

APPENDIX

East Midlands Councils

1. Background

- 1.1 East Midlands Councils is the membership organisation for the region's local councils. 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.
- 1.3 Nottinghamshire County Council is a leading member council of EMC and two councillors are members of EMC:
 - Cllr Alan Rhodes (member of EMC Executive Board, and Improvement & Transformation Board).
 - Cllr Kay Cutts (member of the Regional Migration Partnership).
- 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 areas have been agreed by the Executive Board as priority policy areas, and are those that EMC is actively involved in on behalf of its membership:

2. Midlands Engine

- 2.1 Following the Chancellor's speech in Derby on the 1st June 2015 announcing the Midlands Engine concept, LEPs and Councils across the Midlands have been working together to develop an initial proposition that was launched in December 2015 by the Business Secretary the Rt Hon Sajid Jarvid MP.
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/482247/midlands-engine-for-growth.pdf
- 2.2 The prospectus confirms Government ambitions that the Midlands economy could grow by £34 billion by 2030, if it matched the predicted growth rate for the UK, and that a further 300,000 jobs could be created by the end of this

Parliament in the Midlands region. It is based on enhanced collaboration around the following themes, each with an identified East Midlands joint lead:

- Promotion – to both domestic and foreign investors (Ian Curryer, Nottingham City Council)
- Transport (through Midlands Connect)
- Skills (Dame Asha Khemka, West Notts College)
- Finance for business (Nick Pulley, LLLEP)
- Innovation (Sir David Greenaway, University of Nottingham)
- Economic Planning (Mike Carr, Nottingham Trent University)
- Supply chain development (newly developed and spearheaded by JLR and Rolls Royce)

2.3 Council leaders and chief executives in the East Midlands have expressed concern regarding Midlands Engine governance and ways of working with bias towards LEPs and the West Midlands. Leaders and Chief Executives were clear that Midlands Engine will only meet its objectives if the Midlands Engine has legitimacy and the support of local government in the region.

2.4 In addition, the current geography of the Midlands Engine (stretching to cover South East Midlands area that includes, for example, London Luton Airport) is seen as unhelpful.

2.5 These matters were brought to a head through the launch, at MIPIM, of a UKTI Midlands Engine 'Pitchbook' that distorted our pitch.

2.6 Councils in the East Midlands have required that:

- a) Protocols would be developed to ensure formal governance is underpinned by fair and transparent ways of working.
- b) Parity on membership of the Senior Steering Group.
- c) An approach is made to Sir John Peace to be independent chair of Midlands Engine (in addition to chairing Midlands Connect).
- d) An independent assessment of offers to host the Midlands Engine Secretariat (for which Loughborough University is the preferred East Midlands offer);
- e) An agreement to confirm membership with particular reference to the SEMLEP area.

2.7 It is expected that these matters will be addressed and formal governance for the Midlands Engine agreed at the Senior Steering Group (SSG) meeting on 24th April.

Membership of Midlands Engine Senior Leadership Group

- 2.8 At the SSG meeting on 24th March, it was agreed that the membership of new Strategic Leadership Group (SLG) should comprise:
- 1 independent chair
 - 4 East Midlands local authorities - agreed to be Cllr Collins (Nottingham City), Cllr Hill (Lincolnshire), Cllr Rushton (Leicestershire) and Cllr Western (Derbyshire)
 - 4 West Midlands local authorities
 - 4 East Midlands LEP chairs
 - 4 West Midlands LEP chairs
 - 2 East Midlands universities (1 from 'M6 Group')
 - 2 West Midlands universities (1 from 'M6 Group')
 - 1 East Midlands FE
 - 1 West Midlands FE
 - 7 theme group chairs (potentially represented by the above)
- 2.9 In order to ensure balance and transparency across the programme, the Midlands Engine Executive will produce a formal Terms of Reference for the new Strategic Leadership Group, clear protocols on Midlands Engine promotion, a register of interest and a set of Midlands Engine values.
- 2.10 The SSG also agreed to establish an Executive Board to act as support to the new Senior Leadership Group. Suggested membership and timetable of meeting dates will be considered at the next SSG alongside proposals to ensure a clear delineation of roles between the Senior Leadership Group and the Executive Board beneath it.
- 2.11 Finally, the Business, Innovation and Skills Select Committee has launched an inquiry looking at the Northern Powerhouse and Midlands Engine, focusing on whether the Government's devolved arrangements can deliver improved economic growth and if these models could be adopted by other regions. The deadline for written evidence is the Friday 6th May 2016. All EMC Members will be provided with a copy of East Midlands Councils' submission.

3. Midlands Connect

- 3.1 Midlands Connect is a key component of the Midlands Engine initiative, although it pre-dates its inception by 18 months. Initial work funded by LEPs demonstrated that the economic potential of improving connectivity between key centres of economic activity across the Midlands.

- 3.2 The Chancellor announced in his 2015 summer Budget an allocation of £5 million to support the development of a strategic transport strategy for the Midlands by March 2017 which will seek to agree key investment priorities that will boost the Midlands economy, for delivery by Highways England, Network Rail and HS2 Ltd from 2020 onwards.
- 3.3 The 2016 Budget announced the following schemes as part of the Midlands Connect programme:
- a) The continued development of the M1, between London through the Midlands and up to Yorkshire, into a smart motorway (through technological improvements).
 - b) Further improvements to three major Midlands roads at the A46 Newark bypass and its A1 junction, by upgrading single carriageway on the A45 Stanwick to Thrapston, and upgrading the M42 and M5 around Birmingham to a four lane smart motorway.
 - c) £1m for upgrade of Market Harborough station carpark as part of the upgrade to Midland Mainline programme).
 - d) Launch of a 'Local Majors Fund', enabling local areas to bid for funding for large local transport projects.
 - e) Proposals to place Midlands Connect on a statutory footing by end-2018 through establishing it as a 'Sub-National Transport Body for the Midlands'.

4. HS2 Update

- 4.1 A formal route announcement for the HS2 Eastern Leg will not be made until later this year after current work on key sections of the proposed line is completed by HS2 Ltd. However, the Government has confirmed its support for a Hub Station serving the East Midlands being located in Toton, and strongly welcomed the work of councils and business leaders through EMC's HS2 Leadership Board to secure a regional consensus on station location.
- 4.3 Policy Committee Members are reminded that the Government recently made available £1.25 million to support the development of an HS2 Growth Strategy for the East Midlands which will address connectivity and economic development issues related to both the Hub Station at Toton and the maintenance depot at Staveley.
- 4.4 Other notable developments include:

- The commissioning of an ‘Economic Opportunities Study’ as key to the development of the Growth Strategy.
- The proposed establishment of an HS2 Core team with a view to moving to a development company solution once the Growth Strategy has been completed in 2017.

4.5 If Members wish to obtain further information and detail on HS2 matters, in particular station design principles, then the following sources will be helpful:

- [http://www.emcouncils.gov.uk/write/Final Farrells Report.pdf](http://www.emcouncils.gov.uk/write/Final_Farrells_Report.pdf)
- [http://www.emcouncils.gov.uk/write/HS2 Hub Station Concept Design.pdf](http://www.emcouncils.gov.uk/write/HS2_Hub_Station_Concept_Design.pdf) [note option 1 as the preferred design]
- and the general page for HS2 matters is found at <http://www.emcouncils.gov.uk/HS2>

6. Migration – Asylum Dispersal and Syrian Resettlement

a) Asylum Dispersal

6.1 Nottingham City currently hosts around 950 asylum seekers (East Midlands around 2700). As directed by the Home Office, EMC is working to increase the number of dispersal areas to reduce the pressure on established areas and to increase capacity in the system. Broxtowe and Gedling agreed to become new dispersal areas in 2015 although the provider (G4S) has yet to procure properties in these areas. Discussions (which include the County Council) are ongoing with Bassetlaw regarding their willingness to become a dispersal area. It is the Home Office’s intention to talk to all local authorities in the East Midlands about the potential to become a new dispersal area as highlighted in the letter to chief executives in August 2015.

b) Syrian Resettlement.

6.2 98 Syrian refugees arrived in the East Midlands prior to Christmas; 83 of whom were resettled in Nottingham City and wider Nottinghamshire (including Mansfield, Gedling and Broxtowe).

6.3 A regional model has now been submitted to the Home Office for the coordination of resettlement for phase 2. This relates to co-ordination of activity (between the local and national) – rather than any direction – and it should be emphasised that the scheme remains voluntary and non-mandatory.

- 6.4 Arrangements are being made with the Home Office for a charter flight including refugees to the East Midlands to arrive in early July 2016. This will include a further 25 refugees to Nottingham and Nottinghamshire.
- 6.5 Pledges have now been received from Leicester, Leicestershire and Rutland for the lifetime of the programme and from Derbyshire for 2016/17. Lincolnshire and Northamptonshire authorities are yet to make a firm commitment to accept refugees.

c) The Recent '3000 Announcement'.

- 6.6 The Immigration Minister has announced that a further 3000 refugees including accompanied children from the Middle East and North Africa will be resettled in the UK. Further details are yet to emerge.

d) Unaccompanied Asylum Seeking Children. (UASC)

- 6.7 The Immigration Minister has written to all local authority leaders to announce the introduction of a national transfer scheme of unaccompanied minors. The details are yet to emerge but within the same letter there is an acknowledgement of the uneven distribution of both asylum seekers and refugees across the country indicating that officials would be expected to be aware of existing obligations when considering the transfer of unaccompanied children. The intention is maintain a voluntary scheme. Nottinghamshire County Council are represented at the regional UASC task group.

e) Modern Slavery

- 6.8 This remains an important issue and one that EMC works upon with its member councils and wider partners (both voluntary and statutory agencies). The next meeting of the East Midlands Anti-Trafficking Partnership will take place on 29th June.

7. Working with the Region's MP – the All-Party Parliamentary Group

- 7.1 MPs in the region have met three times this year since 5th January 2016 to re-establish and agree a work programme for the All-Party Parliamentary Group for the East Midlands. Chris Heaton-Harris (Conservative, Daventry) and Chris Leslie (Labour, Nottingham East) were unanimously elected as co-chairs.

7.2 It was agreed that East Midlands Councils will be the secretariat for the EM APPG, and EMC works closely with the East Midlands Chambers of Commerce on these matters.

7.3 In advance of the Budget announcement (March 2016), the APPG wrote to the Chancellor in support of the region's prioritised infrastructure schemes, and at its next meeting MPs are anticipated to consider the levels of public investment that the region receives, including National Lottery funding.

8. Employment Issues – Local Government as Employers

8.1 EMC hosts the Regional Employers' Board that provides political leadership on employment issues and forms the Employer's side of the Regional Joint Council. East Midlands Councils (EMC) through its role as the region's Employers Organisation, has the responsibility of supporting employment relations through the operation of the Regional Joint Council. There are a number of employment proposals that have a significant impact on local government, in particular, the Government's commitment to creating 3 million new apprenticeships in this Parliament through the introduction of a levy and a target number of apprentices as a proportion of the workforce in the public sector.

a) The Apprenticeship Levy

8.2 The levy will be set at 0.5% of the payroll and will come into force from April 2017, applying to all public and private sector companies with a pay-bill of over £3million. It will therefore apply to most councils. The levy has been estimated as costing councils over £200 million per year, in addition to the pay and other on-costs of employing apprentices.

8.3 There remains uncertainty on how the levy will apply to schools, and this is being discussed by BIS, DCLG and DfE in order to provide clarification to local authorities and schools.

b) Annual Apprenticeship Targets

8.4 If enacted, the Enterprise Bill includes a power to set an annual apprenticeship recruitment target of 2.3% of the workforce headcount. The target will apply to public sector organisations employing 250+ employees.

- 8.5 The target is problematic for local authorities as it is currently proposed to base the calculation on headcount, rather than full-time-equivalent staffing levels. Given the high number of part-time workers and posts in local government, basing the calculation on headcount has a distorting effect.
- 8.6 Looking at the national impact of the proposal, councils would need to create 36,000 apprenticeship starts each year, compared to 9,000 which are planned for 2016 (which is an increase of 3000 from apprenticeship numbers in 2015).
- 8.7 Funding for apprenticeships as set out below will only cover training and assessment costs, therefore local authorities will be bearing the employment related costs of apprentices, which are on average £11,500 per year.
- 8.8 Local authorities in the region remain supportive of apprenticeships. However, the proposals as set out above present a challenge for the sector, particularly given the context of financial pressures, the reducing workforce and the difficulties already encountered in recruiting to apprenticeships.

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