

Policy Committee Report (May 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:
 - Economic Growth and Infrastructure (section 2)
 - Asylum and Refugee Resettlement Programmes (section 3)
 - Regional Employers' Board (section 4)
- 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) Midlands Connect and regional investment priorities
 - b) East Midlands rail franchise competition
 - c) The cancellation of investment for the electrification of the Midland Mainline
 - d) HS2 in the East Midlands

a) Midlands Connect and Regional Investment Priorities

2.1 Following the publication of the Midlands Connect Three Year Plan, two key areas of work are currently underway:

- Development of a Major Road Network for the Midlands
- Transition of Midlands Connect to a Statutory Sub-National Transport Body

Major Road Network

- 2.2 Funded in 2016, the Government has committed to the establishment of a 'Major Road Network' (MRN) for England. The MRN would cover the busiest and most economically important 'A' roads that are not currently managed by Highways England. It would form a 'middle tier' of roads between the national Strategic Road Network (SRN) and local roads which would continue to be managed by Local Transport Authorities.
- 2.3 DfT is proposing to allocate a proportion of the National Roads Fund to the MRN. Press reports have suggested that this could be in the region of £1 billion per year across England. This would represent additional cash to Local Transport Authorities.
- 2.4 An initial East Midlands MRN proposition was discussed by TfEM on the 1st December 2017 and then on the 26th January 2018 and subsequently endorsed by Midlands Connect Strategic Board on 15th February 2018.

Statutory Sub-National Transport Body

- 2.5 The previous Government made a commitment to establish Midlands Connect as a statutory Sub-National Transport Body by the end of 2018, similar to the status now enjoyed by Transport for the North.
- 2.6 Whilst the current voluntary arrangements have been successful, the Government's Transport Investment Strategy published July 2017 highlights the added value of statutory status:
 - "....This unprecedented access to investment decision making is only possible as a result of STB's unique role as the single voice for their region and the legitimacy that statutory status gives them to prioritise potential investments based on their regional transport strategies" (para 4.23)
- 2.7 Following extensive dialogue, an initial proposition for a Midlands Connect STB has been developed with the following functions (which are also largely consistent with those held by Transport for the North):

- To establish a statutory regional transport strategy for the Midlands which must be recognised and formally responded by central Government and its delivery agencies, and by councils within and adjoining the Midlands.
- To establish recommended priorities for major road and rail investment in the Midlands, which the Department for Transport, Highways England and Network Rail would have to have regard to when setting their investment strategies.
- To identify a 'Major Road Network' (MRN) for the Midlands to complement the national network managed by Highways England, to establish its role and purpose to the regional economy and set desirable standards for operation and potential applications of future technology.
- To work with Local Transport Authorities, Combined Authorities and other bodies (such as West Midlands Rail and TfEM) to specify the development and delivery of rail franchises and to be a statutory consultee on changes to services which are wholly within or run through the Midlands Connect area.
- To act jointly with the Local Transport Authorities and Combined Authorities to create multi-modal ticketing schemes to cover the whole or any part of their combined areas
- 2.8 However officials have subsequently made clear that despite the strong policy commitment, the necessity for secondary legislation and the priority given to Brexit means there will be insufficient Parliamentary time to establish Midlands Connect as a statutory STB before 2020.
- 2.9 The Midlands Connect Strategic Board agreed a draft proposition February 2018, with the aim of formal submission to Government in October 2018. For this to happen, all the proposed constituent authorities would need to give consent. Work is ongoing to confirm the decision making processes and timetables for all proposed constituent authorities to ensure this timescale can be met.

Regional Infrastructure Priorities

2.10 The EMC General Meeting held in February 2017 endorsed the following set of regional infrastructure priorities.

Priority	Current Status	Midlands Connect Strategy
Midland Main Line & Market Harborough Enhancement	 Growth deal funding is in place to cover most of the cost of the scheme – and it is included in Network Rail's enhancement programme for CP5 Government has cancelled electrification between Kettering & Sheffield 	MC Strategy confirms strong support for the MML upgrade and electrification project.
A5 (M42-M69) Strategic Enhancement	 Funding for the Longshoot to Dodwells section was included in the Government's Roads Investment Strategy (RIS1) – but has now been delayed by the HE for 12 months 	MC Strategy highlights strategic enhancement of the A5 as a priority and route from A38 to M1 proposed for the MC 3 Year Development Programme (2017-20)
Newark Strategic Road & Rail Enhancement	 Development money for the A46 Newark Northern bypass was announced in the Government's RIS1 – but scheme unlikely to be completed before 2027 Network Rail has made available resources to explore proposals for a 'Newark flyover' - but the scheme does not feature in NR latest investment plans 	MC Strategy confirms support for delivery for A46 Newark Northern Bypass in RIS2 as the first part of a long term strategic enhancement of the A46 from M5 to Immingham set out in the MC 3 year Development Programme (2017-20)
A14 Enhancement	Proposals for a new Junction 10a at Kettering were announced in the Government's RIS1- but have now been delayed due slower progress on associated housing development & securing developer contributions.	MC Strategy identifies A14 as a key route particularly for freight. Existing commitments for major enhancements around Kettering and in Cambridgeshire (Fen Ditton) supported for implementation in RIS1/2. Further development work proposed post 2025
Access to East Midlands Airport (EMA) & East Midlands Hub Station	 Government has confirmed HS2 Hub Station at Toton. Connectivity between Hub Station and EMA highlighted in EM HS2 Growth Strategy. 	Midlands Connect part funded EM Gateways Study now underway and will inform the Phase 2b Hybrid Bill.

- 2.11 The TfEM Board reviewed these priorities on 26th January 2018 in the context of the latest information on delivery and emerging work from Midlands Connect. The Board agreed to seek a common platform with Midlands Connect to strengthen the East Midlands lobbying position, and to re-present some of the priorities in the following way:
 - Highlight improved access to East Midlands Airport as a separate priority rather than part of HS2;
 - Set improvements to Newark (road and rail interchange) within the strategic context of emerging proposals for an A46 Growth Corridor; and
 - Set improvements to the A14 within the strategic context of improved east west connectivity across the Midlands.
- 2.12 The joint TfEM/Midlands Connect document, attached as an appendix to this report, summarises all of the region's strategic priorities for an external audience.
- 2.13 The document was presented to the Secretary of State by Sir John Peace at a meeting held on the 5th March 2018 the latest in regular schedule of biannual meetings. The discussion did not go exactly as expected. The Secretary of State welcomed the joint document, but wanted further detail on schemes that could be progressed immediately. A response is expected by the end of May 2018.
- 2.14 There will be a further opportunity for the East Midlands to present funding priorities to Government through the 2018 Autumn Budget process. Further work will include how these priorities may be further prioritised (and any further 'pipeline' projects proposed) in support of a clear submission in advance of the Autumn Budget.

b) East Midlands Rail Franchise Competition

- 2.15 The Government published the <u>East Midlands Franchise Competition Prospectus</u>¹ on the 16th November 2016.
- 2.16 The formal 'Invitation to Tender' (ITT) is expected in May 2018, against which candidate Train Operating Companies (TOCs) will make their bids. EMC has met with prospective bidders; Arriva, Abellio, First Rail Holdings Ltd, Stage Coach Rail. First Rail Holdings Ltd (First Group/Trenitalia) have since confirmed they are withdrawing from the competition.

 $^{^1\} https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/569286/east-midlands-rail-franchise-competition-prospectus.pdf$

- 2.17 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.
- 2.18 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.
- 2.19 A proposition was agreed by the TfEM Board on the 26th January 2018, which will need to be endorsed by the Department for Transport prior to the publication of the Franchise Invitation to Tender (ITT), which is expected in May 2018. The 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

- 2.20 The Government's decision to cancel, rather than postpone, the full electrification of the Midland Main Line was announced on the 20th July 2017 the day before the summer Parliamentary recess and just prior to a statement from the Secretary of State supporting Crossrail 2 (estimated to be £30bn+ in today's prices). The written statement to Parliament by the Secretary of State for Transport, The Rt Hon Chris Grayling MP is available here.
- 2.21 Following a joint letter sent at the end of July 2017 and the intervention of Sir John Peace, a meeting was secured with the Secretary of State on the 30th November 2017 which was attended by Sir Peter Soulsby as Chair of TfEM and Cllr Kay Cutts MBE. However, although the Secretary of State was supportive on HS2 matters, there was no indication that the decision to cancel electrification would be reviewed.
- 2.22 Officers remain in dialogue with DfT officials about the potential for incremental electrification, starting with the section between Kettering and the power supply at Market Harborough, and the case for bringing forward the electrification of Clay Cross to Sheffield required for HS2. This is a positive development.
- 2.23 On the 29th March 2018, the National Audit office published a report on DfT's cancellation of a number of rail electrification schemes including the Midlands Mainline. The report can be found at:

https://www.nao.org.uk/report/investigation-into-the-department-for-transports-decision-to-cancel-three-rail-electrification-projects/

- 2.24 The report provides a useful analysis of the DfT's decision to cancel electrification and concludes that the main reason was due to affordability problems within Network Rail, and that the costs/benefits of the alternative bi-mode solution were not properly understood/accounted for when the decision was made by DfT (which was before the last General Election) and are still not fully understood now.
- 2.25 In particular, the report confirms that there is no existing bi-mode solution with the performance in both electric and diesel modes necessary to deliver the publically committed journey times on the MML.
- 2.26 This is inconsistent with the explanation for the decision given by the SoS to the Transport Select Committee which was that electrification was now unnecessary because of advances in bi-mode technology.
- 2.27 There has already been some fairly robust comment in the press and from MPs. EMC/TfEM has not publicly commented, and we have no plans to do so but will continue to engage constructively with Ministers and DfT officials on the scope for increasing transport investment in the East Midlands.

d) HS2 in the East Midlands

- 2.28 The East Midlands HS2 Growth Strategy was published in September 2017 and endorsed by NCC Policy Committee in September 2017.
- 2.29 The Growth Strategy sets out clear and deliverable plans for how the region can work with Government and local communities to deliver this economic prize consistent with the Midlands Engine Vision for Growth and the Government's Industrial Strategy. It includes proposes a high quality 'Toton Innovation Campus to sit at the heart of a thriving network of 'garden village' developments that will include the nearby Stanton and Chetwynd Barracks sites. It also includes detail on the significant wider opportunities for economic growth and transport connectivity; developed within a wider spatial context for enhancing towns and cities across the East Midlands and maximising the potential of key assets, e.g. the airport and Gateway Freight Interchange.

- 2.30 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:
 - a) 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.
 - b) Establishing delivery arrangements and a clear route map to the establishment of formal delivery bodies.
- 2.31 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, 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.
 - Developing proposals to relocate the Network Rail/DB Cargo depot in Toton to another site within the East Midlands to facilitate the development of the Innovation Campus.
 - Establishing a delivery body to realise the potential of the Innovation Campus and associated Garden Village housing developments.
- 2.32 The region has made good progress on HS2 with the region being able to demonstrate consensus and ambition. Of significant importance is the current work on the Hybrid Bill, and this work is going well. While there has been agreement on the principle and potential scope of the Toton delivery body/vehicle, there has not been agreement between key local partners on the timings and immediate approach.
- 2.33 As the region's HS2 partnership moves from strategy development to strategy delivery, it is also clear that effective governance needs to be in place to support programme delivery, accountability, oversight and wider partnership engagement.
- 2.34 These important matters need to be resolved and discussions continue between leading partners in order to reach agreement on the way forward and for impetus to be maintained.

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.
- 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.

b) Refugee Resettlement

- 3.4 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).
- 3.5 Up until the end of 2017, there were 33 additional arrivals as part of the Vulnerable Persons Resettlement Scheme bringing the regional total to 447 refugees.
- 3.6 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, Harborough, Hinckley and Bosworth, Charnwood, Melton, Rutland, North West Leicestershire), Nottingham City, Nottinghamshire (Ashfield, Bassetlaw, Broxtowe, Gedling, Mansfield, Newark and Sherwood, Rushcliffe) and Northamptonshire (Northampton). Nationally over 10,000 refugees have been resettled.

- 3.7 A schedule of arrivals has been agreed with the Home Office for 2018/19 and the East Midlands is asked to accept 270 refugees as part of the ongoing commitment to the programme. The scheme is now due to receive final arrivals in December 2019. Currently the region is 'below-profile' against the original pledges made in 2015 and pledges from new and existing areas are being sought. The next charter flight of arrivals is due in June 2018.
- 3.8 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.
- 3.9 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.
- 3.10 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, 12 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

- 3.11 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.
- 3.12 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 17th 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.
- 3.13 As of February 2018, the total number of UASC in the region stood at around 270. Within this total UASC cohort, 25% are a result of participation in the National Transfer Scheme with UASC transferred to the region directly from Europe, from Kent/London Boroughs, or in-region from Northamptonshire (note, this includes Dubs and VCRS arrivals).

Missing UASC

3.14 At the Regional Migration Board, Members expressed concern about the numbers of UASC who go missing from local authority care. 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. National and regional agencies are developing a response and a new multi-agency approach is being rolled out.

Funding and Costs

- 3.15 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.
- 3.16 The Home Office had indicated that they intended 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. However, the outcome of the review is still awaited.

3.17 The Ministry for Housing, Communities and Local Government announced earlier in 2018 the allocation of £19.9m from the Controlling Migration Fund to help local authorities build their capacity to care for UASC. Most local authorities caring for UASC in the East Midlands received a grant, with a total allocation across the region of £1.1m. There is agreement amongst the majority of East Midlands' local authorities to contribute a small proportion of these grants to create a regional UASC Fund in order to support the development of a sub-regional resource.

Revised NTS Protocol

- 3.18 A new protocol for the National Transfer Scheme has been published. The new Protocol contains a number of changes, including:
 - Inclusion of good practice notes (including greater focus on the best interests of the child and improved information-sharing) for different stages of the transfer process;
 - Merton compliant age assessments may be conducted by the entry as well as receiving local authority; and
 - Recalculation of the 0.07% UASC to total child population for each local authority area, now based on 2016 data, effectively increasing the threshold for transfer in most authorities and London Boroughs
- 3.19 The protocol will be kept under regular review and the Home Office will be looking to establish a working group to consider issues about the transfer process on an ongoing basis.

4. The Regional Employers' Body

4.1 The purpose of this section is to update Members on key developments on employment issues affecting local government. It also provides a summary of the support provided by East Midlands Councils to local authorities in the region on HR, workforce and councillor development.

a) Local Government Pay

- 4.2 Members will be aware that negotiations are currently taking place nationally on pay.
- 4.3 Agreement has now been reached for employees on Local Government Services (Green Book) terms and conditions the majority of local authority employees. The agreement covers 2 years and includes a new national pay spine for implementation

- in 2019 which will help address the pressures of the national minimum wage and the erosion of differentials.
- 4.4 EMC will be supporting councils with any issues or concerns they may have in implementing the new pay spine as part of their local pay and grading structures.
- 4.5 On 10th April 2018, National Employers made pay offers to the representatives of Craftworkers, Chief Officers and Chief Executives. ALACE, which represents Chief Executives rejected the offer within an hour of its receipt. The offer made to Chief Officers has also been rejected.

b) Employment Law Developments

- 4.6 Taxation of Payments in Lieu of Notice: New provisions have been introduced from 6th April 2018 so that any payments in lieu of notice are subject to taxation and national insurance, regardless of whether employment contracts provide for pay in lieu of notice. This is helpful in simplifying the issue, but removes the flexibility employers had when seeking to agree an exit through a settlement agreement, as any notice payments now must be subject to tax/NI.
- 4.7 Legal Requirement to Charge Unions for Deductions of Subscriptions through Payroll (DOCAS): 2 days before its expected implementation date of 10th March 2018, the Cabinet Office announced that the legislation requiring public sector employers to charge unions for deducting their members' subscriptions via payroll would not be coming into force due to Parliamentary timing issues.
- 4.8 The Cabinet Office will be looking at bringing the Regulations the Trade Union (Deduction of Union Subscriptions from Wages in the Public Sector) Regulations 2017 into force at a later date and EMC will keep councils updated on any developments.
- 4.9 Most councils had been putting in place agreements with trade unions to make charges and the majority have now decided to hold off introducing the charges until the legislation comes into effect. This issue was a significant concern for the trade union side of the Regional Joint Council.

c) Gender Pay Gap Reporting Requirements

- 4.10 By 31st March 2018, all councils with 250+ employees were required to have published their gender pay gap information on their website as well as on a dedicated government website.
- 4.11 EMC has provided information and guidance to councils on calculating and reporting their gender pay gap.
- 4.12 The information published by councils in the region is being collated by EMC, although comparisons between organisations require careful analysis, as often the pay gap reflects the different workforce models in councils, e.g. whether or not services that tend to be traditionally dominated by one gender, and are lower paid, are 'in-house'.
- 4.13 As part of our work on pay and rewards, EMC will be working with councils to share ideas, information and practices that will help to reduce a gender pay gap, however the causes and solutions are longer-term as they mainly reflect occupational segregation.

d) Service Support

- 4.14 As the Employers' Organisation, EMC provides advice and support to councils on HR and learning and development issues. During 2017-18, EMC has:
 - Provided advice on 45 separate HR issues referred by HR officers in our local authorities (this is a service that is free for member councils).
 - Conducted 73 separate research assignments on behalf of councils so that organisations can share and benchmark policies and performance information (this is a free service for member councils).
 - Enabled 363 vacancies to be advertised on East Midlands Jobs, a low-cost recruitment portal.
 - Delivered a programme of training and development for councillors across the region, attended by 212 councillors.
 - Delivered a programme of training and development for officers, attended by 324 officers.
 - Delivered a programme of continuous professional development for planners, attended by 377 officers.
 - Delivered a programme of continuous professional development for environmental health officers attended by 605 delegates.
 - Launched a programme for housing officers.

- Supported councils individually on 74 separate assignments on a consultancy arrangement on a not-for-profit basis.
- 4.15 Members of the Employers' Board have agreed that the work plan for 2018-2019 would focus on the following areas:
 - GDPR (General Data Protection Regulations) which come into force in May 2018.
 - Apprenticeships supporting councils to maximise return on the levy and identify apprenticeships to assist with skills shortage areas and workforce development.
 - Pay and rewards.
 - Health and social care integration.
 - Recruitment and retention within planning, building control and social care.

e) Brexit

4.16 EMC and the LGA are hosting a Post-Brexit Commission Roadshow event for the East Midlands which will take place on 11th May 2018 at Nottinghamshire County Council. The programme has been developed to enable leading councillors and chief officers to discuss some of the key challenges and opportunities facing non-city areas in the East Midlands over the coming years. Every council in the region is guaranteed at least one place.

Stuart Young
Executive Director
East Midlands Councils