



Executive Board Meeting

10am, Friday 4th December 2020

MS Teams (Virtual)

AGENDA

1. Apologies
2. Declarations of Interest
3. Minutes of the Executive Board Meeting 25th September 2020 *
4. Chair's Report
5. Growth and Infrastructure Report *
6. Employment Issues for Local Government – the Regional Employers' Board *
7. Asylum and Refugee Resettlement in the East Midlands *
8. Report of Management Group *
9. Any Other Business

*Papers attached



**EAST MIDLANDS COUNCILS EXECUTIVE BOARD
MINUTES OF THE MEETING HELD ON 25TH SEPTEMBER 2020
HELD VIA MS TEAMS**

Present:

Cllr Martin Hill OBE (Chair) – Lincolnshire County Council
Cllr David Mellen (Vice-Chair) – Nottingham City Council
Cllr Jonathan Morgan (Vice-Chair) – Charnwood Borough Council
Cllr Tom Beattie – Corby Borough 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 Tricia Gilby – Chesterfield Borough Council
Cllr Oliver Hemsley – Rutland County Council
Cllr Barry Lewis – Derbyshire County Council
Cllr Sandra Naden-Horley – Northamptonshire County Council
Cllr Ivan Ould – Leicestershire County Council
Cllr Trevor Pendleton – Leicestershire County Council
Cllr Chris Poulter – Derby City Council
Cllr Alan Rhodes (EMC Labour Group) – Nottinghamshire County Council
Cllr Sarah Russell – Leicester City Council
Cllr Richard Wright – North Kesteven District Council

Bev Smith – North West Leicestershire District Council

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

Apologies:

Cllr Jason Zadrozny (EMC Independent Group) – Ashfield District Council
Cllr Nick Rushton – Leicestershire County Council
Cllr David Lloyd – Newark & Sherwood District Council
Cllr Jonathan Nunn – Northampton Borough Council
Cllr Matthew Golby – Northamptonshire County Council

		ACTION
1.	Apologies	
1.1	Apologies were received as noted above.	
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.	
3.	Minutes of Executive Board Meeting held on 19th June 2020	
3.1	The minutes were agreed as a true and accurate record.	
	<u>Matters Arising</u>	
3.2	Stuart Young reported on the recent APPG meeting which has was held virtually. He suggested that in the future may need to look at how these meetings are held. However, there were helpful discussions around HS2.	
3.3	In relation to the A1 proposals, Andrew Pritchard confirmed that have made a submission to the CSR in support of the 3 lane motorway options, although not sure on CSR timings currently. However, there are still some short-term safety issues to be addressed. Stuart Young highlighted the need to push on various different fronts, so proposals are in front of Ministers when the window opens.	
3.4	The EMC AGM has been arranged for Friday 9 th October 2020.	
3.5	All other matters arising are covered in the papers.	
4.	Chair's Report	
4.1	Cllr Martin Hill introduced this report and highlighted issues government are currently dealing with - Coronavirus, Brexit, economy and finance and now also the potential of devolution and government restructuring.	
4.2	In terms of coronavirus the UK now appears to be entering a second phase. The sector remains unclear whether more money will be made available from government and the scope of the finance settlement.	

		ACTION
4.3	It is unsure when the Green Paper on adult social care will be published.	
4.4	Concerns remains in relation to the proposed cessation of the furlough scheme.	
4.5	In relation to Devolution and LGR it has been suggested that 5 local authority areas could be included in the 1 st wave, but it is uncertain whether this will now be the case. With Simon Clark leaving Government, there may be less appetite in central government for devolution & LGR although the emphasis on Mayors is likely to continue. This has created tension especially in 2-tier areas. It is uncertain when the White Paper on devolution will be published.	
4.6	Stuart Young stated that information sharing and collaborative working amongst Local Authorities has been impressive and that recent hosting of the university's seminar has been held as a national exemplar. There is also a Regulation and enforcement seminar scheduled for the beginning of October 2020. This is all important work which EMC is leading on.	
4.7	Cllr David Mellen agrees with comments and staff have responded and reacted well to the crisis. Councils are severely out of pocket due to the Covid pandemic. There is the long awaited Green Paper on adult care and the impact of Covid has shown how important reform is	
4.8	Cllr Martin Hill highlighted that the sector will be keen to respond to the Planning White Paper and there are a number of concerns that colleagues have already highlighted.	
4.9	Cllr Chris Poulter enquired if there are any scheduled meetings for combined authorities. Stuart Young confirmed there aren't any specific meetings, but it is likely to be picked up in other meetings. Cllr Poulter feels there needs to be a separate meeting and a united front should be presented.	
4.10	Lincolnshire has submitted an Expression of Interest has been put into Government to explore devolution and local government reorganisation.	
4.11	Cllr Barry Lewis stated that Derbyshire have put in a letter to the secretary of state alongside Leicestershire and Nottinghamshire. Derbyshire are taking a slightly	

		ACTION
4.13	<p>different approach to other colleagues. It is far from clear what is going on with government. Conversations with MPs seem to indicate there is some appetite for this.</p> <p><u>Resolution</u></p> <p>Members of the Executive Board:</p> <ul style="list-style-type: none"> ▪ Considered and discussed the contents of this report. 	
5.	Infrastructure and Growth Report	
5.1	Andrew Pritchard introduced this report.	
5.2	The first section pulls together the latest stats around productivity. The first graph shows GVA growth East Midlands average is 1.7% per year as opposed to 1.9%. Still growing but below the UK average.	
5.3	The second graph around productivity however shows this has declined from just under 90% to 86%. As a result, bridging the growth gap in the future is going to be harder. Levels of transport investment are very much lower.	
5.4	Cllr Martin Hill stated that the challenge to all EM MPs should be how much longer are they prepared to put up with this?	
5.5	Cllr Kay Cutts suggested having a virtual meeting with MP and wider partners and Members supported that the East Midlands must work together to lobby Government.	
5.6	<p><u>TfEM</u></p> <p>This section updates the work of TfEM and updates on the CSR submission. This is split into 3 areas.</p> <p><u>Support for Midlands Connect</u></p>	
5.7	This is an acceleration of schemes already with DfT and a series of more strategic investment which can be taken forward over the next 5-10 years.	

		ACTION
5.8	Cllr Martin Hill highlighted the dilemma in terms of the A1 improvements – do you do short term improvements as long-term motorway upgrade is some way off.	
5.9	Cllr Kay Cutts felt it should be split into 2 parts. The 1 st phase to undertake safety improvements and secondly to upgrade to motorway status in the long term. Need to push government on these investments. <i>Chair was handed to Cllr David Mellen.</i>	
	<u>Rail</u>	
5.10	Collaboration agreement has finally been signed with DfT. This is a landmark agreement which enables EMC to move forward and have greater influence over rail services in the region.	
5.11	Cllr David Mellen enquired as to how the passenger numbers were in relation to return to rail travel. Andrew Pritchard stated that prior to last week passenger levels were between 15% and 25%, less on intercity but more on regional. Although not sure of what the impact has been of the recent announcements.	
	<u>HS2</u>	
5.12	Cllr Kay Cutts updated members on HS2 developments and the recent meeting of HS2 Strategic Board. The outcome of the Integrated Rail Plan is expected either later this year or early next year.	
5.13	She highlighted that the ‘Eastern Leg’ is a missing piece of rail line to the cities and surrounding communities. By putting HS2 line there it also allows local rail infrastructure to be improved. There have been 2 virtual visits to the region from the HS2 Minister Andrew Stephenson MP who has stated that he feels the East Midlands are all working together and pushing in the same direction.	
	<u>Midlands Engine</u>	
5.14	Cllr Cutts highlighted the proposals the development corporation which also includes the Uniper owned power station site and East Midlands Airport.	
	<u>Planning White Paper</u>	
5.15	This summarises key aspects of the Governments Planning White Paper which represent another major set of changes to the planning system.	

		ACTION
5.16	Andrew Pritchard reported that many organisations are preparing to respond to the consultation and invited Members to consider developing an EMC response.	
5.17	CLlr David Bill questioned an earlier consultation that closes on 1 st October 2020 on the Housing Standard Method which is could double the growth and asked whether a response would be submitted to this.	
5.18	CLlr Sarah Russell highlighted that many of the proposals of the White Paper goes against local priority setting and control and would support an East Midlands response in relation to the Planning White Paper.	
5.19	Stuart Young thanked Members for their advice and direction and confirmed that a response will be developed along the lines highlighted.	
5.20	CLlr Oliver Hemsley agreed that any response that can consolidate views across the region would help and would support this.	
5.21	CLlr Trevor Pendleton asked for clarity on local design codes. His understanding is that each Borough and local council would be able to have their own design and asked if this is correct?	
5.22	Andrew Pritchard confirmed the proposal is for Local Authorities to be able to have their own design codes, but these will need to be consistent with the national version.	
5.23	CLlr Sandra Naden-Horley stated she would like to reiterate concerns around planning and supporting people to be able to influence local patterns of development and growth. It was asserted that it would be a big mistake if we let government make these decisions.	
5.24	CLlr Roger Blaney stated that there appears to be an apparent contradiction what the government has said and what the White Paper may lead to. It is certainly focusing power centrally rather than supporting local decision making. This is also counter to devolution	

		ACTION
5.25	Members agreed to submit an East Midlands submission. This will be shared with the Board with delegated powers for Chair and Vice chairs to sign on behalf of the Board. The final response is attached to these minutes.	
5.26	<p><u>Resolution</u></p> <p>Members of the Executive Board:</p> <ul style="list-style-type: none"> ▪ Noted with great concern the relative decline in public investment in the East Midlands over the last 20 years, which is inconsistent with the current Government's stated objective to 'level up' the UK economy. ▪ Endorsed 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 to reverse this decline. ▪ Agreed that EMC should respond to the Planning White Paper consultation based on the principles outlined in the report. 	AP/SY
6.	Employment Issues for Local Government - the Regional Employers' Board	
6.1	Cllr Tom Beattie introduced this report and updated members on issues and discussions from the recent Regional Employers' Board. The main point at that meeting was the exit pay cap which will affect a lot of people, not particularly high earners but people with long-service.	
6.2	The Government have not taken on board points raised during the consultation period, but proposals have been progressed. This has an impact on local authority restructuring in Northamptonshire, particularly give appointments to a number of senior roles in the west and north.	
6.3	<p>Given the process in Northamptonshire was delayed for a variety of reasons, a number of people will be caught by the pay cap. This could destabilise issues in Northamptonshire.</p> <p><i>The Chair was handed back to Cllr Martin Hill.</i></p>	
6.4	Cllr Martin Hill commented that this is a specific issue in terms of Northamptonshire and not sure at this stage if there is a lot EMC can do.	

		ACTION
6.5	Cllr Tricia Gilby highlighted the impact is not necessarily on the highest paid workers but on a number of lower paid colleagues with lengthy service.	SM
6.6	Cllr Sarah Russell highlighted a broader principle that when entering into significant restructuring, rules at the beginning should apply at the end.	
6.7	Sam highlighted to members that since the report was written, it has been announced the exit pay cap could come in as early as 23 rd October 2020. Government are only now consulting on this. Councils could be in legal risk due to a conflicting set of legislation.	
6.8	Stuart Young suggested that as an Employers' Board, EMC could write a letter to highlight concerns and implications of the timing. There are also legal considerations of pension schemes.	
6.9	Cllr Beattie is happy to go with this suggestion highlighting implications of what is happening. Members agreed with this. <u>Resolution</u>	
6.10	Members of the Executive Board: <ul style="list-style-type: none"> ▪ Noted the report. ▪ Provided comments and feedback on the key employment issues identified within the report. 	
7.	Asylum and Refugee Resettlement in the East Midlands	
7.1	Cllr Ivan Ould introduced this report and updated members on recent developments.	
7.2	The Board has agreed the framework of a subsequent response to the consultation on the UASC NTS and highlighted a number of significant implications for local authorities.	
7.3	Cllr Ould informed members that if children are placed in the East Midlands from Kent the Home Office pays £153 per night for that child to be looked after in foster care. However, if Leicestershire CC took responsibility in Leicestershire from Kent the amount drops to £114 per night. There is an immediate deficit of £10,000 per child	

		ACTION
	per year. There should not be a financial penalty to authorities. Informal meetings are taking place between Kent and the ministers.	
7.4	Cllr Martin Hill stated there is a need to further press ministers for a total funding package. Many councils in the East Midlands are under pressure, particularly in relation to Children's Services.	
7.5	Cllr Barry Lewis stated this is going to be problematic for Local Authorities in the East Midlands and Derbyshire may have to withdraw from voluntary schemes.	
7.6	Cllr Chris Poulter added the need to push back on Government proposals. It makes the assumption that Local Authorities have foster carers to do this role, however if there exists a significant lack of capacity and therefore have to use private providers that cost even more.	
7.7	Cllr Sarah Russell expressed concerns that a number of local authorities are using contingency accommodation in the East Midlands. She has concerns both in terms of broader impact of working with Local Authorities and also around community cohesion.	
7.8	There are significant issues around safeguarding of people placed in hotels and vulnerability of asylum seekers in hotels.	
7.9	Stuart Young stated the hotel use as a contingency was highlighted as a temporary measure 18 months ago. There are also the potential issues of planning regulations of change of use.	
7.10	<p><u>Resolution</u></p> <p>Members of the Executive Board:</p> <ul style="list-style-type: none"> ▪ Advised on impact and experience of local authorities' participation in asylum dispersal including response to Covid-19 pandemic. ▪ Advised on the impact and experience of local authorities whereby contingency accommodation has been sourced. ▪ Considered the need and opportunity to widen asylum dispersal in the region. ▪ Considered the regional position regarding the current request for urgent assistance from Kent County Council and the Home Office at the Port of Dover. 	

		ACTION
	<ul style="list-style-type: none"> ▪ Considered and advised on the implications of the UASC National Transfer Consultation and to respond accordingly. 	SY
8.	Report of EMC Management Group	
8.1	Cllr Martin Hill introduced this report and summarised that a year-end deficit of £11,000 is forecast. Further analysis will be possible at the end of quarter 2 and reported to Members.	
8.2	Members supported the Annual Report will be presented to the AGM.	
8.3	<p><u>Resolution</u></p> <p>Members of the Executive Board:</p> <ul style="list-style-type: none"> ▪ Considered the budget summary and out-turn forecast for the end of March 2021 of a deficit of £11,000. ▪ Noted the updates on corporate governance and EMC's work programme. ▪ Considered and endorsed EMC's Annual Report 2019-20 for subsequent presentation to the Annual General Meeting scheduled for Friday 9th October 2020. 	
9.	Any Other Business	
9.1	None.	
10.	Date of Next Meeting 10am, 4th December 2020.	

29th October 2020

Rt Hon Robert Jenrick MP
Secretary of State
Ministry of Housing, Communities and Local Government
Fry Building
2 Marsham Street
London
SW1 4DF

Dear Secretary of State

PLANNING WHITE PAPER: RESPONSE FROM EAST MIDLANDS COUNCILS

Thank you once again for attending our recent AGM. Members from all parties valued your willingness to engage constructively on a wide range of important issues.

As you know, East Midlands Councils (EMC) is the collective voice for local government in the East Midlands and comprises all 45 District, Borough, City and County Councils in the region, plus the Peak District National Park Authority.

The EMC Executive Board met on the 25th September 2020 and resolved to make a response to the Government's Planning White Paper consultation. In doing so the Executive Board decided to focus on key issues of common concern across the local government family, rather than detailed points which are better addressed by individual local authorities.

The Case for Reform

The White Paper is based on the presumption that the planning system is primarily responsible for the undersupply of new housing and the enduring housing affordability crisis. However, there is little if any independent evidence that would support this. Successive reports from the MHCLG Select Committee and its predecessors have concluded that planning has limited impact on housing delivery or house prices, and that wider market and structural factors have far greater influence. The most recent independent examination of the planning system, the Raynesford Review¹, reached similar conclusions, as did Sir Oliver Letwin's Independent Review of Build-Out². Data from MHCLG confirms that local planning authorities consistently grant just under 90% of all planning applications³. In the year to June 2019 permission was given for 377,000 new homes in England⁴.

Despite this, Governments of all parties have introduced numerous planning reforms over the last 20 years with the pace of change accelerating rapidly over the last decade – with three new planning acts, numerous pieces of secondary legislation including a radical extension of permitted development, a Housing White Paper and a series of fundamental changes to national planning policy and guidance. Whilst these measures have done little to increase the pace of construction, their culminative impact has left the planning system in England overly complex, poorly resourced and lacking in public confidence.

There is therefore a need for reform to make the planning system simpler, more transparent, more effective in delivering public benefits and more responsive to the priorities of local people.

¹ <https://www.tcpa.org.uk/Handlers/Download.ashx?!DMF=30864427-d8dc-4b0b-88ed-c6e0f08c0edd>

² <https://www.gov.uk/government/publications/independent-review-of-build-out-final-report>

³ <https://www.gov.uk/government/statistical-data-sets/live-tables-on-planning-application-statistics>

⁴ https://www.savills.com/research_articles/255800/294152-0

Unfortunately, it is not clear to councils in the East Midlands that the Planning White Paper will achieve this.

Discretionary verses Zonal Planning

The core of the Government's approach is to provide greater certainty by moving towards a rules-based approach based on 'zonal planning'. Zonal planning is not intrinsically better or worse than the discretionary system that has been in place in the UK since 1947 – but is not necessarily less complex or quicker.

In places such as Germany and the Netherlands, zonal planning regimes have delivered high quality largescale development through very comprehensive design codes that have legal force – but which take time and resources to establish. However, in parts of north America, zonal planning has led to some very bad outcomes for people and places and in the worst cases has been used to re-enforce patterns of racial and social segregation.

Irrespective of the system in place, there is no short cut to good development. Time and resources are required to understand what is acceptable and appropriate in any given location before construction can commence. The rights of landowners, developers and local communities will still need to be balanced by public authorities, and conflicts resolved in a fair and transparent manner. The White Paper should have a clearer focus on addressing these fundamental issues.

Localism verses Central Control

The White Paper appears to represent a significant shift away from localism towards centralised control. In particular, the White Paper proposes:

- A nationally determined and binding housing requirement that local planning authorities would have to deliver through their Local Plans;
- A nationally determined set of Development Management policies for inclusion in all Local Plans;
- A single nationally determined Infrastructure Levy regime collected locally but at a rate set at a national level; and
- A nationally determined 'Design Code' which would form the sole basis for detailed decision making in the absence of any compliant local design code.

In combination, these measures could give Ministers and civil servants based in Whitehall an unprecedented level of control over the scale, location, and form of development across every part of England.

This approach appears at odds with the Government's stated desire to empower local communities and risks further undermining public trust in the planning system. Nor is it clear that a centralised system would deliver positive outcomes across a region as diverse as the East Midlands, which comprises urban, suburban, rural, and coastal localities with a range of different landscapes, habitats, and architectures. The need to make better use of brownfield land is a particular concern given the impact of Covid-19 on traditional city centre retail.

Plan-Making and Planning Decisions

The White Paper is proposing to limit local plans to zoning land into three categories: Protected, Renewal and Growth, and to focus public engagement at the plan making stage. Whilst in 'Protected Zones' national development management policies would apply, in 'Growth Zones' planning permission would be given automatically at the plan stage subject to a compliance with the national Design Code and where it exists, a local version.

As noted above, there is no short cut to good development. Before any building can commence, assessments will need to be made of matters such as flood risk, archaeology, biodiversity, infrastructure, and utilities. For this to be done at the plan making stage to a level sufficient for construction will require significant additional time and resources, particularly when the detail of what may be built will not be known.

From a strategic perspective, it is hard to understand how the proposed three zone approach could be applied to planning for minerals extraction and waste disposal. Nor is it clear how cross border impacts and relationships will be managed in the absence of the (albeit flawed) Duty to Cooperate.

There is general support the ‘front loading’ of public engagement at the plan making stage. However, this cannot obviate the need to engage with the public on the detail of development or the power of locally elected councillors to affect change. Removal of these rights will create a dangerous democratic deficit.

Funding Infrastructure and Affordable Housing

The White Paper proposes replacing the existing Community Infrastructure Levy and Section 106 Agreements with a single nationally set Infrastructure Levy. It is estimated that the current system delivers around £7 billion per annum to support infrastructure and other public benefits, including around half of the nations ‘affordable’ (i.e. discounted) housing supply. The Government has stated that the new system will generate at least as much if not more but has not made available any analysis to confirm this.

Given that land values vary to such a degree across England, there is a concern that a nationally set levy will generate little in less affluent areas where the need for investment in public assets may be greatest, undermining the Government’s ‘levelling up’ agenda. Nor will the rate of the new levy reflect the actual cost of delivering infrastructure (such as highways or flood risk mitigation) for any individual development. Because the new levy will be paid at the point at which development is occupied, local authorities may be forced to borrow against the levy income in order to fund essential infrastructure, using limited borrowing headroom which could be used for other purposes and exposing councils to further risk at a time when local finances are under immense strain.

The new levy will not be the only tax on land value uplift. The Treasury already sets and collects Capital Gains Tax and Stamp Duty Land Tax (which alone raised £12 billion in 2018/19⁵) on land transactions. In addition, the Environment Bill before Parliament introduces a statutory regime of biodiversity net gain on most development requiring planning permission, which includes provision for developers to purchase ‘biodiversity credits’ from Government.

All these tax regimes will be controlled by Government, but only the proposed Infrastructure Levy will accrue directly to local authorities. As a result, there is concern that if the Government believes viability is worsening due to wider economic conditions, it will be the local revenue stream that risks being squeezed first.

Digitalisation and New Technology

The White Paper places great emphasis on the use of new technology or ‘prop-tech’ for making planning information more accessible and consistent. There is clear scope to make much better use of digitalisation, but this will require significant investment in local authority IT systems. There is also great potential for digital consultation techniques to reach more and younger people, but this cannot be at the expense of the ‘digitally excluded’ including the elderly.

⁵ <https://www.statista.com/statistics/284328/stamp-duty-land-tax-united-kingdom-hmrc-tax-receipts>

However, it is very doubtful if complex planning decisions can be successfully reduced to a series of 'machine readable' binary choices. For instance, the White Paper makes numerous references to the importance of 'beauty', but this would not appear to be a quality that can be defined by algorithm.

Next Steps

The proposals set out in the White Paper are described often in only general terms with little supporting detail. As a result, it might more properly be described as a Green Paper. In taking forward the Government's thinking over the coming months, there is an important opportunity for Ministers and officials to work closely with local government at all levels.

In that spirit, EMC is willing and able to work with you to help develop a planning reform agenda that delivers the outcomes we all want for our communities. As a first step we would be happy to facilitate a structured discussion with your officials to explore the issues set out in this letter.

Yours sincerely,



Cllr Martin Hill OBE
Chair of EMC
Leader of Lincolnshire CC



Cllr David Mellen
Vice Chair of EMC
Leader of Nottingham City



Cllr Jonathon Morgan
Vice Chair of EMC
Leader of Charnwood BC



Executive Board

4th December 2020

Infrastructure and Growth

Summary

This report:

- Summarises the region's current economic position in the context of long-term trends of growth and investment
- Updates members on the outcome of the CSR 2020 and the Government's National Infrastructure Strategy
- Updates members on the emerging recommendations of the National Infrastructure Commission's Rail (HS2) Needs Assessment

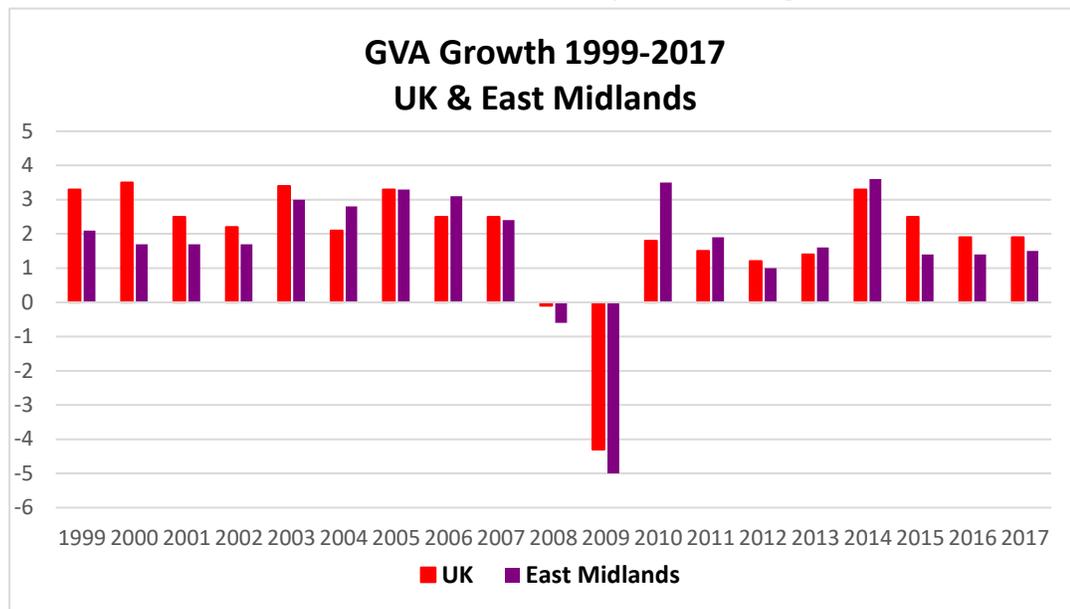
Recommendations

Members of the Executive Board are invited to:

- Note with great concern the relative decline in public investment in the East Midlands over the last 20 years, which is inconsistent with the current Government's stated objective to 'level up' the UK economy.
- Welcome support for the North Hykeham Relief Road and the Maid Marion Line announced following CSR 2020.
- Note with great concern the emerging NIC Rail (HS2) Needs Assessment and implications for the East Midlands Development Corporation proposition.
- Endorse the continuance of the region's membership on the Midlands Engine Executive Board as Cllrs Martin Hill, Barry Lewis, David Mellen, Chris Poulter.

1. Growth, Productivity & Investment in the East Midlands

- 1.1 The East Midlands is a region of 4.8 million people and 365,000 businesses. Total regional output in 2018 was £125 billion, equivalent to 5.8% of the UK economy. The East Midlands employment rate (2020) is above the UK average at 77.3% (UK=76.4%) but median weekly earnings (2019) are below: £547 pw compared to £585 pw. 11.9% of the workforce work in manufacturing, compared with 7.6% for the UK¹.
- 1.2 GVA growth in the East Midlands over the last 20 years has been better than most other regions/nations, but generally just below the UK average - 1.7% p.a. between 1999 and 2017 compared to 1.9% p.a. for the UK².
- 1.3 Similarly, productivity has remained below the UK average over the last 20 years and has been declining relative to the UK to 85.5% in 2018³.
- 1.4 However transport spend per head has been very significantly below the UK average level for all of the last 20 years, declining to just 55% of the UK average in 2018/19, the lowest level of any UK region or nation⁴.



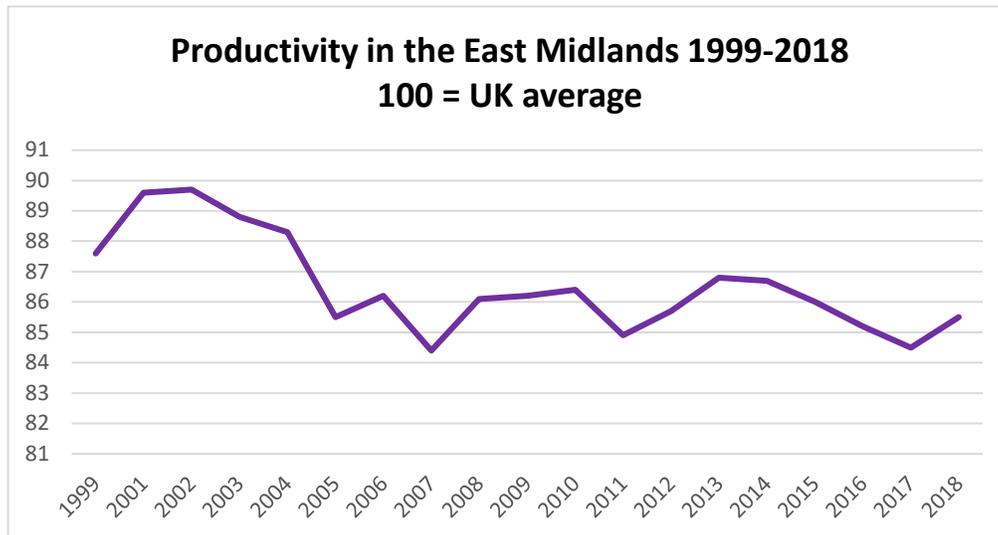
¹ <https://researchbriefings.files.parliament.uk/documents/SN06924/SN06924.pdf>

² <https://www.ons.gov.uk/economy/grossvalueaddedgva/bulletins/regionalgrossvalueaddedbalanceduk/1998to2017>

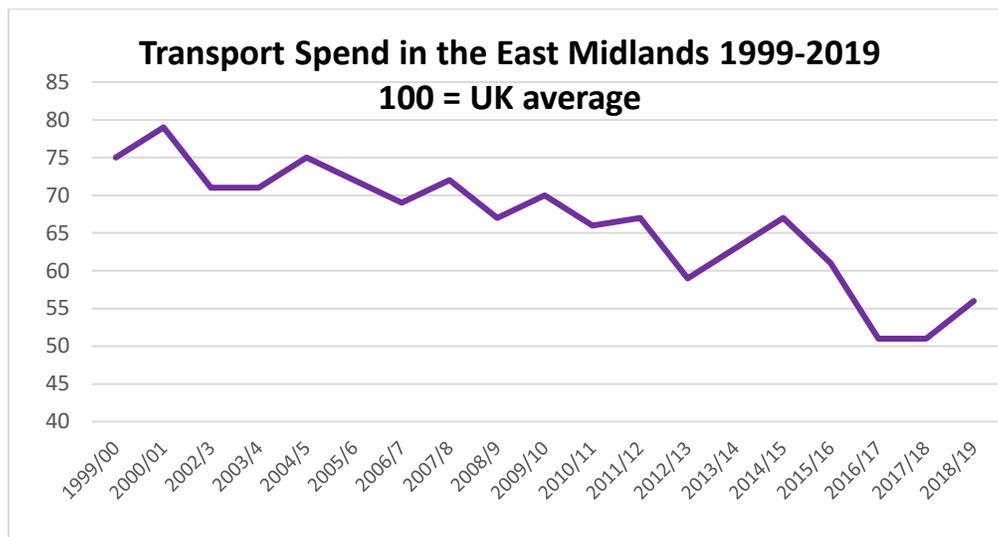
³ <https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/datasets/annualregionallabourp>

⁴ <https://www.gov.uk/government/statistics/public-expenditure-statistical-analyses-2020>

Source: <https://www.ons.gov.uk/economy/grossvalueaddedgva/bulletins/regionalgrossvalueaddedbalance/1998to2017>



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



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

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

1.6 The trend for transport investment is reflected in other forms of public investment in the East Midlands. The most recent HM Treasury [report](#)⁵ confirms that the region also has:

- The lowest level of public expenditure on ‘economic affairs’.
- The (joint) lowest level of public expenditure on services per head.

2. CSR2020 & National Infrastructure Strategy

2.1 The TfEM Board met on the 9th September 2020 chaired by Sir Peter Soulsby agreed to make a submission to the CSR process based on the following:

- a) Full support for the CSR Submission made by Midlands Connect, including:
 - Trans Midlands Trade Corridor (A46) Study
 - North Midlands Manufacturing Corridor (A50/A500) Study
 - Midlands Manufacturing Corridor (A5) Study
 - Coventry - Leicester - Nottingham Rail Enhancement
 - HS2 Conventional Compatible Services
 - Nottingham - Lincoln Rail Enhancement
 - Derby - Stoke - Crewe Rail Enhancement
 - Midlands-wide Smart ticketing regional brokerage system

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

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

⁵ The data has been drawn from the HM Treasury publication *Public Expenditure: Statistical Analyses 2020* published in July 2020. [The most recent data available is 2018-19.](#)

- 2.2 Subsequently it was confirmed by Government that in the light of the pandemic, the CSR would cover just one year with the exception of multi-year allocations for priority infrastructure initiatives.
- 2.3 Following the CSR announcement the Treasury published the National Infrastructure Strategy, which represents the Government's formal response to the NIC's 2018 National Infrastructure Assessment:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938049/NIS_final_web_single_page.pdf
- 2.4 As a result the Government has announced funding for:
- North Hykeham Relief Road (Lincolnshire), Large Local Major Programme Entry - DfT support of up to £110m;
 - Maid Marion Line, Nottinghamshire (also part of 'Access to Toton') – support from the Beeching Reversal fund – details to be confirmed.
- 2.5 Separately, Highways England have confirmed that public consultation on options for the A46 Newark Northern Bypass will begin on 9th December 2020.

3. NIC Rail (HS2) Needs Assessment and Integrated Rail Plan

- 3.1 The Government has asked the National Infrastructure Commission (NIC) to undertake a technical assessment to inform the Government's Integrated Rail Plan for the Midlands and the North, which will set out how the Government will take forward the Eastern Leg of HS2 and other strategic rail investments. The NIC issued a call for evidence which closed in the 23rd May 2020. The HS2 Executive Board's submission was agreed on the 11th May 2020 and is available at:
https://www.emcouncils.gov.uk/write/EM_Response_FINAL.pdf
- 3.2 The NIC published an interim report on the July 15th 2020 available at:
<https://www.nic.org.uk/publications/interim-rail-needs-assessment/>. The interim report sets out a summary of the evidence and proposals for how the NIC will frame its advice to Government.
- 3.3 Of key importance is the NICs 'fiscal mandate' set by Treasury, which assumes that no more than 1.2% of GDP is spent in 'economic infrastructure' including transport. The NICs interim report makes it clear that there is not sufficient

resource within this fiscal mandate to deliver HS2, Northern Powerhouse Rail (NPR), Trans-Pennine upgrade and Midlands Engine Rail (MER) concurrently. As a result, choices between these priorities will need to be made by Government.

- 3.4 The NIC proposes to consider these choices by offering several alternative packages to Government rather than proposing one single solution. The NIC will also consider what more could be delivered if the fiscal mandate is increased by Government. The NIC plans to publish its final report in December 2020.
- 3.5 At the time of writing the NICs report has yet to be published. However, Cllr Kay Cutts MBE and Sir John Peace have separately received briefings from the Chair of the NIC Sir John Armitt.
- 3.6 It is clear from these discussions that the NIC favours an option which would see the HS2 line from Birmingham connect to the Midland Main Line south of East Midlands Parkway (EMP), but not continue to Chesterfield, Sheffield, Leeds or via the East Coast Main Line to York, Durham and Newcastle. As a result, EMP would become the main regional interchange station for HS2 services from Birmingham, and Toton would be redundant. A short briefing note setting out further details is contained in Appendix 5(a) of this report.
- 3.7 It is not clear if the NIC will describe the EMP option as an 'interim' or an 'end state'. However it would be difficult to contemplate the full Eastern Leg ever being completed if the EMP option is taken forward, which would also have major implications for the emerging East Midlands Development Corporation proposition.
- 3.8 Ultimately, the final decision will be made by Government through the 'Integrated Rail Plan for the Midlands and the North' which is now due to be published in early 2021. As a result, there has been a continued focus on lobbying key decision makers through MPs, the HS2 East partnership and latterly through the Connecting Britain Campaign. In particular:
 - Broxtowe MP Darren Henry led a Westminster Hall Debate with cross party support on the 17th November 2020:
<https://hansard.parliament.uk/Commons/2020-11-17/debates/1A011E52-9CFE-47EE-9F0A-970C33B57552/IntegratedRailPlanAndHighSpeed2>

- The HS2 East Partnership published the ‘Mind the Gap’ report which highlighted a growing east-west divide the role that HS2 would have in addressing these inequalities:
<https://www.hs2east.co.uk/data/ckeditor/brochure/hs2-east-mind-the-gap-september-2020.pdf>
- The Connecting Britain Campaign has been re-launched to focus in delivery of the Eastern Leg <https://connectingbritain.co.uk/>

4 Midlands Engine

- 4.1 The Midlands Engine also made submission to the CSR process reflecting a broader economic agenda. This included a proposition to establish an East Midlands Development Corporation ‘Interim Body’ by the end of 2020 which could evolve into a ‘locally led’ Urban Development Corporation pending completion of the necessary primary and secondary legislative processes.
- 4.2 However, there was no reference to the Development Corporation proposition in the Chancellors statement or in any of the subsequent Departmental announcements so far.
- 4.3 The Midlands Engine Executive Board provides for 43 Local Authority Leader representatives. Leaders from the East Midlands, with the nominated Board Members agreed Representatives as Cllr Martin Hill (Lincolnshire County Council), Cllr Barry Lewis (Derbyshire County Council), Cllr David Mellen (Nottingham City Council), Cllr Chris Poulter (Derby City Council). Membership is co-ordinated with Midlands Connect to ensure regional spread. In advance of the Midlands Engine refreshing its Board governance, Members are invited to endorse the region’s current membership for another term.

5. Recommendation

Members of Executive Board are invited to:

- 5.1 Note with great concern the relative decline in public investment in the East Midlands over the last 20 years, which is inconsistent with the current Government’s stated objective to ‘level up’ the UK economy.

- 5.2 Welcome support for the North Hykeham Relief Road and the Maid Marion Line announced following CSR 2020.
- 5.3 Note with great concern the emerging NIC Rail (HS2) Needs Assessment and implications for the East Midlands Development Corporation proposition.
- 5.4 Endorse the continuance of the region's membership on the Midlands Engine Executive Board as Cllrs Martin Hill, Barry Lewis, David Mellen, Chris Poulter.

Andrew Pritchard
Director of Policy & Infrastructure
East Midlands Councils

East Midlands Parkway & The Eastern Leg of HS2 Briefing Note

1. Introduction

- 1.1 This note sets out the rationale for the original decision by Government and local partners to locate the East Midlands Hub Station at Toton as opposed to East Midlands Parkway (EMP).
- 1.2 It goes on to consider the emerging proposal from the National Infrastructure Commission (NIC) for the HS2 line from Birmingham to join with the Midland Main Line south of EMP and to use EMP as the main regional interchange for HS2 trains, instead of the Eastern Leg continuing to Toton, Chesterfield, Sheffield and Leeds and then onto the East Coast Main Line.

2. Rational for the original station location decision

- 2.1 EMP was one of around 30 alternative station locations considered by HS2 Ltd between 2009 and 2013 and was further examined by local partners in 2015. The EMP option developed by HS2 Ltd used the same basic line of route as Toton, with a slight adjustment to the east to bring it within around 250m of the existing conventional rail station. Because of flood risk the HS2 line runs on a viaduct at this point, and so the HS2 station would need to be elevated. A covered traveller arrangement or escalator would be required to span the distance between the high level HS2 platforms and the low level classic rail platforms.



Figure 1: EMP option developed by HS2 Ltd

2.2 The EMP option was considered to be inferior to Toton because:

- Being elevated, it would be more expensive to build and maintain;
- Being elevated, passenger access and interchange between HS2 and conventional rail services would be less convenient;
- Direct connectivity between HS2 and the conventional rail network would be impractical because of the differences in vertical and horizontal alignment between the lines (removing the option for direct Leicester to Leeds services for example);
- The station would be remote from centres of population and the region's largest rail market - the Nottingham area. Indeed, the existing EMP station has consistently failed to meet its original patronage targets since it opened in 2009 (original target 743,000 passengers per annum; 2018/19 patronage = 360,770)
- The station would be difficult to serve by public transport (previous attempts to run scheduled bus services to EMP proved uneconomic); and
- The scale of local flood risk reduces opportunities for adjacent development and would lead to greater pressure on Greenbelt sites elsewhere in Rushcliffe.

3. Emerging NIC option

3.1 The emerging option from the NIC would involve the HS2 line from Birmingham descending from the viaduct to join the Midland Main Line just south of EMP (shown in green below). HS2 trains would use the existing EMP station as the main point of regional interchange before heading on to Sheffield, and possibly Derby and Nottingham. As the Eastern leg would effectively terminate at EMP, there would be no direct HS2 connectivity to Leeds or to York and Newcastle (via the East Coast Main Line) as currently proposed.

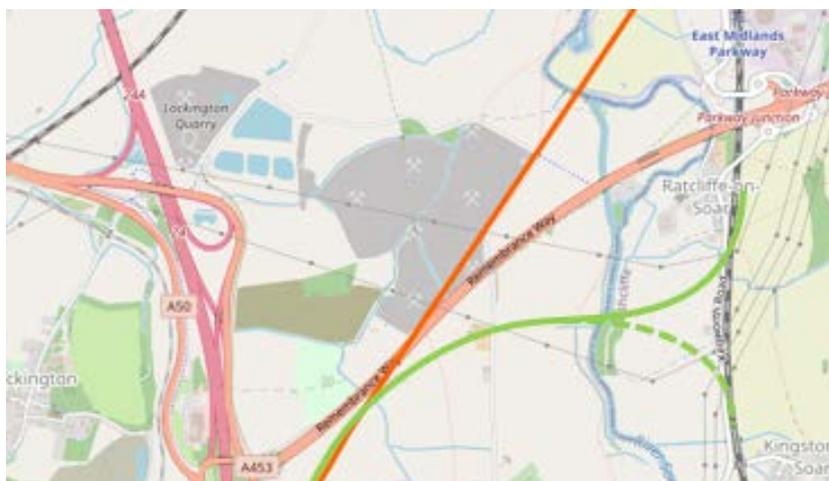


Figure 2 Likely NIC Alignment (in green)

3.2 This EMP option is considered to be inferior to Toton and the full Eastern Leg because it:

- radically reduces connectivity from the East Midlands to Leeds, Yorkshire and the North East along with associated regeneration, agglomeration and social benefits;
- gives the East Midlands a much poorer HS2 service compared to the West Midlands and the North West;
- places greater pressure on existing infrastructure in particular the Midland Main Line;
- reduces regional and local accessibility to the HS2 network; (Current HS2 base case gives a population catchment of 940,000 for Toton, plus an additional 478,000 if 'Access to Toton' Phase 1 is implemented)
- undermines the Toton development proposition, including the proposed innovation campus and the emerging Toton & Chetwynd Masterplan;
- undermines the wider East Midlands Development Corporation proposition and financial model (currently estimated at 84,000 jobs and additional £4.8 billion GVA);
- undermines the regional political consensus in support of HS2 and the Development Corporation proposition; and
- increases development pressure on the Greenbelt, particularly in Rushcliffe

4. Conclusion

4.1 The key point to note is that the NIC's emerging EMP proposition is very different to that previously considered by HS2 Ltd and local partners in that it does not involve the delivery of the full Eastern Leg of HS2 to Leeds and beyond. The only high speed element would be between EMP and Birmingham/London. Whether this option is envisaged as an interim or permanent solution is unclear, although if future funding for HS2 is further reduced the point would become moot.

Andrew Pritchard
East Midlands Councils
19th November 2020



Executive Board

4th December 2020

Key Employment Developments

Summary

This paper updates Members on significant issues relevant to local government as employers, including pay, exit pay cap developments and the workforce implications of COVID.

Recommendations

Members of Executive Board are invited to:

- Note this report.
- Provide comments and feedback on the key employment issues identified above.

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 the significant issues affecting councils as employers, national pay developments, exit pay cap legislation and pension regulations, along with the workforce implications of the COVID-19 outbreak/response.

2. Regional Employers' Board & Regional Joint Council Update

- 2.1 The Regional Employers' Board (REB) and East Midlands Regional Joint Council (EMRJC) met on 25th November 2020. The Employers' Board meeting focused on latest developments including the exit pay cap, current workforce issues relating to COVID, local government reform in Northamptonshire and broader reforms. It was agreed that work should take place to capture the lessons from the experience of LGR in Northamptonshire.
- 2.2 The meeting also received information on sickness absence rates across the region and the potential impact of new ways of working. Average sickness absence for 2019/20 was the same as the previous year, with 9.2 days lost per full-time equivalent employee. Councils generally reported a reduction in sickness absence since March 2020, mainly relating to short-term absence. Some councils are starting to see an increase in absence cases relating to mental health problems.
- 2.3 The Board were informed of the regional Councillor Development offering, based on suggestions raised by the Board at previous meetings and from the regional Councillor Development network. The programme will continue to run virtually, through a mix of skill development sessions, networking opportunities and webinars on topical issues, such as climate change, planning, health inequalities.

- 2.4 EMRJC received a presentation on the latest developments with COVID-19 testing within the workplace and on the regional approach to Kickstart being offered by East Midlands Councils.
- 2.5 The meeting was also provided with information on the initiatives being taken by local authorities to support the wellbeing of employees. EMC will be holding a meeting in December that will enable Councils to actively share information about these and to have expert input on addressing current concerns relating to wellbeing.
- 2.6 EMRJC agreed that a joint statement be issued regarding the freezing of public sector pay which was due to be announced by the Chancellor. The statement would give particular regard to recognising the value of the local government workforce, especially in its response to COVID-19 and to the need for sufficient funding to support services to the public.

3. Pay

- 3.1 Since the last Board meeting, agreement has been reached on a pay award for Craftworkers, broadly mirroring the agreement reached for employees within the main negotiating body for local government employees to increase pay and allowances by 2.75% and increase the minimum annual leave entitlement by a day to 22 days for those joining local government. A copy of the Agreement can be accessed [here](#).
- 3.2 This agreement concluded all pay negotiations for 2020. National employers are now expecting to receive claims from unions in respect of pay for 2021.
- 3.3 The Chancellor's statement on 25th November 2020 included the anticipated announcement regarding a public sector pay freeze. Members will be aware that the Government does not have a formal role in determining pay for local government employees, which is reached through negotiation between employers and unions. The announcement of a £250 increase for those earning less than £24,000 does not automatically apply to the local government workforce. Nationally, 30% of local government workers earn less than £24,000.

- 3.4 Pay for teaching staff is set by a pay review body following a remit set by the Government. A pay freeze for teachers may exacerbate existing recruitment and retention challenges, particularly for teachers in key subject areas.
- 3.5 The statement included an increase in the National Living Wage from April 2021 to £8.91 per hour. This will be below the current minimum hourly rate on the national pay spine, which is £9.25 per hour.

4. Exit Pay Cap in the Public Sector

- 4.1 The Exit Pay Cap was implemented on 4th November 2020, the details of which were provided to the Board previously. MHCLG guidance on these regulations are still awaited. To assist Councils, on 4th November EMC provided a webinar on this issue as well as an update on broader employment law matters which was attended by 65 officers from councils across the region
- 4.2 While the intention of the legislation is not at issue, the Regulations have implications for the sector in terms of the unintended consequences and these were highlighted to the Board at the last meeting.
- 4.3 Of particular concern is the conflict between the exit pay cap legislation and the current pension regulations, which are set out in statute. The pension regulations are unlikely to be amended until January at the earliest and in the meantime, councils are at risk of acting unlawfully if they exit an employee aged 55 or over who is a member of the pension scheme. The situation is impeding Councils' ability to progress workforce reform until legislation aligns.
- 4.4 MHCLG has concluded consultation on proposals relating to the pension scheme and to additional reforms of redundancy pay. EMC submitted a response to the consultation based on views put forward by councils in the region. It is understood that over 400 responses were put forward to the consultation.
- 4.5 The exit pay cap regulations have been challenged by groups such as the BMA, SOLACE through judicial reviews on a number of grounds. The reviews are progressing and are in the process of being aligned, with a hearing not likely to take place until January at the earliest.

5. COVID-19

- 5.1 The workforce issues arising from COVID continue to develop as the response to the virus has changed. National guidance for local authorities has been developed and informed from regular meetings of national officers with East Midlands Councils and other regional employers' organisations.
- 5.2 EMC has refocused its work to supporting authorities by providing advice and guidance, as well as giving opportunities for councils to engage with each other to share practice and approaches through virtual network meetings and information exchanges.
- 5.3 Current workforce issues include:
- Working from home: developing policies and approaches to support working from home on a longer-term basis
 - The changes to regulations in this second lock-down, where guidance on shielding has changed and guidance instead has referred to those Clinically Vulnerable and Clinically Extremely Vulnerable.
- 5.4 A National Joint Circular was issued on 12th November in relation to working arrangements during the current period of national restrictions in England, for people classed as Clinically Extremely Vulnerable and Clinically Vulnerable. A copy is available [here](#)

6. REGIONAL ACTIVITY UPDATE

- 6.1 EMC's workplan and its offer to councils on workforce support and councillor development has been revised to reflect the changing priorities and the working arrangements required by the COVID situation. Through the Employers' Board, Councillors are actively engaged in shaping this. Key themes are:
- Employee wellbeing, particularly relating to mental health
 - Supporting managers with the implications of managing people remotely
 - Assisting the transition to new ways of working for managers, team members and from an organisational culture perspective.
 - Supporting councils affected by LGR to assist employees with outplacement and career transition.
- 6.2 **Kickstart**

6.2.1 As part of its programme to address unemployment of young people, the Government has launched the Kickstart programme, funding work placements for young people who receive Universal Credit or are at risk of long-term unemployment. The scheme is only available to employers offering at least 30 placements, which would not be possible for many local authorities to offer. To resolve this, EMC is co-ordinating placements across the region so that councils can collaborate and access the scheme. So far 15 councils and 1 fire and rescue service have joined and it is anticipated other councils may want to participate later in 2021 when hopefully there will be less restrictive working arrangements, which limit the opportunities to provide placements. The scheme includes funded support for preparing the young people for work, and EMC is also offering to provide this on behalf of Councils.

6.3 Learning & Development

6.3.1 In September and October, we offered workshops as follows:

- For managers to help them discuss wellbeing with their team members.
- Converting training to the virtual environment.
- Providing coaching supervision for coaches in councils across the region.

The workshops on converting training to virtual delivery are being repeated in December due to demand.

6.3.2 Our low-cost CPD programmes for Environmental Health Officers and for Planners continue to be popular and are offered through a series of webinars, covering themes and issues that have been identified by the respective steering groups. In December a webinar as part of the programme for Environmental Health Officers will take place on Allergens with 140 officers attending. The latest webinar for Planners took place on 26th November on the theme of Planning for Growth, attracting over 70 delegates.

6.3.3 EMC has also been directly supporting the work of the Regional COVID Test & Trace Hub and has organised several seminars targeted at different settings and audiences.

6.3.4 On 10th November EMC provided a workshop for officers and Councillors on **Scrutiny – Reset & Recovery**, which looked at the impact and implications for

scrutiny arising from COVID-19. The popularity of this has resulted in the workshop being repeated later in November and December.

6.4 **Councillor Development**

6.4.1 Workshops took place in September for councillors on Chairing and Effective Meetings and a programme of workshops is also being run for officers with responsibility for councillor development and support.

6.4.2 As indicated at Paragraph 2.3, a programme of Councillor Development for the coming year has been developed which will start in January with a webinar on Climate Change.

6.5 **Consultancy Update**

6.5.1 Since September's Board meeting, EMC has provided support for individual councils with:

- Senior management changes
- Facilitating Chief Executive Appraisals
- Coaching
- Investigations relating to whistleblowing, and harassment & discrimination
- Recruitment & Selection for a Head of Service role
- Mediations
- Psychometric testing for 3 Service Manager roles
- Interim and Strategic HR Management support

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.

Cllr Tom Beattie
Chair
Regional Employers' Board



Executive Board

4th December 2020

Report of Management Group

Summary

The following report of the Management Group provides a summary on the following issues:

- Budget Monitoring 2020/21.
- External Financial Audit - Draft Statement of Accounts 2019-20.
- Risk Management.
- Performance management and the business plan 2020/21.

Recommendation

Members of the Executive Board are invited to:

- Consider the budget summary and deficit forecast of £47,000 to the end of March 2021.
- Note the updates on corporate governance and EMC's work programme.

All Management Group papers are available on EMC's website or on request to the Executive Director.

1. Budget Monitoring 2020/21

- 1.1 The budget set for 2020/21 originally showed a surplus of £10,000. However, the onset of the Covid-19 pandemic and national/local restriction has reduced EMC's earned income activities (e.g. consultancy, recruitment, events) and affected the budget. In June 2020 Executive Board, Members were informed that activities would likely be affected until the end of September 2020, leading to a reduction of net income of £21,000, and an overall £11,000 deficit up to March 2021.
- 1.2 Alongside the disruption of EMC external income activities, the refocus of activity from income generation-type activities to providing direct sector support to councils to assist in responding to the pandemic, as part of the core offer, has further impacted upon the budget outturn.
- 1.3 It is now clear, with the recent imposition of national restrictions, there is little chance of any return during this financial year of 'normal' activity and so a fuller budget appraisal has been undertaken.
- 1.4 The budget review, adjusting for current and likely future restrictions, only accounts for those activities that are most likely to still be undertaken under Covid restrictions and that for budget purposes are forecast to remain in place until the end of the financial year. The projected deficit has now increased to £47,200. This is suggested to be the 'worse-case' scenario.
- 1.5 At the beginning of the financial year 2020/2021 EMC's reserves stood at £640,700. These reserves are invested on a 12 month fixed interest basis, with funds allocated against defined purposes as agreed by Management Group, principally to cover all EMC related liabilities to manage unforeseen financial events.
- 1.6 The financial statement, attached as Appendix 8(a) details the summary financial position for the period up to the end of October 2020 and the forecast to 31st March 2021.

2. External Financial Audit - Draft Statement of Accounts 2019-20

- 2.1 In accordance with EMC's statutory responsibilities, the final audit certificate (AR27) has been submitted, subject to Audit, to the 'Certification Office for Trade Unions & Employers' Associations'.

- 2.2 Outstanding work on the final set of accounts is almost complete, the final issue to be resolved is confirmation of cumulative pension costs and liabilities.

3. Risk Management

- 3.1 It is difficult to confirm the specific impact of the changing nature of risk. Suffice to say, the most significant impact will be upon earned income and this has been reported to Management Group. Mitigation measures are being undertaken, including the use of virtual networks and events. This has been reflected in the revised work programme.
- 3.2 However, given the uncertainty and potential significant risk to the region's HS2 proposition of the imminent publication of the NIC report, the risk is judged to have increased and is therefore highlighted as 'severe and likely'. Work is being undertaken to understand its impact and associated mitigation.

4. EMC Work Programme

- 4.1 Since the onset of the Covid-19 pandemic, EMC has supported the sector to implement new ways of working including:
- Enabling councils to harness benefits of changes to working arrangements and maintaining the momentum for change.
 - Working at regional and national level on key organisational development themes to capture and share good practice.
- 4.2 EMC is working with national and regional counterparts and providing councils with support on the recovery agenda in response to Covid-19. The purpose is to share practice and learning to avoid duplication of effort and maximise economies of scale.
- 4.3 A series of virtual networks (both Member and officer) is now offered to share information/practice and for broader Learning & Development. Through an increased use of virtual networks and platforms, EMC has seen increased participation levels of Members and officers, and these programmes have been delivered at nil, or at the most, marginal cost.

5. Recommendations

Members of the Executive Board are invited to:

- 5.1 Consider the budget summary for the period to October 2020 and the associated forecast outturn to 31st March 2021.
- 5.2 Note the updates on corporate governance and EMC's work programme.

Cllr David Mellen
Vice-Chair
East Midlands Councils

Item 8, Appendix (a)

EMC	Approved Budget 2020/21	Profiled Budget 2020/21	Actual to October 2020	Forecast to March 2021	Variance
	£	£	£	£	£
Income					
Subscriptions	279,000	279,000	271,075	279,000	0
Grants – Migration related	226,500	113,250	56,625	226,500	0
Contracts – MC / DfT	109,300	54,650	41,400	191,000	81,700
Earned Income	336,900	180,100	106,391	223,400	-113,500
Secondments	39,000	39,000	39,000	39,000	0
Sponsorship	5,000	2,917	0	0	-5,000
Total	995,700	668,917	514,491	958,900	-36,800
Expenditure					
Staffing	753,900	439,775	461,559	811,800	57,900
Members Allowances	23,500	13,708	12,133	23,500	0
Premises	22,900	13,358	13,358	22,900	0
Service Level Agreements	16,000	9,333	9,333	16,000	0
Other Direct Costs	169,400	98,817	45,159	131,900	-37,500
Total	985,700	574,991	541,542	1,006,100	20,400
Surplus/-Deficit	10,000	93,926	-27,051	-47,200	-57,200

Summary Position to the end October 2020

The financial position to the end of October shows a significant shortfall in earned income together with a significant shortfall in direct costs. The out-turn prediction, assuming the current pandemic restrictions exist until the end of March, is now showing a deficit of £47,200.

Forecast figures are significantly larger than the original budget. This is due to income and costs relating to Unaccompanied Asylum Seeking Children (UASC) and Rail Franchise funding and associated costs which have now been included in the Forecast figures and were not finalised at the time the original budget was agreed.

The gap between the original budget and the forecast is due to income from events and consultancy being severely reduced as a direct consequence of the Covid-19 pandemic. There is also a reduction in direct costs, but the latter does not fully cover the loss of Earned Income. Subscriptions, Grants and Contracts, on the other hand, remain at the budgeted level, and expenditure, other than direct costs, remains on course.

Since the last Management Group meeting a part time member of staff has commenced fixed term part time employment, fully funded from funds and another person has been appointed to work on the Rail Franchise project and will start work in early January. This post is also fully funded.