussions and planning, funding arrangements and local placements/capacity constraints have prevented some local authorities in the region from participating in the scheme itself, specifically:

- Derby City has indicated that due to funding and capacity it is not able to participate at this time.
- Leicestershire County Council have disengaged from the scheme until such time as the Government meets the full costs of placements and service provision; makes adjustments to the operation of the scheme to make it practical to deliver; or makes participation in the Scheme mandatory.
- Lincolnshire County Council's Executive has agreed to participate in the scheme subject to the participation of all East Midlands authorities.
- Nottinghamshire County Council confirmed on 17<sup>th</sup> July 2017 that its involvement in voluntary transfer schemes, namely the National Transfer Scheme, Regional Transfer Scheme and Dubs Scheme, be suspended in light of the funding shortfall.

- 3.14 As of December 2017, the total number of UASC in the region stood at 306. Less than 25% of total UASC numbers are a result of participation in the National Transfer Scheme; to date, 66 UASC have been transferred to the region directly from France and Greece, from Kent/London Boroughs, or in-region from Northamptonshire (note, these figures include 11 Dubs arrivals and 2 VCRS arrivals).

#### Missing UASC

- 3.15 At the Regional Migration Board, Members demonstrated concern about the numbers of UASC who go missing from local authority care and the associated costs. The national ADCS task group discussed this issue and there is a separate multi-disciplinary group across Police, Immigration Enforcement and the Home Office Resettlement, Asylum Support and Integration Directorate including some local authorities and SMPs looking at the issue.
- 3.16 EMC has met with police representatives to discuss how we manage missing children cases, good practice on 'missing prevention' and guidance on information sharing to support better, quicker and more successful investigations should a child go missing.
- 3.17 The costs of missing UASC to the Police were considered to be within the same range as for all missing children, calculated by Derbyshire Police to be between £1325 and £2415 for a medium risk missing person. The variance arises from how long the person is missing and how many agencies become involved.

#### Funding and Costs

- 3.18 The Home Office announced a review of UASC funding and EMC submitted a response based on its comprehensive regional analysis of funding and capacity. In support of the review, the Home Office has established a Working Group to advise them in developing recommendations. The East Midlands is represented by Colin Pettigrew (Nottinghamshire), Helen Blackman (Nottingham City Council's Director of Children's Integrated Services) and EMC.
- 3.19 The Home Office has indicated that they intend to publish the conclusions of their review before the end of March 2018, with implementation of any changes to funding to commence in the 2018-19 financial year.
- 3.20 The Ministry for Housing, Communities and Local Government has announced the allocation of £19.9m from the Controlling Migration Fund to help local authorities

build their capacity to care for UASC. The region has been allocated £1.15m. EMC is working with the MHCLG to understand their allocation methodology.

#### Revised NTS Protocol

- 3.21 A new protocol for the National Transfer Scheme is being developed. The draft version of the new protocol proposes that for the purposes of the scheme the London Borough of Croydon would become a region in its own right as is the case for Kent. The inference being that London will be subject to in-region transfers whilst below 0.07%. The new protocol will also include social work best practice along with revised allocations methodology.
- 3.22 In discussions with the Home Office, EMC continues to highlight priorities for improved information quality, greater focus on the best interests of the child, responsibility for age assessments to lie not only with receiving authorities but to also include entry authorities, improvements to the preparation of children for transfer by entry authorities, and a reconsideration of the transportation arrangements which currently requires receiving authorities to finance the travel arrangements of transferring UASC to their area.
- 3.23 The new NTS Protocol will likely be published within the next 4-8 weeks.

#### **4. Children's Services**

- 4.1 As part of EMC's responsibilities for supporting its member councils to collectively consider and deliver against common policy and programme areas; EMC manages a network for portfolio holders/committee chairs of children's services.
- 4.2 The lead members' group has provided collective leadership on a number of core areas that include UASC costs and capacity; development of the regional adoption pilot and the development of a new approach to sector-led improvement through the development of the East Midlands Improvement Alliance.
- 4.3 These matters can only be progressed through the active leadership and guidance of lead members, and EMC is further grateful for the support of Colin Pettigrew as Regional Chair of Association of Directors for Children's Services.

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