

Policy Committee Report (March 2021)

East Midlands Councils

1. Background

- 1.1 East Midlands Councils (EMC) 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:
- A Summary of EMC's Support to Councils (section 2)
 - Growth, Productivity & Investment in the East Midlands (section 3)
 - Asylum and Refugee Resettlement Programmes (section 4)
- 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. A Summary of EMC's Support and Service Provision to Councils

- 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 local economy support and recovery programmes, shielding, local elections, and the sharing of data on epidemiology and vaccinations.
- 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 Since the onset of the Covid-19 pandemic, EMC has focused support to councils on issues arising from the pandemic, including informing and sharing best practice, and providing advice on:
- Impact of employees with childcare and home-schooling issues.
 - Categorisation of local government staff as key workers for the purposes of children attending school.
 - Testing and vaccination of employees.
 - Working from home policies/allowances.
 - Managing annual leave allowances.
 - Returning to work – how councils can reset this to gain benefits found from new ways of working and to support service redesign.
 - Supporting mental health and wellbeing.
- 2.4 EMC has seen an increase in participation in its services and in requests for support. Activities have successfully transferred to virtual platforms and have been focused on supporting the sector with the workforce implications of Covid-19 and new ways of working. Advice and support have been provided to support councils affected by Local Government Reorganisation in Northamptonshire, particularly in relation to the impact on senior staff.
- 2.5 The Government’s Kickstart scheme, which funds work experience placements for young people at risk of long-term employment was restricted to employers who could offer a minimum of 30 placements (although this threshold has now been removed). East Midlands Councils has applied to be a gateway organisation to co-ordinate a smaller number of placements that councils could provide and then access the funding. This offer has been taken up by several councils in the region.
- 2.6 In addition to hosting bi-weekly, region-wide Chief Executive meetings, EMC’s low-cost Continuous Professional Development (CPD) programmes for council officers continue to be offered through a series of webinars, covering themes and issues that have been identified by the respective steering groups. EMC has also been directly supporting the work of the Regional Covid Convenor, Department of Health and Social Care (DHSC) and several regional workshops for senior officers of councils and wider partners have been held to support the collective response to the pandemic.

- 2.7 A programme of Councillor Development for the coming year has been developed which started this month with a webinar on Climate Change. Assessment and support for councils seeking accreditation against the Councillor Development Charter is also being provided, with a refreshed and updated approach to the Charter.
- 2.8 EMC continues to provide a range of support for councils across the region on a low-cost, not-for-profit basis. Examples of assignments in recent months include:
- Senior recruitment, selection and assessment support
 - Chief Executive appraisal facilitation
 - HR Policy Review & Development
 - Mediation
 - Coaching
 - Investigations
 - Interim HR Management
 - Psychometric testing
- 2.9 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 a significant increase in the take-up of support and development programmes, with confidence that EMC will provide a return of over 3:1 against total member subscriptions.

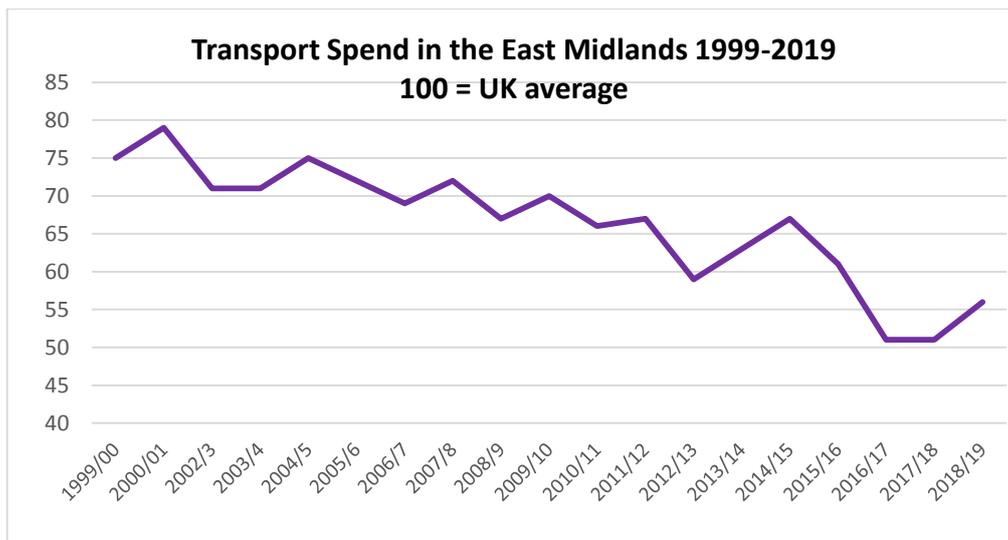
3. Growth, Productivity & Investment in the East Midlands

- 3.1 The East Midlands is a region of 4.8 million people and 365,000 businesses. Total regional output in 2018 was £125 billion, equivalent to 5.8% of the UK economy. The East Midlands employment rate (2020) is above the UK average at 77.3% (UK=76.4%) but median weekly earnings (2019) are below: £547 pw compared to £585 pw. 11.9% of the workforce work in manufacturing, compared with 7.6% for the UK.
- 3.2 Gross Value Added (GVA) growth in the East Midlands over the last 20 years has been better than most other regions/nations, but generally just below the UK average - 1.7% p.a. between 1999 and 2017 compared to 1.9% p.a. for the UK¹.

¹<https://www.ons.gov.uk/economy/grossvalueaddedgva/bulletins/regionalgrossvalueaddedbalanceduk/1998to2017>

3.3 Similarly, productivity has remained below the UK average over the last 20 years and has been declining relative to the UK to 85.5% in 2018².

3.4 However, transport spend per head has been very significantly below the UK average level for the last 20 years, declining to just 55% of the UK average in 2018/19, the lowest level of any UK region or nation³.



Source: <https://www.gov.uk/government/statistics/public-expenditure-statistical-analyses-2020>

3.5 Transport investment is a key driver of productivity and economic growth. The fact that the East Midlands has consistently delivered GVA growth close to the UK average from very low levels of transport investment is testament to commitment and ingenuity of the thousands of small and medium sized enterprises (SMEs) that are the backbone of the region's economy. But declining relative productivity means even this level of performance cannot be sustained.

3.6 Whilst the economic impact of the Covid pandemic has been uneven across the UK, large areas of the East Midlands are highly dependent on vulnerable sectors such as tourism, hospitality and manufacturing⁴. In addition, UK experience suggests that 'economic shocks' resulting from whatever cause (for example 2008 banking crisis) tend to widen existing regional inequalities as investors become more risk averse⁵.

²<https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/datasets/annualregionallabourp>

³ <https://www.gov.uk/government/statistics/public-expenditure-statistical-analyses-2020>

⁴ <https://www.ifs.org.uk/publications/14884>

⁵ <http://uk2070.org.uk/wp-content/uploads/2020/09/Go-Big-Go-Local.pdf>

- 3.7 The East Midlands Chamber's [Quarterly Economic Survey](#) for Q4 2020, conducted during the November 2020 lockdown, showed the East Midlands' economy stalled following a recovery from the summer lows. Advanced orders were down for a net 16% of the region's domestic operators and for a net 12% of exporters, while cashflow fell for the fourth consecutive quarter – this time for a net 15% of firms.

CSR2020 & National Infrastructure Strategy

- 3.8 The TfEM Board met on the 9th September 2020 chaired by Sir Peter Soulsby agreed to make a submission to the CSR process based on the following:
- a) Full support for the CSR Submission made by Midlands Connect, including:
 - Trans Midlands Trade Corridor (A46) Development
 - North Midlands Manufacturing Corridor (A50/A500) Development
 - Midlands Manufacturing Corridor (A5) Development
 - Coventry - Leicester - Nottingham Rail Enhancement
 - HS2 Conventional Compatible Services
 - Nottingham - Lincoln Rail Enhancement
 - Derby - Stoke - Crewe Rail Enhancement
 - Midlands-wide Smart ticketing regional brokerage system

 - b) Accelerating delivery of existing East Midlands schemes requiring final approval from DfT:
 - A46 Newark Northern Bypass in Nottinghamshire (Roads Investment Strategy).
 - Chesterfield-Staveley Regeneration Route in Derbyshire (Large Local Major).
 - North Hykeham Relief Road in Lincolnshire (Large Local Major).
 - A614 Enhancement in Nottinghamshire (Major Road Network).
 - A511 Enhancement in Leicestershire (Major Road Network).
 - Lincoln-Newark Line Speed Improvements (RNEP).

 - c) Investment in a programme of strategic 'shovel ready' schemes over the next 10 years for the East Midlands:
 - Completing Midland Main Line Electrification.
 - 'Access to Toton' Phase 1.
 - M1 Junction 25/A52.
 - A1 (Peterborough to Blyth).

- 3.9 Subsequently it was confirmed by Government that in the light of the pandemic, the CSR would cover just one year with the exception of multi-year allocations for priority infrastructure initiatives.
- 3.10 Following the CSR announcement, the Treasury published the National Infrastructure Strategy, which represents the Government's formal response to the NIC's 2018 National Infrastructure Assessment. As a result, the Government has announced funding for:
- North Hykeham Relief Road (Lincolnshire), Large Local Major Programme Entry - DfT support of up to £110m.
 - Maid Marion Line, Nottinghamshire (also part of 'Access to Toton') – support from 'Restoring Your Railway Fund' for further business case development.
 - Melton – Nottingham Rail Services – support from Restoring Your Railway Fund for business case development.
- 3.11 Separately, Highway England ran a public consultation on two options for the A46 Newark Northern Bypass between the 9th December 2020 and 2nd February 2021.
- 3.12 TfEM has made a further submission to the Budget 2021 consultation highlighting those elements that remain outstanding from the earlier CSR submission.

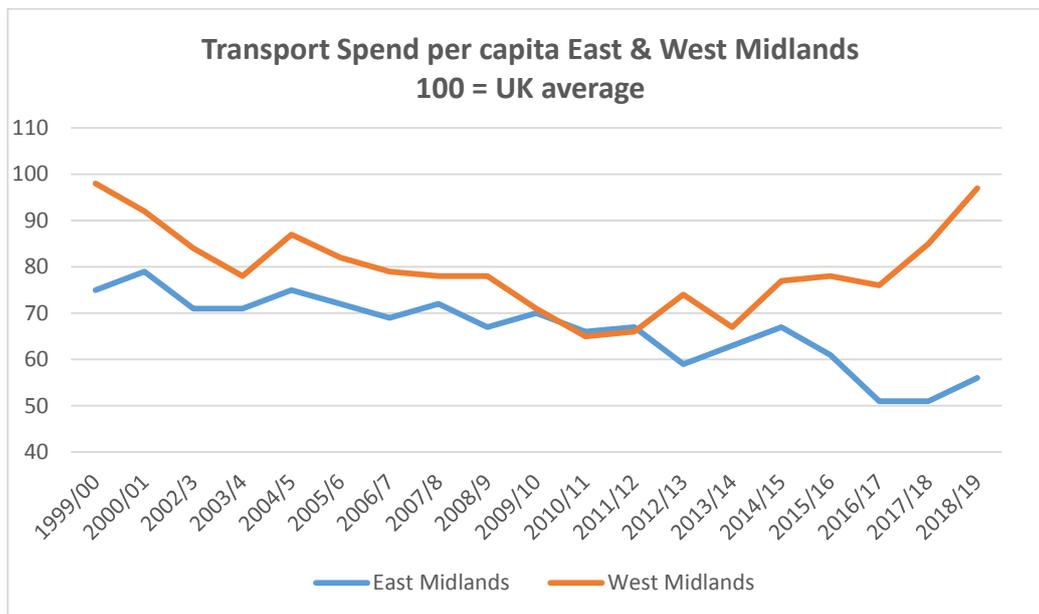
NIC Rail (HS2) Needs Assessment and Integrated Rail Plan

- 3.13 The Government has asked the National Infrastructure Commission (NIC) to undertake a technical assessment to inform the Government's Integrated Rail Plan for the Midlands and the North, which will set out how the Government will take forward the Eastern Leg of HS2 and other strategic rail investments.
- 3.14 Of key importance is the NIC's 'fiscal mandate' set by Treasury, which assumes that no more than 1.2% of GDP is spent in 'economic infrastructure' including transport. Based on its 2018 Infrastructure Assessment, the NIC has derived a base budget for strategic rail enhancements in the North and Midlands of £86 billion over 20 years. However, the combined cost of HS2 in full, Northern Powerhouse Rail, Trans Pennine Upgrade & Midlands Engine Rail now comes to between £140 billion and £185 billion.
- 3.15 The NICs Rail Needs Assessment Final Report does not recommend one single set of interventions. Instead, the NIC has looked at different approaches to combining interventions within three different funding envelopes (base budget = £86b, base budget +25% = £108b, base budget +50% = £129b).

- 3.16 In summary, the NIC concludes that packages that focus on ‘regional’ connectivity rather than ‘long distance’ connectivity will deliver better economic outcomes. In the East Midlands, ‘regional connectivity’ means HS2 from Birmingham terminating at a junction with the Midland Main Line south of East Midlands Parkway. Under this option, the Hub Station at Toton would not be built.
- 3.17 The NICs East Midlands Parkway (EMP) option would involve the HS2 line from Birmingham descending from the viaduct to join the Midland Main Line just south of EMP. HS2 trains would use the existing EMP station as the main point of regional interchange before some services would head on to Nottingham Derby, and Sheffield. As the Eastern Leg would effectively terminate at EMP, there would be no direct HS2 connectivity to Leeds or to York and Newcastle (via the East Coast Main Line) as currently proposed.
- 3.18 This EMP option is considered inferior to Toton and the full Eastern Leg:
- Whilst it has the potential for faster direct services to Birmingham from Derby/Nottingham it radically reduces connectivity from the East Midlands to Leeds, Yorkshire and the North East along with associated regeneration, agglomeration and social benefits.
 - gives the East Midlands a much poorer HS2 service compared to the West Midlands and the North West as a result.
 - places greater pressure on existing infrastructure in particular the Midland Main Line and reduces released capacity for local services and for freight.
 - reduces regional and local accessibility to the HS2 network.
 - undermines the Toton development proposition, including the proposed innovation campus and the emerging Toton & Chetwynd Masterplan.
 - undermines the wider East Midlands Development Corporation proposition and financial model (currently estimated at 84,000 jobs and additional £4.8 billion GVA).
 - undermines the regional political consensus in support of HS2 and the Development Corporation proposition.
 - increases development pressure on the Greenbelt, particularly in Rushcliffe.
- 3.19 Regional partners issued a firm public response soon after the Rail Needs Assessment was published which was extensively reported in both the local and national media. <https://www.emcouncils.gov.uk/News/political-and-business-leaders-call-on-government-to-avoid-station-on-the-cheap-and-make-final-commitment-to-hs2>

- 3.20 However, the focus has now shifted to influencing the Government's Integrated Rail Plan, which will be the key decision-making document and is now expected to be published after the Budget (3rd March 2021).
- 3.21 The region has been robust in its response – and this reflects well upon the regional consensus and strength of partnership. The response has focused on the rigour of its technical case and the economic argument – but with an emphasis too on political engagement at the national level, with MPs, with the reality being that this is a decision now firmly within the political sphere. The region has benefited from the leadership of Cllr Kay Cutts, through chairing the region's HS2 Board and establishing an effective partnership within the region, and more widely through HS2 East. Recent work includes:
- Councillor Cutts, Mayor Dan Jarvis of South Yorkshire and Councillor Judith Blake the Leader of Leeds have continued to make representations direct to Government through the HS2 East and Connecting Britain partnerships.
 - Councillor Cutts and Councillor Blake met HS2 Minister Andrew Stephenson MP and Treasury Minister Jesse Norman MP on the 27th January 2021, and then with the Prime Ministers Transport Advisor Andrew Gilligan.
 - The East Midlands APPG has met and agreed a joint letter and a proposed Westminster Hall/Backbench debate early in the new year (to be confirmed)
 - Alex Norris MP and Pauline Latham MP have both raised HS2 investment at PMQs. Lilian Greenwood MP and Darren Henry MP have asked questions to the Chancellor and the Leader of the House of Commons respectively.
 - Joint letters to key Ministers have been developed through the Toton Delivery Board, EMC Executive Board and TfEM Board.
 - Connecting Britain is developing a number of short videos highlighting the benefits of the Eastern Leg of HS2 for publication in early February 2021.
 - There is ongoing dialogue at officer level with senior Department of Transport and Treasury officials.
- 3.22 Failure to progress the Eastern Leg of HS2 in full would put the East Midlands at a serious economic disadvantage compared to other parts of the country. The HS2 route from London (Old Oak Common and Euston), the West Midlands (Birmingham Curzon Street and Solihull Interchange/Birmingham Airport) the North West (Crewe, Manchester Airport and Manchester Piccadilly) and then on to Glasgow via the West Coast Main Line will become the UK's primary growth corridor for decades to come.

3.23 There is already growing investment imbalance between the East and West Midlands, as illustrated below:



Source: <https://www.gov.uk/government/statistics/public-expenditure-statistical-analyses-2020>

3.24 During the 2020s, this gap is likely to widen further. In addition to tens of billions of investments into HS2 and related road, rail and public transport infrastructure, the West Midlands will also benefit from investment in, and the economic impact of the Birmingham Commonwealth Games in 2022⁶, and a number new and upgraded local rail stations proposed in the West Midlands Rail Investment Strategy⁷

3.25 From an East Midlands perspective, facing up to the economic challenges over the next decade will require new and original thinking. Just continuing with existing proposals and ways of working will not be sufficient.

TfEM/Department for Transport Rail Collaboration Agreement

3.26 TfEM signed a Collaboration Agreement with the Department for Transport in September 2020 to provide local input into the management of rail services delivered by East Midlands Railway.

3.27 The Agreement provides for the recruitment of two joint funded TfEM rail officers. The first of these, TfEM Head of Rail Improvement, started in January 2021.

⁶https://www.birmingham.gov.uk/news/article/438/778m_investment_into_city_and_region_to_deliver_commonwealth_games

⁷<http://wmre.org.uk/media/14045/west-midlands-rail-report-final-version-jan-2019.pdf>

Recruitment to the junior post was unsuccessful, so alternative interim arrangements are being put in place. Initial priorities for the new roles include:

- Ensuring that contracted improvements to rolling stock and services are delivered by EMR– accepting the Covid pandemic will result in some unavoidable delays.
- Working with EMR to ensure that temporary service reductions as a result of the impact of Covid on staff maintains a core level of regional rail connectivity.
- Providing strategic input into emerging bids to the ‘Restoring Your Railway Fund’.

4. Asylum and Refugee Resettlement

4.1 East Midlands Councils, through the Regional Migration Board, is responsible for the management of a range of asylum and refugee resettlement programmes including asylum dispersal, Vulnerable Persons Relocation Scheme and the National Transfer Scheme for Unaccompanied Asylum-Seeking Children.

4.2 Managing an effective and proportionate asylum and refugee resettlement programme remains a national priority – but one that can only be delivered in partnership with local authorities and community organisations. In the East Midlands, local authorities continue to be at the forefront in the management and delivery of these programmes. There have been challenges but the progress achieved to date has been testament to a collective approach in the region.

4.3 Councillor Alex Dale (Derbyshire County Council) accepted the nomination to be Chair of the Regional Migration Board, recently vacated by Councillor Ivan Ould. Councillor Sarah Russell (Leicester City Council) remains the Vice-Chair.

Asylum Dispersal

4.4 Recent increases in the flow of asylum seekers nationally, pressure on local housing markets and changes in Government policy have increased the pressure to ensure more equitable dispersal arrangements both nationally and within the East Midlands.

4.5 At the end of March 2016 there were just over 3,000 supported asylum seekers in dispersal accommodation in the East Midlands. At the end of September 2020, there were 2,459 asylum seekers, located in 6 dispersal areas across the East Midlands: 777 persons in Derby City, 754 in Leicester City, 838 in Nottingham City, 40 in Broxtowe, 45 in Oadby and Wigston and 6 in Gedling. However, most dispersal areas have seen an increase over the last quarter, with an average of 5% increase.

- 4.6 In total, 754 properties are currently used in the East Midlands with 467 (61%) classed as family accommodation and 287 (39%) HMO properties. Local authorities have requested assurance on accommodation standards, potentially through on-site visits and/or random quality checks.
- 4.7 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 a key concern is that the current system places pressure on local areas already under considerable strain, particularly in Derby, Leicester, and Nottingham.
- 4.8 The reframing of the relationships between local and central government around asylum dispersal and the equitable distribution of asylum dispersal remains a priority area and EMC are involved in discussions with the Home Office and the LGA. There remains a need for the Home Office to provide assurance to local authorities on their influence and control of numbers and location of dispersal, as well as addressing wider barriers to participation that include:
- a) A lack of appropriate support and infrastructure.
 - b) The continued use of contingency accommodation in areas already experiencing significant burdens on statutory services.
 - c) The risk of additional pressures on localities that are already having to address cohesion or lack the social and/or financial capital to manage further arrival and transitory communities.
- 4.9 The Home Office have confirmed that in support of redistribution and the need to widen dispersal areas, there will be a review of the costs, pressures, and social impact of asylum dispersal in the UK.
- 4.10 Due to the combination of ongoing 'flow' of asylum applications nationally and the Government's decision, because of Covid-19, to suspend the requirement for any service users to leave their accommodation (but now partially lifted), the Home Office and its accommodation providers accommodated Asylum Seekers in contingency hotel accommodation throughout the UK including the East Midlands (specifically Derby, Leicester and Nottingham).
- 4.11 Local Authorities have repeatedly emphasised concerns on the unsuitability of hotel contingency accommodation for both asylum seekers themselves (particularly those with young families) and the pressure it places on local services and communities. EMC, local authorities are working with the Home Office and Serco to alleviate these pressures and to exit contingency accommodation in the region.

- 4.12 Each new arrival is subject to Covid-19 screening which classifies those who are symptomatic with individuals displaying symptoms placed in isolation accommodation provided by the Home Office.
- 4.13 There continues to be concerns nationally around health screening and provision in hotels used for contingency with little clarification on how health services are being provided, GP registrations and timeframes for CCGs to put services in place. The Home Office, Serco, Directors of Public Health and the Regional Local Resilience Forum conveners continue to discuss Covid compliance at contingency and initial accommodation, and management of local Covid-19 outbreaks.

Unaccompanied Asylum Seeking Children

- 4.14 The National Transfer Scheme for Unaccompanied Asylum-Seeking Children (UASC) was introduced in July 2016 as part of a suite of measures included in the Immigration Act 2016. The transfer scheme has focused on the transfer of children from Kent and some London Boroughs which are above the 0.07% threshold set by the Government.
- 4.15 The substantial majority (87%) of unaccompanied asylum-seeking children in the care of East Midlands' Children's Services arrived spontaneously in the region, rather than via planned transfer or resettlement routes.
- 4.16 At the end of January 2021, 207 UASC were looked after by East Midlands local authorities. This is 19% lower than the same time last year. In contrast, the number of former UASC care leavers in the region is currently 702, which represents a year on year increase of 13%.
- 4.17 A total of 117 UASC have been voluntarily transferred into the care of local authorities in the region. This figure does not include children who arrive 'spontaneously' into the region.
- 4.18 Due to a fall in 'spontaneous arrivals' since March 2019, the number of UASC in the region has steadily declined with fewer numbers of UASC now in Local Authority care than when the NTS began in 2016. In contrast, the number of former UASC care leavers in the East Midlands continues to climb, with an increase of 159% since the start of the NTS.

- 4.19 The situation along the south coast has been widely reported over recent months, where significant numbers of migrants, including unaccompanied children, have been arriving across the Channel in small boats. The number of unaccompanied children being taken into the care of local authorities in the affected areas, principally Kent and Portsmouth, placed unprecedented pressure on their Children's Services with an urgent request for help sent to local authorities from the Home Office, Department for Education, Ministry of Housing Communities and Local Government, the LGA and the Association of Directors of Children's Services.
- 4.20 As well as coordinating offers of support to authorities on the south coast, EMC was asked by the Home Office to suggest possible solutions to increase participation by local authorities in voluntary transfers from Kent and Portsmouth. Funding continues to be a key barrier, and EMC proposed that the Home Office continues to fund UASC transferred from Kent at the enhanced rate (£143 per child per night) while they were in the care of the receiving authority (rather than the £114 per child per night as per the current funding arrangements). This was suggested to be cost neutral - the Home Office is funding the child at the enhanced rate whilst in Kent County Council's care and if the child did not transfer, that enhanced rate would continue.
- 4.21 In response, the Home Office announced that any child transferred from Kent or Portsmouth between initially 13th and 31st October 2020 and via the NTS would attract the higher rate of £143 per child per night for the duration of the care provided to that child by the receiving authority. This was welcomed and led to additional offers of support from the region. However, the limited timeframe was unhelpful as was the enhanced funding arrangements not applying to children already transferred before 12th October. The enhanced funding window was subsequently extended until 31st December 2020.
- 4.22 East Midlands' authorities responded to the request for assistance with pledges to find placements for up to 25 children to be transferred from the south coast through the National Transfer Scheme, and 15 children have been transferred to the region so far.
- 4.23 Eight local authorities have been able to offer support, including those councils not currently participating in the NTS but willing to make 'without prejudice' offers in response to the urgent requests for assistance.
- 4.24 In support of efforts to 'unblock' the NTS and to address on-going concerns including the proposed rota model and an option to make the scheme mandatory, EMC

arranged a meeting between Lead Members for Children’s Services and Chris Philp, the Home Office and Justice Minister (24th February).

Hong Kong BN(O) visa

- 4.25 The UK Government introduced a new immigration route for British National (Overseas) (BN(O)) citizens in Hong Kong from 31st January 2021 following the decision of the Chinese Government to impose a national security law on Hong Kong. The new national security law is in direct breach of the Sino-British Joint Declaration and restricts the rights and freedoms of the people of Hong Kong. This new route will provide the opportunity for those with BN(O) status and their family members to live, work and study in the UK, should they choose to do so.
- 4.26 Unlike most other regular migration routes, there are no requirements for a job offer, qualifications or minimum English language ability.
- 4.27 Whilst there is a high degree of uncertainty surrounding the numbers of BN(O) citizens expected to arrive on the route, a central range estimation of between 123,000 and 153,700 BN(O) citizens and their dependants coming in the first year and between 258,000 and 322,400 over five years.
- 4.28 There are several potential financial and service impacts on Local Authorities including but not limited to, access to education and health provision, English Speakers of Other Languages (ESOL) accessibility for new arrivals and pressure on Social Care services as individuals will have No Recourse to Public Funds (NRPF).

----- **END** -----

Stuart Young
Executive Director
East Midlands Councils