

Policy Committee Report (September 2020)

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.
- 1.3 EMC also hosts lead members networks including for 'portfolio holders' of Children's Services and runs a number of member and officer training programmes.
- 1.4 The following policy report includes detail on:
 - Covid-19 pandemic support (section 2)
 - Investment, HS2 and Rail Franchise (section 3)
 - Asylum and Refugee Resettlement Programmes (section 4)
 - A Summary of EMC's Support and Service Provision to Councils (section 5)
- 1.5 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. Covid-19 Pandemic

- 2.1 The Covid-19 pandemic is unprecedented. Since the March 2020 lockdown, but also in advance of that in relation to preparatory planning, EMC has worked closely across Local Government, and with Government officials, in supporting the development and delivery of key programmes including shielding the vulnerable, local economy support programmes, homelessness support, and the managed reopening of household waste and recycling centres – to name a few priority areas that required local leadership and delivery by the sector. EMC has provided on-going officer support to the roll-out of these programmes and will continue to do so.

2.2 It has been the most testing time for the sector. What has been evident, however, is the way in which local government in this region has stepped up and acted as a beacon of sound planning and organisation, constructive and innovative problem solving and the ability to flex and stand-up their resources (including staff) in responding to these challenges.

2.3 Clearly, the workforce issues raised by Covid-19 have been significant. EMC has also focused support to councils on the workforce issues arising from this crisis. A significant element of this support has focused on providing advice and responding to queries from local authorities, working with the other national and regional organisations and the LGA on the development of national guidance and sharing information and best practice.

3. Economic Growth and Infrastructure

a) Background

3.1 The most recent statistics from Treasury (PESA, published 17th July 2020) confirm the East Midlands continues to lag behind other UK regions and nations in transport spending, despite relatively strong economic growth of the last five years.

Identifiable expenditure on Transport (2014-15 to 2018-19, £ per head, in descending order - excludes inflation)

Transport Spending (£ per head)					
	2014-15 outturn	2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 outturn
London	686	887	935	937	903
East	252	336	328	395	493
North East	234	298	314	270	486
UK	335	421	431	452	481
England	319	414	419	440	474
West Midlands	255	330	322	342	467
South East	252	327	350	355	422
North West	278	372	366	481	412
South West	198	263	300	292	308
Yorks & Humber	295	377	328	301	276
East Midlands	221	252	217	227	268

- 3.2 The latest Treasury figures confirm the continued lack of transport investment in the East Midlands where this region is consistently the lowest funded per head of the population. Given the significant role of transport investment for boosting connectivity, growth and improving quality of life – these figures remain a concern.
- 3.3 While the size of the disparity is stark between this region and the national average – it is the range between the highest and the lowest funded regions which is perhaps more relevant where the East Midlands risks decoupling from elsewhere. Transport spending in the East Midlands has declined from around 65% of the UK average at 2014/15 to a little over 50% in 2018/19 (the latest figures available). Whilst spending in the North West, North East and West Midlands has also generally been below the UK average over this period, the situation in these regions has improved markedly since 2014/15 to levels that now match the national average.
- 3.4 The analysis suggests that there has been a trend towards rebalancing (or levelling up) transport investment within some regions over recent years - but little evidence of this in the East Midlands. If this region was funded at the same level as the UK average, the East Midlands would receive an additional £1billion per year to spend on transport.
- 3.5 Notwithstanding this, the Budget contained several positive announcements reflecting some of these priorities which may start to close the funding gap, including:
- Confirmation that the A46 Newark Northern Bypass will be delivered starting in RIS2 – although there remains little detail on when it will start, when it will finish and how much it will cost.
 - Development funding for the Chesterfield-Staveley Regeneration Route Large Local Major Scheme.
 - Support for the Derby- Nottingham Transforming Cities bid.
 - Partial support for the Leicester Transforming Cities bid.

b) HS2 in the East Midlands

- 3.6 The Prime Minister announced on the 11th February 2020 the Government’s decision to proceed with the delivery of HS2 in full. Phase 1 to Birmingham and Phase 2a to Crewe will proceed as currently proposed, although opportunities to reduce costs will be explored during construction.
- 3.7 Phase 2b, which includes the route between Crewe and Manchester and between Birmingham and Leeds via the East Midlands will be subject to a further assessment

by the National Infrastructure Commission (NIC) with the objective of integrating HS2 into Northern Powerhouse Rail and Midland Engine Rail. This will result in an 'Integrated Rail Plan for the Midlands and the North' (IRP), which DfT will publish by the end of 2020.

3.8 The HS2 Minister Andrew Stephenson MP visited Birmingham and Toton on the 5th March 2020 and spoke positively about Midlands Engine Rail and the work local partners in the East Midlands had undertaken on connectivity and on proposals to establish a locally led Urban Development Corporation.

3.9 The East Midlands HS2 Executive Board chaired by Cllr Kay Cutts MBE agreed a submission to the NIC based on the following core messages (the full document is available on the EMC website):

- **Deliver in Full:** The Eastern Leg of HS2 is critical to the long-term economic success of the East Midlands and UK plc and must be delivered in full. This must include the East Midlands Hub Station at Toton (with provision for city centre HS2 services via a conventional compatible connection), HS2 connectivity for Chesterfield and Sheffield, the Infrastructure Maintenance Depot at Staveley, and a fully upgraded HS2 Station in Leeds.
- **Deliver Early:** There are credible options for the incremental construction of the Eastern leg of HS2 which would deliver wider network and local economic benefits much earlier than would otherwise be the case. These options should be developed further in close collaboration with regional and local stakeholders.
- **Invest Now:** Implement a '10 Year Plan' of investment that will improve local transport, support early development of key sites and prepare the way for HS2. This must include the full electrification of the Midland Main Line, removal of the Low Level Rail Line in Long Eaton and delivery of the Phase 1 Package of the East Midlands Gateways Connectivity (Access to Toton) Study.

3.10 The 'Access to Toton' Study report was launched by Sir John Peace and a number of HS2 Executive Board Members on the 28th May 2020 (available on the EMC website). The report sets out a three phased approach to addressing existing transport deficits, facilitating new development and preparing the way for HS2. Phase 1 is estimated to cost £455m and has a BCR of 4.1 (transport user benefits only) – and could be delivered within the next 10 years.

c) NIC Approach

- 3.11 The National Infrastructure Commission issued an interim report on the 15th July 2020. The report is 'work in progress' but sets out next steps towards finalising advice to Government on rail priorities in November 2020.
- 3.12 The NIC will propose a number of alternative packages of interventions comprising elements of HS2, Northern Powerhouse Rail (NPR), Midlands Engine Rail and other strategic rail investments. The NIC will provide an assessment of the benefits of each package – but not recommend a preferred option to Government.
- 3.13 This is a reasonable approach in the circumstances - but it will be important that a package of interventions consistent with our NIC submission is assessed in the final report.
- 3.14 The NIC works within a 'fiscal mandate' for economic infrastructure (transport, energy, digital, waste and flood defence) equivalent to 1.2% of GDP p.a.
- 3.15 The 2018 Assessment indicated that there was sufficient headroom to deliver both HS2 and Northern Powerhouse Rail over a 25 year period. However, the costs of both have risen since to the extent that this is no longer the case. So, either choices must be made, or the fiscal mandate will need to be increased by Government.
- 3.16 Whilst the proposals set out in our NIC submission are well evidenced and modest compared to NPR (the costs/benefits of which remain opaque) – the Government has made promises to the North that may find politically difficult to walk away from. As a result, the East Midlands could be squeezed, and local leaders were clear in highlighting these concerns direct to the Minister and seek his reassurance at the roundtable meeting led by Cllr Cutts.
- 3.17 Leaders were also clear about the need to get on with conventional investments such as MMLe and Access to Toton in the short term. DfT and Network Rail appeared to appreciate the level of clarity about EM priorities.

d) East Midlands Rail Franchise

- 3.18 Following successful collaboration with DfT on the franchise competition, EMC (through its TfEM Board) has agreed with DfT an approach to provide local input into the management of the franchise, which will involve the addition of two joint funded

posts based with EMC. This is a significant opportunity, which aligns with the Williams Rail Review, to enhance the influence of regional partners on the delivery of the franchise.

- 3.19 The EMR franchise (like all rail franchises) has been replaced by a temporary emergency contact since the lockdown was declared. EMR have maintained core services throughout the pandemic focusing on maintaining regional connectivity, and reliability has remained high – generally above 97%. Whilst services are now starting to return to normal, social distancing means that effective capacity is limited and will continue to place pressure on finances and on other modes of transport – particularly car use. EMC has continued to work closely with EMR to ensure rail services meet the needs of key workers across the region.
- 3.20 The EMR Franchise Agreement includes a requirement to replace all existing rolling stock by 2024, which will comprise:
- New Hitachi bi-mode trains for inter-city services.
 - Refurbished electric class 360 trains for Corby to London services.
 - Refurbished diesel class 170 trains for all regional services.
- 3.21 To inform the design and specification of all three classes of rolling stock, a TfEM Briefing Paper has been produced based on input from councils and wider stakeholders, setting out regional expectations. This has been the subject of positive discussion with EMR.
- 3.22 The first class 170s and class 360s are due to enter service later this year – initially in un-refurbished form. EMR have been made aware of the need to make sure passengers and stakeholders are clear that these trains will not represent the desired ‘end-state’.
- 3.23 In the short term, EMR are using a limited number of class 153s to lengthen single car services. This is positive, although there have been isolated instances where single car services have continued to operate.

4. Asylum and Refugee Resettlement

a) Asylum Dispersal

- 4.1 At the end of March 2020 there were 2339 asylum seekers in dispersed accommodation across the region located in 6 dispersal areas across the East

Midlands; 734 persons in Derby City, 722 in Leicester City, 792 in Nottingham City, 37 in Broxtowe, 45 in Oadby & Wigston and 3 in Gedling. These figures have remained largely constant over the past 12-18 months.

- 4.2 The number of asylum seekers accommodated across the country continues to be disproportionate with areas in the north and midlands accommodating most asylum seekers. Within the region dispersal is uneven, with only the core cities and their conurbations agreeing to participate in asylum dispersal.
- 4.3 It is recognised that both across and within regions, levels of dispersal and the associated pressure this puts on statutory services needs to be addressed. In this region, as elsewhere, a key concern is that the current system places pressure on local areas already under considerable strain, particularly in Derby, Leicester and Nottingham.
- 4.4 EMC continues to work with Local Authorities and the Home Office in exploring the potential for widening dispersal. An important element is to provide assurance on appropriate support and infrastructure being in place at the local level, minimising the risk of additional pressures on localities that are already having to address cohesion or lack the social and/or financial capital, and a lack of control - the concern that local areas will not be able to inform and influence the numbers and where and how asylum seekers are housed.
- 4.5 However, the greater pressure arises from the use of contingency accommodation. Due to a higher than projected increase in asylum applications nationally coupled with the announcement in March 2020 that as a result of Covid-19 there would be a cessation of 'move-ins or move-outs' of dispersed accommodation, the Home Office and Serco (the contact providers) have placed asylum seekers in contingency accommodation throughout the UK including the East Midlands specifically Derby, Leicester and Nottingham.
- 4.6 As of the 16th July, 5080 service users were accommodated nationally in contingency accommodation with the East Midlands providing 615 bed spaces (Derby City 159, Leicester City 181 and Nottingham City 275). This equates to over 12% of the current contingency population placed in the region.
- 4.7 Concerns have been raised by local authorities that unless there is a reduction in numbers or an increase in dispersal accommodation nationally, the need to continue accommodating Asylum Seekers in contingency accommodation in the region will

continue. The need for the Home Office and AASC provider to outline a short and long-term strategy, including an exit strategy relating to current 'stay put' arrangements is essential. This will mitigate the pressures on local authorities but also ensure that the exploration of contingency accommodation across UK continues.

- 4.8 Covid-19 outbreak management has led to additional concerns with the asylum seeker cohort. Each asylum seeker undergoes covid-19 screening with individuals displaying symptoms placed in isolation accommodation provided by the Home Office.
- 4.9 EMC and Dr Peter Marks, the Regional Convenor, in conjunction with DsPHs are working with the Home Office and Serco to ensure that local partners are assured that all outbreak management plans are aligned and local partners fully engaged with associated planning and control.

b) Refugee Resettlement - Vulnerable Persons Resettlement Scheme

- 4.10 Since March 2020 there have been 12 additional arrivals (4 families) as part of the Vulnerable Persons Resettlement Scheme bringing the regional total to 900 refugees:
- Derbyshire 112 refugees
 - Leicester City 196 refugees.
 - Leicestershire 158 refugees
 - Lincolnshire 40 refugees
 - Nottingham City 121 refugees.
 - Nottinghamshire 272 refugees
- 4.11 Nationally, the total is 20,007 (as of 30th March 2020) which has resulted in the Government target of 20,000 being met.
- 4.12 A further 5 individuals (1 family) were due to arrive on a scheduled flight in March 2020 but due to the Covid-19 pandemic, all flights from the Middle Eastern/North Africa region were cancelled.
- 4.13 While this voluntary resettlement scheme continues, the Covid-19 pandemic has placed a cessation on any resettlement given the risks of infection and pressures upon local authorities.

c) Unaccompanied Asylum-Seeking Children

- 4.14 As of April 2020, there were 245 unaccompanied asylum seeking children in the care of East Midlands' Children's Services, the substantial majority (92%) of these arrived spontaneously in the region, rather than via planned transfer or resettlement routes.
- 4.15 To date, a total of 100 UASC have been voluntarily transferred into the care of local authorities in the region: through the NTS from Kent and certain London Boroughs, as well as in-region from Northamptonshire. These voluntary transfers would not have been possible without the leadership and support of members and officers of unitary and county councils.
- 4.16 The overall trend since the start of the NTS continues to show a gradual downwards trajectory, driven largely by the reduction in the numbers of UASC cared for by Northamptonshire. However, with the National Transfer Scheme effectively stalled at the current time, alongside the increasing numbers of migrants arriving in small boats on the Kent Coast, numbers and pressure within the system are beginning to build once more.
- 4.17 As part of their proposed response, the Home Office is considering a 'national rota' system. EMC registered significant concerns with the suggested model and will continue to work with DCSs and Lead Members in fully exploring the implications of these proposals.
- 4.18 More positively, the region's Controlling Migration Fund (CMF) project has commenced, with support from all upper-tier councils. In response to the identified need to increase local authority UASC foster care and supported lodgings capacity and training, EMC successfully applied to the CMF for funding to deliver a programme to increase local authority foster care and supported lodgings capacity across the region, reduce the use of Independent Fostering Agencies bringing savings to Children's Services budgets, and equip carers to better support UASC, thereby reducing the incidents of missing with corresponding benefits to the police and wider community. This is the only scheme of its type in the country and is a good reflection of the strength of this region's collective approach.

d) Care Leavers

- 4.19 Whilst the number of Looked After UASC across the region has remained relatively stable over the past year, the number of former UASC care leavers has increased from

520 (April 2019) to 648 (April 2020), an increase of 25%, adding further pressure to already stretched council budgets at a time of increased statutory duties of local authorities for young people.

- 4.20 EMC led a comprehensive review to enable councils to gain a more detailed understanding of the costs incurred in providing support to former UASC care leavers and likely future pressures over the next 5 years. This review identified several key findings; a shortfall in funding of £10,485 per former UASC care leaver per year, Home Office funding covering only 37% of the costs incurred by local authorities equating to an annual funding shortfall to the region of £5.2m. Local authorities received no funding whatsoever for almost one-third (32%) of the total former UASC care leaver population currently due to the tariff thresholds. Projecting forward, the cost pressures on local authorities from providing Leaving Care services to former UASC (18-24-year olds) was estimated to be between £5.9m - £10.1m by 2024.
- 4.21 The final report was presented to Ministers at the Home Office and DFE to inform their review of financial support for Local Authorities.
- 4.22 We are pleased with the outcome of the review. On 8th June, the Immigration Minister announced a revised funding regime applying to all former UASC Care Leavers with effect from 1st April 2020 that:
- Substantially increases the funding contribution to £240 per care leaver per week.
 - Removed reduced rates for legacy case claims.
 - Removed the first 25 Care Leavers' rule that prevented Local Authorities claiming for the first 25 equivalent Care Leavers in their care.
- 4.23 This announcement has resulted in a significant uplift in funding for all local authorities providing ongoing support to those unaccompanied asylum-seeking children leaving care.
- 4.24 Based on our report, the average cost per former UASC care leaver is £16,602 per year. Assuming the new rate (£12,480 per year) applies to all former UASC care leavers, then the funding now covers 75% of council costs (it was 37% under the previous rules). While the increase in funding is welcome, there remains a shortfall between the amount provided by Government and the actual costs to Children's Services. So, still not full costs recovery, but a lot closer.

4.25 Also, based on the care leaver demographics in our report, the uplift equates to an increase of £3.1m per year to the region. As the number of UASC care leavers continues to grow, the increase will be higher, approx. £4.1m.

5. A Summary of EMC's Support and Service Provision to Councils

5.1 Since the onset of the Covid-19 pandemic, EMC has supported the sector to implement new ways of working including:

- Enabling councils to harness benefits of changes to working arrangements and maintaining the momentum for change.
- Working at regional and national level on key organisational development themes to capture and share good practice. We will be putting Nottinghamshire County Council forward to a national group as an example of being one of our leading authorities on this.

5.2 EMC is working with national and regional counterparts who are providing councils with support around the recovery agenda in response to Covid-19. The purpose is to share practice and learning to avoid duplication of effort and maximise economies of scale – hopefully saving time and resources for us all.

5.3 A series of virtual networks being offered over the forthcoming months to share information/practice and inform regional work on themes identified by leads for Member Development and for broader Learning & Development. Our offer will be including virtual facilitated networks for councillors on issues identified by councillors. Through an increased use of virtual networks and platforms, EMC has seen greater participation levels of Members and officers, and these programmes have been delivered at nil, or at the most, marginal cost.

5.4 EMC would like to thank Nottinghamshire County councillors and officers for their continued leadership and support over the past year. The region continues to make progress in a number of areas; whether it be through securing greater influence on strategic initiatives including HS2, Midlands Connect, the region's rail franchise or supporting councils respond to asylum and refugee resettlement challenges, or providing advice on HR and organisational change.

5.5 EMC's subscription base (less than a third of its income base) supports the range of services in addition to the programme areas referred to in this report. EMC continues to provide members and officers with access to briefing events, skills development

and wider CPD. The last year has seen over a 20% increase in the take-up of these programmes with 2,300 councillors and officer places taken throughout the year.

- 5.6 We have continued to offer advice, access to low cost services, capacity support and organisational reviews to our member councils - and all councils in membership accessed at least one of these discounted services over the last year. This includes EMC delivered organisational support and HR services through over 60 different assignments to councils in the region, and 77 employment related requests. In terms of direct services and negotiated joint procurement, EMC delivered an estimated £730,000 of savings on behalf of its member councils – a return of over 3:1 against total member subscriptions.

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Stuart Young
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East Midlands Councils