

## Policy Committee Report (November 2017)

### 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) A Summary of EMC's Support and Service Provision to Councils
- 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 the:
  - a) Levels of public investment in the East Midlands
  - b) Midlands Engine
  - c) Midlands Connect
  - d) East Midlands Rail Franchise competition
  - e) The cancellation of investment for the electrification of the Midland Mainline.
  - f) HS2 and the publication of the HS2 Growth Strategy

**a) Levels of Public Investment in the East Midlands**

- 2.2 Partners have long suspected that the region is losing out in terms of public expenditure – and now the most recent HM Treasury report confirms this.<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 and in summary, 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.
  - The 3<sup>rd</sup> lowest on health care.
  - The 3<sup>rd</sup> lowest on education.
  - The 3<sup>rd</sup> lowest total of public expenditure on services, in total and per head.
  - Total UK public expenditure per head indexed (UK = 100); the East Midlands = 91, North East = 104, North West = 103.
- 2.4 The full HM Treasury report, data table and analysis is available [here](#).
- 2.5 Table 1 shows the total identifiable expenditure on services per head in real terms, 2011-12 to 2015/16; examples include spending on health, transport, economic affairs, education, and social protection.
- 2.6 Between 2011-12 and 2015-16, total expenditure on services has fallen in the East Midlands (as is the general trend elsewhere and nationally). However, it has remained consistently below the England average (£579 per head lower in 2015/16). If the Northern Powerhouse is seen as a primary competitor for investment funds, then it has been given a head start (£980 per head better funded than the East Midlands). The West Midlands, at a little over £500 per head better off, fares comparably well too.

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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.](#)

Table 1: Total identifiable expenditure on services in real terms 2011-12 to 2015-16 (£ per head, in descending order for 2015-16 outturn)

	<b>2011-12 outturn</b>	<b>2012-13 outturn</b>	<b>2013-14 outturn</b>	<b>2014-15 outturn</b>	<b>2015-16 outturn</b>
<b>London</b>	10,584	10,263	10,099	10,002	10,129
<b>North East</b>	9,781	9,612	9,549	9,448	9,472
<b>North West</b>	9,516	9,409	9,282	9,301	9,387
<b>UK</b>	9,204	9,063	8,995	9,011	9,076
<b>England</b>	8,929	8,791	8,729	8,754	8,816
<b>Yorks &amp; Humber</b>	8,950	8,780	8,683	8,729	8,791
<b>West Midlands</b>	8,907	8,774	8,664	8,787	8,750
<b>South West</b>	8,385	8,298	8,319	8,408	8,361
<b>East Midlands</b>	<b>8,291</b>	<b>8,238</b>	<b>8,164</b>	<b>8,229</b>	<b>8,237</b>
<b>East</b>	8,062	7,947	7,943	8,066	8,163
<b>South East</b>	7,880	7,825	7,871	7,854	7,977

2.7 Table 2 show the level of expenditure on economic affairs, 2011-12 to 2015-16. This area of expenditure includes enterprise and economic development, science and technology, employment policies, agriculture, fisheries and forestry, and transport.

2.8 Given the importance of transport, this data is specifically highlighted and confirms that for both economic affairs more widely, and for transport, the East Midlands is the lowest funded region per head of the population, with the lowest % increase in funding between 2011-12 and 2015-16.

Table 2: Identifiable expenditure on Economic Affairs, and Transport (2011-12 to 2015-16, £ million, in descending order of % increase - excludes inflation)

	<b>Economic Affairs</b>			<b>Of which: Transport</b>		
	<b>2011-12 outturn</b>	<b>2015-16 outturn</b>	<b>% increase</b>	<b>2011-12 outturn</b>	<b>2015-16 outturn</b>	<b>% increase</b>
<b>South East</b>	416	591	42.1	213	365	71.4
<b>West Midlands</b>	430	505	17.4	206	342	66.0
<b>London</b>	869	1,196	37.6	649	973	49.9
<b>England</b>	534	664	24.3	298	444	49.0
<b>South West</b>	443	508	14.7	188	277	47.3
<b>Yorks &amp; Humber</b>	510	615	20.6	259	380	46.7
<b>North West</b>	496	603	21.6	275	401	45.8
<b>UK</b>	596	703	18.0	319	441	38.2
<b>North East</b>	527	558	5.9	223	299	34.1
<b>East</b>	543	610	12.3	286	365	27.6
<b>East Midlands</b>	<b>465</b>	<b>475</b>	<b>2.2</b>	<b>209</b>	<b>260</b>	<b>24.4</b>

Table 3: Breakdown of Total Identifiable Expenditure on Transport, 2015-16 (£ million, in descending order for rail spending).

	National Roads	Local Roads	Local Public Transport	Railways <sup>2</sup>	Other Transport
England	2866	4274	2347	13725	1129
London	24	406	1264	6473	272
South East	709	644	140	1615	159
North West	333	640	299	1453	155
East	302	586	90	1159	83
Yorks & Humber	452	441	112	972	73
West Midlands	374	457	111	823	199
South West	239	531	152	515	81
East Midlands	277	327	113	427	74
North East	155	241	67	288	32

Table 4: Total Identifiable Expenditure on Railways, per head 2015-16

	£ per head
London	746
England	251
North West	203
East	191
South East	180
Yorks & Humber	180
West Midlands	143
North East	110
South West	94
East Midlands	91

### Implications for Midlands Connect

- 2.9 The decline in the relative and absolute performance of the East Midlands in securing public investment, particularly transport spend, is an important and concerning issue.
- 2.10 In consideration of this decline over a 4-5 period, it could be seen as firm justification for the current joint work with the West Midlands through Midlands Connect (and Engine). Similarly, it could also be seen as a helpful ‘marker’; a problem now identified and the solution is to be partly found through Midlands Connect.

<sup>2</sup> Following implementation of ESA2010, Network Rail is now classified as Central Government. Consequently Total Managed Expenditure (TME) includes Network Rail spending, however the actual expenditure of Network Rail only appears in the Department for Transport budget from 2015-16.

- 2.11 The key challenge is simple; Midlands Connect needs to demonstrate its value by securing investment against agreed strategic transport infrastructure priorities. The corollary of this, however, is that unless investment levels improve as a result of working through Midlands Connect, it will become increasingly difficult to present compelling arguments as to the benefits of this approach.
- 2.12 The terms of trade for Midlands Connect appear to be straightforward; partners from the East Midlands work with colleagues from the West Midlands to support DfT in developing a realistic programme of priority transport investment schemes that have local and regional support and will deliver the greatest level of return. In exchange, there is an expectation that DfT will deliver on the agreed strategic priorities and the level of investment will increase.
- 2.13 It is on these latter two points where there is growing concern; EMC will continue to work with the partnership in order to achieve and demonstrate early success and value.
- 2.14 Midlands Connect has a central challenge – and that will be to ensure that the region secures a greater proportion of transport spending, otherwise it is simply reinforcing the status quo. The PESA transport data is therefore instructive as it provides a proxy measure against which the effectiveness of immediately past, current and future interventions on securing investment through Midlands Connect and wider local/regional activity can be considered.
- 2.15 East Midlands Councils has highlighted this challenge to the Department for Transport and the Midlands Connect partnership.

### **Conclusions**

- 2.16 From the evidence briefly presented here it is clear that the East Midlands is not receiving the share of public sector investment or expenditure on services it would be reasonable to expect, particularly when compared to levels of expenditure in other regions, London and England as a whole (and often when compared to the West Midlands).
- 2.17 In presenting any case for investment to Government, either directly or through partnership bodies such as Midlands Engine/Connect, it is important that it is built on robust evidence.

- 2.18 The HM Treasury PESA data is consistent, credible, comparable and independent (from regional and local partners) and is instructive in confirming the underfunding of the region, both in real terms and when compared to other regions; particularly within the context of recent spending decisions e.g. MMLe.
- 2.19 The data is also useful in supporting the arguments that greater economic growth and productivity could be achieved if public investment was better targeted not necessarily on ‘those regions losing out’ but to those regions (i.e. the East Midlands) that are underfunded but able to deliver greater rates of return from this investment.
- 2.20 This is this key point and will require some additional work. In presenting any argument to Government on the need for greater infrastructure (and wider) investment, regional partners have to be able to counter the argument that ‘there is less investment in the East Midlands as there is evidentially, less need’. The reverse argument has, after all, been used to grand effect, with London successfully arguing for ever-greater investment on the basis of greater need.

**b) Midlands Engine (Strategy, ‘Vision for Growth’ Action Plan and Governance)**

- 2.21 The Midlands Engine, chaired by Sir John Peace, was established late 2015. In rebalancing the UK economy and delivering the Industrial Strategy, the Midlands Engine has an important role to play.

**Midlands Engine Strategy and ‘Vision for Growth’**

- 2.22 Government’s publication of both the UK’s Industrial Strategy and the Midlands Engine Strategy (9<sup>th</sup> March 2017) was a significant step forward in confirming a role for the Midlands Engine. With this came a clear expectation that the Midlands Engine should develop a credible, focused and achievable Action Plan (the ‘Vision for Growth’).
- 2.23 Given the need to respond to Government in a coherent and compelling way, Metro Dynamics was commissioned to assist in the completion of the Action Plan. This included developing a consensus view of the Midlands Engine, working across the region, with a wide cross section of partners. In summary, the ‘Vision for Growth’:
- Sets out a clear statement of purpose for the Engine, with some underpinning principles and a vision statement.
  - Establishes 5, evidence-based packages of work, with priorities, which can be developed into firm business cases and implementation plans.

- Frames the ambition for Government, in the short, medium and long term.
  - Details commitments for the £4m of Government support for operating and other costs.
  - Offers a platform for further negotiation with Government and for a communications and engagement plan with stakeholders across the region.
- 2.24 The final draft of ‘Vision for Growth’ was endorsed by the Supervisory Board on 8<sup>th</sup> September 2017, and is available [here](#). Sir John Peace has also written to the Prime Minister to update on the progress of Midlands Engine and to identify agreed priorities for the consideration by Government. This is in addition to meetings with the Secretary of State (DCLG) and attendance at the recent party conferences.

### **Governance**

- 2.25 The publication of the Industrial Strategy, the Midlands Engine Strategy and ‘Vision for Growth’ brought with them a recognition that the previous, loose governance were no longer adequate.
- 2.26 Revised governance arrangements for the Midland’s Engine were agreed by the Supervisory Board on 8<sup>th</sup> September 2017. In summary:
- Midlands Engine Executive Board will be the high level strategic decision making body of the partnership. It will meet on a quarterly basis.
  - The Midlands Engine Business Advisory Board will be the business representative forum.
  - The Midlands Engine Operating Board will be appointed by the Executive Board and will be accountable for the operational management of the Midland Engine programme
  - The Midlands Engine Strategic Programme Groups will be responsible for the delivery of specific parts of the Midlands Engine programme.
  - The Midlands Engine Nomination Committee will lead on governance matters.
  - Midlands Engine Partnership Forum will support consultation and engagement with its members, decision makers and potential investors. It will support the development of strategy and help decide investment priorities.
- 2.27 The region’s representatives on the newly established Midlands Engine Executive Board that provides for 3 representatives from both the East and West Midlands, are confirmed as Cllr Martin Hill (Lincolnshire County Council), Cllr Jon Collins (Nottingham City Council) and Cllr Barry Lewis (Derbyshire County Council).

2.28 Midlands Engine has appointed an Interim Programme Director with the recruitment for the permanent Chief Executive Officer, Programme Director and other Secretariat roles underway at the time of writing this report. It is anticipated that a full team will be in place by January 2018.

**c) Midlands Connect**

2.29 Similar to the governance arrangements for the Midlands Engine Executive Board, the leadership board for Midlands Connect includes 3 Local Authority leaders from the East Midlands; Cllr Kay Cutts, Cllr John Collins (Nottingham City Council), and Cllr Nick Rushton (Leicestershire County Council).

2.30 Following the publication of the Midlands Connect Three Year Plan, this report updates members on two key areas of work:

**Major Road Network**

2.31 Following the publication of an independent report by the Rees Jefferys Road Fund 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.

2.32 DfT is proposing to allocate a proportion of the National Roads Fund to the MRN and it has been suggested that this could be up to £1 billion per year across England. This would represent additional cash to Local Transport Authorities.

2.33 Where they exist, the Government will seek the advice of emerging Sub-National Transport Bodies like Midlands Connect to define the MRN for a given area. As a result, Midlands Connect is undertaking a study that will look to establish:

- The make-up of the MRN within the Midlands, and in areas close to our borders.
- The role the MRN plays in the current economy of the Midlands.
- The role the MRN will play in the forecast growth (economy and housing) of the Midlands.
- Identify those roads in the Midlands MRN which provide a nationally important role.



- Identify the opportunities for collaboration across Local Highway Authority areas and the Strategic Roads Network around setting standards for operational management, information/data sharing and future proofing.
- Identify and prioritise those roads within the MRN most in need of future investment.

2.34 Whilst this technical work is at an early stage, Transport Directors have considered initial options for the East Midlands element of a MRN for consideration by the Transport for the East Midlands Board on the 1<sup>st</sup> December 2017 (with Nottinghamshire County Council represented by Cllr Kay Cutts).

### **Statutory Sub-National Transport Body**

2.35 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 proposed for Transport for the North.

2.36 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).

2.37 Following two well attended member workshops and discussion with transport directors from across the Midlands, an initial proposition for a Midlands Connect STB has been developed with the following functions:

- 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 work with Local Transport Authorities, Combined Authorities and other bodies (such as West Midlands Rail and EMC) 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 (subject to the Bus Services Bill).

2.38 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. In addition, at the last meeting of the Midlands Connect Strategic Board, at least one local authority leader expressed scepticism about the move to statutory status.

2.39 As a result, officers have been working with DfT officials to develop a revised timetable for progression towards statutory status and including interim steps that would help build political confidence. These might include a period of ‘shadow running’ of a full STB, and the establishment of more formal joint working with Highways England along the lines of the ‘Highways North’ arrangements.

#### **d) East Midlands Rail Franchise Competition**

2.40 The Government published the [East Midlands Franchise Competition Prospectus](#) on the 16<sup>th</sup> of November 2016. The document contains a summary of EMC’s position (page 20) as agreed by the EMC Executive Board in April 2016.

2.41 To provide a clear mandate for engagement with the Department for Transport and bidders, the EMC Executive Board agreed the following documents, available on the EMC website [here](#).

- EMC Strategic Statement which sets out regional objectives for new franchise.
- EMC Social Value Statement which sets out social, economic and environmental objectives for the delivery of the franchise under powers contained in the Public Services (Social Value) Act 2012.

2.42 The Government published the formal [consultation document](#) on the 20<sup>th</sup> July 2017 - 8 months later than originally planned. The document sets out the Government’s

vision for the next franchise and asks a series of detailed questions on what should set out in the specification against which operators will bid.

- 2.43 The document also confirms the Government's decision to cancel the electrification of the Midland Main Line through Derby, Leicester and Nottingham. Instead, the Government wants to explore the potential of using bi-mode rolling stock and 'alternative technologies' to achieve benefits similar to high speed electric trains – although it is not clear how these services would be compatible with HS2.
- 2.45 As a consequence of the delay to the consultation, DfT has also had to:
- Re-run the 'expressions of interest' phase for franchise bidders. Originally three operators had been shortlisted to bid for the franchise. Re-running the exercise may lead to more or fewer operators coming forward; and
  - Make another direct award to the existing franchise holder (East Midlands Trains) of 6 months, which would mean the next franchise starting in late 2019.
- 2.46 The region's response, as endorsed by TfEM and the Executive Board is available [here](#).

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

- 2.47 The Government's decision to cancel, rather than postpone, the full electrification of the Midland Main Line was announced on the 20<sup>th</sup> 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).
- 2.48 The written statement to Parliament by the Secretary of State for Transport, The Rt Hon Chris Grayling MP is available [here](#). The key points (as stated) include:
- The [Midland Mainline] upgrade will enable reduced journey times and more seats for long distance passengers during the peaks, as well as more capacity for commuters with dedicated services with longer trains. Journeys will improve from 2020 and, once the full benefits are realised, there will be almost twice as many seats into London St Pancras in the peak compared to today.
  - The next [franchise] operator will be required to deliver modern, fast and efficient trains. This includes a brand new fleet of bi-mode intercity trains from 2022, delivering more seats and comfort for long-distance passengers.

- The provision of these trains will replace plans to electrify the line north of Kettering to Sheffield and Nottingham, improving journeys sooner, without the need for wires and masts on the whole route, and causing less disruption to services.
- The Government does not intend to proceed with plans to electrify the line from Kettering to Sheffield and Nottingham, and there will be further investment to come to ensure Sheffield is HS2-ready.

2.49 All the indications are that the business case for the full electrification of the Midland Main Line remains strong. It would significantly reduce the running costs of the railway, reduce CO2 emissions, improve air quality and enable the faster acceleration and deceleration of trains. It would also promote the future integration of the HS2 and classic rail networks by enabling classic compatible running. At the time of the cancellation, it is understood that the project was being implemented successfully within the agreed budget and timescales by Network Rail.

2.50 In response to the Government's announcement, EMC has requested an urgent meeting with the Secretary of State (also involving the Chair of Midlands Connect Sir John Peace). As yet, EMC has not received any response from DfT and no date for this meeting has been confirmed.

2.51 The concerns are primarily:

- We are not aware of any examples elsewhere in the world where alternative fuels have been used to power inter-city trains (i.e. 125 mph) on a commercial basis. Bi-mode for the East Midlands in 2022 is therefore likely to mean electric and diesel, which means a continuation of diesel traction throughout most of the region – including the Air Quality Management Areas in Derby, Leicester and Nottingham – for the foreseeable future.
- It is not at all clear that electric/diesel bi-modes can deliver the same level of performance as high speed electric trains or make the most of the line speed improvements now being implemented on the MML. Bi-modes are heavier as they have to carry an additional power unit and fuel, and experience from the Great Western Line suggests they can struggle to deal with gradients and take longer to accelerate/decelerate. There is also no evidence that bi-modes bring the reliability or reduced track/wheel wear and tear that an all-electric fleet can deliver.

- Electrification would appear essential for running HS2 classic compatible services - which is why the Government is committed to electrifying a small part of the Erewash Valley Line and the MML north of Clay Cross by 2033 to allow Sheffield to be served by HS2 classic compatible trains. Provision for HS2 classic compatible services serving Leicester is a key part of our vision for HS2 in the East Midlands. It is not at all clear that bi-mode trains could deliver the same level of performance as HS2 classic compatible trains.
- The current 40 year old HSTs will become non-compliant with regulations on disability access and emissions in 2020 - at least 2 years before the new bi-modes are planned to enter service. We are unclear on the proposals of Government for dealing with this 2 year gap.
- The cancellation of electrification will inevitably have an impact on jobs and businesses, particularly in the rail engineering sector - which is heavily represented in the East Midlands. We would like to discuss Government proposals for working with our rail sector to maintain investor confidence and drive innovation.
- The case for electrification remains strong. Electric trains are cheaper to run, quicker, more reliable, quieter and less polluting than the alternatives – which is why HS2 will use electric traction. In addition, it would appear the Government remains committed to the de-carbonisation of the economy and to addressing air quality.

2.61 EMC's Executive Board advised that a 'twin track' approach should be followed that combines continued engagement through the franchise process to secure service enhancements where possible with a vigorous campaign to secure reinstatement of electrification. As a result, the following actions have been undertaken or are proposed:

- A meeting to scope out Parliamentary support was held with key regional MPs on the 14<sup>th</sup> September 2017.
- Officers are reviewing available evidence to produce a revised briefing note on the wider benefits of electrification.
- EMC agreed write to the Chair of the Transport Select Committee suggesting an inquiry into the decision.
- EMC and the East Midlands Chambers of Commerce are hosting a major summit on the 'Future of Transport and Infrastructure Investment in the East Midlands' on 27<sup>th</sup> November 2017.

**f) HS2 in the East Midlands**

2.62 The East Midlands HS2 Emerging Growth Strategy was submitted to Government in September 2016, available on the EMC website [here](#).

2.63 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.

2.64 The Growth Strategy, attached as Appendix 6(a) is structured around the following:

- 'People' – summarising earlier work on the scale of the economic prize, the challenges of planning for 'generation z' and the key elements of our skills and supply chain strategy.
- 'Place' – setting a clear strategic context for using HS2 to add value to existing strengths and assets across the East Midlands including ambitious proposals for new high quality mixed use development based around two 'growth zones'; an East Midlands Hub Growth Zone focused on the proposed Hub Station 'innovation village' development and 'garden village' proposals at Stanton and Chetwynd Barracks; and Northern Derbyshire Growth Zone (focused on Chesterfield and Staveley).
- 'Connectivity' – setting out a strategic approach to linking people and growth opportunities to the HS2 network from the strategic right down to the very local, and integrated into our emerging designs for the Hub Station, the 'innovation village', and the areas around Chesterfield station and Staveley.
- 'Delivery' summarising the 'key moves' from all three sections necessary to implement the growth strategy, and the immediate asks of Government required to safeguard future opportunities, including the necessary provisions in the Phase 2b Hybrid Bill.

2.65 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. A meeting of council leaders chaired by Cllr Kay Cutts took place on 25<sup>th</sup> September to discuss potential options. A business case will be made to secure £5m over 5 years through the Chancellor's 2017 Budget to support the establishment of a 'shadow delivery body'.
- Phase 2b Hybrid Bill and Environmental Statement: Work to develop the provisions of the Hybrid Bill and the Environmental Statement describing the Bill scheme will take place primarily over the next 12 months. 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.

### **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 Since the last Executive Board there have been no new offers of potential new dispersal areas brought forward within the region. The position remains 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.
- 3.3 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](#).

3.4 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 nearly 8000 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 being 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 November 2017.

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 EMC is working with East Midlands Further Education Councils (emfec) on mapping ESOL provision and drawing together best practice to support the roll-out of additional English language training and integration services. The final report is due imminently.

3.11 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.

- 3.12 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. Two local authorities have indicated willingness to accept VCRS cases going forward.

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

- 3.13 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% UASC of refugee children as a proportion of the total child population.

- 3.14 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.

- 3.15 As of August 2017, the total number of UASC in the region stood at 306. Less than 20% of total UASC numbers are a result of participation in the National Transfer Scheme; to date, 57 UASC have been transferred to the region directly from France, from Kent/London Boroughs, or in-region from Northamptonshire (note, these figures include 10 Dubs arrivals and 1 VCRS arrival).

- 3.16 The often experienced seasonal spike in the numbers of UASC presenting during the summer months did not materialise in any significant way during 2017. However, 6

local authorities have experienced spontaneous UASC arrivals in recent weeks which may indicate a delay in arrivals rather than a removal of the peak. Numbers will continue to be monitored by the UASC officer leads and the Regional Migration Board.

### **Funding and Costs**

- 3.17 The UASC costs report has been sent to the Home Office, County Councils Network and Local Government Association. As agreed, EMC's leadership wrote to the Immigration and Education Ministers highlighting concerns regarding funding and capacity.
- 3.18 The Home Office announced a review of UASC funding and EMC has submitted a regional response. This was primarily based on the regional UASC Costs Report (previously submitted in its entirety) along with a summary of the key points highlighting the current funding shortfall to the region of £7.46m per annum, the contribution of 'legacy' UASC (arrivals before 1<sup>st</sup> July 2016) to this figure of £5.65 million, and the projected deficit to the region when UASC numbers reach the 0.07% threshold of £14.7m.
- 3.19 The Home Office has indicated that they intend to publish the conclusions of their review in January 2018, with implementation in the 2018-19 financial year.

## **4. A Summary of EMC's Support and Service Provision to Councils**

- 4.1 Alongside the policy and programme work highlighted in this update report, I also wish to provide Nottinghamshire County Council with a summary of EMC's service provision to member councils.
- 4.2 The 4 pillar approach continues to provide the framework for EMC's work with our focus on being an all-member organisation, policy development, collective work and lobbying, and improving communications.
- 4.3 As an 'all-member organisation'; we routinely offered all councillors and officers in the region opportunities to attend our briefing, skills development and training events with 1,942 councillors and officer places taken throughout the year (5% increase).
- 4.4 We have continued to offer advice, access to low cost services and capacity support to our member councils - and all councils in membership accessed at least one of these discounted services during 2016/17 with EMC increasing the level of savings it has

delivered on behalf of its member councils estimated to be £858,000 – a return of over 3:1 against total member subscriptions.

- 4.5 We provided direct organisational support and HR services on 43 different assignments to councils in the region.
- 4.6 We provided advice to councils on 144 employment related requests.
- 4.7 We successfully held the first East Midlands Local Authority Challenge initiative that provided locally-centred support to develop and train over 100 local authority junior managers.

**Stuart Young**  
**Executive Director**  
**East Midlands Councils**



# East Midlands Councils



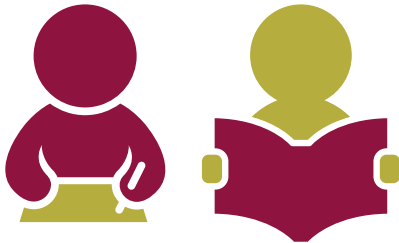
**£858,000**

savings delivered, a return of over 3:1 against subscriptions

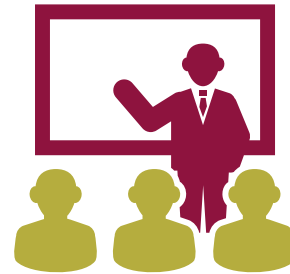


**2000**

councillors sent our weekly policy brief



**37** different HR assignments undertaken



**1942** councillor and officer places taken on EMC training and development programme (5% up on last year)



**£22m** secured for Midlands Connect



**147** separate employment related requests for information and advice – all completed



**52** **11** organisations and of coaches in EMC's coaching network



**100%** of member councils that benefitted from at least one of EMC's service offers