AGENDA

1. Apologies
2. Declarations of Interest
3. Minutes of the Executive Board Meeting 29th March 2019 *
4. Local and European Elections *
5. Growth and Infrastructure Report *
   ▪ Hs2 in the East Midlands
   ▪ Midlands Engine
   ▪ Midlands Connect
   ▪ East Midlands Rail Franchise Competition
   ▪ Midland Mainline Electrification
   ▪ Regional Infrastructure Priorities
6. Employment Issues for Local Government – the Regional Employers’ Board *
7. Asylum and Refugee Resettlement in the East Midlands *
8. Report of Management Group *
   ▪ Year-end Financial Report 2018/19
   ▪ EMC Budget 2019/20
9. Any Other Business

*Papers attached
EAST MIDLANDS COUNCILS EXECUTIVE BOARD
MINUTES OF THE MEETING HELD ON 29TH MARCH 2019
AT PERA BUSINESS PARK, MELTON MOWBRAY

Present:
Cllr Martin Hill OBE (Chair) – Lincolnshire County Council
Cllr Jon Collins (Vice-Chair) – Nottingham City Council
Cllr Chris Millar (District Vice-Chair) – Daventry District Council
Mayor Kate Allsop (EMC Independent Group) - Mansfield District Council
Cllr David Bill MBE (EMC Lib Dem Group) – Hinckley & Bosworth Borough Council
Cllr Roger Blaney (EMC Conservative Group) - Newark & Sherwood District Council
Cllr Kay Cutts MBE – Nottinghamshire County Council
Cllr Matthew Golby – Northamptonshire County Council
Cllr Oliver Hemsley – Rutland County Council
Cllr Barry Lewis – Derbyshire County Council
Cllr Jonathan Morgan – Charnwood Borough Council
Cllr Mick Barker – Derby City Council
Cllr Sarah Russell – Leicester City Council
Cllr Anne Western (EMC Labour Group) – Derbyshire County Council

Bev Smith – North West Leicestershire DC
Mark Edgell - LGA

Stuart Young – East Midlands Councils
Andrew Pritchard – East Midlands Councils
Sam Maher – East Midlands Councils
Lisa Hopkins – East Midlands Councils (Minutes)

Apologies:
Cllr Tom Beattie – Corby Borough Council
Cllr Matthew Lee – South Kesteven District Council
Cllr Ivan Ould – Leicestershire County Council
Cllr Lewis Rose OBE – Derbyshire Dales District Council
Cllr Nick Rushton – Leicestershire County Council
### 1. Apologies

**1.1**  
Apologies were received as noted above.  
Members placed on record their thanks and best wishes to Cllr Jon Collins who is standing down as a Councillor in May.

### 2. Declarations of Interest

**2.1**  
Cllr Martin Hill declared an interest in land on the edge of Melton Mowbray – this is a standing Declaration of Interest held on file since September 2015 and is attached as appendix 3 (a).

### 3. Minutes of Executive Board Meeting held on 28th September 2018

**3.1**  
The minutes were agreed as a true and accurate record.

**3.2**  
**Matters Arising**

These are all covered in the papers.

### 4. Brexit and MHCLG/ Local Authority Engagement

**4.1**  
Stuart Young introduced this report and highlighted to members the main concerns that Authorities have reported. These include the European Elections scheduled for 23rd May and the implications of holding these and also uncertainty regarding the status of statutory instruments.

**4.2**  
There is also national significance in relation to East Midlands Airport and in particular the flow of goods through the airport and local transport networks.

**4.3**  
Government has allocated funding to Local Authorities and EMC continues to work with MHCLG in providing weekly updates to authorities.

**4.4**  
Bev Smith confirmed there is a robust management plan around the airport and this is currently only seen as a medium-low risk.

**4.5**  
Cllr Hill stated the LEP boundary issues need to be resolved if funding is going to be via LEPS in the future.
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<th>LGA Update and Activity</th>
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<tr>
<td>5.1</td>
<td>Mark Edgell updated members. It was reported to Members that it was likely that additional powers and funding will be allocated to LEPs, although LGA has stated their position that responsibilities and resources should still come via local authorities due to democracy and accountability concerns. Members agreed with this.</td>
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<td>5.2</td>
<td>Building Cohesive Communities guidance is due to be published shortly.</td>
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<td>5.3</td>
<td>Planning fees have increased this year which could have implications for authorities.</td>
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<td>5.4</td>
<td>Audit commission has been abolished, however sector-led improvement is continuing.</td>
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<td>5.5</td>
<td>Cllr Oliver Hemsley asked how the LGA will move forward in the fairer funding review for local government.</td>
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<td>5.6</td>
<td>Mayor Kate Allsop stated that until Brexit is resolved nothing will move forward.</td>
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<td>5.7</td>
<td>Members discussed the range of issues and concerns regarding the current funding structure for Local Government and suggested options for ongoing LGA work on these matters.</td>
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<td>5.8</td>
<td>Cllr Mick Barker stated that in Derby the asylum situation is a significant resource concern. There is an issue with age assessing at Croydon.</td>
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<td>5.9</td>
<td>Members stated that responsibilities for authorities are increasing but there is no further funding for these.</td>
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<td>5.10</td>
<td>Cllr Martin Hill stated that in relation to devolution what is right for one area doesn't necessarily work for another.</td>
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<td>5.11</td>
<td>Children’s Services was highlighted as a particular concern, especially in relation to secure accommodation. Cllr Barry Lewis expressed concerns that secure beds have to be paid for out of county.</td>
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<td>5.12</td>
<td>Cllr Jon Collins stated that authorities have no accountability on decisions and just have to fund places.</td>
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<td>6.</td>
<td><strong>Growth and Infrastructure Report</strong></td>
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<td>6.1</td>
<td>Cllr Jon Collins updated members on progress made around HS2. The biggest challenge will be the CSR announcement in the Autumn and there are also concerns in relation to the delay or postponement of HS2 Phase 2b.</td>
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<td>6.2</td>
<td>Infrastructure priorities need to be articulated at a political level as well as officer level. There needs to be preparation and match funding for projects.</td>
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<td>6.3</td>
<td>East Midlands Airport needs to be highlighted as a priority as there is a lack of adequate infrastructure in place.</td>
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<td>6.4</td>
<td>Cllr Roger Blaney stated the Rail Franchise is expected to be announced shortly. 12th April is the latest date for announcement before Purdah. If it is delayed after this then the August start date would become unrealistic.</td>
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<td>6.5</td>
<td>Cllr Blaney reported the A46 scheme (Newark interchange) is scheduled for RIS2. Highways England and Robert Jenrick MP are positive about this.</td>
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<td>6.6</td>
<td>The flat crossing in Newark is being replaced on a like-for-like basis. This risks locking in arrangements for a number of years causing further problems for east-west connectivity.</td>
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<td>6.7</td>
<td>Cllr Kay Cutts updated members on the Toton Delivery Board.</td>
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<td>6.8</td>
<td>Members highlighted issues with A1 and upgrading of this. Andrew Pritchard confirmed that we have worked with Midlands Connect on this to put on their agenda. Members stated that this needs investment.</td>
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<td>6.9</td>
<td>Resolution</td>
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<td>Members of the Executive Board:</td>
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<td>• Considered progress on delivery of the region’s six strategic infrastructure priorities.</td>
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<td>• Endorsed the work of Transport for the East Midlands (TfEM) and the HS2 Strategic Board and its sub-Boards, and of EMC representatives on the Midlands Engine and Midlands Connect Strategic Boards.</td>
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<th>7.</th>
<th><strong>Employment Issues for Local Government - the Regional Employers’ Board</strong></th>
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<td>7.1</td>
<td>Sam Maher introduced this report.</td>
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7.2 Stuart Young highlighted to members the assessment centre’s which East Midlands Councils run which can help authorities.

7.3 Resolution

Members of the Executive Board:
- Noted the report.
- Provided comments and feedback on the employment issues identified within the report to inform EMC’s input to future Employers’ meetings at regional, National and European level.

8. Asylum and Refugee Resettlement in the East Midlands

8.1 Cllr Sarah Russell, introduced this report and updated members on migration issues.

8.2 She informed members of the new provider taking over from G4S and there appears to be positive engagements with them.

8.3 There has been no announcement on UASC funding.

8.4 There are a number of issues around mental health support which are being looked into and how they impact asylum and refuges resettlement and availability of care.

8.5 EMC are now undertaking a review of care leaver costs as Local Authority statutory responsibilities have been increased to 25 years old for care leavers.

8.6 Resolution

Members of the Executive Board:
- Considered the transition process in moving to new asylum support arrangements.
- Considered Government requests to widen asylum dispersal and refugee resettlement.
- Considered recent developments in regard to the management of refugee and resettlement programmes in the East Midlands.
- Welcomed EMC’s review of UASC care leaver costs to inform a subsequent Government review.

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<td>9.1</td>
<td>Stuart Young introduced this report and informed members the financial outturn until the end of March 2019 is likely to be around a £20,000 surplus.</td>
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<td>9.2</td>
<td>The 2 year budget is not presented due to uncertainty in relation to external grants which are due to complete in 2020 and also Northamptonshire reorganisation. A full report and wider review will be undertaken by Management Group.</td>
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<td>9.3</td>
<td>Business Plan continues on the 4 pillar approach as in previous years.</td>
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<td>9.4</td>
<td>Resolution</td>
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<td>Members of the Executive Board:</td>
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<td>▪ Noted the actual financial position for the period ended February 2019 and the associated forecast outturn to 31st March 2019.</td>
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<td>▪ Formally endorsed the base budget for 2019/20.</td>
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<td>▪ Formally endorsed EMC’s business plan 2019/20, as recommended by Management Group.</td>
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| 10.    | Any Other Business |
| 10.1   | None. |

| 11.    | Date of Next Meeting 10am, 21st June 2019. |
Cllr Martin Hill has declared the following pecuniary interest – September, November 2015:

1. A one quarter interest in two farms adjacent to Melton Mowbray.

2. Entered into agreement with Persimmon Homes for the development of housing on this land.

It was agreed by Management Group and Executive Board (Sept 2015) that:

- The interest is formally noted and recorded at Management Group and Executive Board.

- Cllr Hill will not be involved in developing or leading any housing and planning related work, e.g. policy and/or reviews, consultation; including interactions with Government.

- If, for any reason, issues relating to Melton Local Plan, housing development or similar are raised at a meeting of executive or full EMC, the discussion should pause, interest recorded, and leave the room for the entirety of the subsequent discussion.

- If EMC is invited by Melton BC to offer any support to their housing/planning work, EMC will decline. Nor will EMC offer any such support.

- Staff at EMC will also be notified of this interest to ensure they are similarly aware and take necessary steps.

24th November 2015
Summary

The following report provides a summary of the outcome of the Local Government elections held on 2nd May 2019, including its implications upon the governance of East Midlands Councils. It also provides information on the result of the European Parliamentary elections held on 23rd May 2019.

Recommendations

Members of the Executive Board are invited to consider the outcomes and implications of the local government and European Parliamentary elections.
1. Introduction

1.1 The following report provides a summary of the recent Local Government Elections that took place across the region on 2nd May 2019.

2. Local Government Election Results

2.1 A list of all election results in the region is attached as Appendix 5(a). The following changes in political control occurred:

- Amber Valley: Conservative to Labour
- Ashfield: Labour to Independent/Other
- Bolsover: Labour to NOC
- Broxtowe: Conservative to NOC
- High Peak: Conservative to Labour
- Hinckley & Bosworth: Conservative to Liberal Democrat
- North-East Derbyshire: Labour to Conservative
- North Kesteven: Conservative to NOC

3. Regional Political Balance

3.1 Conservatives remain the largest group in the region in terms of political balance. The political balance figures for all political groups are as follows:

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<tr>
<th>Political Balance</th>
<th>All authorities</th>
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<tr>
<td></td>
<td>2018/19</td>
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<tr>
<td>Conservative</td>
<td>51.7%</td>
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<td>Labour</td>
<td>36.1%</td>
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<td>Liberal Democrats</td>
<td>5.7%</td>
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<td>Independent/Others</td>
<td>6.5%</td>
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3.2 This equates to the following number of places:

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<th></th>
<th>Con</th>
<th>Lab</th>
<th>Lib Dem</th>
<th>Other</th>
<th>Total</th>
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<td>Added (46)</td>
<td>22 (22.45)</td>
<td>16 (15.69)</td>
<td>3 (3.4)</td>
<td>4 (4.46)</td>
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<td>REB (15)</td>
<td>7 (7.32)</td>
<td>5 (5.115)</td>
<td>1 (1.11)</td>
<td>1 (1.455)</td>
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<td>Migration (15)</td>
<td>7 (7.32)</td>
<td>5 (5.115)</td>
<td>1 (1.11)</td>
<td>1 (1.455)</td>
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3.3 Figures are calculated to two decimal places and any group whose balance is above 0.5 is rounded up, and those below 0.5 rounded down. The strict application of EMC’s normal approach to allocation of places would result in 1 fewer place being allocated for both ‘added places’ and boards than actually required; the agreed numbers being 46 and 15 seats respectively.
3.4 As the Independent/Other Group recorded the greater increase in share, and is the closest to 0.5 (as the basis for being ‘rounded up’), Management Group agreed that it was appropriate to allocate the Independent/Other Group the additional seat for both added places and board seats.

3.5 Members are reminded that political balance is determined on the basis of political proportionality information provided by the LGA rather than the number of councils held by each political group.

4. **Implications for EMC**

4.1 The following members are no longer be office holders of EMC (by virtue of standing down or losing their seat):
- Cllr Jon Collins - Principal Vice-Chair East Midlands Councils and Executive Board, Chair of Management Group.
- Executive Mayor Kate Allsop – Independent Group Leader, Vice-Chair Regional Migration Board, Member of Executive Board and Management Group, representative of Nottinghamshire Districts on the Executive Board.
- Cllr Chris Millar – Leader of Daventry District Council, representative of Northamptonshire Districts on the Executive Board, and District Vice-Chair of EMC and the Executive Board.
- Cllr Lewis Rose – Leader of Derbyshire Dales District Council, and representative of Derbyshire Districts on the Executive Board.

4.2 Upper-Tier Authority leaders have a seat on the Executive Board ‘by right’. Cllr David Mellen has therefore been invited to accept Executive Board membership as the new leader of Nottingham City Council.

4.3 There will be a new Principal Vice-Chair of EMC. The Labour Group will be invited to nominate to the position of Principal Vice-Chair. The EMC constitution confirms that the Principal Vice-Chair of EMC shall be nominated by the second largest political group of Local Authorities in membership and from within the members of the Executive Board.

4.4 The Principal Vice-Chair of EMC shall also be the Principal Vice-Chair of the Executive Board.

4.5 All District Councils have been invited to confirm the representative on the Executive Board for 2019-20 (one for each county area). Once confirmed, the 5 District Leader representatives on the Executive Board will be invited to nominate to the position of District Vice-Chair of EMC in the event that neither the Chair nor Principal Vice Chair are district representatives.
5. European Parliamentary Elections

5.1 The Brexit Party won the most seats in the European Parliamentary elections, both nationally and in the East Midlands by taking three of the five available seats with the Liberal Democrats and Labour taking one each.

5.2 The Conservatives and UKIP now have no MEPs in the region, having both lost the two seats they each won in 2014.

5.3 Turnout was 34.7%, a slight increase from last time. The % votes per party were:
- The Brexit Party 38.2%
- Liberal Democrats 17.2%
- Labour 13.9%
- Conservative 10.7%
- Green 10.5%
- UKIP 4.9%
- Change UK 3.5%

The region voted to leave in the EU referendum by 58.8%.

6. Recommendations

6.1 Members of the Executive Board are invited to consider the outcomes and implications of the local government and European Parliamentary elections.

Cllr Martin Hill OBE
Chairman
East Midlands Councils
<table>
<thead>
<tr>
<th>Authority</th>
<th>Region</th>
<th>Cycle</th>
<th>Boundary changes</th>
<th>Year</th>
<th>CON</th>
<th>LAB</th>
<th>LD IND/OTHER</th>
<th>UKIP</th>
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<th>TOTAL SEATS</th>
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Executive Board

21st June 2019

Infrastructure and Growth

Summary

This report updates members on HS2 in the East Midlands, Midlands Engine and Midlands Connect, the East Midlands Rail Franchise and activity to take forward the region’s strategic infrastructure priorities. This work has been led the East Midlands HS2 Executive Board and its Delivery Boards, and Transport for the East Midlands (TfEM) chaired by Sir Peter Soulsby.

Recommendations

Members are invited to:

- Endorse the work of Transport for the East Midlands (TfEM) and the HS2 Strategic Board and its Delivery Boards, and of council leaders on the Midlands Engine and Midlands Connect Strategic Boards.
1. **Background**

1.1 This report updates members on HS2 in the East Midlands, Midlands Engine and Midlands Connect, the East Midlands Rail Franchise and activity to take forward the region’s strategic infrastructure priorities. This work has been led by the East Midlands HS2 Executive Board and its Delivery Boards, and Transport for the East Midlands (TfEM) chaired by Sir Peter Soulsby.

2. **HS2 in the East Midlands**

2.1 Cllr Jon Collins stood down as Chair of the HS2 Strategic Board following the meeting of the 5th April 2019. The Vice-Chair Cllr Simon Spencer took the Chair for the 12th June 2019 meeting, pending the formal agreement of a new Chair.

2.2 The HS2 Strategic Board has focused on the following key issues:

- Progress on the East Midlands Gateways Connectivity Study - which will set out a Strategic Outline Business Case for a package of proposals to ensure surrounding cities, towns and local communities can access the HS2 Hub Station at Toton.

- Development proposals in and around Chesterfield/Staveley linked to HS2 connectivity and the Infrastructure Maintenance Depot.

- Emerging proposals for a locally led East Midlands Development Corporation around Toton, East Midlands Airport and the Ratcliffe-on-Soar Power Station site.

- The need to secure additional resources to maintain progress on the delivery of the East Midlands HS2 Growth Strategy as a whole, including the mitigation agenda and skills and supply chain activity.

2.3 The prospect of a new Prime Minister and a resulting Government reshuffle and policy review has led to renewed speculation about the future of HS2. Although the current Secretary of State for Transport has remained a vocal supporter, a number of leadership candidates have raised the potential of cancelling the project in part or in full. Whilst publically the official Opposition remains fully supportive of HS2, there remains a perceived tension between HS2 and Northern Powerhouse Rail which some commentators and ‘think tanks’ have tried to exploit.
2.4 Enabling works are ongoing in London and Birmingham for Phase 1 of the line. Approvals for the main works are not due to be given until autumn 2019 - after the new Prime Minister will take office.

2.5 In addition, the Government had previously announced a zero-budget based 3 year spending review that was previously anticipated to take place in the autumn of 2019. The current Chief Secretary to the Treasury has not ruled out the de-scoping or cancellation of previously committed infrastructure projects.

2.6 To add to the pressure, there have been two well publicised recent reports which have strongly criticised HS2. The first was published by the Taxpayers Alliance and proposed 28 transport schemes that it is argued could be delivered instead of HS2. The report is available at: https://d3n8a8pro7vhmx.cloudfront.net/taxpayersalliance/mailings/2356/attachments/original/GBTC_Report_Press_Release.pdf?1557742612.

2.7 The second was published by the House of Lords Economic Affairs Committee and entitled ‘Rethinking HS2’, available at: https://www.parliament.uk/business/committees/committees-a-z/lords-select/economic-affairs-committee/news-parliament-2017/hs2--report-launch/ The report argues that HS2 should be built from the north and de-scoped to reduce costs, but makes no mention of the economic benefits of HS2 to the East Midlands.

2.8 As a result, there remains a pressing need to make the political and economic case for HS2 and Phase 2b in particular. As Chair of both Midlands Engine and Midland Connect, Sir John Peace had been a vocal and articulate champion of the benefits of HS2 to the Midlands and the East Midlands in particular, and made a robust response to the House of Lords report in particular - available at: https://www.midlandsconnect.uk/news-and-events/the-midlands-is-completely-ignored-by-house-of-lords-report-on-hs2/

2.9 In addition, leading businesses from across the north and midlands wrote an open letter in support of delivering HS2 in full. https://www.midlandsconnect.uk/news-and-events/the-midlands-is-completely-ignored-by-house-of-lords-report-on-hs2/

2.10 Further collective action by business and political leaders will be required over the coming months to secure the future of HS2.
3. **Midlands Engine - Strategy Refresh**

3.1 In Budget 2018, the Government committed to refreshing the Midlands Engine strategy in 2019. The strategy refresh will continue to focus on increasing the region’s economic activity to reduce the productivity gap between the Midlands and the UK average, as well as making the region a better place to work and live. The focus will be on collaborative work areas and investments where real impact can be delivered across a large area, working in partnership.

3.2 Whilst the strategy will be a government document, the Communities Secretary, as Midlands Engine Champion, is committed to working closely on developing the strategy with regional partners to enable a clear focus on the right areas and the delivery of the strategy.

3.3 Ministers are keen for local partners to contribute to the vision and strategy. Sir John Peace and the Communities Secretary are working closely together which will help align the Government and regional views as the strategy develops. Officials are working with the Partnership including theme groups, the Midlands Engine Economic Observatory and LEPs to build upon the ideas, evidence and work that has already been completed. It is important that there is a good fit between published or developing Local Industrial Strategies and the refreshed Midlands Engine Strategy.

a) **Timescales**

3.4 The refreshed strategy is expected to be published in autumn 2019. Workshop outputs and feedback from partners will feed into a series of drafts that will be taken to the MHCLG Secretary of State and Ministers (June and July). It is anticipated that a final draft stage will be reached by late July with opportunities for refinement over the summer.

b) **Priorities**

3.5 Officials have developed an evidence base and used this to work across Whitehall to establish a list of priorities for the strategy refresh. These will be set against a vision for the region’s ambition and some exemplification of the things which are happening at the local level to drive that ambition.

3.6 The focus will be on areas where an impact can be made at a pan regional level. Initial areas for focus are:
• Trade and Investment – Continuing, growing and maximising DIT trade and investment programmes including trade missions, export champions, FDI promotion through events such as MIPIM and developing Investment Portfolio opportunities. Funding to develop a business festival (expo), aligned with the Commonwealth Games.

• Connectivity - maximising the opportunities at the new HS2 station sites at Toton and Birmingham Interchange, taking forward proposals for the Rail Hub and long-term sustainable growth in pan-Midlands economic corridors by Midlands Connect. Augmenting the key logistics assets of the region. Developing and implementing a strategy to enable the Midlands to become a 5G region. Power capacity as a barrier to investment in commercial sites is also likely to be considered.

• Supply chain and business growth – government actions to support supply chains, helping to internationalise the region’s key sectors. Building on existing innovations strengths to drive a different approach to delivering world class innovation support, supporting Government’s ambition to increase R&D investment to 2.4% of GDP. Consideration of how the Midlands Engine Investment Fund and skills can support in this area.

• Growing the Midlands Engine voice – continuing to grow and develop the Midlands Engine strong regional identity. Work is planned to build upon existing activity promoting the impact of the Midlands Engine, economic growth ambitions and the value the Midlands has to offer as an excellent place to live, learn and work.

3.7 The Midlands Engine Executive Board will meet on Monday 17th June.

4. Midlands Connect

4.1 Membership of the Midland Connect Strategic Board is renewed on an annual basis. The TfEM Board agreed on the 5th June that as Chair of TfEM, Sir Peter Soulsby should be nominated as a member of Midlands Connect Board. It was also agreed that two further ‘alternate’ Members should nominated: Cllr Chris Poulter (Derby City Council) and Cllr David Mellen (Nottingham City Council).

4.2 As a result, representation on the Midlands Connect Strategic Board for 2019/20 is proposed to be:
**Members:**
Sir Peter Soulsby (Chair of TfEM and Leicester City Council)
Cllr Kay Cutts (Nottinghamshire County Council)
Cllr Nick Rushton (Leicestershire County Council)

**Alternates:**
Cllr Simon Spencer (Derbyshire County Council)
Cllr Chris Poulter (Derby City Council)
Cllr David Mellen (Nottingham City Council)

4.3 The next Midlands Connect Strategic Board will take place on the 20th June 2019. The Board is expected to endorse the Strategic Outline Business Case (SOBC) for the Midlands Rail Hub, which comprises a package of measures to improve rail connectivity between Nottingham/Derby and Birmingham, between Leicester and Birmingham and between Nottingham/Leicester and Coventry.

4.4 The Midlands Rail Hub SOBC is planned to be publically launched in Leicester on the 27th June with the Rail Minister Andrew Jones MP and the Chair of TfEM Sir Peter Soulsby in attendance.

4.5 The Midlands Connect Strategic Board will also be asked to endorse road investment priorities for the period 2020-25 covering the Major Road Network (MRN) and Large Local Majors (LLM). This follows extensive technical prioritisation work and discussion through the TfEM Board.

4.6 It is important that MRN/LLM priorities are seen in a wider context that also includes Highways England’s Roads Investment Strategy (RIS) – for which delivery of the A46 Newark Bypass is a top priority for both TfEM and Midlands Connect.

4.7 If the proposed recommendations by Midlands Connect are funded by Government, the following major road schemes would be delivered across the East Midlands during 2020-25:

- A614 (MRN): Nottinghamshire County Council
- A511 Growth Corridor (MRN): Leicestershire County Council
- North Hykeham Relief Road (LLM): Lincolnshire County Council
- Chesterfield - Staveley Regeneration Route (LLM): Derbyshire County Council
- Newark Northern Bypass (RIS2): Highways England
5. **East Midlands Rail Franchise**

5.1 EMC through TfEM have been working in partnership with the DfT over the last three years to influence the rail franchise, including seconding a resource to work as part of the DfT franchise team in London secured through a contract with consultants SCP Transport and funded by contributions from Local Transport Authorities (LTAs). This resulted in significant enhancement in services set out as part of the DfT ‘Invitation to Tender’ published last year.

5.2 On the 10th April 2019 the Government announced that Abellio had won the franchise competition and were the preferred bidder for the contract. However it subsequently emerged that Stagecoach had submitted a financially non-compliant bid and had as a result been disqualified. This led to a legal challenge to the fairness of the process by Stagecoach (and then by Arriva) which the DfT is in the process of vigorously defending.

5.3 Because the challenges did not secure an injunction to stop the competition concluding, after an extended ‘cooling off period’ the contract between the DfT and Abellio was signed on the 9th May 2019. The challenges are therefore a matter of entitlement to compensation, rather than against the decision to award the contract.

5.4 Abellio will formally take over East Midlands Railway franchise from Stagecoach on the 18th August 2019. Senior officials from the Abellio team made a well-received presentation to the TfEM Board on the 5th June 2019 setting out their key investment proposals and mobilisation plans. A copy of the presentation is set out in Appendix 5(a) of this report.

**An on-going management role for TfEM**

5.5 Officers have been in negotiation with DfT to provide local input into the management of the franchise, based on the ‘Limited Management Role’ agreed by the TfEM Board on the 26th January 2018. Whilst this arrangement will not deliver the same level of control enjoyed by Transport for the North or the West Midlands Rail Executive, it does represent a significant improvement on previous arrangements for the East Midlands, and could provide a model for non-metropolitan areas elsewhere in the country in the context of the Williams Rail Review.
5.6 The Draft Partnership Agreement between TfEM and DfT includes the following key elements:

- The ability for TfEM to develop incremental improvements to the franchise working directly with DfT officials.
- The ability for TfEM to report performance issues directly to DfT officials and to secure resolution.
- Quarterly meetings with the DfT franchise management and LTA lead officers to oversee the implementation of the Partnership Agreement - with a reporting line into the TfEM Board.
- Annual meeting between the Chair of TfEM and the Secretary of State for Transport to review franchise performance and potential for further improvements.
- Agreement to last the length of the franchise (8 years + 2) - with a 12 month notice period on either side.

5.7 The Partnership Agreement will be underpinned by the creation of two new TfEM posts joint funded by the Department for Transport:

- A senior level manager leading stakeholder engagement on rail matters and using highly developed influencing skills to effectively engage with the DfT and TOC, so that TfEM secures a better outcome for the region that might otherwise be the case.
- A support resource to gather, analyse, interpret and present the data from the TOC and others, to help make the case for improvement and/or investment. This role would also support the senior post in stakeholder engagement.

5.8 Although the focus of both posts will be the East Midlands Railway franchise, they will have the ability to support TfEM input into other rail relevant franchises and rail issues generally.

5.9 The TfEM Board meeting of the 5th June 2019 agreed the draft Partnership Agreement and a funding package secure a 50% TfEM contribution towards the two new posts.

6. Regional Infrastructure Priorities

6.1 At the First East Midlands Infrastructure Summit held in November 2017 key partners committed to work together to increase infrastructure spending towards the average for England. Subsequently, TfEM and Midlands Connect agreed a document highlighting six joint priorities as a basis for renewed lobbying.
- Making the most of HS2.
- A Midland Main Line fit for the 21st Century.
- Improving access to East Midlands Airport.
- A46 Growth Corridor & Newark.
- A5 Growth Corridor.
- Transforming East-West Connectivity.

6.2 The joint document was presented to the Secretary of State in March 2018 and discussed again with him in July 2018, and has subsequently been used as the basis for working with officials, MPs and other stakeholders. The document is available at: https://www.emcouncils.gov.uk/write/MID_10894007_A4_4pp_Brochure_EM_V2_150dpi.pdf

6.3 A summary of activity to date on each priority is set out in Appendix 5 (b) of this report.

7. **Recommendation**

7.1 Members of the Executive Board endorse the work of Transport for the East Midlands (TfEM) and the HS2 Strategic Board and its Delivery Boards, and of council leaders on the Midlands Engine and Midlands Connect Strategic Boards.

Officer Contact: Andrew Pritchard  
Director of Policy & Infrastructure  
Andrew.pritchard@emcouncils.gov.uk
East Midlands Railway
an introduction

Transport for East Midlands Board Meeting
County Hall, Glenfield, Leicestershire

Julian Edwards
Simon Pready
Edward Funnell

5th June 2019
Introductions

- Julian Edwards – Deputy Managing Director & Business Development Director
- Simon Pready – Bid and Transition Director
- Edward Funnell – Stakeholder Engagement Adviser
What we’ll cover

• Introduction to ourselves and Abellio
• Our bid strategy
• Timeline of improvements
• Highlights of our bid
• Getting ready for the new franchise
About Abellio

- Established in 2000, Abellio is a leading passenger rail operator in the UK through our ScotRail, Merseyrail, Greater Anglia and West Midlands Trains franchises
- We also operate bus routes in London and Abellio Rail Replacement and Event Connect coaches
- Employees: 13,000
  - Passengers/day: 1.2 million
  - No. of train vehicles: >2,500
  - No. of buses: 769
- Abellio also operates rail services in Germany
- Our parent company, Nederlandse Spoorwegen (NS), has highly developed operational expertise from >175 years of running Dutch Railways.
- Close collaboration and partnership working with clients and stakeholders is an Abellio core value
- Strong relationships with DfT, Transport Scotland, Merseytravel and WMRE
The East Midlands

- The East Midlands franchise has a diverse geography, economic profile and ethnography
- It is a poly-centric region and the franchise provides important links between its key cities, and to London
- The East Midlands has seen particularly strong private sector job growth over the last five years, and is well placed to thrive in a post-Brexit economy
- Population is projected to be the fastest growing in the UK outside London and the south east
  - Young, dynamic and well educated populations in main cities
  - 400,000 new homes planned over the next 20 years.
- Our bid supports the economic growth of the region through extra capacity and faster journey times across the franchise
- The commitments in our bid are only the start
  - we want to work with stakeholders across the Midlands to deliver their longer term ambitions (eg HS2 connectivity) and embed Abellio at the heart of public transport across the Midlands
How we approached our bid

- Strong growth profile of East Midlands
- Ambitious ITT driven by stakeholders
- EMT is a well-run franchise

May 2018 timetable issues & Williams Review

- £1.5bn MML upgrade
- Cancellation of electrification

- Enabling economic growth
- Maximise benefits of MML upgrade
- Strong focus on deliverability
- Consistency of product
- Working in partnership

Regional services have lacked investment

Several Direct Awards
Timeline of improvements

- Flexible season tickets
- Gates first to last staffing
- 2 Community Rail Apprenticeships
- Ticket collection machine replacement
- Smartcard on mobile roll out
- Class 153s replaced
- Ticket machine functionality upgrade

**Timeline Events:**

- **August 2019 Franchise Starts**
  - Launch new brand
  - New online platform
  - Uniform accessories
  - First major marketing campaign
  - Direct Debit Season ticket
  - Delay Repay 15 launched
  - Price promise
  - Real Living Wage paid to all staff
  - Double Community Rail funding
  - Membership of Business Disability forum

- **2019**
  - 4 Community Ambassadors
  - First Annual Stakeholder conference
  - Establish 2 x Stakeholder Advisory Boards
  - Issue smart watches to train dispatch staff
  - Blue Assist scheme implemented
  - Multi-modal journey planning
  - Corby commuter services introduced
  - InterCity journey times speeded up
  - More regional Sunday services
  - Passenger Assist App
  - Smart kiosk roll out so all stations have retail facilities
  - Catering enhancement
  - First Class enhancement
  - Smart validators at every station
  - Investors in Diversity Accreditation

- **2020**
  - Corby commuter services introduced
  - InterCity journey times speeded up
  - More regional Sunday services
  - Passenger Assist App

- **2021**
  - Corby commuter services introduced
  - InterCity journey times speeded up
  - More regional Sunday services
  - Passenger Assist App
  - Smart kiosk roll out so all stations have retail facilities
  - Catering enhancement
  - First Class enhancement
  - Smart validators at every station
  - Investors in Diversity Accreditation

- **2022**
  - Corby commuter services introduced
  - InterCity journey times speeded up
  - More regional Sunday services
  - Passenger Assist App
  - Smart kiosk roll out so all stations have retail facilities
  - Catering enhancement
  - First Class enhancement
  - Smart validators at every station
  - Investors in Diversity Accreditation

- **2023**
  - Corby commuter services introduced
  - InterCity journey times speeded up
  - More regional Sunday services
  - Passenger Assist App
  - Smart kiosk roll out so all stations have retail facilities
  - Catering enhancement
  - First Class enhancement
  - Smart validators at every station
  - Investors in Diversity Accreditation

- **2024**
  - Corby commuter services introduced
  - InterCity journey times speeded up
  - More regional Sunday services
  - Passenger Assist App
  - Smart kiosk roll out so all stations have retail facilities
  - Catering enhancement
  - First Class enhancement
  - Smart validators at every station
  - Investors in Diversity Accreditation

- **2025**
  - Corby commuter services introduced
  - InterCity journey times speeded up
  - More regional Sunday services
  - Passenger Assist App
  - Smart kiosk roll out so all stations have retail facilities
  - Catering enhancement
  - First Class enhancement
  - Smart validators at every station
  - Investors in Diversity Accreditation

- **2026**
  - Corby commuter services introduced
  - InterCity journey times speeded up
  - More regional Sunday services
  - Passenger Assist App
  - Smart kiosk roll out so all stations have retail facilities
  - Catering enhancement
  - First Class enhancement
  - Smart validators at every station
  - Investors in Diversity Accreditation

- **2027**
  - Corby commuter services introduced
  - InterCity journey times speeded up
  - More regional Sunday services
  - Passenger Assist App
  - Smart kiosk roll out so all stations have retail facilities
  - Catering enhancement
  - First Class enhancement
  - Smart validators at every station
  - Investors in Diversity Accreditation

- **2028**
  - Corby commuter services introduced
  - InterCity journey times speeded up
  - More regional Sunday services
  - Passenger Assist App
  - Smart kiosk roll out so all stations have retail facilities
  - Catering enhancement
  - First Class enhancement
  - Smart validators at every station
  - Investors in Diversity Accreditation

- **2029**
  - Corby commuter services introduced
  - InterCity journey times speeded up
  - More regional Sunday services
  - Passenger Assist App
  - Smart kiosk roll out so all stations have retail facilities
  - Catering enhancement
  - First Class enhancement
  - Smart validators at every station
  - Investors in Diversity Accreditation

**St Panoramas peak standard seats**
- Day 1: 9,300
- Dec - 22: 18,900

**St Panoramas weekly standard seats**
- Day 1: 263,000
- Dec - 22: 490,000

**Nottingham peak standard seats**
- Day 1: 11,300
- Dec - 22: 14,500

**Nottingham weekly standard seats**
- Day 1: 433,000
- Dec - 22: 517,000

**Yearly Changes:**
- New InterCity bi-modes in service
- 2 x new Community Rail Partnerships
- 1 x new Community Rail Partnership
- Hydrogen fuel cell train trial

**Station Improvements:**
- 6 Zero Carbon stations
- Inclusive Hubs at key stations
- Major station redevelopments - new branded outlets, customer lounges, improved customer environment
- Medium station schemes - improved customer environment and brands
- 1,050 new cycle spaces
- Multi-modal CIS
- Interchange enhancements

**Space Utilisation Study:**
- 916 extra car park spaces

**Culture Change Programme:**
- 25 employability masterclasses and 30 apprenticeships each year

**Alliancing with Network Rail**
- Awareness training
Trains – a complete fleet replacement

• Gradual replacement of the entire train fleet by December 2022
  − Replacement of single car Class 153s with 2-car Class 156s in first 6 months
  − First HSTs removed in May 2020, with all removed by December 2020
  − Modern electric trains for Corby commuter services from December 2020
  − Regional fleet fully replaced by modern diesel trains by December 2021
  − New bi-mode trains introduced in December 2022

• By the end of 2022 the fleet will be made up of just 3 fleets which will fully meet the needs of the markets they serve
  − EMR Intercity
  − EMR Electrics
  − EMR Regional

• 80% more capacity into London St Pancras and 40% more capacity into Nottingham by 2022
New timetables to improve connectivity

- December 2020
  - EMR Electrics services to Corby via Luton Airport Parkway and faster intercity journey times
  - Extra regional Sunday services

- December 2021
  - Regional service enhancements
  - Later and earlier services
  - Extra train between Derby and Nottingham
  - All year weekend service to Skegness
  - All-day hourly service Doncaster to Peterborough via Lincoln

- Figure to right shows service enhancements over and above the DfT’s ambitious specification
Making stations better

• Investing nearly £20 million at stations to provide consistent product for each market segment (EMR Intercity, EMR Electrics and EMR Regional)

• Every station to be given a deep clean, latest Customer Information Screens, new signage and at least one ticket vending machine

• Nine more stations to be staffed

• Significant investment to improve stations such as Leicester, Nottingham, Derby, Sheffield and Lincoln as well as waiting area at London St Pancras station

• Improved retailing and waiting areas, ‘Living Room’ concept rolled-out, more accessible stations with improved wayfinding

• 916 extra car park spaces and 1,050 more cycle parking spaces

• Making six stations ‘eco-stations’

• 60 electric vehicle charging points at 18 car parks

• £1.9m investment in installing energy efficient LED lighting at 102 stations

• More waiting shelters and refurbished waiting rooms

• Vending or catering at all stations with a footfall of over 250k per annum
Improving journeys for our customers

• An improved InterCity ‘product’ with a consistent catering and First Class offer 7 days a week

• Investing £27m in free Wi-Fi, which will be on all trains and stations by Dec-21

• Improved ‘Delay-Repay 15’ passenger compensation introduced from Day 1

• A fault reporting system for staff and customers by August 2020

• £0.5m Customer Experience fund starting in April 2020
Accessibility and inclusivity

- 25 employability masterclasses at schools in the local area each year to promote career opportunities in the transport sector
- 30 pre-Apprenticeships each year for young people
- 4 Community Ambassadors to work in local communities to attract people on to the railway
- Free advertising space for diversity groups
- Investors in Diversity accreditation
- Inclusivity hubs at key stations
- 3 new Changing Places toilets
- Membership of Business Disability Forum
- Reduce the window for booking passenger assistance and new Passenger Assistance app
- Implement Blue Assist scheme for customers with visible and non-visible disabilities
- Establish an Inclusivity Forum
Smarter ticketing and retailing

- Introduction of EMR Price Promise – a guarantee to customers of the best value ticket through all EMR direct retail channels.

- Flexible season tickets

- Advance Purchase on the Day (APoD) tickets for longer distance travel and introduce account based ticketing in Nottingham travel to work area

- Introduction of a more dynamic and personalised TVM interface selling a wider range of tickets

- New open ‘over the counter’ retail facilities at Leicester, Nottingham, Sheffield and Derby where staff will have a new smart-enabled tablet-based ticket issuing system for selling tickets anywhere at that station.

- Enhanced mobile ticket offerings to make it easier to buy a ticket and remove the need for Ticket on Departure collection
A new, durable brand

EAST MIDLANDS RAILWAY
Increased support for Community Rail

- Funding for existing Community Rail Partnerships to be doubled
- Derwent Valley Line, Poacher Line, North Notts and Lincs CRP, Hereward Line
- Opportunities for CRPs to ‘bid’ for additional funding for local station improvements and marketing
- Station adoption to be extended to all stations, subject to local support
- Explore the potential for new CRPs on the franchise
- New Community Development Fund of £0.5million to be implemented, working with CRPs
Working in Partnership across the East Midlands

• Partnership Agreement between EMC/TfEM and EMR that supports the agreement between EMC/TfEM and DfT

• Gradually deepening Alliance with Network Rail that brings track and train closer together

• Partnership Agreements with:
  – Midlands Connect
  – East Midlands Airport
  – London Luton Airport
  – HS1 Ltd
  – Transport for the North

• ‘Strategic Partnerships’ with local marketing/tourism bodies, and visitor attractions including heritage railways

• Stakeholder Advisory Boards to work with the franchise to identify and development further enhancements
Getting ready for the new franchise

• Highly experienced Mobilisation & Transition team of around 50 people established: many developed our EM bid plans in 2018

• Our mobilisation office is located in Derby

• Positive engagement with EMT

• Regular engagement with Department for Transport and Network Rail

• Engagement with key partners and stakeholders also underway
Media and Stakeholder Communications activities

• Roadshows and briefings
  - Series of local ‘stakeholder roadshows’ being planned to outline our plans
  - Bilateral meetings with key stakeholders: Midlands Connect, TfN, East Midlands Chamber, England’s Economic Heartland, Luton/East Midlands Airports, MPs, local authorities and LEPs
  - Meetings with Community Rail Partnerships to confirm support packages

• Key announcement ‘milestones’ to be publicised proactively to media/stakeholders:
  - eg New/cascaded rolling-stock; new management team; EMR branding; all promoted by press releases to media (national, regional, and rail trade)

• Provisional plans for Launch Days – 18-19th August:
  - Re-branding key franchise assets – esp stations/signage/websites
  - Internal/customer communications on 18th August;
  - Launch events for stakeholders/media around the franchise on 19th August;
East Midlands Railway
an introduction

Transport for East Midlands Board Meeting
County Hall, Glenfield, Leicestershire

Julian Edwards
Simon Pready
Edward Funnell

5th June 2019
### Joint TfEM/Midlands Connect Priorities for the East Midlands: Status as at June 2019

<table>
<thead>
<tr>
<th>Priority</th>
<th>Update</th>
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| **Making the most of HS2** | • Revised business case & design for conventional-compatible link at EM Hub at Toton nearing completion.  
• HS2 themed bids for Housing Infrastructure Fund and the Transforming Cities Fund have been submitted to HMG  
• Proposals to establish a Development Corporation for Toton and surrounding sites under discussion.  
• EM Gateways Connectivity Study due to reach final report stage in September 2019.  
• RIS2 development funding for A52/M1J25 prioritised by Midlands Connect – but no clarity on process by DfT. |
| **A Midland Main Line fit for the 21st Century** | • Upgrade measures, including Derby remodelling, substantially complete.  
• Government has confirmed electrification to Market Harborough and between Clay-Cross and Sheffield – no decision on the remaining 38% of the MML.  
• Improved services and complete replacement of rolling stock by 2023 secured through new East Midlands Franchise. |
| **Improving Access to East Midlands Airport** | • Proposals to improve service pattern to EM Parkway to be secured through new East Midlands Franchise.  
• Proposals for strategic public transport links between Hub Station and EMA will form part of EM Gateways Study.  
• Some Discussions on ‘last mile’ road access to EMA have taken place – but no firm proposals yet. |
| **A46 Growth Corridor & Newark** | • A46 Newark Northern bypass has been prioritised by Midlands Connect for delivery for RIS 2 – DfT appear supportive.  
• An Assessment of the wider Strategic Case for the Newark bypass has been submitted to Highways England.  
• An update on the case for improved Lincoln-Newark-Nottingham Rail services and replacing the ‘flat crossing’ to be made at the next Newark ‘Show and Tell’ on the 17th June 2019.  
• HE and Network Rail have formed a joint working group to inform proposals for road and rail investment in Newark. |
| **A5 Growth Corridor** | • Longshoot-Dodwells pinch-point improvement still outstanding - but due to be completed by end of RIS1.  
• Strategic Study of the A5 between M69 and M42 has commenced. |
| **Transforming East-West Connectivity** | • Strategic Outline Business Case for Midlands Rail Hub to be agreed by Midlands Connect Strategic Board on 20th June 2019. As well as links to Birmingham it will also include the case for direct rail services between Nottingham-Leicester-Coventry. |
Local Government Employment Developments

Summary
This paper updates Members on significant issues relating to local authorities as employers.

Recommendations
Members of East Midlands Councils Executive Board are invited to:
- Note this report.
- To provide comments and feedback on the employment issues identified within the report to inform EMC’s input to future Employers’ meetings at Regional, National and European level.
1. Introduction

1.1 East Midlands Councils (EMC) through its role as the region’s Employers Organisation, has the responsibility of supporting employment relations for the sector. The Regional Employers’ Board provides political leadership on employment issues and forms the Employer’s side of the Regional Joint Council, which meets with joint trade unions to support employment relations on behalf of councils in the East Midlands.

1.2 This report provides information for members on key current issues for Councils as employers.

2. Regional Employers’ Board & Regional Joint Council Update

2.1 The most recent meeting of the Regional Employers’ Board took place on 11th June 2019.

2.2 At the meeting the Regional Employer’s Board discussed key employment developments, including the current consultation on proposals to introduce an exit pay cap within the public sector (see paragraph 4.1 below).

2.3 The Regional Joint Council met following the Employers’ Board meeting. This provided an opportunity for a joint discussion on the exit pay cap proposals. The LGA’s Apprenticeship Adviser, Jamie Saddler, attended the meeting to give an update on developments and progress with apprenticeships and a copy of his presentation is attached as an appendix 6 (a) to this report.

2.4 It was agreed that Local Government Reform in Northamptonshire would be included as a standing agenda item for future meetings of the Regional Joint Council.

2.5 The trade unions asked that a joint response is submitted to consultation on proposals to restrict access to the Local Government Pension Scheme from employees/employers of 6th form colleges and universities that had previously been polytechnics. It was agreed that further information and advice on the implications of the proposal would be sought from the pension fund administrators to inform any joint response.

3 National Developments

3.1 Pay
3.1.1 The new national pay spine was due to be implemented on 1st April 2019 and in most cases the implementation has been fairly straightforward. From a national survey with 238 respondents, of 198 councils who are part of the national pay arrangements, 44 were required to make wider changes to their grade structure to accommodate the new pay spine. Throughout 2018/19, EMC offered free support to councils through workshops and access to a discounted pay modelling service in order to help with the implementation.

3.1.2 Unions are currently consulting their respective branches on what they want to see included in the 2020 pay claim for Green Book employees. Unison’s NJC Committee has proposed a claim for 10% or £10 per hour, whichever is the greater. (The minimum NJC hourly rate is currently £9.) The final claim of the joint trade unions will be lodged formally at a meeting with the Employers’ Side of the NJC on 24th July 2019. EMC’s Employers’ Director will be attending this meeting as a representative of Regional Employers.

3.1.3 EMC will host a regional pay roadshow event to enable councils in the East Midlands to be consulted on the pay negotiations. This is being planned to take place on 12th September 2019 following the next meeting of the Regional Employers’ Board and Joint Council meetings, to facilitate the attendance of Employers’ Board Members. Lunch will be provided for those councillors able to stay for the pay consultation meeting.

3.2 Gender Pay Gap

3.2.1 At the end of March 2019, councils with 250+ employees were required to report their gender pay gap information for the second time. The LGA has produced an initial report summarising the data submitted to the Government’s gender pay gap service by English local authorities on their gender pay gap. The report is provided at Appendix 6 (b). From this, it can be seen that the median pay gap for councils in the East Midlands region was 4.2%.

3.3 Chief Executives – Model Disciplinary Process

3.3.1 The JNC for Chief Executives issued a circular at the beginning of May to remind councils of the provisions within the Model Disciplinary Procedure and Guidance in the Chief Executives’ Handbook, the timing was aimed to coincide with arrangements for committee structures being established for the new municipal year and following from local elections. Click here for a copy of the Circular and the Handbook.

4 Employment Law Developments
4.1 Exit Pay Cap Proposal

4.1.1 The Government is carrying out further consultation on proposals to introduce a cap on exit pay within the public sector. The report presented to the Employers Board on this issue is provided as an appendix6 (c).

4.1.2 Whilst agreeing with the principle of reducing unnecessary costs in making exit payments to high-paid employees in cases that appeared to reward poor performance, the Board concluded that there are significant problems with the proposals as currently drafted. Concerns particularly related to:

- Discrepancies within the proposed regulations and guidance and pension regulations.
- The inclusion of pension strain costs which would mean that relatively low-paid workers with long service would be within the scope of the cap.
- The inclusion of settlement agreement payments which would restrict the councils’ ability to make commercial/financial decisions to settle claims ahead of Employment Tribunals and would lead to a further increase in Tribunal hearings.

4.1.3 The Regional Joint Council echoed the Employers’ concerns and also raised the failure to conduct a full and recent equality impact assessment or address the adverse impact on employees based on their age.

4.2 Legislation in support of The Good Work Plan

4.2.1 As previously reported, the government had been proposing new legislation to support its Good Work Plan, which was produced in response to the Taylor Review. The relevant law reforms have now been passed as outlined below:-

a) The Employment Rights (Miscellaneous Amendments) Regulations 2019 increased the maximum limit an Employment Tribunal can award for an “aggravated breach” from £5,000 to £25,000 with effect from 6th April 2019.

b) Under the same legislation, from 6th April 2020, all workers (not just employees) will have the right to a written statement of terms and conditions. The right will be from the 1st day of employment, but can be provided in instalments within 2 months, as required under the Employment Rights (Employment Particulars and Paid Annual Leave) (Amendment) Regulations 2019.
c) For workers with no normal hours of work, or whose pay varies according to work done, the reference period for calculating “a week’s pay” for the purposes of statutory holiday pay entitlements is being extended from 12 weeks to 52 weeks, or for the total period of employment for those in their first year of service. This arises from the Employment Rights (Employment Particulars and Paid Annual Leave) (Amendment) Regulations 2019 and comes into effect on 6th April 2020.

d) Employers will no longer be able to apply “the Swedish Derogation” from 6th April 2020, which prevented agency workers having equal pay to directly employed staff if paid a minimum rate of pay between assignments. The Agency Workers (Amendment) Regulations 2019 will bring this change into effect.

5 National Association of Regional Employers (NARE)

5.1 All regional employers across the country form the above Association, which provides an opportunity for working collaboratively on workforce and councillor development issues to maximise impact and resources.

5.2 NARE meets quarterly, and will be meeting on 18th June 2019. The agenda includes a presentation from the Metropolitan Police on Cyber protection, and how staff can become a target to fraudsters/cyber attackers looking to target organisations, social engineering, payment fraud and ransomware including email spoofing.

5.3 The meeting will also discuss the future of Epaycheck, the pay benchmarking system that has been developed by the sector, given the LGA’s decision not to continue its financial support of the system.

6 Regional Developments

6.1 Learning & Development

6.1.1 On 21st March 2019, EMC held the region’s LA Challenge at the Derby velodrome. The event was successful, with 19 teams taking part from councils from across the region to engage in a range of exercises designed to provide learning and development for teams through new experiences and challenges. Feedback from participants was extremely positive, the results were:

- Local Authority Challenge East Midlands Winner 2019 – South Holland District Council
- Runners up – South Kesteven District Council
• Best Chief Executive - Jason King, South Holland District Council
• Best Partnership Working award – City of Lincoln
• Best Presentation – Lincolnshire County Council
• Best Media Award – Corby Borough Council
• Outstanding team player Award – Samantha Thomas, Derby City Council

6.1.2 On 25th April 2019, a workshop was held on Improving Productivity and Performance, which built on a popular session offered as part of EMC’s People Conference in February. The workshop introduces a model to ensure that a broad approach is taken to addressing problems, introducing new services or improving performance at an individual, service and organisational level. Follow-up support to help councils take the approach forward is being provided in partnership with the LGA.

6.1.3 EMC’s 7th annual coaching conference is taking place on 26th June 2019 and will centre on the theme of Coaching for Change. We were pleased to welcome Lincolnshire County Council as a member of the regional coaching network, which provides network members with access to on-line coaching resources, a matching portal and free places at CPD workshops, including the conference to help ensure coaches within councils are able to maintain their skills and knowledge.

6.2 Continuous Professional Development Programmes

6.2.1 EMC completed a further year’s programme of low-cost events to provide continuous professional development for Planners and Environmental Health Officers across the region.

6.2.2 For Environmental Health, 739 offers attended the seminars across the programme, which covered the following themes: Environmental Protection, Licensing (Animal), Health and Safety, Food, Public Health and Housing.

6.2.3 For Planning, the seminars featured the following issues: the National Planning Policy Framework, Approaches to Strategic Planning, Housing Delivery, “What’s Wrong with Planning?”, New Year New Designs, Planning Enforcement. The programme was attended by 435 planning officers.

6.3 Councillor Development

6.3.1 East Midlands Councils has developed a programme of regional Councillor Induction events, to complement local authorities’ own induction programmes. A copy of the programme brochure will be circulated at the board meeting and
can also be accessed on the EMC website through the following link: Councilor development.

6.3.2 So far, 50 newly elected councillors have registered their attendance at our Hitting the Ground Running Development session on 12 July which we are delivering in partnership with the LGA.

6.3.3 Further information on councillor development opportunities either in-house or as a regional/shared event is available from lisa.butterfill@emcouncils.gov.uk or Kirsty.lowe@emcouncils.gov.uk.

6.4 Apprenticeships

6.4.1 Board Members will be aware from previous reports that when the LGA’s Apprenticeship Adviser attended the Regional Joint Council last year, he commented on the lack of take-up by councils in the region of the support being provided by the LGA to assist with apprenticeships.

6.4.2 In light of this, EMC has been using its monthly HR bulletin to keep councils informed of the LGA’s work, as well as developments with apprenticeships. A free event was hosted by EMC on 11th June 2019 to enable officers from councils across the region to meet with Jamie and the ESFA and to discuss how we can collaborate to increase the number of apprenticeships and maximise levy spend. The event received positive feedback from those attending.

6.4.3 EMC is also exploring opportunities with universities to provide a planning degree apprenticeship within the region, which will also help alleviate the skills shortages within this occupational group.

6.5 Consultancy Update

6.5.1 Since March’s Board meeting, EMC has provided support with:

- Interim HR Management
- Coaching
- Mediation
- Advising at a disciplinary hearing
- Advising Members at a dismissal appeal
- Providing advice on approaches to job evaluation
- Support with organisation review/restructure
- Chief Executive appraisal facilitation
7. **Recommendations**

Members of the East Midlands Councils Executive Board are invited to:

7.1 Note the contents of the report.

7.2 Provide comments and feedback on the key employment issues identified above to inform EMC’s input to future Employers’ meetings at regional, national and European level.

Cllr Tom Beattie  
Chairman  
Regional Employers’ Board
LGA Apprenticeships Update
Jamie Saddler, Apprenticeships Adviser, LGA
Things to cover

• LGA National Apprenticeship Survey Results
• Picture in the East Midlands
• Maturity Model Relaunch
• Support for the sector
LGA Apprenticeships Survey 2019
Who did we ask?

• 151 Large Councils (Upper and Single Tier) were surveyed
• 97 LAs responded (64% response rate) to the full survey, 108 provided data on apprenticeship starts (72%)
• Response rates from each region are:
  • East – 82%
  • East Midlands – 44%
  • London – 67%
  • North East – 42%
  • North West – 65%
  • South East – 68%
  • South West – 47%
  • West Midlands – 64%
  • Yorkshire & the Humber – 80%
Starts up but spending the Levy still a problem

• **17/18 Public Sector Reporting** – 11k starts in 2017/18 up from 6k in 16/17
• **More Starts in 18/19** – From our survey results we are projecting at least 13,500 starts in 2018/19 a 21% increase - top end estimate is 15,500 (+38%)
• **Moving Forward** – 61% of councils already have more starts than they did last year, potentially as high as 81% if projections for Feb/March were met (survey took place in Jan/Feb 2019).
• **But targets still missed…** – 76% say they won’t meet their PS Target this year
• **…Levy going unspent…** – 97% won’t spend their 18/19 Levy contributions this year and 38% don’t expect they will ever spend their full annual levy pot
• **…and funds expiring** – 64% will see levy funds expire by the end of September; 29% will see funds expire before the end of June
Transfers – Popular in Theory but not in Practice?

• 93% of respondents support increasing the transfer cap from 10% to 25%

• But just 13% of respondents thought they would use the full 25% allowance once it is available from April

• So far just 7% of respondents had transferred funds to another employer, though 49% were considering whether to do so.

• Social care proved the most popular sector to transfer to (35%), followed by Charities/Third Sector/Voluntary Sector (14%), Council Supply Chain (13%) and local SMEs (13%).

• Other areas mentioned at least once include non-maintained schools, other health organisations (e.g. GPs, CCGs, Primary Care), construction, early years and District Councils.
Schools – Progress of a sort but barriers persist

• **Signs of increased apprenticeship starts:**
  - 69 LAs provided data in both 17-18 and 18-19 surveys on apprenticeship starts in schools
  - 18-19 data shows an increase of 297 starts in schools across these 69 councils.
  - 52% of these councils reported an increase in schools starts, 39% reported a drop in starts.
  - The biggest increases were seen in Hampshire (+113 starts), Hertfordshire (+41), Ealing (+29), Hillingdon (+25) and North Yorkshire (+20).

• **Schools engagement up** – 71% reported an increase in engagement from maintained schools this year, with 21% describing the increase in engagement as ‘significant’
Schools (continued)...

• **Schools have greater access to the Levy** – 73% of councils responding reported schools had access to the whole levy pot, not just what they put in – up from about a 50/50 split in 16/17

• **Big support for new standards development** – 99% of councils supported the development of a standard for HLTAs and 100% supported the development of an undergraduate pathway into teaching

• **Barriers persist** – 20% Off the Job Training (73%), lack of resources (61%), and schools not understanding how the new system worked (49%) cited as the biggest barriers to schools taking on apprentices

• **Limited number of dedicated schools leads in place** – just 10% of respondents reported having a dedicated schools apprenticeship lead in place
What’s the picture in the East Midlands?

• 4 out of 9 large LAs in the East Mids responded to the survey. These 4 LAs have:
  – Just 13 starts behind their performance in the whole of 17/18 by Jan 2019 – on course (if projections met) to have 65 more starts than 17/18.
  – Below average performance against the Public Sector Target – 41.6% met in EM by Feb vs 47.8% nationally – projected to rise to 48.9% if projections met.
  – Spent less of their Apprenticeship Levy than the national average (11.1% vs 14%)
  – Are slightly more likely to see Levy Funds expire by September 2019 than the sector as a whole
  – Three out of the four LAs will have more starts last year.

• Among Districts, Blaby, Chesterfield and Lincoln all reported that they were on course to meet or exceed their Public Sector Target in 18/19
Maturity Model

• LGA relaunched our Apprenticeships Maturity Model in National Apprenticeship Week 2019
• Fully updated to reflect latest best practice and policy developments (e.g. changes to Transfers Policy)
• The Maturity Model remains our main benchmarking tool for councils to monitor their progress on apprenticeships and compare their position with the rest of the sector
• Our Maturity Model Toolkit will be released over the summer.
• First part was also launched in NAW 2019 – focuses on how to use hotspot analysis to identify apprenticeship opportunities in your workforce
# LGA Apprenticeships Maturity Model: An Apprenticeships Performance Improvement Benchmark

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Leadership and Culture</th>
<th>Procurement and Provider Management</th>
<th>Workforce Development</th>
<th>Planning, Delivery Structures and Processes</th>
<th>Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Early</strong></td>
<td>No apprenticeship in place</td>
<td>No joint working</td>
<td>No internal delivery</td>
<td>No planned internal delivery to identify</td>
<td>No contact with Schools</td>
</tr>
<tr>
<td><strong>Developing</strong></td>
<td>Keeping apprenticeship in place</td>
<td>Limited joint working</td>
<td>Limited focus on skills shortages</td>
<td>No internal delivery planned, or delivery team identified</td>
<td>No contact with LGA Support Programme, Events and Surveys</td>
</tr>
<tr>
<td><strong>Maturing</strong></td>
<td>Developing an Apprenticeship Policy or refreshing Corporate Plan</td>
<td>Exploring joint working</td>
<td>Continuous focus on skills shortages</td>
<td>Historical performance against apprenticeship plans</td>
<td>One-off meeting with ESFA Account Manager</td>
</tr>
<tr>
<td><strong>Mature</strong></td>
<td>Strong support from political leadership and incorporating LGA’s strategic priorities</td>
<td>Effective and full joint working</td>
<td>Regular and continuous focus</td>
<td>Comprehensive focus on skills shortages, including apprenticeship plans</td>
<td>Regular meetings with ESFA Account Manager</td>
</tr>
</tbody>
</table>

**Leadership and Culture**
- Active support and engagement from political and senior leadership
- Apprenticeship Delivery Board in place, steered by a head of apprenticeships
- Secured support from managers and department heads
- Have apprenticeship champions within the organisation and have a champion at head of school
- Considered roles and responsibilities of the local economy and aligned apprenticeships with the LA’s strategic priorities

**Procurement and Provider Management**
- Developed a joint approach to procurement
- Regular joint working with other LAs in the area
- Effective and full joint working

**Workforce Development**
- Distributed Apprenticeship standards to key managers and identified skills gaps
- Conducted gap analysis, mapped hotspots and analysed key workforce data on vacancies, recruitment and retention across the LA

**Planning, Delivery Structures and Processes**
- Joint approach to apprenticeship programme management, including regular meetings and reports on progress against KPIs
- Provider KPIs reflect wider apprenticeship impact

**Engagement**
- Know key targets and identified real hallmarks of good practice
- Participate in delivering the apprenticeship to the LA and other stakeholders
- Regular meetings with ESFA Account Manager
- Full engagement with LGA Support Programme, Events and Surveys

**Notes**
- Limited to no engagement with Schools
Apprenticeships Accelerator Programme
Phase II
Apprenticeships Accelerator Programme

- Phase II of the Apprenticeships Accelerator Programme has been launched
- Phase I took place Oct 2018 – April 2019
- Programme funded by ESFA, delivered by LGA
- Focuses on a workforce planning approach to apprenticeships
- LGA are taking applications now for Phase II
AAP – What We Did

• Supported 22 Projects across 37 councils in Phase I
• Included Projects with Derby, Derbyshire and Lincolnshire
• Developed a new or refreshed an existing apprenticeship strategy and action plan
• Workforce data analysis (including looking at age profile, length of service, vacancy data and current use of apprenticeships)
• Creation of career development pathways using apprenticeships
• Meetings with staff and managers in the authority to improve ‘buy-in’ for apprenticeships
AAP Phase II

• The LGA is looking to work with 40 councils in AAP Phase II
• Main aim is to increase apprenticeship starts by taking a strategic approach to using apprenticeships in workforce planning
• Each authority will receive up to eight days of fully-funded support delivered as a mixture of on and off-site support. This will include the initial scoping meeting following a successful application, as well as any ‘off-site’ elements of the support offer (e.g. data analysis, preparation for on-site presentations etc.).
• Number of days for collaborative projects will be negotiated and agreed at inception meeting
AAP Phase II

• Support offered could focus on the following key areas:
  – Development or review of an apprenticeship strategy and plan (core offer)
  – Help to secure senior-level or middle manager buy-in across the organisation (optional)
  – Analysis of workforce data (optional)
  – Help in mapping apprenticeship standards to job roles (optional)
  – Development of career pathways as appropriate (optional)

• Will also consider collaborative projects – have worked with Liverpool City Region and the 12 LAs in the North East previously
AAP Phase II – How to Apply

• Complete the Project Initiation Form
• Sign up to the ‘Accelerator Commitment’
• Self-assess against the Maturity Model
• Provide an overview on performance against public sector target and projections (where available) for 19/20
• Deadline for applications is 14 June
• Successful councils will be notified on 19 June
The Gender Pay Gap in Local Government 2018

The Government introduced a mandatory requirement for all organisations with 250 or more employees to submit certain data on their gender pay gap with a commitment to make the data available publicly. Organisations were required to publish the following data:

- the difference between the mean hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees;
- the difference between the median hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees;
- the difference between the mean bonus pay paid to male relevant employees and that paid to female relevant employees;
- the difference between the median bonus pay paid to male relevant employees and that paid to female relevant employees;
- the proportions of male and female relevant employees who were paid bonus pay;
- the proportions of male and female full-pay relevant employees in the lower, lower middle, upper middle and upper quartile pay bands

This paper summarises the data submitted by English local authorities. The data has been analysed as submitted to the Government’s gender pay gap service in the analyses below, councils have not been weighted by workforce size.

A total of 319 local authority submissions were identified (the remainder fall below the 250 employee threshold).

Comparisons between sectors

- The mean gender pay gap in local government is 6.8% and the median gap is 5%.
- Across the whole economy the mean gap is 12% and the median is 9.7%, so local government compares favourably.
- 78 per cent of all organisations paid men more than women, compared with 66 per cent of local authorities.
- 34 per cent of all organisations had a majority of women in the highest quartile pay band, compared with 62 per cent of local authorities.
- The civil service median gender pay gap was 12.7 per cent in 2017 compared with 5.0% in local authorities.
- The NHS mean gender pay gap was around -23 per cent, compared with 6.8 per cent in local authorities.
- The median gender pay gap in 486 schools/multi-academy trusts was 27.2 per cent, compared with 5.0% in local authorities.
- The median gender pay gap in 171 housing associations was 8.2 per cent, compared with 5.0% in local authorities.
Local Government data

Mean gender pay gap\textsuperscript{xi}

- On average, women were paid 6.8 per cent less than men.
- The values varied between -14.1 per cent (women were paid more than men) and 31.7 per cent.
- Women were, on average, paid less than men in 264 authorities; in 55 the reverse was true.

Median gender pay gap\textsuperscript{xii}

- On average, women were paid 5.0 per cent less than men.
- The values varied between -50.3 per cent (women were paid more than men) and 34.0 per cent.
- Women were, on average, paid less than men in 211 authorities, in 25 the pay gap was zero, and in 83 women were paid more than men.

The following charts show the variation in median pay gap by type of authority and region.
A note on use of the mean and median

ACAS explains that mean averages are useful because they place the same value on every number they use, giving a good overall indication of the gender pay gap, but very large or small pay rates or bonuses can ‘dominate’ and distort the answer. For example, mean averages can be useful where most employees in an organisation receive a bonus but could less useful in an organisation where the vast majority of bonus pay is received by a small number of board members.

Median averages are useful to indicate what the ‘typical’ situation is i.e. in the middle of an organisation and are not distorted by very large or small pay rates or bonuses. However, this means that not all gender pay gap issues will be picked up. For example, a median average might show a better indication of the ‘middle of the road’ pay gap in a sports club with a mean average distorted by very highly paid players and board members, but it could also fail to pick up as effectively where the pay gap issues are most pronounced in the lowest paid or highest paid employees.

Proportion of men/women in each quartile pay band

The male/female composition of each pay quartile is summarised in the chart below.

- Women comprised the majority in each band, but were least common in the highest pay quartile (53.9 per cent)
Other available data

It is worth noting that the LGA Earnings Survey, last conducted in 2015/16 has tracked the pay gap for a while. Our last available figures showed an effective pay gap of zero based on median full-time equivalent hourly earnings. There is no necessary contradiction between the two data sets because the LGA figure is based on a population of actual individual jobs across a large sample of councils whereas the averages from the Government’s national data set are based on reported pay gaps at council level. The Government’s figures therefore give equal weighting to councils with small workforces where the pay of senior staff has more of an effect on the figures.

1 The mean is used to summarise the average across authorities in this document.
2 Local authorities were instructed to exclude all schools staff except pupil referral units.
3ii These cover 322 authorities as three submissions covered two authorities each.
3iii These should be treated with a degree of caution as it is difficult to accurately identify employment sectors from the data, and workforces can vary in their composition.
3iv Based on data submitted as at 6 April 2018.
3v Based on data submitted as at 6 April 2018.
3vi The difference between men’s mean pay and women’s mean pay expressed as a percentage of men’s mean pay.
3vii Unpublished LGA analysis.
3viii Unpublished LGA analysis.
3ix The difference between men’s median pay and women’s median pay expressed as a percentage of men’s median pay.
1. **INTRODUCTION**

1.1. The Government is conducting a further consultation exercise on proposals to introduce a cap on exit pay within the public sector. The consultation can be accessed here: [consultation](#).

1.2. The purpose of this report is to provide Members of the Regional Employers’ Board with information on the proposals to inform a regional response to the consultation, which closes on 3rd July 2019.

2. **THE PROPOSALS**

2.1. The Government announced plans to introduce a cap on exit pay within the public sector in 2015 and has the legal basis for doing so through the Enterprise Act 2016, which amended the Small Business & Employment Act 2015. However, secondary legislation is required in order to implement the cap.

2.2. A summary of the proposals are set out below:

- The cap on exit pay is set at £95,000 with no provisions for this to be index-linked.
- The cap will apply to public sector organisations in two stages, with local authorities, maintained schools, academies, fire and rescue services etc being covered within the first stage. There is no timetable for when the second stage would apply. Some public sector organisations would be exempt, including Armed Forces, Secret Intelligence Service, Security Service, GCHQ.
- Payments covered are: payments relating to redundancy, including statutory redundancy pay; pension strain costs; compensation payments made under ACAS arbitration or settlement agreements; severance and ex gratia payments; shares/share options; any payment on voluntary exit; any pay in lieu of notice if this exceeds 25% salary; pay to end liability under a fixed term contract; any other payment made in consequence of termination of employment or loss of office.
- It remains unclear, but may be assumed that the cap applies to aggregated payments, and not to individual elements of exit pay.
Exempt payments are: death in service payments; payments made relating to incapacity as a result of accident, injury or illness; certain payments made to retiring firefighters; a specific service award paid to a member of the judiciary; payment made in respect of annual leave; any payment made in compliance with an order from a court or tribunal; a payment in lieu of notice that doesn’t exceed 25% of annual salary.

Statutory redundancy payments are protected. Therefore if someone is entitled to statutory redundancy pay and other exit payments that take them above the £95,000 cap, it will be other elements that would be reduced, not the redundancy pay element.

The Regulations refer to an authority making a cash payment of an equivalent amount up to the cap, if the cap prevents payment of pension strain costs. This is problematic in being unclear how this would happen in practice and because it would be contrary to Pension Regulations.

Where an employee leaves two separate jobs with the same or different employers within the public sector, the cap would apply separately unless exits are within 28 days.

The employee is required to inform the other employer(s) if they are in receipt of an exit payment from another public sector employer.

In specific circumstances, the restriction can be relaxed, with decisions delegated to full council.

Circumstances requiring a mandatory relaxation of the cap are:
  o Where the obligation to pay arises from the application of TUPE
  o Where the payment relates to a complaint under whistleblowing or discrimination that falls within the remit of an Employment Tribunal (ET) and on the balance of probabilities the ET would make an award or order of compensation.

Circumstances where there is discretion to relax the cap are:-
  o Where to exercise the cap would cause undue hardship
  o When not exercising the discretion would significantly inhibit workforce reform
  o When an agreement to exit was made before the Regulations come into force and the exit was intended to take place before that date and the delay was not due to the employee.

Where full council exercises the discretion to relax the cap, prior consent must be given by HM Treasury.

Records must be kept and published relating to any cases where the restriction has been relaxed.

3. THE REGIONAL RESPONSE TO CONSULTATION

3.1. To ensure local authorities are informed of these developments, EMC has covered the proposals within its monthly HR bulletin which is sent to HR leads across the region, as well as providing briefing notes.
3.2. EMC worked with other regional employers to gather views of local authorities to inform regional and national responses through a survey which was conducted during May. The responses were collated and forwarded to the LGA to assist them in providing a national response. Local authorities are being encouraged to submit their own responses.

3.3. We are using the information provided by our local authorities to inform a draft regional response. Based on responses received so far, the regional response will reflect the following points:-

a. The aim to reduce costs within the public sector is supported, however it is felt that the majority of councils exercise sound financial judgement in determining the exit pay of their workforce. It is therefore generally felt that setting an arbitrary, artificially determined cap fetters devolved powers and doesn’t reflect the autonomous role of directly elected councils.

b. The inclusion of pension strain costs is particularly problematic. The proposals are at odds with Pension Regulations and don’t appear to take into account the funded nature of the LGPS, and how this is different to other pension schemes within the public sector. As the restriction applies to all employees regardless of their salary level, relatively lower-paid employee with long service would be covered by the cap, particularly those aged 55 and over.

c. Exemptions and flexibilities are welcomed, but more flexibility is required – for example to cover other types of potential ET claims and settlement agreements and to support and facilitate workforce changes. The proposals and regulations as currently drafted are likely to increase the number of cases going forward to Employment Tribunals, which are already seeing a significant growth in caseload. Local authorities will be restricted in the extent to which they are able to negotiate settlement agreements and avoid the higher costs of defending a claim at Tribunal.

d. The bureaucracy relating to the powers to relax the restriction prevent or serious inhibit effective, timely and local decision-making. Councils should be able to delegate decisions appropriately through their constitutional arrangements. The proposals and regulations as currently drafted are likely to have a negative impact on the ability of local authorities to deliver organisational change

e. The focus of this consultation exercise is on the draft Regulations and guidance on implementing the cap. These documents in some places are contradictory and we are therefore seeking clarification on these points, in addition to providing responses to the questions posed within the consultation document.
4. RECOMMENDATIONS

4.1. The Employers Board is recommended to:-

   a. Note the report
   
   b. Provide views and input to the regional response

Sam Maher
Director, HR & Councillor Development
Executive Board

21st June 2019

Report of Management Group

Summary

EMC Management Group met on 24th May 2019. The following report summarises the main issues considered and agreed by Management Group, specifically:

a) Budget Monitoring.
b) Corporate Governance.

All papers are available on the EMC website or on request to the Executive Director.

Recommendations

Members of the Executive Board are invited to:

• Consider the financial position as part of the budget monitoring ending 31st May 2019 and associated outturn to 31st March 2020.
• Note EMC’s progress in meeting its corporate governance responsibilities.
1. Financial Report Year Period Ending May 2019

1.1 The budget for 2019/20 now shows a surplus of £6,400. South Holland District Council have confirmed they wish to remain as members of EMC for the forthcoming year and their subscription has been included in the budget. Add to this £4,000 net savings to date emanating from a staff vacancy, the forecasted surplus is now £10,400.

1.2 The longer term viability remains vulnerable as much of the grant income is only secured on a short term basis. During the course of the year, these reports will include updates that will have a positive impact on the budget for 2020/21.

1.3 This report, and appendices, highlights the current financial position for each of the cost centres, together with an end of year forecast. Actuals to February includes only ‘banked’ or ‘committed’ savings and/or additional income invoiced at this time. It includes the full May payroll but other actuals are up to around 10th May. Work continues in identifying and achieving further savings.

1.4 The financial statement, attached as Appendices 8 (a-f), details the summary financial position for the period up to the middle of May 2019; in total and for each of the cost centres, with the exception of staffing costs which include May payroll (i.e. costs to the end of May). It also provides a forecast for the outturn as at 31st March 2020.

1.5 The staffing budgets are allocated to each cost centre on the basis of the estimate of time spent by staff on each activity.

1.6 Corporate staff, those not working on specific grant funded projects, and other corporate costs are allocated on an agreed percentage basis across all of the 5 key areas of work. The corporate staff costs have been assimilated into the staffing costs for each cost centre and the other corporate costs (rent, service level agreements, etc.) are shown as overhead costs across all cost centres.

a) Income

1.7 Income to East Midlands Councils is split between:
- Membership Subscriptions.
- Grants, of which there are six specific grants: Migration Grant, Vulnerable Persons’ Resettlement Grant, Unaccompanied Asylum Seeking Children’s (UASC) Grant, English as a Secondary or Other Language (ESOL) Grant, Midlands Connect and HS2, all of which are secured through contracts.
- Earned Income, which consists of a mix of consultancy work, services, events and courses provided to member authorities.
- Seconded staff to local authorities, of which there is now only one.
- Sponsorship, which has hitherto been generated to cover event costs.

1.8 Membership Subscriptions budget includes South Holland District Council who have continued in membership, and Northamptonshire County Council whose membership fee was waived in 2018-19 due to its financial challenges.

1.9 Grant levels are at a similar level to last year and these are secured by contracts / agreements.

**b) Reserves and Liabilities**

1.10 As at the beginning of the financial year 2019/2020 the level of reserve was estimated to be around £581,800, allocated as below:
- £260,000 to an earmarked reserve for staffing liabilities (except pension liabilities).
- £60,000 to an earmarked reserve for renewals.
- £145,000 to an earmarked reserve for the LCC Pension Sub-fund liability;
- £116,800 to an unallocated reserve to manage unforeseen financial events.

1.11 The figures shown above, include the previous year’s opening balance plus last year’s surplus net of last financial year’s contribution of £40,000 towards the LCC Pensions Sub-Fund liability.

1.12 All these reserves are invested on EMC’s behalf by our accountable body in accordance with their investment policies which means that any interest being earned by our reserves is allocated back to EMC at the end of the financial year, and earns around 0.3% annually.

2. **Corporate Governance**

**a) Internal Audit**

2.1 Included within our Accountable Body SLA with Nottingham City Council are provisions for undertaking an internal audit.

2.2 An internal audit was recently undertaken. The final report and recommendation, including its overall opinion of ‘significant assurance’ and ‘no change in direction of travel’, was reported to Management Group.
2.3 Alongside this internal audit, EMC has a statutory responsibility for undertaking an external audit. This will likely be completed by September 2019.

b) Executive Director Appraisal

2.4 Management Group agreed a formal appraisal process for the Executive Director and this was undertaken on 24th May 2019.

3. Recommendations

Members of the Executive Board are invited to:

3.1 Consider the financial position as part of the budget monitoring ending 31st May 2019 and associated outturn to 31st March 2020.

3.2 Note EMC’s progress in meeting its corporate governance responsibilities.

Stuart Young
Executive Director
East Midlands Councils
### Summary Position at middle May 2019:

All profile budgets are calculated to the middle of May, except for Employees which are calculated to the end of May and Subscriptions which are invoiced during May for the full financial year.

Staffing costs are already £4,000 below budget. This is due to a Migration post remaining vacant until such time as we receive confirmation of future grant funding. The £4,000 saving covers April and May 2019.

Membership subscriptions and Secondments are invoiced in May 2019 and cover the full financial year.
Position at middle of May 2019:

Subscriptions income budget now includes South Holland District Council following their decision to remain as members for the current year. Northamptonshire CC have agreed to pay their subscriptions this year too which is shown by a saving of £9,500 bad debt provision.

Employee costs includes an Added Years Contribution for an ex-employee who retired some years ago, prior to the establishment of EMC.

Service Level Agreements, Premises costs, Members Allowances and Direct Costs remain in line with the budget.
Position at Middle of May 2019:

Expenditure items are all in line with anticipated spend levels.

Invoices for all the Grants are paid quarterly in arrears each year. No payment is anticipated until July 2019 at the earliest.

Staffing costs are lower than budget, which is due to the Migration related post, which is currently vacant and is being filled temporarily on a part time basis. The £4,000 saving covers April and May 2019.
Position at Middle of May 2019:

Income budget remains at a lower level from previous years, though it is expected that because of the District and Unitary elections this year, new Councillor will require additional training.

This is an area that requires re-positioning and should be dealt with when the EMC review takes place later in the financial year.
Position at Middle of May 2019:

Secondment invoice for the full year costs was raised in May.

Earned Income includes some work carried out and invoiced up to the end of April.

Income is just above profile whilst Direct Costs are lower than budget expectations at this stage.

<table>
<thead>
<tr>
<th>Consultancy</th>
<th>Approved Budget 2019/20</th>
<th>Profiled Budget 2019/20</th>
<th>Actual to May 2019</th>
<th>Forecast to March 2020</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earned Income</td>
<td>150,000</td>
<td>18,750</td>
<td>22,819</td>
<td>150,000</td>
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<td>Secondments</td>
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<td>37,400</td>
<td>37,400</td>
<td>37,400</td>
<td>0</td>
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<tr>
<td>Sponsorship</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
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<td>56,150</td>
<td>60,219</td>
<td>187,400</td>
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<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staffing</td>
<td>142,600</td>
<td>23,767</td>
<td>18,732</td>
<td>142,600</td>
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<tr>
<td>Direct costs</td>
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<td>2,250</td>
<td>1,078</td>
<td>18,000</td>
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<tr>
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<td>1,969</td>
<td>1,969</td>
<td>15,750</td>
<td>0</td>
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<tr>
<td>Total</td>
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<td>21,779</td>
<td>176,350</td>
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<tr>
<td>Surplus/-Deficit</td>
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<td>28,165</td>
<td>38,441</td>
<td>11,050</td>
<td>0</td>
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</table>
Position at Middle of May 2019:

Expenditure is generally within the profile and budgetary expectations.

Income has exceeded budget expectations for the last two years for this cost centre and that trend appears to be continuing. It includes some income for services which are paid for at the start of the financial year together with income raised during the year.

<table>
<thead>
<tr>
<th>Fee Paying Events/Services</th>
<th>Approved Budget 2019/20</th>
<th>Profiled Budget 2019/20</th>
<th>Actual to May 2019</th>
<th>Forecast to March 2020</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earned Income</td>
<td>139,400</td>
<td>17,425</td>
<td>34,471</td>
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<td>Sponsorship</td>
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<td>2,750</td>
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<td>3,000</td>
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<td><strong>Total</strong></td>
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<td>20,175</td>
<td>34,471</td>
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<td><strong>Expenditure</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Staffing</td>
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<td>7,606</td>
<td>43,100</td>
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<td>Direct costs</td>
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<td>7,944</td>
<td>5,724</td>
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<tr>
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<td>1,731</td>
<td>1,731</td>
<td>13,850</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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<td>16,858</td>
<td>15,061</td>
<td>120,500</td>
<td>0</td>
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<tr>
<td><strong>Surplus/-Deficit</strong></td>
<td>21,900</td>
<td>3,317</td>
<td>19,410</td>
<td>21,900</td>
<td>0</td>
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