Notice of Meeting and Agenda

Midlothian Council

Venue: Council Chambers/Hybrid,
Midlothian House, Dalkeith, EH22 1DN

Date: Tuesday, 19 December 2023

Time: 11:00

Executive Director : Place

Contact:
Clerk Name: Democratic Services
Clerk Telephone:
Clerk Email: democratic.services@midlothian.gov.uk

Further Information:

This is a meeting which is open to members of the public.

1   Welcome, Introductions and Apologies

2   Order of Business

Including notice of new business submitted as urgent for consideration at the end of the meeting.

3   Declaration of Interest

Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.

4   Deputations

No items for discussion

5   Minutes

6   Questions to the Council Leader

No items for discussion

7   Motions

No items for discussion

8   Public Reports

Exclusion of Members of the Public

(A) TO CONSIDER RESOLVING TO DEAL WITH THE UNDERNOTED BUSINESS IN PRIVATE IN TERMS OF PARAGRAPHS 6, 9 AND 11 OF PART 1 OF SCHEDULE 7A TO THE LOCAL GOVERNMENT (SCOTLAND) ACT 1973 - THE RELEVANT REPORTS ARE THEREFORE NOT FOR PUBLICATION; AND
(B) TO NOTE THAT NOTWITHSTANDING ANY SUCH RESOLUTION, INFORMATION MAY STILL REQUIRE TO BE RELEASED UNDER THE FREEDOM OF INFORMATION (SCOTLAND) ACT 2002 OR THE ENVIRONMENTAL INFORMATION REGULATIONS 2004.

9   Private Reports

9.1	Midlothian Energy Limited – Business Plan 2024-28, report by Executive Director Place	
9.2	Acquisition of Land for an All through School Campus in Shawfair Town Centre from Network Rail, report by Executive Director Place	
9.3	A701 Relief Road and A702 Spur Road – Phasing, report by Executive Director Place	
9.4	Midlothian House Building Fabric Upgrades	
9.5	Capital Plan Prioritisation and Strategic Infrastructure Investment Framework, report by Executive Director Place	

10   Date of Next Meeting

The next meeting will be held on Tuesday, 27 February 2024 at 11am.

Minute of Meeting

Midlothian Council

Date	Time	Venue
Tuesday 21 November 2023	11.00 am	Council Chambers, Midlothian House/Hybrid

Present:

Provost McCall (Chair)	Depute Provost Bowen
Councillor Parry (Council Leader)	Councillor Cassidy (Depute Council Leader)
Councillor Alexander	Councillor Curran
Councillor Drummond	Councillor Imrie
Councillor McEwan	Councillor McKenzie
Councillor McManus	Councillor Milligan
Councillor Pottinger	Councillor Russell
Councillor Scott	Councillor Smaill
Councillor Winchester	

In attendance:

Dr Grace Vickers, Chief Executive	Kevin Anderson, Executive Director Place
Morag Barrow, Director of Health & Social Care: Midlothian HSCP / Chief Officer to Midlothian IJB	Fiona Robertson, Executive Director Children, Young People & Partnerships
Alan Turpie, Legal and Governance Manager/Monitoring Officer	David Gladwin, Chief Financial Officer (Section 95 Officer)
Derek Oliver, Chief Officer Place	Saty Kaur, Chief Officer Corporate Solutions
Joan Tranent, Chief Officer Children's Services, Partnerships and Communities	Fiona Clandillon, Head of Development
Lucy Roddie, Democratic Services Officer	Hannah Forbes, Assistant Democratic Services Officer

1. Welcome and Apology for Absence

The Provost welcomed everyone to the meeting, advising that this meeting was open to the public and would be webcast live.

Apologies were received from Councillor Virgo, Anne-Theresa Lawrie and Elizabeth Morton.

2. Order of Business

As per the Agenda.

3. Declarations of interest

No declarations of interest were intimated at this stage of the proceedings.

4. Deputations

None.

5. Minutes of Previous Meetings

Item No.	Report Title	Submitted by:
5.1	Minute of meeting of Midlothian Council 10 October 2023 submitted for approval	Executive Director Place
Outline and Summary of Discussion		

The Minute of the meeting of Midlothian Council on 10 October 2023 was submitted and approved as a correct record, moved by Councillor Parry and seconded by Councillor Cassidy.

Further to the discussion that had taken place in relation to Item 8.4, Council House Building Programme – Progress Update 2023, Councillor Smaill noted that the Council had become contractually committed at the Newbattle site. Councillor Smaill could not recall Councillors being sighted on expenditure for 90 houses at a cost of £341,000 per unit, and raised a concern that cost escalation was not being scrutinised by Elected Members. In response, Kevin Anderson, Executive Director Place, reported that it had previously been indicated to Elected Members that the Council was on site at Newbattle and a contractual commitment had already been made. As agreed at the meeting of Midlothian Council on 10 October 2023, current projects would not be paused. Kevin Anderson offered to provide further information to Councillor Smaill following today's meeting, or to update all Elected Members via the action log.

In response to Councillor Smaill's query about whether the projected 80% reduction in heating costs in Passivhaus construction is supported by data, Kevin Anderson reported that data analysis on three Passivhaus projects was ongoing.

Councillor Smaill asked if funding would be available from Scottish Government to offset part of the cost of the Council's social housing plan. In response, Kevin Anderson confirmed the Council will receive subsidy value from Scottish

Government for each Passivhaus development, noting different criteria existed relative to the subsidy award depending on construction methodology and provision of facilities.

Further to the discussion which had taken place in relation to Item 8.3, Midlothian Strategic Housing Investment Plan 2024/25 – 2028/29, Councillor Smaill asked about the housing revenue account (HRA) and commented that Elected Members were yet to see a projection showing that the construction of circa 370 houses can be funded without using reserves. Councillor Smaill suggested that this would have significant financial strain on the HRA and wondered whether these numbers were achievable. In response, David Gladwin, Chief Financial Officer (Section 95 Officer), reported that the 20-year HRA model is updated frequently, and Officers intend to provide further detail to Elected Members in due course to address the questions that have been asked.

In response to a question from Councillor Smaill, David Gladwin confirmed that while the value of the house is written down from the date of completion to the date of its addition to the balance sheet as an asset, the loss does not hit the HRA or any cash reserves, therefore there are no direct financial implications for the Council.

Decision
The Minute of the meeting of Midlothian Council of 10 October 2023 was approved.

Action
Democratic Services

Item No.	Report Title	Submitted by:
5.2	Minute Volume Index	Executive Director Place

Outline and Summary of Discussion
The following minutes were previously circulated to Members and subsequently noted and/or the recommendations contained therein approved: • Audit Committee Minute of 26 June 2023 • Cabinet Minute of 5 September 2023 • General Purposes Committee Minute of Meeting of 22 August 2023 • Performance Review and Scrutiny Committee Minute of 20 June 2023 • Performance Review and Scrutiny Committee Minute of 19 September 2023 • Planning Committee Minute of 12 September 2023 • Local Review Body Minute of 19 June 2023 Moved by Councillor Parry. Seconded by Councillor McKenzie.

Decision
All to note.

Action
All

Item No.	Report Title	Submitted by:
5.3	Action Log	Executive Director Place
Outline and Summary of Discussion		
The Action Log was noted. In relation to Action 13, Council House Building Programme Progress Update 2023, Councillor Smaill asked if the Passivhaus guarantee was supported in data or was only aspirational. In response, Kevin Anderson offered to incorporate further detail in a report to come back to Council, relative to the cost-benefit analysis.		
Decision		
The Action Log was noted.		
Action		
Democratic Services		

6.   Questions to the Leader of the Council

None received

7.   Motions

Item No.	Notice of Motion	Submitted by:
7.1	Commissioner for Older People	Councillor Russell and Councillor Imrie
Outline and Summary of Discussion		
The Notice of Motion was proposed by Councillor Russell and seconded by Councillor Imrie. Councillor Russell reported that several organisations, including Age Scotland and Independent Age, had called for a new Commissioner to champion the rights of older people in Scotland. Councillor Russell noted that the Covid-19 pandemic had highlighted the absence of an overarching body to represent older people. The proposed legislation is considered to be paramount to the care of our older generations.		
Decision		
The Notice of Motion was moved.		
Action		
Executive Director Place		

Item No.	Notice of Motion	Submitted by:
7.2	Gaza	Councillor McManus and Councillor Cassidy

Outline and Summary of Discussion

The Notice of Motion was proposed by Councillor McManus and seconded by Councillor Cassidy.

Councillor Milligan proposed an amendment to the motion, seconded by Councillor Imrie, namely, the addition of the following paragraph: "We also recognise that in order for any ceasefire to work it requires all sides to comply; is horrified by the Hamas statement that they would repeat the October 7th attacks and continue rocket fire; regrets that Benjamin Netanyahu has stated they will not even consider a ceasefire; therefore calls on the international community to use every form of diplomacy to try and create the conditions on the ground to make a ceasefire a reality; calls on the International Criminal Court to investigate the conduct of all parties in this conflict; and reaffirms our commitment to a lasting peace and a two state solution with the end of illegal occupation, siege, and settlements."

Councillor Milligan moved the proposed amendment to the motion, seconded by Councillor Imrie.

The Notice of Motion as amended was moved by Councillor McManus and seconded by Councillor Cassidy.

Councillor Winchester thereafter made a personal statement. Councillor Winchester and Councillor Smaill noted they would be abstaining from the motion.

A 1 minute silence followed in recognition of all those who have lost their lives as part of the conflict.

Decision

The Notice of Motion as amended was moved.

Action

Executive Director Place

8.   Reports

Report No.	Report Title	Submitted by:
8.1	Financial Monitoring 2023/24 – General Fund Revenue	Chief Financial Officer (Section 95 Officer)

Outline and Summary of Discussion

David Gladwin, Chief Financial Officer (Section 95 Officer), introduced the report. The purpose of report is to provide Council with information on projections of performance against service revenue budgets in 2023/24. David Gladwin reported that Midlothian Council is in an extremely challenging financial position. Section 3 of the report outlines the most significant areas of variance against budget. Cost pressures mainly relate to familiar areas of financial pressure including school transport, fleet repairs and energy costs, alongside partial delivery of income targets

in some areas and slower than anticipated delivery of Medium Term Financial Strategy approved savings. The Corporate Management Team have agreed immediate remedial action. Mitigating measures and next steps are outlined in Section 3.3 of the report.

Council is recommended to:
a) Approve a supplementary estimate of £0.490 million to cover the unbudgeted cost of pay in 2023/24 (sections 3.6 and 3.7);
b) Note projections of revenue costs and income in 2023/24 against budget;
c) Note the projected General Fund Reserve Balance at 31st March 2024;
d) Note recovery actions agreed by the Corporate Management Team in response to areas of projected overspend (section 3.3); and
e) Note the contents of this report.

The Provost thanked David Gladwin for the report and opened it up to questions.

Councillor Parry noted her concern around the overspend but was reassured that work was continuing at pace to reduce overspends and progress savings projects. Councillor Parry noted that the comparably late UK government budget and following Scottish Government budget creates uncertainty. The Council Tax freeze will also have budgetary implications. The UK government recently announced Levelling Up 3 funding and Councillor Parry expressed her disappointment that Midlothian Council had received no allocation, nor even the opportunity to apply for this funding. Councillor Parry reported that she intended to write to Michael Gove, Levelling Up Cabinet Secretary, to express the Council's disappointment and sought the support of other Elected Members. Councillor Milligan and Councillor Imrie expressed their support. Councillor Parry had also written to the UK Government, Scottish Government and COSLA ahead of the budget settlements.

Councillor Parry moved the report.

Councillor Milligan commented that Elected Members need to be presented with profit and loss detail to inform decision making and gave the example of Destination Hillend, where the figures show projected income, not shortfall, which creates confusion when scrutinising the figures. Councillor Milligan referenced the underspend of £2.6 million and noted that this can be attributed to projects which are behind schedule. In reference to Destination Hillend, Councillor Smaill noted that project costs would increase given the delays and suggested it would be prudent to consider whether the project is still viable, raising the matter of liability.

Councillor Milligan requested clarification on income targets and noted that profit and loss detail would be useful. In response, David Gladwin provided assurances that the income targets had been approved by Elected Members. David Gladwin acknowledged that, post-pandemic, the legitimacy of targets is in question. Council Officers will provide greater detail via the Business Transformation Steering Group (BTSG) and income targets will form part of that.

Councillor Winchester requested further information on the £879k overspend against pupil transport and asked how this was possible, as it could reasonably be assumed that Midlothian Council would be aware of the number of pupils requiring transport at beginning of the school year.

At this point, Councillor Curran raised a declaration of interest and left the Chamber at 11.38.

Fiona Robertson, Executive Director Children, Young People & Partnerships, reported that while the number of pupils requiring transportation are known, the reasons for overspend are complex and numerous, referencing variation in contracts from year to year, changing routes and increasing pupil numbers. Costs of providing transport have increased significantly. The framework will be reviewed as part of the home to school transport consultation.

Councillor Curran re-entered the Chamber at 11.40.

In relation to Council's reduction in financial exposure to the Integrated Joint Board (IJB), Councillor Smaill asked if the Council risks a large negative variance. David Gladwin reported that, as a last resort, the integration scheme allows for the MIJB to seek additional financial support from its partners, and acknowledged this was therefore a risk. David Gladwin commented that the IJB would report its Q2 financial position in December 2023 and noted that an overspend was projected.

Councillor Imrie queried the robustness of estimates, and the extent to which these were scrutinised, commenting that greater detail on the Council's actual income and projected income would be useful. David Gladwin acknowledged the requirement for presentational enhancement and thanked Elected Members for their feedback. David Gladwin noted that greater detail was captured in the Transformation Blueprint and was discussed at regular meetings of the Business Transformation Steering Group.

Councillor Milligan seconded the report.

Decision

1. Council agreed to:
   a) Approve a supplementary estimate of £0.490 million to cover the unbudgeted cost of pay in 2023/24 (sections 3.6 and 3.7);
   b) Note projections of revenue costs and income in 2023/24 against budget;
   c) Note the projected General Fund Reserve Balance at 31st March 2024;
   d) Note recovery actions agreed by the Corporate Management Team in response to areas of projected overspend (section 3.3); and
   e) Note the contents of the report.

2. David Gladwin agreed to make enhancements to the report to ensure income targets were explicitly clear.

3. Council agreed to write to Michael Gove, Levelling Up Cabinet Secretary, to express its disappointment that Midlothian Council had received no Levelling Up 3 funding allocation, nor even the opportunity to apply for this funding, and to request that Midlothian Council be considered for any available underspend.

Action

   1. All

2. Chief Financial Officer (Section 95 Officer)
3. Council Leader

Report No.	Report Title	Submitted by:
8.2	Housing Revenue Account - Revenue Budget and Capital Plan 2023/24	Chief Financial Officer (Section 95 Officer)

Outline and Summary of Discussion

David Gladwin, Chief Financial Officer (Section 95 Officer), introduced the report. The purpose of the report is to provide Council with a summary of expenditure and income to 29 September 2023 for the Capital Plan and a projected outturn for both the Housing Revenue Account (HRA) and Capital Plan for 2023/24.

Council is recommended to:
   a) Delegate to the Executive Director Place discretion to apply cross year budget flexibility to pursue any additional buy-back purchase opportunities that offer best value; and
   b) note the contents of the report.

The Provost thanked David Gladwin for the report and opened it up to questions.

Councillor McKenzie noted the difficulties of retrofitting and commented that the flexibility to buy housing stock via the open market could be considered beneficial.

In response to a question from Councillor Curran, Kevin Anderson, Executive Director Place, confirmed the continuation of governance arrangements for buy-back purchase opportunities.

Councillor Smaill commented that he would support Council activity in the housing market, recognising the environmental benefits of improving the insulation and glazing of existing properties. Councillor Smaill also noted the disadvantage that the Council would not be adding to the total housing stock, but given the length of the housing waiting list, it could be considered sensible for the Council to pursue buy-back purchase opportunities.

Councillor McKenzie moved the report. Seconded by Councillor Curran.

Decision

Council agreed to:
   a) Delegate to the Executive Director Place discretion to apply cross year budget flexibility to pursue any additional buy-back purchase opportunities that offer best value; and
   b) note the contents of the report.

Action

Chief Financial Officer (Section 95 Officer)

Report No.	Report Title	Submitted by:
8.3	General Services Capital Plan 2023/24 – Quarter 2 Monitoring	Chief Financial Officer (Section 95 Officer)

Outline and Summary of Discussion

David Gladwin, Chief Financial Officer (Section 95 Officer), introduced the report. The purpose of the report is to provide Council with a note of the inclusion of the projects listed in Section 1 of the General Services Capital Plan (GSCP), information on the projected performance against budget for 2023/24 (Section 4), and update on the Capital Fund (Section 5).

It is recommended that Council:
a) Approve the addition of the project budgets set out in Section 3.1;
b) Note the forecast outturn for expenditure (after reflecting rephased project budgets), funding and borrowing, as outlined in Section 4.

The Provost thanked David Gladwin for the report and opened it up to questions.

Councillor Parry moved the report. Councillor Parry noted that the projects listed in Section 3.1 of the report are funded by developer contributions and external grant funding.

With reference to the Millerhill Park Asphalt Path project in Section 3.1 of the report, Councillor Curran asked if further approval was required from the Capital Board and Midlothian Council for any available underspend to be allocated to the new community hub. Alan Turpie, Legal Services Manager, confirmed that Councillor Curran's request amounted to a formal amendment to the recommendation.

Councillor Parry moved the report recommendations as amended. Seconded by Councillor Cassidy.

In relation to the Destination Hillend project, Councillor Smaill sought confirmation that the project was under review and the current cost estimate was therefore subject to change. In response, David Gladwin noted that, as part of the ongoing Capital Plan Prioritisation, any projects that the Council is not contractually committed to are under review.

Decision

Council agreed to:
a) Approve the addition of the project budgets set out in Section 3.1;
b) Note the forecast outturn for expenditure (after reflecting rephased project budgets), funding and borrowing, as outlined in Section 4;
c) Approve the allocation of any available underspend from the Millerhill Park Asphalt Path project to the new community hub.

Action

Chief Financial Officer (Section 95 Officer)

Report No.	Report Title	Submitted by:
8.4	Proposed Schedule of Meeting Dates for August 2024 – June 2025	Executive Director Place

Outline and Summary of Discussion

Saty Kaur, Chief Officer Corporate Solutions, introduced the report and noted that the schedule of dates has been developed taking school holidays into consideration.

Council is recommended to approve the Schedule of Meeting Dates for August 2024 to June 2025 as detailed in Appendix B of the report.

In responding to a question from Councillor Parry, Saty Kaur confirmed that the meeting schedule for the remainder of 2023/24 had been reviewed and any further clashes between the Midlothian Negotiating Committee for Teachers (MNCT) and Midlothian Joint Consultative Group (MJCG) had been resolved.

Councillor Parry moved the report. Seconded by Councillor Cassidy.

Decision

Council approved the Schedule of Meeting Dates for August 2024 to June 2025 as detailed in Appendix B of the report.

Action

Executive Director Place

Report No.	Report Title	Submitted by:
8.5	Midlothian Council Housing Allocation Policy Review 2023/24	Executive Director Place

Outline and Summary of Discussion

Kevin Anderson, Executive Director Place, presented the report. The main purpose of the Housing Allocation Policy is to prioritise applicants' needs to let the available vacant properties to those in the greatest assessed need, in accordance with current legislation and guidance to make best use of housing stock.

It is recommended that Council approves the Housing Allocation Policy Review consultation with all Midlothian Council tenants, waiting list applicants, stakeholders and tenant groups during the Winter 2023 period. The consultation outcomes and recommended options will be reported back to Council in March 2024.

Councillor McKenzie moved the report.

Councillor Smaill asked if there could be greater incentives to move smaller family units to smaller houses to release stock for larger family units, referencing a scheme in a neighbouring local authority. Kevin Anderson commented that this feedback would incorporated into the consultation exercise and Midlothian Council would undertake benchmarking activity against neighbouring authorities.

In response to a question from Councillor Smaill, Kevin Anderson confirmed that consultation with Housing Associations within the local authority area will take place as part of the review.

Following a request from Councillor Curran, Kevin Anderson agreed to organise a briefing for Elected Members on the allocation policy once the consultation is complete.

Councillor McKenzie moved the report recommendation as amended. Seconded by Councillor Curran.

Decision
Council approved the Housing Allocation Policy Review consultation with all Midlothian Council tenants, waiting list applicants, stakeholders and tenant groups during the Winter 2023 period. The consultation outcomes and recommended options will be reported back to Council in March 2024. Kevin Anderson agreed to organise a briefing for Elected Members on the allocation policy once the consultation is complete.

Action
Executive Director Place

Report No.	Report Title	Submitted by:
8.6	Chief Social Work Officer Annual Report	Chief Social Work Officer & Chief Officer Children's Services, Partnerships & Communities

Outline and Summary of Discussion

Joan Tranent, Chief Social Work Officer & Chief Officer Children's Services, Partnerships & Communities, presented the report. The report provides Council and the Integrated Joint Board (IJB) with the annual report of the Chief Social Work Officer (CSWO). The report offers a high-level overview of activity in each service area and identifies the challenges and changes that have occurred over the past year. Joan Tranent reported that the national context for social work and social care in 2022/23 was characterised by significant legislative and policy turmoil, and noted the uncertainty caused by the introduction of the National Care Service. In addition, Midlothian is the fastest growing local authority in Scotland, with significant growth in the 0-15 and over 75 age ranges. The challenge of meeting this demand is keenly felt across all services. Despite this growth, a focus on delivery of services and improvement has been maintained.

Council is recommended to:
  a) Note the incredible amount of work undertaken by social work and social care staff across the many different sectors over the past year.
  b) Agree the Chief Social Work Officer should place a copy of the annual report on the Council website.

The Provost gave her congratulations to all staff involved. The Provost thanked Joan Tranent for the report and opened it up to questions.

Councillor Scott highlighted that the Council's two residential homes for children were rated as very good, providing reassurance that Midlothian's care-experienced

children are safe, loved and well cared for. Councillor Scott commended the work that had taken place to facilitate the arrival and integration of Ukrainian refugees.

Councillor McManus commented that he was glad to see efforts to bolster recruitment within the health and social care sector, referencing a reduction in waiting lists. Councillor McManus further commented that an improvement has been seen in the National Care Service since engagement from Scottish Government and input from Joan Tranent.

Councillor Milligan referenced the significant increase in the number of children requiring mental health support, and questioned whether current support was sufficient and if support from Child and Adolescent Mental Health Services (CAMHS) was readily available. In response, Joan Tranent acknowledged the increase and commented that a variety of different support mechanisms are available. Health and social care services liaise closely with education colleagues to ensure appropriate support is available. Joan Tranent offered to provide further information to Councillor Milligan following today's meeting.

Councillor Smaill highlighted the benefit of working in partnership with voluntary organisations and the Police and reported that drugs with an estimated street value in excess of £1 million had recently been seized in the Danderhall area.

In response to Councillor Cassidy's request for an explanation for the 37% increase in referrals to adult services, Joan Tranent cited Midlothian's rapidly growing population and noted an improvement in recording mechanisms.

Elected Members gave their congratulations to all staff involved.

Councillor Scott moved the report. Seconded by Councillor McManus.

Decision

Council agreed:
    a) To note the incredible amount of work undertaken by social work and social care staff across the many different sectors over the past year.
    b) To instruct the Chief Social Work Officer to place a copy of the annual report on the Council website.

Action
Chief Social Work Officer & Chief Officer Children's Services, Partnerships & Communities

Councillor McManus left the Chamber at 12.19.
Councillor McManus re-entered the Chamber at 12.20.

Report No.	Report Title	Submitted by:
8.7	ESES City Region Deal regional approach to a Visitor Levy for Midlothian	Executive Director Place
Outline and Summary of Discussion		
Kevin Anderson, Executive Director Place, presented the report. It is recommended that Council:		

a) agrees to a watching brief on a regional approach to implementing the visitor levy with the City of Edinburgh Council as the lead authority to gain a greater understanding of the viability and implications of a regional approach to the Visitor Levy for Midlothian

b) agrees to Economic Development commencing consultation with the local tourism sector and representative bodies once the Parliamentary phase is complete, expected to be August 2024.

The Provost thanked Kevin Anderson for the report and opened it up to questions.

Councillor Imrie moved the report. Seconded by Councillor Cassidy.

Decision
Council agreed to: a) a watching brief on a regional approach to implementing the visitor levy with the City of Edinburgh Council as the lead authority to gain a greater understanding of the viability and implications of a regional approach to the Visitor Levy for Midlothian   b) Economic Development commencing consultation with the local tourism sector and representative bodies once the Parliamentary phase is complete, expected to be August 2024.

Action
Executive Director Place

The Public section of the meeting concluded at 12:21pm.

9.   Private

Exclusion of Members of the Public

In view of the nature of the business to be transacted, the Committee agreed that the public be excluded from the meeting during discussion of the undernoted item, as contained in the Addendum hereto, as there might be disclosed exempt information as defined in paragraphs 3, 6 and 14 of Part I of Schedule 7A to the Local Government (Scotland) Act 1973:-

9.1   Dalkeith Regeneration Development Framework – Early Phase Proposal - Report by Executive Director Place

Date of Next Meeting

The next meeting will be held on Tuesday 19 December 2023 at 11.00am.

The meeting concluded at 12.37pm.

Midlothian Council Minute Volume

Midlothian Council
Tuesday 19 December 2023
Item No 5.2

Presented to the Meeting
of Midlothian Council
on Tuesday, 19 December 2023

1   Minutes of Meetings submitted for Approval

None

2   Minutes of Meetings submitted for Consideration

Approved Minutes for Noting, Information and Consideration of any recommendations contained therein

3   Minutes of Meetings submitted for Information

Approved Minutes of Outside Organisations to which Council appoints representatives

None

Action Log

No	Subject	Date	Action	Action Owner	Expected completion date	Comments
1	Motion - Infrastructure	14/12/2021	Report to Council on the Strategic Investment Framework	Executive Director Place	December 2023	**Recommend for closure:** This will be incorporated into the Capital Plan Prioritisation report as in Action No.4 and is scheduled for December 2023 Council
2	Minute Action - CCTV	14/12/2021	To provide a report outlining an expansion of sites for CCTV	Chief Officer Place	Spring 2024	Phase 1 is now complete and live. Agreed at Council on 21 November 2023 that the completion date of the report on Phase 2 proposals to be extended to Spring 2024 to allow time to fully evaluate the benefits of Phase 1.
3	Arm's Length Company to Manage Industrial Sites in Midlothian	28/06/2022	Explore and outline process for creating an arm's length company	Chief Officer Place	March 2024	**Amended to March 2024 as this is the next scheduled meeting of Q4 2023/24.** To be included as part of the Commercialisation Strategy. Work is in

No	Subject	Date	Action	Action Owner	Expected completion date	Comments
						progress to develop the strategy and expected to be presented to Council in Q4 2023/24.
4	Capital Plan Prioritisation	21/02/2023	Refer approved Council report to BTSG on additional affordability scope and projects.	Executive Director Place	August 2023	**Recommend for closure:** Updates regularly provided to BTSG. A series of thematic BTSG sessions have been delivered over Oct/Nov 2023 and a report is scheduled for December 2023 Council.
5	Tender Returns – Temporary Units (various)	21/03/2023	Councillor visit to temporary units	Head of Development	TBC	Site visit being scheduled
6	Fees and Charges 2023	21/03/2023	Events Charging Policy to be presented to Council for consideration and approval	Chief Officer Place	Q2 2023/24	**Recommend to move to February 2024:** This is to be included as part of the annual review of fees and charges to be presented to Council in February 2024.
7	Midlothian Council Speed Policy Review	9/05/2023	Proposal for roads with other speed limits and an associated action plan for implementation	Chief Officer Place	December 2024	**Recommend to move to Q3 2024/25:** Work is in progress to implement the Speed Policy findings from the

No	Subject	Date	Action	Action Owner	Expected completion date	Comments
						review. It is anticipated an annual review will take place in Spring/Summer 2024 and a report will be provided thereafter on implementation and any additional roads.
8	Beeslack Community High School and Penicuik Community High School	27/06/2023	Report back to Council on decant strategy and costs for Penicuik High School	Executive Director Place	Q4 20234/24	Report scheduled for December 2023 Council has been deferred as architects appointed to scope the requirement.
9	Standing Order 19.2 Decision – lease Burnbrae Road, Bonnyrigg	29/08/2023	Internal Auditors investigate the position of the retail unit at Burnbrae Road and that the Council are at no undue risk. An update is provided in private on the retail unit currently being constructed adjacent to this building in Buccleuch Street.	Executive Director Place Executive Director Place	TBC October 2023	Audit in progress for report back to Council Retail units construction & handover near completion.
10	Midlothian House and Dalkeith Town Centre	29/08/2023	Briefing/Seminar to be held to further discuss the wider plan for Dalkeith Town Centre	Executive Director Place	Before December 2023 Council	**Recommend for closure:** Dalkeith Town Centre briefing held and reported to November Council. Midlothian House briefing

No	Subject	Date	Action	Action Owner	Expected completion date	Comments
						scheduled for Wednesday 13 December 2023.and report to December Council.
11	Motion - Old Craighall Road	10/10/2023	Report on protocols when dealing with road closures around new developments be presented to a future Planning Committee	Executive Director Place	TBC	Work in progress to report to Planning Committee
12	Midlothian Strategic Housing Investment Plan 2024/25 – 2028/29	10/10/2023	Report to be brought to November or December Council on rent pressure zones	Executive Director Place	Dec 2023	**Recommended for closure:** RPZ Report scheduled for Council on 19 December 2023.
13	Council House Building Programme – Progress Update 2023	10/10/2023	Update on whether there is recourse in relation to Passivhaus certification/guarantee	Executive Director Place	Dec 2023	**Recommend for closure:** Passive House is a performance-based building certification that focuses on the significant reduction of energy use for space heating and cooling. It is a set of metrics for energy performance certification that can be achieved. There is not a separate

No	Subject	Date	Action	Action Owner	Expected completion date	Comments
						guarantee scheme to the contractors defects liability.
14	Financial Monitoring 2023/24 – General Fund Revenue	21/11/2023	Make enhancements to the report to ensure income targets are explicitly clear.	Chief Financial Officer (Section 95 Officer)	Q4 2023/24	**Recommend for closure:** Will be included in Q3 Financial Monitoring reports
15	Financial Monitoring 2023/24 – General Fund Revenue	21/11/2023	Write to Michael Gove, Levelling Up Cabinet Secretary, to express Midlothian Council's disappointment that it had received no Levelling Up 3 funding allocation, nor even the opportunity to apply for this funding, and to request that Midlothian Council be considered for any available underspend.	Council Leader	Dec 2023	**Recommend for closure:** Letter sent to UKG
16	Midlothian Council Housing Allocation Policy Review 2023/24	21/11/2023	Organise a briefing for Elected Members on the allocation policy once the consultation is complete.	Executive Director Place	Following end of consultation period (Feb 2024)	

Midlothian Council

2022/23 Annual Audit Report

AUDITSCOTLAND

Prepared for the Members of Midlothian Council and the Controller of Audit

December 2023

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Key messages

2022/23 Annual Accounts

1 Audit opinions on the annual accounts of the Council and its group are unmodified.

2 The unaudited annual accounts were provided within the agreed timetable and were of a good standard.

3 Management made adjustments of £16.1 million to the annual accounts. The most significant adjustments related to the re-measurement of the net defined benefit for the unfunded pension obligations of £7.8 million and the reclassification of £5.9 million debtors and creditors balances.

Financial Management

4 The Council has appropriate budget setting and monitoring arrangements in place.

5 During 2022/23 the Council managed its budget and ended the year with a net underspend position of £11 million which included a one off repayment of overpaid VAT of £6.8 million.

6 The level of usable reserves held by Midlothian Council increased from £86 million in 2021/22 to £91 million in 2022/23. The usable reserves balance of £91 million includes General Fund reserves of £35 million of which £18 million is earmarked for specific purposes, Housing Revenue Account reserves of £32 million, Capital Fund reserves of £20 million and £4 million reserves for repairs and renewals.

7 Midlothian Council has an ambitious capital housing programme and spent £42 million on New Social Housing and Market Purchases in 2022/23 (2021/22: £35 million).

Financial Sustainability

8 The latest five-year revenue budget strategy agreed in 2023 is projecting a budget gap of £34.7 million to 2028/29.

9 It is clear that the Council faces heightened financial challenges in delivering balanced budgets and financially sustainable services. Radical solutions and robust financial plans will be needed to ensure service delivery remains financially sustainable.

10 The Council has developed a Transformation Blueprint which aligns with the five-year revenue budget strategy to 2027/28 and aims to create a wellbeing economy. However, detailed workforce and digital plans required to deliver transformation continue to be developed but have not yet been finalised. New strategic leads for Digital and Human Resources have been appointed to lead this work.

Best Value

11 Midlothian Council has demonstrated ongoing commitment to best value since our Best Value Annual Report 2019. We have noted improvements in performance reporting and medium term financial planning as well as the strengthening of officer member relationships.

12 The Council and its partners are actively working to address inequalities. The new Council Leader initiated, and chairs, the cross party Cost of Living Task Force which has moved from taking a crisis intervention approach to a preventative approach and a child poverty strategy and plan has been produced.

13 The Council has adopted an ambitious target to be net zero by 2030. Its vision, outcomes and priorities clearly reflect the importance it places on this. But achieving this target brings resourcing and financial risks which the Council is actively managing.

Vision, Leadership and Governance

14 Midlothian Council continues to have effective and appropriate governance arrangements in place that support scrutiny of decisions made.

Use of resources to improve outcomes

15 The Council has appropriate arrangements in place for improving services and monitoring desired outcomes through a balanced scorecard approach.

16 Internal audit conducted a review and published a report on performance management and performance indicators in 2023. The report provided substantial assurance in the reporting of performance indicators.

Introduction

1. This report summarises the findings from the 2022/23 annual audit of Midlothian Council (the Council). The scope of the audit was set out in an annual audit plan presented to the June 2023 meeting of the Audit Committee.

2. This Annual Audit Report comprises:

- significant matters arising from an audit of Midlothian Council's annual accounts.

- conclusions on the following wider scope areas that frame public audit as set out in the Code of Audit Practice:

    o Financial Management

    o Financial Sustainability

    o Vision, Leadership, and Governance

    o Use of Resources to Improve Outcomes.

- conclusions on Midlothian Council's performance in meeting its Best Value duties.

3. This report is addressed to Midlothian Council and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

Audit appointment from 2022/23

4. I, Claire Gardiner, have been appointed by the Accounts Commission as auditor of the Council for the period from 2022/23 until 2026/27. The 2022/23 financial year was the first of my five-year appointment. My appointment coincides with the new Code of Audit Practice which was introduced for financial years commencing on or after 1 April 2022.

5. My team and I would like to thank councillors, audit committee members, senior management, and other staff, particularly those in finance, for their cooperation and assistance in this year and we look forward to working together constructively over the course of the five-year appointment.

Responsibilities and reporting

6. The Council has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. The Council is also responsible

for compliance with legislation and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.

7. The responsibilities of the independent auditor are established by the Local Government (Scotland) Act 1973 and the Code of Audit Practice 2021, and supplementary guidance and International Standards on Auditing in the UK.

8. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management of the Council from its responsibility to address the issues we raise and to maintain adequate systems of control.

9. This report contains an agreed action plan at Appendix 1. It sets out specific recommendations, the responsible officers, and dates for implementation.

Auditor Independence

10. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2022/23 audit fee of £273,550 as set out in our 2022/23 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

11. We add value to Midlothian Council by:

- identifying and providing insight on significant risks and making clear and relevant recommendations.

- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance arrangements to ensure the best use of resources and financial sustainability.

- sharing intelligence and good practice identified.

1. Audit of 2022/23 annual accounts

Public bodies are required to prepare annual accounts comprising financial statements and other related reports. These are principal means of accounting for the stewardship of public funds.

Main judgements

Audit opinions on the annual accounts of the Council and its group are unmodified.

The unaudited annual accounts were provided within the agreed timetable and were of a good standard.

Management made adjustments of £16.1 million to the annual accounts. The most significant adjustments related to the re-measurement of the net defined benefit for the unfunded pension obligations of £7.8 million and the reclassification of £5.9 million debtors and creditors balances.

Audit opinions on the annual accounts are unmodified

12. The Council approved the annual accounts for the Council and its group for the year ended 31 March 2023 on 30 October 2023. As reported in the independent auditor's report, in my opinion as the appointed auditor:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework

- the audited parts of the Remuneration Report have been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been

prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Overall materiality was assessed as £7.6 million

13. The concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to influence the economic decisions of users of the financial statements, and hence impact their opinion set out in the independent auditor's report. Auditors set a monetary threshold when considering materiality, although some issues may be considered material by their nature. It is ultimately a matter of the auditor's professional judgement.

14. Our initial assessment of materiality for the Council and its group, was carried out during the risk assessment and planning phase of the audit. This was reviewed and revised on receipt of the unaudited annual accounts and is summarised in Exhibit 1.

Exhibit 1
Materiality values

Materiality level	Council and Group
Overall materiality	£7.6 million
Performance materiality	£4.6 million
Reporting threshold	£0.25 million

Source: Audit Scotland

15. The overall materiality threshold for the audit of the annual accounts of the Council was set with reference to gross expenditure, which we judged as the figure most relevant to the users of the financial statements.

16. Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. Performance materiality was set at 60% of overall materiality, reflecting our risk assessment which was informed by the level of errors in prior years and the control environment in place at the Council.

17. It is our responsibility to request that all misstatements, other than those below our reporting threshold, are corrected, although the final decision on making the correction lies with those charged with governance.

Significant findings and key audit matters

18. Under International Standard on Auditing (UK) 260 we communicate significant findings from the audit to the Council, including our view about the qualitative aspects of the body's accounting practices.

19. The Code of Audit Practice also requires all audits to communicate key audit matters within the annual audit report under International Standard on Auditing (UK) 701. These are matters that we judged to be of most significance in our audit of the financial statements. Significant findings and key audit matters are summarised in Exhibit 2.

Exhibit 2
Significant findings and key audit matters from the audit of the annual accounts

Issue	Resolution
1. Restricting the value of pension asset	We reviewed the actuary's assumptions and the Council's assessment of the actuary's assumptions and calculation in conjunction with IAS 19 and the application of IFRIC 14.
For the first time, the unaudited accounts included a pension asset rather than a liability. This amounted to £188 million and was calculated by the Council's actuary.	
The pension accounting standard (IAS 19) limits any pension asset to the lower of the surplus and what is described as an asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of refunds from the pension fund or reductions in future contributions to the fund.	The Council included additional disclosures in the audited annual accounts to clearly show the effect of the asset ceiling.
Further guidance on calculating the asset ceiling is provided in IFRIC 14. It refers to the impact of a 'minimum funding requirement' which stipulates a minimum amount of contributions that must be paid over a given period. The existence of a minimum funding requirement limits the ability of a body to reduce future contributions.	The annual accounts were adjusted to reflect a pension asset of zero for the Council's funded obligations, and a pension liability of £7.8 million for its unfunded obligations, for which the IFRIC 14 calculation does not apply.
Where there is a minimum funding requirement for contributions relating to future service, IFRIC 14 explains that the asset ceiling is the present value of the future service cost less the present value of the minimum funding requirement contributions.	We concluded that, for 2022/23, the Council's approach to recognising a pension asset and applying an asset ceiling in the accounts was appropriate.
Where actuaries report that the present value of the minimum funding requirement contributions exceeds the future service cost, IFRIC 14 advises that no asset should be recognised.	

Issue	Resolution
The Council applied an asset ceiling which restricted the pension asset to a nil balance in the balance sheet as at 31 March 2023. As part of our audit work we identified that the IFRIC 14 calculation did not cover the unfunded pension liability and therefore where the pension asset was restricted to zero the unfunded pension obligation should be netted off against the restricted balance and included as a liability in the financial statements.	
2. Reinforced Autoclaved Aerated Concrete in council buildings Reinforced Autoclaved Aerated Concrete (RAAC) is a lightweight construction material that was used in the construction of some public buildings like schools and hospitals between the 1950s and 1990s. It was used mostly in flat roofing, but also in some pitched roofs, floors and walls. On 31 August 2023 the UK Department for Education (DfE) announced that any space or area in schools, colleges or nurseries in England, with confirmed RAAC should no longer be open without "mitigations" being put in place. During 2022/23, the Council reviewed buildings across the school estate and did not identify any RAAC in the surveyed schools. Further surveys are planned on the remaining buildings within the Council's estate.	We are satisfied that the Council has taken appropriate action to address the risk of RAAC within their estate. As no RAAC has been identified we are satisfied that there is no requirement for a post balance sheet event relating to liabilities in relation to remedial works.
3. Remuneration Report disclosures The audit of the Remuneration Report identified a number of errors and other disclosure changes that were required to ensure the reports were fully compliant with applicable guidance. These included: • the remuneration table did not include a senior councillor who commenced this role in March 2023 • there were minor errors in the pension movements for two employees • the disclosures around pay bands had been calculated incorrectly in regard to starters and leavers. The bands should be based on actual salaries of all starters and leavers but the whole year equivalent had been used.	Management have reviewed the disclosures within the Remuneration Report and have updated the information. We are satisfied that the revised Remuneration Report fulfils the disclosure requirements of applicable guidance.

Issue	Resolution
4. Disclosures in the notes to the accounts The notes to the accounts help provide contextual information and detail which will help the reader understand the primary statements. Our audit work identified some areas where the classification of transactions or balances was incorrectly disclosed within the notes to the accounts. • Within short term deposits at 31 March 2022, £50 million was reclassified as cash and cash equivalents. The balance sheet was also revised to correct the misclassification. • Within Group investments £5.6 million was reclassified as the Group share of net assets of associates and joint ventures. • Within the short term debtors note there was £11.2 million of classification movements between other trade debtors, central government bodies and council tax debtors. • Within income £3.2 million was reclassified from fees and charges income to investment income. • Within non-current assets £0.7 million was incorrectly classified as assets under construction and land in operation.	We acknowledge that only one of the misclassifications identified impacted on the figures on the face of the primary financial statements. We are satisfied that management have addressed all significant misclassifications within the notes to the accounts in year. The Council should ensure going forward that control accounts such as trade debtors are reviewed to ensure balances with central government and other public sector bodies are classified appropriately at the year-end. **Recommendation 1**

Source: Audit Scotland

Our audit work responded to the risks of material misstatement we identified in the annual accounts

20. We have obtained audit assurances over the identified significant risks of material misstatement in the annual accounts. Exhibit 3 sets out the significant risks of material misstatement to the financial statements we identified in our 2022/23 Annual Audit Plan. It also summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 3
Significant risks of material misstatement in the annual accounts

Audit risk	Assurance procedure	Results and conclusions
1. Risk of material misstatement due to fraud	Owing to the nature of this risk, assurances from	We assessed the design and implementation of controls over journal entry processing.

Audit risk	Assurance procedure	Results and conclusions
caused by management override of controls As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.	management are not applicable in this instance.	Exhibit 5 identifies an opportunity to strengthen the controls over journals. Our testing of journals, year-end transactions, accruals and prepayments did not identify any incidents of management override of controls. We did not identify any unusual journal activity. Our assessment of the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements did not highlight any weaknesses. The methods and assumptions used to prepare accounting estimates were confirmed to be consistent with prior-years. As a result of the above work we are satisfied that there is no material misstatement arising from this risk.
2. Estimation in the valuation of other land and buildings Midlothian Council hold land and buildings (non-housing) with a NBV of £526 million as at 31 March 2022. There is a significant degree of subjectivity and complexity in the valuation of land and buildings. Valuations are based on specialist and management assumptions and changes in these can result in material changes to valuations. Material errors were also identified in the	Council procedures and controls around valuation and accounting.	We did not identify any issues with the information provided to the valuer. Our review of the Council valuation team's work, , confirmed the appropriateness of the methodology and assumptions used. We did not identify any non-compliance with RICS guidance. We found that management have an appropriate level of involvement and oversight of the valuation process. We concluded that management's assessment that land and buildings not

Audit risk	Assurance procedure	Results and conclusions
prior year valuation process by the prior year auditor. The 2022/23 revaluation exercise is planned to cover a significant proportion of the estate. Due to the inherent complexity and subjectivity risks regarding land and buildings' valuations and material errors found in the prior year, a significant risk of material misstatement in the 2022/23 valuations has been identified.		revalued in 2022/23 are not materially misstated, to be reasonable, and found assumptions made to be appropriate. We found that appropriate disclosures have been made regarding the assumptions in relation to the valuation of land and buildings.

Source: 2022/23 Midlothian Council Annual Audit Plan

21. In addition, we identified "areas of audit focus" in our 2022/23 Annual Audit Plan where we considered there to be risks of material misstatement to the financial statements. The results of our audit procedures and conclusions are set out in Exhibit 4.

Exhibit 4
Identified areas of audit focus

Audit risk	Results and conclusion
Valuation of pension liability The Council is an admitted body of Lothian Pension Fund and recognised a net pension liability of £54 million as at 31 March 2022. The liability requires the use of an actuarial methodology based on a range of assumptions including financial and demographic assumptions. The subjectivity around these assumptions gives rise to a risk of material misstatements in the financial statements. We will assess the scope, independence and competence of the professionals engaged in providing estimates for pensions and review appropriateness of actuarial assumptions and results including comparison with other councils. We will establish officers'	We are satisfied that the pension liability is correctly recognised on the balance sheet at 31 March 2023 and has been accounted for and disclosed correctly in line with International Accounting Standard (IAS) 19 Retirement benefits. We use an auditor's expert to inform our review of the assumptions used in calculating this estimate and management's judgements. We concluded the assumptions are appropriate and within a range which we consider to be acceptable. We are also satisfied the controls in place over the provision of information to the actuary are appropriate.

Audit risk	Results and conclusion
arrangements for ensuring the reasonableness of professional estimations and the accuracy of information provided to the actuary by Midlothian Council.	
Teachers' payroll Two pay awards have been granted in 2022/23. The Council is progressing implementing the awards but work in this area is incomplete and calculations for supply teachers can be complex. We will monitor progress in implementing teachers pay awards and test controls in the payroll system to ensure staff costs are complete, valid, and accurate.	We reviewed the design and implementation of controls over changes to pay which includes pay awards. We concluded that the controls over changes were designed appropriately. We conducted analytical procedures regarding the pay award in year comparing the actual amounts charged as expenditure to our expectation. We identified a variance which indicates that national insurance and pension costs relating to the 2021/22 pay increase were not accrued in the prior year. Accounting standards require the adjustment of material prior period errors only. We are satisfied that this would not be material and therefore no prior period adjustment has been made.
Financial controls cash and bank Material errors in the unaudited cash and bank figures were identified by the previous external auditors. These were identified as relating to the failure of bank reconciliation controls. We will follow up agreed actions and perform a full system review in this area in 2023.	Bank reconciliations were conducted for each month in 2022/23. In addition to this a year end reconciliation was conducted with no issues arising. We are satisfied that the balance reported at the year end is not materially misstated.

Source: 2022/23 Midlothian Council Annual Audit Plan

Identified misstatements of £16.1 million were adjusted in the annual audited accounts

22. Total adjustments of £16.1 million were made to the annual audited accounts. The most significant adjustments related to the re-measurement of the net defined benefit for the unfunded element of pension contributions of £7.8 million and the reclassification of £5.9 million debtors and creditors balances.

23. Adjustments made in the audited accounts reduced the total comprehensive income and expenditure deficit by £1.4 million and reduced net assets in the balance sheet by £6.3 million.

24. We identified two misstatements which were not corrected by management in the audited accounts. Management considered the size, nature and

circumstances leading to all uncorrected misstatements, individually and in aggregate, and concluded that these were not material.

25. The unaudited annual accounts were received in line with our agreed audit timetable on 30 June 2023. The working papers provided with the unaudited accounts were of a good standard and finance and other Council staff provided good support to the audit team during the audit.

26. Covid-19 has had a considerable impact on the delivery of audits and we are working to deliver timely audits while maintaining quality. In order to preserve the quality of our work in year the audit was delayed against our planned timetable with the accounts being signed on 30 October 2023. This allowed the statutory deadline for publication to be met.

2. Financial management

Main judgements

The Council has appropriate budget setting and monitoring arrangements in place.

During 2022/23 the Council managed its budget and ended the year with a net underspend position of £11 million which included a one off repayment of overpaid VAT of £6.8 million.

The level of usable reserves held by Midlothian Council increased from £86 million in 2021/22 to £91 million in 2022/23. The usable reserves balance of £91 million includes General Fund reserves of £35 million of which £18 million is earmarked for specific purposes, Housing Revenue Account reserves of £32 million, Capital Fund reserves of £20 million and £4 million reserves for repairs and renewals.

The Council operated within budget in 2022/23

27. The Council approved its 2022/23 budget in February 2022. The budget was set at £251 million with a projected funding gap of £9 million. The Council agreed the deferral of debt repayments to secure an additional £6.4 million of funding with the remainder of the budget gap funded from a transfer from reserves. These measures enabled the Council to set a balanced budget for 2022/23.

28. During 2022/23 the Council managed its budget and ended the year with a net underspend position of £11 million which included a one off repayment of overpaid VAT of £6.8 million. The remaining underspend relates to savings in loan charges and vacant posts, lower spend in education and higher than anticipated funding from previously undistributed Scottish Government Grants. The General Fund Balance increased from £32 million at 31 March 2022 to £34 million at 31 March 2023.

29. The Council previously approved the use of a financial flexibility permitting the use of capital receipts to fund projects designed to transform service delivery or reduce costs. Capital Receipts in 2021/22 of £0.6 million were set aside for this purpose. For the flexibility to apply funding must have been utilised by 31st March 2023.

30. The following projects were funded from the use of financial flexibilities, enabling funds to be freed up to cover increases in salary costs:

- Building Maintenance Review (£0.14 million)- radical service redesign and modernisation of all processes within the Building Maintenance Service with the purpose of raising the business efficiency and effectiveness at all levels across the organisation.

- Customer Services Project (£0.19 million) - in 2022/23 the multi-year project developed and delivered new Freedom of Information Registrar and Contact Us modules designed to provide significant service enhancement and efficiency.

- School Week Transformation Drive (£0.04 million) - transformational change in the design and delivery of the curriculum within secondary schools taking into account national development and digital solutions.

- Climate Change (£0.03 million) - Zero Carbon external support to develop the Council's ambition to make the Council's activities net carbon zero by 2030.

The unused balance of £0.16 million was appropriately added to the capital fund.

Housing revenue account operated within budget

31. The Council is required by legislation to maintain a separate housing revenue account and to ensure that rents are set a level which will at least cover the costs of its social housing provision.

32. During 2022/23 the Council overspent by £0.9 million on repairs and maintenance and housing rents were £0.9 million less than budgeted. However, total income was £4 million more than expenditure for the year and the balance on the housing revenue account reserve increased to £32 million at 31 March 2023 (2021/22: £28 million).

33. This balance is committed to fund the Council's ambitious capital investment plan to build further new housing stock and continue to improve and upgrade its existing stock, particularly through Scottish Housing Quality Standards (SHQS) improvement and Energy Efficiency Standard for Social Housing (EESSH) works.

The Council has appropriate budget setting and monitoring arrangements.

34. We performed a review of the Council's annual budget setting arrangements. The budget process implemented by the Council appears to be well established and officers and Finance Business Partners are very clear about their responsibilities and time frames. The process involves appropriate scrutiny arrangements, with the Business Transformation Steering Group and Council both having opportunities to scrutinise the budget and consider opportunities to reduce any emerging budget gap.

35. The budget setting document includes realistic financial assumptions and it offers good information regarding where there are projected over and underspends. It also gives brief explanations and context setting as appropriate.

36. We observed that senior management and members receive regular and accurate financial information on the Council's performance against budgets.

Capital expenditure increased in 2022/23

37. Total capital expenditure in 2022/23 was £75 million of which £23 million related to general services and £52 million to the housing revenue account.

38. The Council has an ambitious capital housing programme and spent £42 million on New Social Housing and Market Purchases in 2022/23 (2021/22: £35 million). The capital housing programme consists of five phases:

- phases 1 and 2 are complete and provided 1,353 additional houses within Midlothian over a period of 7 years with a total budget of £185 million

- phases 3 & 4 combined - the original plan was for 729 units to be constructed with a budget of £166 million but this has reduced to 645 units due to actual costs being greater than initial estimates. The increase in costs have arisen through various factors, namely, war in Ukraine, EU exit and Covid-19 impacting on building costs over recent years

- phase 5 has a current approved budget of £78 million however projected budget variations on previous phases and an increase in the Scottish Government Affordable Housing Supply Programme (AHSP) grant allocation means that there is potential for a further £6 million to be utilised for New Social Housing.

39. A total of 214 homes have reached completion in 2023 calendar year; 300 homes are on site at various stages of construction; and a further 115 homes are on site but undergoing final snagging and in the process of final handovers.

Financial systems of internal control

40. From our review of the design and implementation of systems of internal control (including those relating to IT) relevant to our audit approach, we did not identify any issues with the design of the controls which would increase the risk of a material misstatement in the financial statements. However, we identified three areas where controls could be improved:

Exhibit 5
Key findings from review of key controls

Audit finding	Additional audit procedures
1. Journals	
The Council's financial ledger is the system for recording all transactions and preparing the	We reviewed the journals across the year to identify those which had been posted by those with a higher level of

financial statements. Journal entries are how the Council's financial ledger is manually updated. We conducted controls testing over this area and identified the following issues:

- To minimise the risk of error and fraud we would expect each journal entry to be prepared and authorised by different members of staff. This control is not in operation for a small number of staff within the finance team. The ability of officers to approve their own journals increases the risk that invalid, erroneous or fraudulent journals could be posted to the financial ledger.

- Access to the ledger requires to be tightly controlled to mitigate the risk of fraudulent mis-postings. We identified in year that access rights were not regularly reviewed. We also found there were some users with a high level of access rights which had not been timeously removed.

- We tested a sample of 17 journals to ensure the approvals process had been followed. There was insufficient evidence of authorisation for one of the sample.

access. We identified some journals which relate to former employees, however, they relate to interfaces with the ledger which are not actually posted but are automatic journals. The user recorded is the user who created the interface. We are satisfied that there are compensating controls within the overall IT access rights which would prevent ex-employees accessing the ledger.

Our journals testing across the year reflected the increased risk arising from self-approval of journals and we did not identify any issues.

Recommendation 2 (refer Appendix 1, action plan)
Journals procedures should be reviewed to minimise the risk with the ability of members of the finance team to approve their own journals.

2. Bank reconciliations

Bank reconciliations are a critical control to ensure that cash is accurately recorded in the ledger. We found that bank reconciliations were performed for each month of the year but the reconciliations completed for periods 10 to 12 were not completed timeously.

In addition, at the year-end we identified over 20 bank accounts (mainly imprest accounts) with small balances which were not reconciled to the ledger on a regular basis.

We are satisfied that a reconciliation was conducted at the year end with no issues arising.

The bank letter at the year-end confirmed that the smaller imprest accounts were below our trivial level and did not represent a risk of material misstatement. We note that a number of accounts have a zero balance.

Recommendation 3 (refer Appendix 1, action plan)

Bank reconciliations should be conducted on a monthly basis for all accounts which are in use. The Council should also consider the bank accounts held and if they are still required.

3. Payroll reconciliations

The Council undertakes a reconciliation between the ledger and the payroll system on a monthly basis in line with good practice. We reviewed an example of one month's reconciliation in 2022/23 and found limited

We reviewed the year-end reconciliation between the ledger and payroll system and concluded that the employee costs included in the ledger at the year-end were appropriate.

| evidence that the discrepancies between the ledger and payroll were being followed up or investigated on a timely basis. | **Recommendation 4** (refer Appendix 1, action plan) |
| | The Council should ensure any work conducted in reconciling the ledger to payroll is appropriately evidenced. |

Source: Audit Scotland

41. Our work has been undertaken to provide an audit opinion on the annual report and accounts, and in response to our additional responsibilities set out in the Code of Audit Practice. The control deficiencies reported here are limited to those we identified while completing our audit work for these purposes.

Standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate

42. In the public sector there are specific fraud risks, including those relating to tax receipts, welfare benefits, grants and other claims made by individuals and organisations. Public sector bodies are responsible for implementing effective systems of internal control, including internal audit, which safeguard public assets and prevent and detect fraud, error and irregularities, bribery and corruption.

43. The Council has adequate arrangements in place to prevent and detect fraud or other irregularities.

3. Financial Sustainability

Main judgements

The latest five-year revenue budget strategy agreed in October 2023 is projecting a budget gap of £34.7 million to 2028/29.

It is clear that the Council faces heightened financial challenges in delivering balanced budgets and financially sustainable services. Radical solutions and robust financial plans will be needed to ensure service delivery remains financially sustainable.

The Council has developed a Transformation Blueprint which aligns with the five-year revenue budget strategy to 2027/28. However, detailed workforce and digital plans required to deliver transformation continue to be developed but have not yet been finalised. New strategic leads for Digital and Human Resources have been appointed to lead this work.

The level of General Fund reserves remains significantly higher than pre-pandemic levels

44. One of the key measures of the financial health of a body is the level of reserves held. The level of usable reserves held by Midlothian Council increased from £86 million in 2021/22 to £91 million in 2022/23. The usable reserves balance of £91 million includes General Fund reserves of £35 million of which £18 million is earmarked for specific purposes, Housing Revenue Account reserves of £32 million, Capital Fund reserves of £20 million and £4 million reserves for repairs and renewals.

45. Exhibit 6 provides an analysis of the general fund over the last five years split between committed and uncommitted reserves. The significant increase in committed reserves in 2020/21 aligned with the impact of Covid-19 and the increased funding provided by the Scottish Government late in March 2020, leading to a significant increase in reserves.

46. This trend has continued to 2022/23 with levels of committed reserves remaining significantly higher than pre-Covid-19 times.

Exhibit 6
Analysis of general fund balance
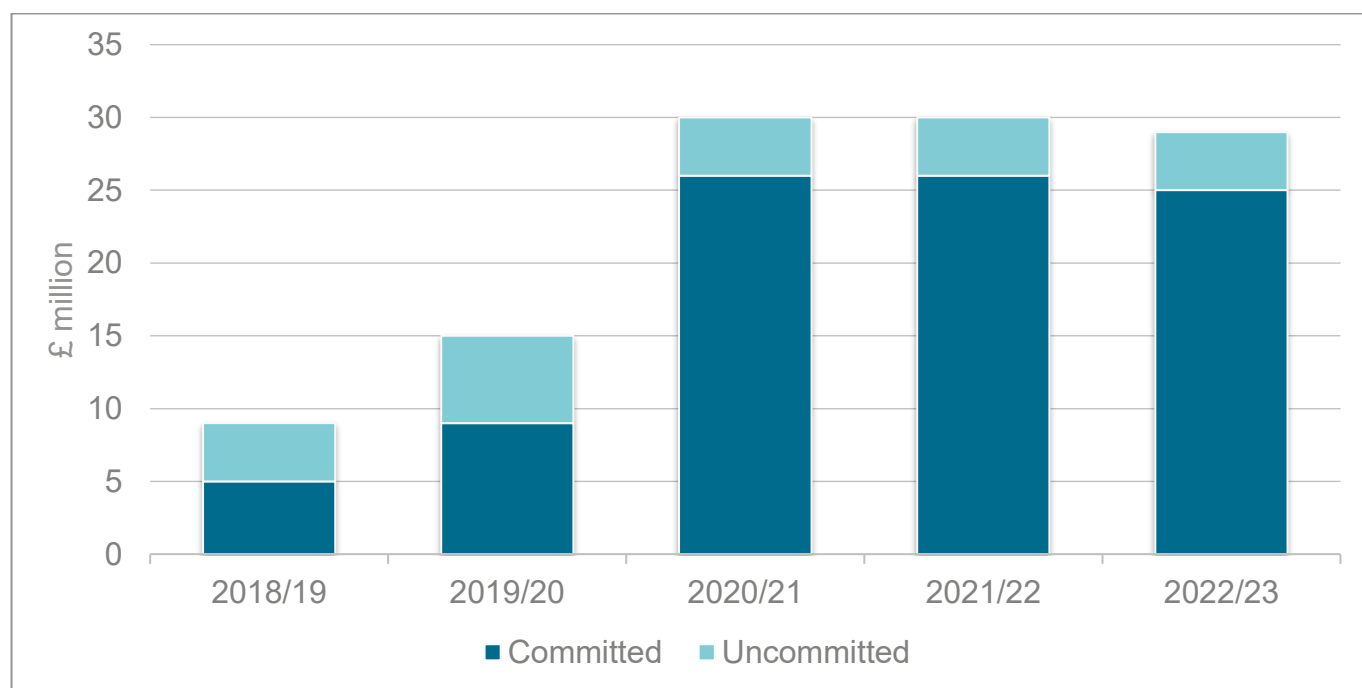
47. Almost 90% of committed reserves represent efficiency savings or unspent grants achieved by individual services and carried forward for their use in future years. The Council has a scheme of devolved budget management and services can carry forward unspent grants for their use in following years. Services are not able to carry forward general underspends, which would be included within uncommitted reserves carried forward. All savings carried forward have to be reviewed and approved by the section 95 officer.

48. The balance of committed reserves includes £3m to support repairs to Public Realm, £2m committed to support Transformation work and £1 million set aside to balance the 2023/24 budget.

49. The level of uncommitted reserves has increased in 2022/23 providing £10 million contingency funds for future years.

The five-year revenue budget strategy agreed in October 2023 is projecting a budget gap of £34.7 million to 2028/29

50. In February 2023, the Council agreed a five-year revenue budget strategy for the period 2023/24 to 2027/28. At that time the strategy was projecting a cumulative budget gap of £15 million by 2027/28. The Council updated the five-year revenue budget strategy in October and the cumulative projected budget gap has increased significantly to £24 million to 2027/28.

51. Savings proposals to bridge the budget gap were previously considered in the annual budget setting meetings but are now considered by the Business Transformation Steering Group (BTSG). This enables savings proposals to be agreed so that the Council is able to invest in its vision and corporate priorities.

52. Midlothian is the fastest growing Council area and this presents challenges in terms of increased service demand within its funding allocation which is based on historical population data. The Council have performed budget exercises using the latest 2022 Scottish census data which the Council state

result in significant increased funding for Midlothian. The Council is taking significant steps to obtain a solution to the funding gap, formally writing to the UK and Scottish Governments regarding the issue and exploring options for a Growth Fund and revisions to the Local Government funding floor.

53. It is clear that the Council faces heightened financial challenges in delivering balanced budgets and financially sustainable services. Radical solutions and robust financial plans will be needed to ensure service delivery remains financially sustainable. The Council recognises that transformation is essential to ensure service delivery remains financially sustainable and has published a Transformation Blueprint for Midlothian. The Transformation Blueprint which aligns with the five-year revenue budget strategy to 2027/28 aims to create a wellbeing economy. However, detailed workforce and digital plans required to deliver transformation continue to be developed but have not yet been finalised. New strategic leads for Digital and Human Resources have been appointed to lead this work.

2023/24 Projected Outturn

54. The latest budget monitoring report reported to the Council in November 2023 is projecting overspends across several services and highlights that £1.096 million of Medium Term Financial Strategy cost reductions have still to be finalised or fully implemented. A number of these are taking longer than planned to implement with an impact on the 23/24 financial position.

55. The most significant projected overspends relate to:

- Pupil transport - £0.9 million due to the volume and value of school pupil transport invoices higher than budgeted.

- Sport and Leisure - £0.7 million due to a shortfall in the agreed income target.

- Fleet costs - £0.7 million due to ageing vehicles and higher volumes of external contracting than planned.

56. The budget monitoring report is also projecting a reduction in the General Fund balance from £34.9 million at 31 March 2023 to £11.4 million at 31 March 2024. The most significant reduction of £16 million is expected to result from the application of Budgets carried forward from 2022/23 for use in 2023/24.

4. Best Value

Councils have a statutory duty to make arrangements to secure continuous improvement in the performance of their functions.

Main judgements

Midlothian Council has demonstrated ongoing commitment to best value since our Best Value Annual Report 2019. We have noted improvements in performance reporting and medium term financial planning as well as the strengthening of officer member relationships.

The Council and its partners are actively working to address inequalities. The new Council Leader initiated, and chairs, the cross party Cost of Living Task Force which has moved from taking a crisis intervention approach to a preventative approach and a child poverty strategy and plan has been produced.

The Council has adopted an ambitious target to be net zero by 2030. Its vision, outcomes and priorities clearly reflect the importance it places on this. But achieving this target brings resourcing and financial risks which the Council is actively managing.

Best value audit work is now fully integrated within our annual audit work

57. Local government bodies have a duty under the Local Government in Scotland Act 2003 to make arrangements which secure Best Value. Best Value is continuous improvement in the performance of the body's functions, having regard to:

- efficiency

- effectiveness

- economy

- the need to meet equal opportunity requirements.

58. Under the new Code of Audit Practice, the audit of Best Value in councils is fully integrated within the annual audit work performed by appointed auditors and their teams. Auditors are required to evaluate and report on the performance of councils in meeting their Best Value duties. There are four aspects to auditors' work:

- follow-up and risk-based work

- service improvement and reporting

- thematic reviews

- contributing to Controller of Audit reports.

Leadership of the development of new local strategic priorities

59. Annual thematic Best Value work is set by the Accounts Commission. For the 2022/23 financial year, auditors were asked to focus on the councils' leadership of the development of new local strategic priorities. The results of this work were reported to elected members at the Audit Committee in December 2023. This report will be published on the Audit Scotland website.

60. The key findings in this report are:

Council vision and priorities

- Midlothian Council has demonstrated ongoing commitment to best value since our Best Value Annual Report 2019. We have noted improvements in performance reporting and medium term financial planning as well as the strengthening of officer member relationships.

- The Council works well with its community planning partners and citizens and this has facilitated the creation of the Single Midlothian Plan and a clear vision for Midlothian to create "a great, green place to grow" over the next four years.

Citizen and community

- Partnership working continues to be a strength for the Council. It has effectively involved its communities in developing shared priorities. Officers and elected members are aware of community needs and have established a cost of living task force chaired by the Council Leader to support citizens.

Reducing inequalities and tackling climate change

- The Council and its partners are actively working to address inequalities. The new Council Leader initiated, and chairs, the cross party Cost of Living Task Force which has moved from taking a crisis intervention approach to a preventative approach and a child poverty strategy and plan has been produced.

- The Council has adopted an ambitious target to be net zero by 2030. Its vision, outcomes and priorities clearly reflect the importance it places on this. But achieving this target brings resourcing and financial risks which the Council is actively managing.

Alignment of delivery plans

- The latest five-year revenue budget strategy agreed in October 2023 is projecting a budget gap of £34.7 million to 2028/29. The Council recognises that transformation is essential to ensure service delivery remains financially sustainable and has published a Transformation Blueprint for Midlothian. The Transformation Blueprint which aligns with the five-year revenue budget strategy to 2027/28 aims to create a wellbeing economy. However, detailed workforce and digital plans required to deliver transformation continue to be developed but have not yet been finalised. New strategic leads for Digital and Human Resources have been appointed to lead this work.

Leadership

- We have observed good constructive relationships between members and officers which have facilitated the creation of the Cost of Living Taskforce and the Transformation Blueprint.

- The Council has taken steps to improve decision-making and encourage scrutiny. Midlothian Council has an appropriate approach to ensuring there is sufficient knowledge at a member level to support the decision making and scrutiny.

Controller of audit reports

61. The Controller of Audit also reports to the Accounts Commission on each council's performance in meeting its Best Value duties at least once over the five-year audit appointment. The programme of Controller reports will commence in October 2023. There are therefore no such reports required for 2022/23 audits. Based on the current provisional timetable, the Controller of Audit will report on Midlothian Council's performance in meeting its Best Value duties in financial year 2026/27. If the timetable is changed, the auditor will update the Council.

5. Vision, leadership and governance

Public sector bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

Main judgements

Midlothian Council continues to have effective and appropriate governance arrangements in place that support scrutiny of decisions made.

The Council has a clear vision, strategy and priorities

62. The Accounts Commission Strategy 2021-26 sets out its priorities to focus on inequalities, funding, communities and recovery. The Code of Audit practice sets out the Best Value work required to report on these priorities.

63. Over our 5-year audit appointment, a separate management report from auditors will be issued each year that details the outcome of thematic Best Value work. It should be recognised that much of Best Value work overlaps with the wider-scope elements. For 2022/23, our management report concludes on the effectiveness of the Council's leadership of the development of the Council's strategic priorities, following the 2022 local government elections.

64. The Best Value section of this report highlights that the new Single Midlothian Plan sets out a clear vision for Midlothian and also identifies success measures to monitor performance.

Midlothian Council has appropriate governance arrangements in place to support effective scrutiny, challenge and informed decision making

65. The governance and transparency arrangements we consider in reaching our conclusions include:

- Council and committee structure and conduct

- overall arrangements and standards of conduct including those for the prevention and detection of fraud, error, bribery and corruption. This includes action in response to the National Fraud Initiative

- openness of Council and committees

- reporting of performance and whether this is fair, balanced and understandable.

66. The Council's governance arrangements have been set out in the annual governance statement in the annual accounts. We have reviewed these arrangements and concluded that they are appropriate and effective. Our observations at committee meetings have found that these are conducted in a professional manner and there is a reasonable level of scrutiny and challenge by members.

67. We consider that governance arrangements remain appropriate and support effective scrutiny, challenge and decision making.

Climate change arrangements

68. The Scottish Parliament has set a legally binding target of becoming net zero by 2045 and has interim targets including a 75% reduction in greenhouse gas emissions by 2030. The public sector in Scotland has a key role to play in ensuring these targets are met and in adapting to the impacts of climate change.

69. The Council recognises the strategic risks of fulfilling the requirements of the Climate Change Act including staffing and significant financial investment and began actively managing the risks in 2019. The Council declared a climate emergency in December 2019 and published its Climate Change Strategy and action plan in August 2020.

70. A Carbon Charter and action plan for Midlothian Businesses has been created and includes local, national and international resources to support businesses to become more energy and carbon efficient.

71. A Climate Emergency Group has been established to monitor progress of the Council's ambitious targets. The group consists of elected members, individuals and representatives of the community councils and community groups, national government agencies, third sector organisations, the local chamber of commerce, landowners and Midlothian Energy Ltd.

72. Failure to adapt to climate change is included in the Council's corporate risk register and is actively monitored through the corporate risk management process. We will continue to review progress against actions identified to mitigate the risks.

73. The Auditor General and Accounts Commission are developing a programme of work on climate change. This involves a blend of climate change-specific outputs that focus on key issues and challenges as well as moving towards integrating climate change considerations into all aspects of audit work.

6. Use of resources to improve outcomes

Public sector bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities.

Conclusions

The Council has appropriate arrangements in place for improving services and monitoring desired outcomes through a balanced scorecard approach.

Internal audit conducted a review and published a report on performance management and performance indicators in 2023. The report provided substantial assurance in the reporting of performance indicators.

Midlothian Council has an appropriate performance management framework in place

74. The Council has a revised Planning and Performance Management Framework (PPMF). The framework sets out arrangements to ensure the Council can demonstrate a focus on outcomes while continuing to reflect statutory performance reporting requirements set out in the Statutory Performance Information Direction 2021.

75. In response to the 2019 BVAR, the Council implemented a digital dashboard performance management system, Pentana Browser, where elected members can access up-to-date performance data.

76. The CPP Board monitors performance of the Single Midlothian Plan every six months with the annual report highlighting success stories arising from the achievement of outcomes. The Council use a separate balanced scorecard to track the performance indicators for the services it is directly responsible for.

77. There are 21 key indicators presented as relating to the SMP and these are split between the SMP's three stated outcomes (Individuals and Communities have Improved Health and Learning Outcomes, No Child or Household Living in Poverty, Significant Progress is made towards Net Zero Carbon Emissions by 2030). In 2022/23, 12 were reported as on target, 4 off target, 2 data only and 3 no data available. Results for all perspectives are detailed below.

Exhibit 7
Summary of 2022/23 Balanced Scorecard Results

Perspective	On Target	Off Target	Data Only	No Data available
SMP Key Indicators	12	4	2	3
Customer/Stakeholder	16	8	26	3
Financial Health	1	1	16	0
Internal Processes	2	2	7	0
Learning and Growth	1	0	9	0

Source: Midlothian Council Balanced Scorecard 2022/23

78. The Accounts Commission's 2021 Statutory Performance Direction defines the performance information that councils must publish. The Direction states that each council will report a range of information covered by the following two indicators:

- Statutory Performance Indicator 1: Improving local services and local outcomes

- Statutory Performance Indicator 2: Demonstrating Best Value

79. The commission does not prescribe how councils should report this information but expects them to provide the public with fair, balanced and engaging performance information.

Improving local services and local outcomes

80. We have evaluated Midlothian Council's arrangements for fulfilling the above requirements and concluded that appropriate arrangements are in place for improving services and monitoring desired outcomes through a balanced scorecard approach. The balanced scorecard was approved at the June 2023 Midlothian Council meeting alongside the Council service plans. There are 113 indicators set out in a dashboard format. A RAG status is included to show how many indicators are on target and areas where data is missing. The balanced scorecard enables comparison over time and with other similar authorities by providing comparable figures for a 6 year period and performance against other councils forms part of the benchmarking. Citizens can view the scorecards and performance reports on the Council website.

81. Internal audit conducted a review and published a report on performance management and performance indicators in 2023. The report provided substantial assurance in the reporting of performance indicators though it did

highlight that there was scope for improving the audit trail in some limited areas, in relation to Local Government Benchmarking Framework indicators. This was a low risk recommendation which had been accepted for action by Executive business Managers.

Demonstrating Best value

82. Best value principles have been built into the PPMF and the document highlights the importance of evaluating and scrutinising performance to ensure continuous improvement. In particular it highlights that there will be:

- a balance in reporting areas of improvement that have been achieved and not achieved. This is demonstrated in the annual scorecard report published by the Council

- that the reporting will be undertaken in a timely manner - quarterly reports on performance are timely as seen through the committee minutes

- easy access to its performance information for all of its citizens and communities, with such information presented in an accessible style – there are links provided on the Council website.

83. It is clear that best value considerations are taken into account throughout the Council and have been considered at a strategic and local level when drawing together corporate priorities, assessment and action, with some reports drawing attention to specific best value principles where appropriate. Best Value principles are embedded within the Council. This is supported through the introduction of a Best Value framework in May 2023.

Appendix 1. Action plan 2022/23

2022/23 recommendations

Issue/risk	Recommendation	Agreed management action/timing
1. **Review of control accounts for classifications** Our audit work identified some areas where the classification of transactions or balances was incorrectly disclosed within the notes to the accounts. Risk – the notes to the accounts do not reflect the underlying categories of the transactions.	The Council should ensure going forward that control accounts such as trade debtors are reviewed to ensure balances with central government and other public sector bodies are classified appropriately at the year-end. Exhibit 2,4	A further layer of internal review will be implemented for the 2023/24 accounts to ensure that the accuracy of Balance Sheet and Disclosure note classification is enhanced. Chief Financial Officer March 2024
2. **Journals** We reviewed the journals across the year to identify those which had been posted by those with a higher level of access. We identified some journals which relate to former employees, however, they relate to interfaces with the ledger which are not actually posted but are automatic journals. Risk – there is a risk of fraud or error.	Journals procedures should be reviewed to minimise the risk with the ability of members of the finance team to approve their own journals. Exhibit 5,1	We operate a control environment where staff at a designated level of seniority do not require counter signature. This being a reflection of the trust placed in senior employees and also to maintain a degree of practicality. I feel this is an acceptable risk for journal entries as non-cash transactions. Chief Financial Officer October 2023
3. **Bank reconciliations** Bank reconciliations were performed for each month of the year but the	The Council should ensure bank reconciliations are performed and reviewed in a timely manner. The Council should also consider the bank	There was a period during 2022/23 where reconciliations were not completed in line with normal established timescales due to staff

Issue/risk	Recommendation	Agreed management action/timing
reconciliations completed for periods 10 to 12 were not completed timeously. In addition, at the year-end we identified over 20 bank accounts (mainly imprest accounts) with small balances which were not reconciled to the ledger on a regular basis. Risk – there is a risk that errors may not be picked up and corrected timeously. There is also a risk that the Council is operating a number of bank accounts which are no longer required.	accounts held and if they are still required. Exhibit 5,2	unavailability. Since then reconciliations have returned to a normal cycle. Chief Financial Officer October 2023
4. Payroll reconciliations The Council undertakes a reconciliation between the ledger and the payroll system on a monthly basis in line with good practice. We reviewed an example of one month's reconciliation in 2022/23 and found limited evidence that the discrepancies between the ledger and payroll were being followed up or investigated on a timely basis.	The Council should ensure any work conducted in reconciling the ledger to payroll is appropriately evidenced. Exhibit 5,3	Agreed.

Appendix 2. Summary of uncorrected misstatements

We report all uncorrected misstatements in the annual report and accounts that are individually greater than our reporting threshold of £250,000.

The table below summarises uncorrected misstatements that were noted during our audit testing and were not corrected in the financial statements. Cumulatively these errors are below our performance materiality level as explained in Exhibit 1. We are satisfied that these errors do not have a material impact on the financial statements.

Narrative	Account areas	Comprehensive Income and Expenditure Statement		Balance Sheet	
Accounting Misstatements		Dr £m	Cr £m	Dr £m	Cr £m
1. Asset addition recognised in incorrect period	Payables				0.312
	PPE			0.312	
2. Expenditure reclassification	CIES	0.631			
	PPE additions				0.631

Midlothian Council
2022/23 Annual Audit Report

AS.4.0

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Leadership in the development of new local strategic priorities

Midlothian Council
Best Value thematic work in 2022-23

AUDIT SCOTLAND

Prepared by Audit Scotland
December 2023

Contents

Key messages

1   Midlothian Council has demonstrated ongoing commitment to best value since our Best Value Annual Report 2019. We have noted improvements in performance reporting and medium term financial planning as well as the strengthening of officer member relationships.

2   The Council works well with its community planning partners and citizens and this has facilitated the creation of the Single Midlothian Plan and a clear vision for Midlothian to create "a great, green place to grow" over the next four years.

3   The Council and its partners are actively working to address inequalities. There is a cross party cost of living task force which has moved from taking a crisis intervention approach to a preventive approach and a child poverty strategy and plan has been produced.

4   The Council has adopted an ambitious target to be net zero by 2030. Its vision, outcomes and priorities clearly reflect the importance it places on this. But achieving this target brings resourcing and financial risks which the Council is actively managing.

5   The latest five-year revenue budget strategy agreed in September 2023 is projecting a budget gap of £34.7 million to 2028/29. The Council recognises that transformation is essential to ensure service delivery remains financially sustainable and has published a Transformation Blueprint for Midlothian. The Transformation Blueprint which aligns with the five-year revenue budget strategy to 2027/28 aims to create a wellbeing economy. However, detailed workforce and digital plans required to deliver transformation continue to be developed in partnership with elected members, Council staff and partners. New strategic leads for Digital and Human Resources have been appointed to lead this work.

6   We have observed improved constructive relationships between members and officers which have facilitated the creation of the Cost of Living Taskforce, chaired by the Council Leader and the Transformation Blueprint.

7   The Council has taken steps to improve decision-making and encourage scrutiny. Midlothian Council has an appropriate approach to ensuring there is sufficient knowledge at a member level to support the decision making and scrutiny.

Scope of the audit

1. When discussing the Local Government in Scotland Overview 2022, the Chair of the Accounts Commission noted: "Councils are operating in a complex and increasingly volatile, unprecedented and unpredictable environment. Strong leadership from councils is needed now more than ever, with new and returning Councillors being able and willing to make difficult decisions about where and how to spend highly pressurised resources."

2. This report concludes on the effectiveness of the Council's leadership of the development of the Council's strategic priorities, following the 2022 local government elections.

3. The Accounts Commission's Strategy (2021-26) sets out its priorities to focus on inequalities, funding, communities and recovery. The Code of Audit Practice sets out the Best Value work required to report on these priorities.

Code of Audit Practice 2020 Best Value reporting requirements

Best Value reporting – extract from the Code

87. The Accounts Commission's approach to Best Value involves reporting on individual local government bodies and thematically across the local government sector through performance reports:

- As part of their integrated wider-scope annual audit work appointed auditors use a risk-based approach to assess and report whether the audited body has made proper arrangements for securing Best Value and is complying with its community planning duties, including reporting progress against previous Best Value findings and recommendations.

- The Accounts Commission also requires the Controller of Audit to report to the Accounts Commission on each Council or Integration Joint Board (IJB) at least once over the five-year audit appointment on the body's performance on its Best Value duty. This enables the Accounts Commission to make findings for improvement where appropriate. [1]

- The Accounts Commission reports nationally on thematic aspects of local government bodies' approaches to, and performance in, meeting their Best Value and community planning duties. Local government appointed auditors report locally on any such Best Value thematic work prescribed by the Accounts Commission.

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[1] The Controller of Audit will report the first tranche of Council BV reports to the Commission between October 2023 and August 2024 on Moray, Falkirk, Dundee City, Orkney Islands, South Ayrshire, Dumfries and Galloway, Clackmannanshire and West Dunbartonshire.

4. This report covers the thematic aspect of the Best Value audit requirements. The Commission has directed auditors to report on the effectiveness of the leadership of the development of the Council's strategic priorities.

5. In carrying out the work auditors have considered the following questions:

- How clear is the new Council vision and its priorities?

- How effectively have the views of citizens and communities been reflected in the priorities and decisions taken by the Council?

- How effectively do the Council priorities reflect the need to reduce inequalities and climate change?

- How good are the delivery plans and is there alignment of financial, workforce, asset and digital plans with the Council's priorities?

- Overall, how effective has the leadership been (political and officer) in setting clear priorities and a sustainable approach to delivering them?

6. An improvement action plan is included at Appendix 1 of this report. This sets out audit recommendations in key areas, and the Council's planned response including responsible officers and dates for implementation.

7. The coverage of the work is in line with the expectations for councils' arrangements for the seven Best Value themes in the Local Government in Scotland Act 2003, Best Value Statutory Guidance 2020.

Council vision and priorities

8. A Council focused on achieving Best Value in how it operates will be able to demonstrate that elected members and officers have a clear vision and priorities for their area.

9. The Local Government in Scotland Overview 2022 says that Scotland's councils have had a pivotal role in supporting and working with communities as they respond to the impacts of Covid-19. Following the Council elections in May 2022, councils will have reviewed their priorities.

The Council has created a clear vision through joint working with its community planning partners

10. Midlothian Council (the Council) agreed its Single Midlothian Plan 2023-27 (SMP) in June 2023.

11. The SMP was developed through joint working with community planning partners, engagement with citizens and the Citizens Panel, and following various stakeholder events throughout 2022. (refer to paragraph 22). It has been written in plain English to improve accessibility and marks a move from short term to medium term planning for the Council and its community planning partners.

12. The Council has created a clear vision for Midlothian to create "a great, green place to grow" over the next four years.

13. Exhibit 1 sets out the Council's vision statement. The vision is supported by three key outcomes and seven thematic groups which have been established within the Community Planning Partnership (CPP). Each of the seven thematic groups have set out their own improvement actions:

Exhibit 1
Single Midlothian Plan 2023-27

Vision statement	By working together as a Community Planning Partnership, individuals and communities will be able to lead healthier, safer and greener lives by 2030. No child or household need live in poverty. Midlothian will be a great green place to grow by achieving our net zero carbon ambitions and supporting local people to strengthen the skills they need for learning, life and work.
	Individuals and communities have improved health and skills for learning, life and work

Three Key Outcomes	No child or household living in poverty	
	Significant progress is made towards net zero carbon emissions by 2030	
Thematic priorities	Midlothian will be healthier	13 actions
	Midlothian will be safer	10 actions
	Midlothian will Get it Right for Every Child	12 actions
	Midlothian will support residents to improve employability and outcomes in our communities	24 actions
	Midlothian will be green	21 actions
	Midlothian will have a wellbeing economy and be better connected	9 actions
	Midlothian will work towards reducing poverty	18 actions
	Total	**107 actions**

Source: Single Midlothian Plan (SMP) 2023-27

14. The SMP is a live document and is informed by consultation through the thematic groups. The work of CPP is reported to communities for feedback. In addition, key equality groups (Midlothian Peoples Equality Group and Faith Partnership Group) provide direct feedback and the Housing Services Tenant Participation Officer liaises with the tenants group over the actions within the SMP.

Performance reporting is continuing to improve

15. The CPP Board monitors performance of the Single Midlothian Plan every six months with the annual report highlighting success stories arising from the achievement of outcomes. The Council uses a separate balanced scorecard to track the performance indicators for the services for which it is directly responsible. In response to the 2019 Best Value Assurance Report, the Council implemented a digital dashboard performance management system, Pentana Browser, where elected members can access up-to-date performance data.

16. The Single Midlothian Plan H2 Performance Report which included the SMP balanced scorecard indicators was approved at the June 2023 Midlothian Council meeting alongside the Council service plans. There are 110 indicators set out in a dashboard format. A RAG status is included to show how many

indicators are on target and areas where data is missing. Citizens can view the scorecards and performance reports on the Council's website.

17. Improvements in performance reporting, incorporating both quantitative and qualitative data over time, are assisting the Council and partners more clearly in demonstrating performance against agreed actions and targets.

The Council's vision and priorities have been shared with citizens and staff

18. The Council has engaged with citizens and staff to articulate its vision and priorities. The Council shared details of the renewed SMP with members of the public in June 2023 through a press release and the SMP is available on the Council's website.

The Council is arranging more community planning events to showcase the work of the partnership

19. A community planning launch event took place in November 2023 and over the next four years there is expected to be an increased profile of community planning led events, showcasing the work of the partnership.

20. The chief executive shares the vision and priorities with staff through a weekly email bulletin, the Leadership Forum and through a separate bulletin to stakeholders.

21. Midlothian Council is a partner with the 5 other local authorities that make up the Edinburgh and South East Scotland City region, who together with regional universities, colleges and the private sector signed a City Region Deal with the UK and Scottish Governments, with a value of over £1.3 billion. The City Region Deal aims to drive productivity and growth while reducing inequalities and deprivation, pulling in significant government investment by innovation, skills and infrastructure. Performance will be significantly improved, and the inclusive growth will tackle inequality and deprivation.

Community engagement and feedback

22. Councils, with their community planning partners, have a responsibility to ensure that people and communities are able to be fully involved in the decisions that affect their everyday lives. There must be a focus on getting the services people need in place, to have the best impact on the lives of individuals and communities.

23. Early and meaningful engagement and effective collaboration with communities to identify and understand local needs, and in decisions that affect the planning and delivery of services should be a core part of determining a Council's vision and priorities.

24. In Midlothian, the Community Planning Partnership is led by the Community Planning Partnership Board which is made up of members from many organisations including Police Scotland, NHS Lothian, various community groups and Midlothian Voluntary Action. There is a Community Planning Working Group which reports to the Board, and this group is supported by the 7 thematic groups (Exhibit 1).

The Council worked with key stakeholders to develop shared priorities which informed the Single Midlothian Plan

25. Community engagement and feedback is important to Midlothian Council. There is supporting evidence that the Council meets with Public, Private, Voluntary sectors and local communities on a regular basis throughout the year. To inform the development of the SMP an annual community planning development day was held, with over 70 representatives from the Council, community groups, and third sector organisations. This provided an inclusive forum for attendees to reflect on the previous SMP and to analyse survey results from a citizen panel to form actions for the new plan.

26. Three additional events were held in May 2023 to gain feedback on the draft plan and the draft plan was also circulated across the CPP network of over 3,500 people for comments.

27. In recognition that some community groups are harder to reach the Midlothian Youth Platform organised events to gather the views of young people aged 12-21. This included a conference called a "Hackathon" at Dalkeith Primary which was attended by around 70 people.

28. The Council has reported the following additional successes through engaging with communities:

- Annual participation measure for young people over 16 is 93.4% for Midlothian (2022/23: 95%).

- Following public consultations, the Council created a cross party cost of living task force in June 2022 to tackle the increased pressure on household finances. Five elected members continue to meet monthly to identify local solutions to support families in crisis and work with partner agencies and local organisations to put support in place.

- In November 2022 a public consultation was held on road speed limits in the area. Over 1,000 comments and suggestions were received from local residents, community councils and other organisations. The Council approved the creation of an action plan in May 2023 which will be considered at a future Council meeting and shared on the Council's website to update participants on the final results.

- The Council's ageing well programme has delivered over 50 activities each week.

- Volunteering at Midlothian Community Hospital has increased by 125%.

- A grant of £10,000 has been obtained for the Midlothian Tourism Forum.

- Biodiversity work has been included in the school curriculum.

- The number of children and young people receiving support from community-based services increased.

- 1-1 support was offered for 22 Third Sector organisations.

- This year 3,300 volunteer hours were spent in countryside sites ensuring an attractive, safe and welcoming environment for all to enjoy. Volunteer numbers have increased significantly over the last few years, with a 20% increase in volunteer hours this quarter compared to the same period last year. Green flag status was awarded for Kings Park Dalkeith and Straiton Pond. The awards for Countryside sites demonstrate the success of close partnership working between volunteers and their coordination by our Ranger Service.

- The Countryside Ranger Service continues to engage with communities and volunteers on various initiatives and events. Grassland management, to increase pollinator species and carbon sequestration rates, was carried out at Vogrie, Roslin and Straiton Pond by volunteers cutting and lifting wildflower rich meadow areas. 'Vogrie Bioblitz' of the former golf course took place with partners and volunteer recorders to gather information on species as a benchmark for future management interventions in species diversity. Butterfly surveys were carried out weekly from April to September by volunteers as part of a national monitoring scheme.

Reducing inequalities and tackling climate change

29. Council priorities are expected to reflect the Best Value expectations that all activity should contribute to tackling poverty, reducing inequality and promoting fairness, respect and dignity for all citizens, alongside a focus on sustainable development, including climate change.

30. The Accounts Commission's Local Government in Scotland Overview 2023 report highlights that changing demographics, the pandemic and the cost-of-living crisis have increased pressure on Council services and people already experiencing inequality are most affected. As councils take steps to radically change how they deliver services, the needs of the most vulnerable or people living in poverty must be at the centre.

31. The Accounts Commission's report also notes that councils have a critical role in achieving Scotland's national climate change goals and contributing towards the national target of net zero by 2045.

32. Around two-thirds of councils have formally declared a climate emergency, and COSLA's Blueprint for Local Government states that climate change is a 'greater threat than COVID'. The Scottish Government has recently published guidance on public sector leadership on the global climate emergency to help public bodies in leading climate action. Addressing the climate emergency and setting actions to achieve net zero will need to be a key element of councils' recovery and renewal from the pandemic.

The Council has a clear focus on reducing poverty and tackling inequality

33. The Council has a clear focus on the UN Convention of the Rights of the Child and has carried out a significant amount of work in delivering against the UNCRC as evidenced in the Midlothian Children's Rights Report 2020-2023. As a child-centred organisation, the UNCRC provides the Council and NHS Lothian with a platform to help determine progress in improving and promoting the wellbeing of children.

34. Work is ongoing across the Council in partnership with NHS, Police and 3rd sector organisations to improve educational attainment and achievement, improve health and wellbeing outcomes, support parents and carers, reduce unemployment and ensure the participation of young people.

35. The Council has set up a cross party cost of living task force and moved from taking a crisis intervention approach to a preventive approach.

36. The Council has an established strategic poverty prevention group comprising cross party elected members, public health workers and representatives from partner organisations and communities. The group, which was established in the Autumn 2022, is working with the Midlothian Financial Inclusion Network on cost of living issues. In addition, the Council jointly leads a child poverty working group with NHS Lothian and they report annually on locally agreed actions to reduce child poverty during the year.

37. The strategic poverty prevention and the child poverty working groups plan to collaboratively develop a long term child poverty strategy and action plan by 2024-25. It will be informed by Midlothian's Scottish Index of Multiple Deprivation profile and people with lived experience.

38. Understanding the areas in Midlothian where the population is most income deprived will help to target and measure actions to reduce child poverty. This data will be used as one source of information to continue to inform the development of a Child Poverty Index and Poverty locality maps, using multiple data sources that will ensure a more robust data set. The CPI uses DWP Low Income families, Free School Meal, School Clothing Grant and Education Maintenance Allowance data to identify geographic areas where high levels of child poverty may be prevalent.

39. Elected Members, the Council Management Team and staff attend, or complete mandatory online equality and diversity awareness training and it is included in the staff induction programme.

40. The Council engages with local equality groups including the Peoples Equality Group, Young People's Advice Service and LGBT Youth Group through various events and forums. Some examples of this engagement are:

- Equal Midlothian week which was held in March 2023 and included events on topics including disability and cooking skills.

- The Depute Provost was appointed as the Midlothian Council Equalities and White Ribbon Champion, which is an initiative to encourage men to end violence against women.

41. Midlothian Council uses an Integrated Impact Assessment (IIA) tool to examine the impact of decisions on the community. IIAs are required for all policies that affect people to ensure the impact is considered equally including for those with protected characteristics.

Reducing climate change is a strategic priority for the Council and it is considered a corporate risk

42. Tackling climate change is central to the SMP 2023-27 and its vision for the area. The Council has an agreed outcome in the SMP to make significant progress towards its 2030 target of net zero carbon emissions.

43. The Council recognises the strategic risks of fulfilling the requirements of the Climate Change Act including staffing and significant financial investment and began actively managing the risks in 2019. The Council declared a climate

emergency in December 2019 and published its Climate Change Strategy and action plan in August 2020.

44. A Carbon Charter and action plan for Midlothian Businesses has been created and includes local, national and international resources to support businesses become more energy and carbon efficient.

45. A Climate Emergency Group has been established to monitor progress of the Council's ambitious targets. The group consists of elected members, individuals and representatives of the community councils and community groups, national government agencies, third sector organisations, local chamber of commerce, landowners and the Council's joint venture; Midlothian Energy Ltd.

46. Failure to adapt to climate change is included in the Council's corporate risk register and is actively monitored through the corporate risk management process. We will continue to review progress against actions identified to mitigate the risks.

Alignment of delivery plans

47. Making the best use of public resources is at the heart of delivering Best Value. With clear plans and strategies in place, and with sound governance and strong leadership, a council will be well placed to ensure that all of its resources are deployed to achieve its strategic priorities, meet the needs of its communities and deliver continuous improvement.

48. In our Local Government in Scotland Overview 2023, we acknowledged that budget constraints and increasing cost pressures are putting councils' finances under severe strain. An increasing proportion of funding is ringfenced or directed for national policy initiatives. While this is important to help deliver national priorities, it prevents councils from making decisions about how funds can be used at a local level, to meet local need. Increasingly difficult choices about spending priorities and service provision are having to be made. Delivering services differently should be focused on improving performance and outcomes in ways that are innovative, affordable, and sustainable.

The five-year revenue budget strategy agreed in September 2023 is projecting a budget gap of £34.7 million to 2028/29

49. In February 2023, the Council agreed a five-year revenue budget strategy for the period 2023/24 to 2027/28. At that time the strategy was projecting a cumulative budget gap of £15 million by 2027/28. The Council updated the five-year revenue budget strategy in September and the cumulative projected budget gap has increased significantly to £24 million to 2027/28.

50. We performed a review of the Council's annual budget setting arrangements and have concluded that the budget process implemented by the Council appears to be well established and officers and Finance Business Partners are very clear about their responsibilities and time frames. The process involves strong scrutiny arrangements, with the Business Transformation Steering Group and Council both having opportunities to scrutinise the budget and consider opportunities to reduce any emerging budget gap. The budget setting document includes realistic financial assumptions and it offers good information regarding where there are projected over and underspends. It also gives brief explanations and context setting as appropriate.

51. Savings proposals to bridge the budget gap were previously considered in the annual budget setting meetings but are now considered by the Business Transformation Steering Group (BTSG). This enables savings proposals to be agreed so that the Council is able to invest in its vision and corporate priorities.

52. Midlothian is the fastest growing Council area and this presents challenges in terms of increased service demand within its funding allocation which is based on historical population data. The Council have performed budget exercises using the latest 2022 Scottish census data which the Council state

result in significant increased funding for Midlothian. The Council is taking significant steps to obtain a solution to the funding gap, formally writing to the UK and Scottish Governments regarding the issue and exploring options for a Growth Fund and revisions to the Local Government funding floor.

53. It is clear that the Council faces heightened financial challenges in delivering balanced budgets and financially sustainable services and radical solutions and robust financial plans will be needed to ensure service delivery remains financially sustainable.

New service plans are in place and demonstrate clear links to the Council's strategic plans and Single Midlothian Plan

54. Service plans were approved by the Council in June 2023. Each service has a service improvement plan that links the local outcomes to the commitments in the Single Midlothian Plan and Council strategic priorities. Progress of the plans are scrutinised quarterly by the Cabinet and Performance, Review and Scrutiny Committees.

55. The service plans are sufficiently detailed and include the main priorities that the Council are looking to pursue. The plans are interconnected ensuring that the key priorities are being monitored and worked on. They identify each service's performance and challenges well and provide good level of detail in terms of planned actions for the coming quarters.

The Council has aligned its key strategies to recover from Covid-19 by focusing on creating a wellbeing economy

56. The Council's Transformation Blueprint aims to bridge the Council's projected funding gap and builds on the previous Route Map through and out of the Covid Pandemic. It aligns with the Medium Term Financial Strategy 2023/24 - 2027/28 and has an allocation of £2 million from the General Fund for delivery.

57. It has three main aims:

- individuals and communities have improved health and learning outcomes

- no child or household live in poverty

- significant progress is made towards the net zero agenda.

58. The Transformation Blueprint is aligned to the Scottish Government's vision for Scotland and the Wellbeing Economy Monitor. A wellbeing economy includes promoting wellbeing, inclusion and fairness, and the environment. The Transformation Blueprint also aligns to the Single Midlothian Plan 2023-27 and is designed to help secure greater financial sustainability as well as making sure the Council has the technology, assets, skilled staff and multi-agency working to create more efficient and effective services for local people.

59. There is an emphasis on workforce in theme 2 of the blueprint but we have observed that the Council does not have a current workforce plan. However, the 2023/24 Corporate Services Service Plan outlines a number of updates in

relation to workforce planning. It notes that there is a Corporate Workforce Plan in place, that workforce plans for all service areas is an objective for 2023/24, and the rollout of a Wellbeing Strategy for the workforce is planned in 2023/24.

60. We have also observed that the current digital strategy covers the period 2020-2023 and is soon to be out of date. We have been advised that the Council is currently revising the strategy.

61. The Council plans to deliver transformation in 19 sprints over the five year period and a three year fixed term project management office will be established to drive forward the Transformation Blueprint. Each programme will have a series of key performance indicators embedded within each sprint.

62. Performance will be monitored by senior management and quarterly reports will be submitted to Cabinet and the Performance, Review and Scrutiny committee. Performance improvement will be targeted towards moving the 41 low performing Local Government Benchmarking Framework indicators into the upper quartiles in order to deliver better outcomes.

63. The Council needs to closely monitor progress with the Transformation Blueprint and ensure it can deliver its plans within the constrained financial context.

64. The Capital Plan outlines the Council's corporate priorities and the considerations required relating to funding, governance and assessing affordability. There is recognition through the prioritisation process engagement between officers and members that there is a need to balance investment in maintaining and enhancing existing infrastructure against the ambition for developing new assets.

The Council engages with citizens in budget decisions

65. The Council have previously piloted a participatory budgeting process to encourage citizens to get involved in the allocation of budgets.

66. The Council carried out an online consultation on the 2023/24 budget. It received over 450 responses. 12 Have Your Say emails and 84 social media comments were also considered. The majority of responses were from individuals but around 10% came from organisations. The results were provided as part of the budget setting meeting papers to provide transparency for members of the public. Examples of comments included:

- "Maintaining leisure facilities is vital. Youngest are struggling with mental health issues following covid. It is vital that they can exercise and clubs are not forced to close as a result of price increases."

- "Early years learning very important for struggling families, working parents. Should be one of the priorities in Council list."

- "Partner organisations provide really good value for money so do not cut their budgets. Third sector are a great support."

Leadership

67. We have observed good constructive relationships between members and officers which have facilitated the creation of the Cost of Living Taskforce and the Transformation Blueprint. Effective leadership from councillors, chief executives and senior officers, is key to councils achieving their objectives and providing clear strategic direction. The complex local government environment means collaborative leadership, working with partners, communities and citizens to improve outcomes is more important than ever.

68. Leaders need to be skilled in effective strategic thinking, decision-making and collaborative working and able to learn lessons from new ways of working. Councillors and officers must continue to be clear on their roles in setting the vision and planning for its delivery.

69. Leaders should continue to demonstrate behaviours and working relationships that foster a culture of cooperation, and a commitment to continuous improvement and innovation. Good conduct and behaviours when working together are crucial. Working relationships between members and between members and officers should be constructive and productive. Councillors should show a commitment to agreed Council priorities and work together to achieve them.

70. The current chief executive has been in post since 2018. She is supported by three directors who are responsible for health, place and children, young people, families, communities and partnerships..

71. The previous BVAR recommended that the Council develop and sustain more constructive relationships between members and between members and officers. There is evidence this is happening through discussions with officers and members and the creation of the Cost of Living Task Force and creation of the Transformation Blueprint.

72. Members also worked together to agree the Medium Term Financial Strategy in February 2023. This was supplemented by officer led briefings to all three political groups prior to the full Council meeting. The Corporate Management Team and Elected Members Business Transformation Steering Group also discussed budget saving proposals and transformation priorities prior to full Council approval.

The Council has taken steps to improve decision-making and encourage scrutiny

73. Prior to the local government election in May 2022 all Council committees were chaired by the administration except the Performance Review and Scrutiny Commitee and the Audit Committee. The new Council leader worked with members following the election to ensure the current committee structure

has cross party representation. Additionally, in the last term all outside bodies and organisations were allocated to administration members, but they are now shared proportionately between the three political groups. This demonstrates the Council has taken steps to improve decision-making, encourage scrutiny and build Councillors' personal development. The Council leader hopes this approach will lead to the retention of Councillors at the next election.

The Council supports continuous improvement for elected members and staff

74. Midlothian Council has an appropriate approach to ensuring there is sufficient knowledge at a member level to support decision making and scrutiny. Elected members were provided with a wide-ranging training programme as part of the formal induction process following the local government election in May 2022. The eight week programme covered all aspects of the Council and in more complex areas such as treasury management, more regular briefing sessions were provided. Sessions were generally well attended, with an average attendance of 11 members across 30 sessions, ranging from three members attending local by default to 16 members attending a session on local government finance. Elected members are encouraged to maintain their own personal development plans.

75. In February 2022 the Council launched a staff survey in the Place Directorate. Nesta innovation foundation was invited to conduct the research and over 70 people participated. The "Listen and Learn" report led to several improvements including: greater awareness of where staff can get support that works for them at the right time; more managers implemented an open-door policy; and a new IVF and miscarriage policy was created.

Appendix 1
Improvement Action plan

Issue/risk	Recommendation	Agreed management action / timing
1. Financial sustainability In February 2023, Midlothian Council agreed a five-year revenue budget strategy for the period 2023/24 to 2027/28. At that time the strategy was projecting a budget gap of £15 million by 2027/28. The Council updated the five-year revenue budget strategy in September and the projected budget gap has increased significantly to £34.7 million to 2028/29. It is clear that the Council faces heightened financial challenges in delivering balanced budgets and financially sustainable services (including statutory services) and more radical solutions will be needed to ensure service delivery remains financially sustainable.	Robust financial planning will be required to make the strategic decisions and transformation necessary to deliver financially sustainable services into the longer term (refer paragraph 53).	Management Response: The budget gap for the forthcoming financial year will be updated as detailed information becomes available on Scottish Government funding, the position with council tax increases, conditions attached to Scottish Government funding and base budget pressures. The Transformation Blueprint sprints will develop savings options and Capital Plan Prioritisation will maintain an affordable level of debt charges. The projected budget gap for the remainder of the MTFS will be updated in light of the 2024/25 budget setting. Officer: Corporate Management Team Date: 30 June 2023
2. Implementing the Transformation Blueprint The Council's Transformation Blueprint aims to bridge the Council's projected five year funding gap and builds on the previous Route Map out of the Covid Pandemic. It aligns with the Medium Term Financial Strategy 2023/24 - 2027/28 and has an	The Council needs to closely monitor progress with the Transformation Blueprint and ensure it can deliver its plans within the constrained financial context (refer paragraph 63).	Management Response: A structured and regular reporting mechanism for the Transformation Blueprint is in place and will continue. Officer: Chief Executive Date: Ongoing.

allocation of £2 million from
the General Fund for delivery.

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AUDIT SCOTLAND

Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
Phone: 0131 625 1500 Email: **info@audit-scotland.gov.uk**
www.audit-scotland.gov.uk

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Treasury Management Mid-Year Review Report 2023/24

Report by David Gladwin, Chief Financial Officer & Section 95 Officer

Report for Decision

1   Recommendations

Council is recommended to:-

a)   Note the report and the treasury activity undertaken in the period to 30 September 2023, as outlined in Section 5;

b)   Note the actual and forecast activity during the second-half of the year as outlined in Section 6;

c)   Approve the technical revisions to the Prudential Indicators in Section 7 of this report;

d)   Note the loans fund rate performance relative to other Scottish Local authorities, as outlined in Section 8, and the cash saving (compared to the Scottish Average) that the Treasury Management function brings to support the Council's in-year revenue budget.

2   Purpose of Report/Executive Summary

The purpose of this report is to inform Council of the Treasury Management activity undertaken during the first half of 2023/24 and the forecast activity for the second half of 2023/24 in accordance with the Treasury Management and Annual Investment Strategy approved in February 2023. It also provides an update to the Treasury and Prudential Indicators for 2023/24.

Council should note that in accordance with the Prudential Code, a draft of the report was considered by Audit Committee on 5 December 2023, with the report approved by Audit Committee as presented.

Date: 5 December 2023
Report Contact:
Gary Thomson, Senior Finance Business Partner
gary.thomson@midlothian.gov.uk

3   Background

Governance

The Prudential Code recommends that the main Treasury Management reports are presented for scrutiny by Audit Committee in advance of consideration by Council. This report was presented to Audit Committee on 5 December 2023 for consideration prior to being presented to this meeting of Council on 19 December 2023, with the report approved by Audit Committee as presented.

Treasury management

Treasury management is defined in the Prudential Code as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

The main function of the treasury management service is the funding of the Council's capital investment plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. The management of this long-term borrowing requirement involves arranging long or short-term loans or using cash balances; and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

As the Council operates a balanced budget, this broadly means cash raised during the year will meet its cash expenditure. As part of the treasury management operations, officers ensure this cash flow is adequately planned, with available cash balances being deposited in low-risk counterparties, providing adequate liquidity initially before considering optimising return on deposits.

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

• An economic update for the first half of the 2023/24 financial year;
• A review of the Treasury Management Strategy Statement and Annual Investment Strategy 2023/24 (TM&AIS 2023/24) approved by Council on 21 February 2023;
• The Council's capital expenditure, as set out in the General Services and HRA Capital Plan reports, and prudential indicators;
• A review of the Council's borrowing strategy for 2023/24;
• A review of the Council's deposit portfolio for 2023/24;
• A review of any debt rescheduling undertaken during 2023/24;
• A review of compliance with Treasury and Prudential Limits for 2023/24.

4   Economic update for first half of 2023/24

An economic update for the first part of the 2023/24 financial year is included as Appendix 1. PWLB borrowing rates for the first half of the year are outlined in Appendix 2, and Bank Rate / SONIA rates for the first half of the year are outlined in Appendix 3.

5   Treasury Activity during first half of 2023/24

The main points arising from treasury activity in the year to 30 September 2023 were:-

- Long term borrowing of £0.440 million matured, this being £0.331 million of Market Loans, £0.083 million of Salix loans and £0.026 million PWLB Annuities;
- £55.000 million of new funds on deposit were placed with approved counterparties (high credit-worthy banks), refinancing existing maturing deposits in line with the 2023/24 Treasury Management and Annual Investment Strategy approved by Council on 21 February 2023;
- The average interest rate earned on external funds on deposit in the first half of the year was 4.65%.

Loan Portfolio

The Council's loan portfolio as at 30 September 2023 is shown in table 1 below (position at 31 March 2023 also shown for comparison):-

Table 1: Council's Loan Portfolio at 31 March 2023 and 30 September 2023.

Loan Type	31 March 2023		30 September 2023	
	Principal Outstanding £000's	Weighted Average Rate	Principal Outstanding £000's	Weighted Average Rate %
PWLB Annuity	505	8.91%	479	8.91%
PWLB Maturity	284,128	2.90%	284,128	2.90%
LOBO	20,000	4.51%	20,000	4.51%
Market Loans	16,886	2.68%	16,555	2.68%
Temporary Market Loans	0	n/a	0	n/a
Other Loans	235	0.00%	152	0.00%
Total Loans	**321,754**	**3.00%**	**321,314**	**3.00%**
Underlying Borrowing Requirement*	**347,661**		**363,850**	
Over/(Under) Borrowing	**-25,908**		**-42,537**	

The Underlying Borrowing Requirement is the Capital Financing Requirement excluding the "Public Private Finance" (PPP) Contract Liabilities

The balance of external and internal borrowing is generally driven by market conditions.

At 30 September 2023 the Council was under borrowed by £42.537 million – this is the extent to which the Council has yet to finance its current borrowing requirement from long term loans. This position reflects the Council's use of working capital to fund part of the prior year and current in-year borrowing requirement.

This strategy of using internal borrowing (working capital) to fund the in-year CFR is prudent given the current plateau in medium to longer-term PWLB borrowing rates of c. 5.00%+, and the expected gradual drop in these medium to longer-term PWLB borrowing rates over the remainder of the current and forthcoming financial years as outlined in Appendix 4.

Debt Rescheduling

No Debt Rescheduling has taken place to date in the financial year.

However, now that the whole of the yield curve has shifted higher there may be opportunities for debt rescheduling in the future. See Section 6 below for more detail.

Funds on Deposit

The Council's funds on deposit portfolio as at 30 September 2023 is shown in table 2 below (position at 31 March 2023 also shown for comparison):-

Table 2: Council's Funds on Deposit Portfolio at 31 March 2023 and 30 September 2023

Type	31 March 2023		30 September 2023	
	Principal Outstanding £000's	Weighted Average Rate	Principal Outstanding £000's	Weighted Average Rate %
Money Market Funds	15,980	3.96%	35,491	5.32%
Bank Call Accounts	2	3.80%	853	5.09%
Bank Fixed Term Deposits	86,000	3.93%	75,000	4.81%
Bank Certificates of Deposit	10,000	2.85%	0	n/a
Deposits with other Local Authorities	2,000	1.60%	0	n/a
Total Deposits	**113,982**	**3.80%**	**111,344**	**4.98%**

£55.000 million of Bank Fixed Term Deposits were placed in May/June 2023, refinancing existing maturing deposits. These deposits were placed with approved counterparties in line with the TM&AIS 2023/24

approved by Council on 21 February 2023, with maturity of these funds extending into the latter half of the 2023/24 financial year.

The Chief Financial Officer & Section 95 Officer confirms that the approved limits within the Annual Investment Strategy were not breached during the first 6 months of 2023/24.

6   Actual/Expected Treasury Activity during second half of 2023/24

There are no proposed policy changes to the TMSS at this stage; the expected activity in the second half of 2023/24 as outlined below updates the treasury management position in light of the updated economic position and Capital Plan budgetary changes already approved by full Council.

Borrowing

Long term borrowing of £0.443 million will mature in the second half of 2023/24, this being £0.333 million of Market Loans, £0.083 million of Salix loans and £0.027 million PWLB Annuities.

Proactive Treasury Management by the Council in the last decade has placed the Council in an extremely strong refinancing position for its existing external debt portfolio, as can be noted in table 3 below, with only £4.664 million, or just 1.45%, of the Council's total Loan Portfolio of £321.314 million requiring refinancing over the remainder of the current, and forthcoming four, financial years.

Table 3: Maturity Profile of Existing External Loan Portfolio

Financial Year	2023/24 Remaining £000's	2024/25-2025/26 £000's	2025/26-2027/28 £000's	2028/29-2032/33 £000's	2033/34-2037/38 £000's	2038/39+ £000's
Debt Maturing	443	1,426	2,795	45,136	32,239	239,274
% of total portfolio	0.14%	0.44%	0.87%	14.05%	10.03%	74.47%

This extremely low short-term exposure to refinancing risk puts the Council in a strong position to plan its borrowings in advance, take advantage of any dips in longer-term borrowing rates from PWLB and other sources, and maintain a low weighted average coupon rate on external debt.

The current PWLB yield curve is fully above 5.00% and is bell shaped with a peak in rates around the 20-30 year tenor (5.50%). 5-10 year rates at 5.00-5.10% and 50 year rates are c. 5.30%.

The yield curve is expected to remain bell shaped over the short-medium term, with a gradual shift downwards of the entire curve by c. 60-80bps over the next 12 months and a further 60bps over the subsequent 12 months. This is forecast to bring longer-term borrowing rates down to

between 4.40%-4.70% by December 2024 and between 3.70%-4.10% by December 2025. Further commentary on this is provided in Appendix 4: Link Treasury Solutions Limited Interest Rate Forecasts.

The funding of the Council's in-year and forward CFR is typically for infrastructure with long asset lives (50-60 years), and the tenor of PWLB and market loans are typically drawn with this in mind.

Consideration for any new borrowing in the remainder of the 2023/24 financial year, to fund the Council's in-year CFR, will seek to balance:-

a) the security/certainty of current relatively high longer-term borrowing rates of upwards of 5.30% in the 30-50 year duration (which are forecast to drop by 80bps within one year and 140bps within 24 months) and the potential additional budgetary pressure that this brings in both the short/medium and longer term; with

b) the option to borrow initially for a shorter-term duration from PWLB or other markets, for 2 to 5 years (at say c. 5.00%), to allow the Council to fund the immediate in-year borrowing requirement. Based on current interest rate forecasts (see Appendix 4), this would then allow the Council the option to refinance this borrowing at initial maturity with less expensive, longer term borrowing, e.g. a 45 to 48 year tenor in, say, 36 months at a forecast rate of c. 3.80%.

As noted above, the Council's proactive Treasury Management over the last decade has put the Council in a strong refinancing position for its external debt portfolio which allows the Council to slot in shorter dated external borrowing into the current debt maturity profile to fund the in-year borrowing required, to allow the Council to navigate past the current expected hump in longer-term borrowing rates.

It is expected that any further long-term borrowing that is undertaken in 2023/24 to finance the current & future year capital plans will be sourced by drawing new PWLB loans at the Certainty Rate (which has been available to the Council since 2012 and is priced at Gilts+80bps), and/or the HRA rate. The HRA rate is available to all Councils (for a minimum period of 12 months from 15 June 2023) to fund HRA capital expenditure, at a rate that is 40bps lower than the current certainty rate available from the PWLB.

Both the General Services and HRA capital programmes are being kept under regular review due to the effects of inflationary pressures, shortages of materials and labour, and the ratios of financing costs to the net revenue streams. The Council's borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, to achieve optimum value and risk exposure in the long-term. The impact particularly of the General Services Capital Plan Prioritisation – which is being reported to Council in December – will have a significant bearing on this.

Appendix 4 provides forecasts for interest rates from the Council's Treasury Management advisor, Link Treasury Solutions Limited. Council officers, in conjunction with Link, will continue to monitor daily long-term borrowing rates in order to take advantage of any dips in the market or to de-risk any change in the medium-longer term forecast for gilt yields.

Debt Rescheduling

Now that the whole of the yield curve has shifted higher there may be opportunities for debt rescheduling in the remainder of the financial year.

This would involve the Council repaying loans prematurely (both market and PWLB) whilst high discount rates on premature repayment prevail.

Any debt rescheduling will be considered when the difference between the refinancing rate and the redemption rate is most advantageous and the situation will be continually monitored in order to take advantage of any perceived anomalies in the yield curve. The reasons for any rescheduling taking place would include:

- the generation of cash savings at minimum risk;
- to reduce the average interest rate;
- to amend the maturity profile and/or the balance of volatility of the debt portfolio.

Council officers will explore debt rescheduling opportunities with Link Treasury Solutions; with only prudent and affordable debt rescheduling that considers both the short and medium-longer term impact being considered.

Funds on Deposit

In accordance with the Prudential and Treasury Management Codes, it is the Council's priority for funds on deposit to ensure:-

- security of capital first
- liquidity, and
- finally to obtain an appropriate level of return which is consistent with the Council's risk appetite.

In the current economic climate, it is considered appropriate to keep deposits short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit quality financial institutions, using the Link suggested creditworthiness approach, which includes a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

£75.000 million of fixed term deposits held at 30 September 2023 mature in the latter half of the 2023/24 financial year. Based on the expected

future profile of the Council's reserves, and particularly the HRA and Capital Fund balances, it is expected that £70.000 million of these fixed term deposits will be refinanced in line with the Council's current approved policy to cash-back reserves, with any new deposits placed with strong credit-worthy counterparties in accordance with the list of Permitted Investments parties as approved by Council on 21 February 2023 in the 2023/24 Treasury Management and Annual Investment Strategy, and with maturity of these funds extended into the latter half of the 2024/25 financial year, earning a return commensurate with the extended duration.

Day to day liquidity to meet cashflow requirements is sourced from the Council's three Money Market Funds, which all operate on an instant access basis. Interest rates receivable from these are currently between 5.27% to 5.36%, reflective of the increases to the Bank of England Base Rate during the early part of the 2023/24 financial year.

Given the expected plateauing interest rate environment, Council officers, in conjunction with Link Treasury Solutions Limited, will continue to review the range of all options for funds on deposit available to the Council within its stated policy in the Treasury Management & Annual Investment Strategy approved by Council on 21 February 2023 in order to select appropriate creditworthy counterparties to ensure the security of Council funds, and from that list select the range of deposit products that offer best value to the Council's portfolio.

An updated list of Countries for Deposits as at 17 November 2023 is included as Appendix 5.

Expected Loan & Fund on Deposit Portfolio at 31 March 2024

Taking all of the above into account, the expected loan and funds on deposit portfolio at 31 March 2024 is shown in Tables 4 and 5 below:-

Table 4: Council's forecast Loan Portfolio at 31 March 2024

Loan Type	31 March 2024	
	Principal Outstanding £000's	Weighted Average Rate
PWLB Annuity	452	8.91%
PWLB Maturity	351,032	3.35%
LOBO	20,000	4.51%
Market Loans	16,221	2.68%
Temporary Market Loans	0	n/a
Other Loans	70	0.00%
Total Loans	**387,775**	**3.35%**
Underlying Borrowing Requirement	**413,683**	
Over/(Under) Borrowing	**-25,908**	

Table 5: Council's forecast Funds on Deposit Portfolio at 31 March 2024

Type	31 March 2024	
	Principal Outstanding £000's	Weighted Average Rate
Money Market Funds	20,000	5.25%
Bank Fixed Term Deposits	70,000	5.30%
Total Deposits	**90,000**	**5.29%**

7   Prudential & Treasury Management Indicators 2023/24

It is a statutory duty for the Council to determine and keep under review the affordable capital expenditure and borrowing limits as outlined in the prudential and treasury management indicators reported as part of the Council's suite of treasury management reports.

The following prudential indicators have therefore been refreshed from those reported to Council on 21 February 2023 in the original Treasury Management and Annual Investment Strategy Statement 2023/24.

These are technical revisions to the Prudential Indicators as a consequence of the revisions to the Council's General Services and HRA Capital Plans and are based on the actual capital plan outturns for 2022/23, and revisions to the capital expenditure and income budgets for 2023/24.

Table 6: Prudential Indicators 2023/24 – Mid Year Update

Indicator	2023/24 Original Estimate £000's	2023/24 Current Position £000's	2023/24 Revised Estimate £000's
2023/24 Capital Expenditure	181,186	29,898	126,406
2023/24 Required Borrowing	128,715	20,393	75,130
2023/24 Underlying Borrowing Requirement*	472,662	363,850	413,683
2023/24 Gross External Borrowing	472,662	321,313	387,775
2023/24 Over/(Under) Borrowing	0	-42,537	-25,908
Operational Boundary – Borrowing	472,662	413,683	413,683
2023/24 Capital Financing Requirement**	561,401	452,589	502,422
2023/24 Authorised Limit***	472,662	472,662	472,662
Net Income from Service Investments as % of Net Revenue Stream	0.01%		0.01%
Ratio of Financing Costs to Net Revenue Stream – General Services	1.57%		0.69%
Ratio of Financing Costs to Net Revenue Stream – HRA	43.67%		41.86%
Ratio of HRA Debt to Net Revenue Stream	886%		745%
Ratio of HRA Debt per Dwelling	38		32

*   Excludes "On balance sheet" PPP schemes.
**   Includes "On balance sheet" PPP schemes.
***   Equates to the original estimate of the 2023/24 Underlying Borrowing Requirement

The **Capital Financing Requirement (CFR)** denotes the Council's underlying need to borrow for capital purposes. The CFR includes borrowing arising as a result of the Council's Capital Plans, plus the long-term liability arising from the Council's PPP and DBFM contracts.

The Underlying Borrowing Requirement strips out the latter of these (long-term liability arising from the two PPP contracts) from the CFR.

The **Authorised Limit** represents the statutory limit determined under section 3 (1) of the Local Government Act 2003, and is the limit beyond which borrowing is prohibited. This limit needs to be set and revised by Members. For 2023/24 this was calculated to equate to the forecast value of the 2023/24 Underlying Borrowing Requirement.

During the half year ended 30th September 2023, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2023/24.

All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

8 Performance Indicators 2022/23 – Comparison with Other Scottish Local Authorities

The Treasury Management Forum collates performance indicators for all Scottish Local Authorities. The indicators relating to financial year 2022/23 have been published and once again demonstrate the continuing effectiveness of the Council's Treasury function in maximising efficiency in Treasury Management activity, with the Council having the lowest weighted average borrowing & investment (loans fund) rate across all Scottish mainland authorities in 2022/23 (2.41%).

The Council has consistently maintained the loans fund rate as one of the lowest across all Scottish mainland authorities for the last decade and more. Appendix 6 outlines the loans fund rate for each Scottish Local Authority in 2022/23.

Were the internal loans fund rate for 2022/23 to have equated to the Scottish weighted average for 2022/23 of 3.49%, this would have generated loan charges for Midlothian Council in 2022/23 of £16.9m. The Council's actual 2022/23 loan charges for General Services and HRA were £13.7m, representing a cash saving (compared to the Scottish average) of £3.2m in 2022/23.

The forecast loans fund rate of 2.29% for 2023/24 is expected to once again be one of the lowest for all Scottish Local Authorities.

9 Summary

Treasury Management activity during the year to 30 September 2023 has been effective within the parameters set by the strategy for the year.

Any further long-term borrowing for the remainder of 2023/24 will be in line with the approved strategy, and reflective of the borrowing requirement arising from the General Services and HRA capital plans reported to Council on 21 November 2023.

Officers will continue to review the opportunities available to the Council for deposit of funds as governed by the approved strategy.

The Prudential and Treasury Management Indicators have been updated to reflect current capital expenditure and income projections.

10 Report Implications

10.1 Resource

Expenditure from Treasury Management activity i.e. loan charges, was reported in the quarterly financial positions to Council, with Quarter 2

monitoring reflected in the Financial Monitoring 2023/24 – General Fund Revenue report that was presented to Council on 21 November 2023.

10.2 Digital

None.

10.3 Risk

As the Council follows the requirements of the CIPFA Code of Practice for Treasury Management, and the Prudential Code, there is a reduced level of risks involved in Treasury Management activities. Those risks that do exist are further controlled through written Treasury Management Practices which define the responsibilities of all staff involved, which were reviewed and approved by Audit Committee as part of the presentation of the 2022/23 Mid-Year Review Report on 6 December 2022.

10.4 Ensuring Equalities

There are no equalities issues arising directly from this report.

10.5 Additional Report Implications

See Appendix A.

Appendix A: Report Implications

A.1   Key Priorities within the Single Midlothian Plan

Not applicable.

A.2   Key Drivers for Change

A.3   Key Delivery Streams

Themes addressed in this report:

☐ One Council Working with you, for you
☒ Preventative and Sustainable
☐ Efficient and Modern
☐ Innovative and Ambitious
☐ None of the above

A.4   Delivering Best Value

The report does not directly impact on Delivering Best Value.

A.5   Involving Communities and Other Stakeholders

Although no external consultation has taken place, cognisance has been taken of professional advice obtained from Link Treasury Solutions Limited, the Council's appointed Treasury Consultants.

A.6   Impact on Performance and Outcome

The strategies adopted are an integral part of the corporate aim to achieve Best Value as they seek to minimise the cost of borrowing by exercising prudent debt management and investment. This in turn helps to ensure that the Council's capital expenditure is sustainable in revenue terms.

A.7   Adopting a Preventative Approach

Not applicable.

A.8   Supporting Sustainable Development

Not applicable.

Background Papers:

Appendix 1: Economic Update for first part of 2023/24 financial year
Appendix 2: PWLB Borrowing Rates 1 April 2023 to 30 September 2023
Appendix 3: Bank Rate and SONIA Rates 1 April 2023 to 30 September 2023
Appendix 4: Link Treasury Solutions Limited Interest Rate Forecasts
Appendix 5: Approved Countries for Deposits as at 17 November 2023
Appendix 6: Loans Fund Rate Comparison Scottish Local Authorities 2022/23

Appendix 1: Economic Update for first part of 2023/24 financial year

The first half of 2023/24 saw:

- Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
- Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
- A 0.5% m/m decline in real GDP in July, mainly due to more strikes.
- CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.
- Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.
- A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August, excluding bonuses).

The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.

The fall in the composite Purchasing Managers Index from 48.6 in August to 46.8 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0.2% q/q rise in real GDP in the period April to June, being followed by a contraction of up to 1% in the second half of 2023.

The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.

As the growing drag from higher interest rates intensifies over the next six months, the economy is likely to continue to lose momentum and fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of-living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. The Bank Rate is expected to remain at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.

The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was

due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

But the cooling in labour market conditions still has not fed through to an easing in wage growth. While the monthly rate of earnings growth eased sharply from an upwardly revised +2.2% in June to -0.9% in July, a lot of that was due to the one-off bonus payments for NHS staff in June not being repeated in July. The headline 3myy rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular private sector wage growth eased a touch in July, from 8.2% 3myy in June to 8.1% 3myy, it is still well above the Bank of England's prediction for it to fall to 6.9% in September.

CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July to a 29-month low of 1.5% in August, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise since March and takes it below the forecast of 7.2% the Bank of England published in early August.

In its latest monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the Bank of England that it has already raised rates far enough. The minutes show the decision was "finely balanced". Five MPC members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.

Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures "further tightening in policy would be required". Governor Bailey stated, "we'll be watching closely to see if further increases are needed". The Bank also retained the hawkish guidance that rates will stay "sufficiently restrictive for sufficiently long".

This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates at the next meeting on 2nd November, or even pause in November and raise rates in December.

The yield on 10-year Gilts fell from a peak of 4.74% on 17th August to 4.44% on 29th September, mainly on the back of investors revising down their interest rate expectations. But even after their recent pullback, the rise in Gilt yields has exceeded the rise in most other Developed Market government yields since the start of the year. Looking forward, once inflation falls back, Gilt yields are set to reduce

further. A (mild) recession over the next couple of quarters will support this outlook if it helps to loosen the labour market (higher unemployment/lower wage increases).

The pound weakened from its cycle high of $1.30 in the middle of July to $1.21 in late September. In the first half of the year, the pound bounced back strongly from its position last autumn. That rebound was in large part driven by the substantial shift up in UK interest rate expectations. However, over the past couple of months, interest rate expectations have dropped sharply as inflation started to come down, growth faltered, and the Bank of England called an end to its hiking cycle.

The FTSE 100 has gained more than 2% since the end of August, from around 7,440 on 31st August to 7,608 on 29th September. The rebound has been primarily driven by higher energy prices which boosted the valuations of energy companies. The FTSE 100's relatively high concentration of energy companies helps to explain why UK equities outperformed both US and Euro-zone equities in September. Nonetheless, as recently as 21st April the FTSE 100 stood at 7,914.

Appendix 2: PWLB Borrowing Rates 1 April 2022 to 30 September 2022

The graphs and table below show the movement in PWLB certainty rates for the first six months of the year to date:

PWLB certainty rates 1 April 2023 to 30th September 2023

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.14%	4.20%	4.58%	4.27%
Date	06/04/2023	06/04/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.51%	5.73%	5.45%
Date	06/07/2023	07/07/2023	22/08/2023	17/08/2023	28/09/2023
Average	5.62%	5.16%	5.01%	5.29%	5.00%
Spread	1.71%	1.79%	1.31%	1.15%	1.18%
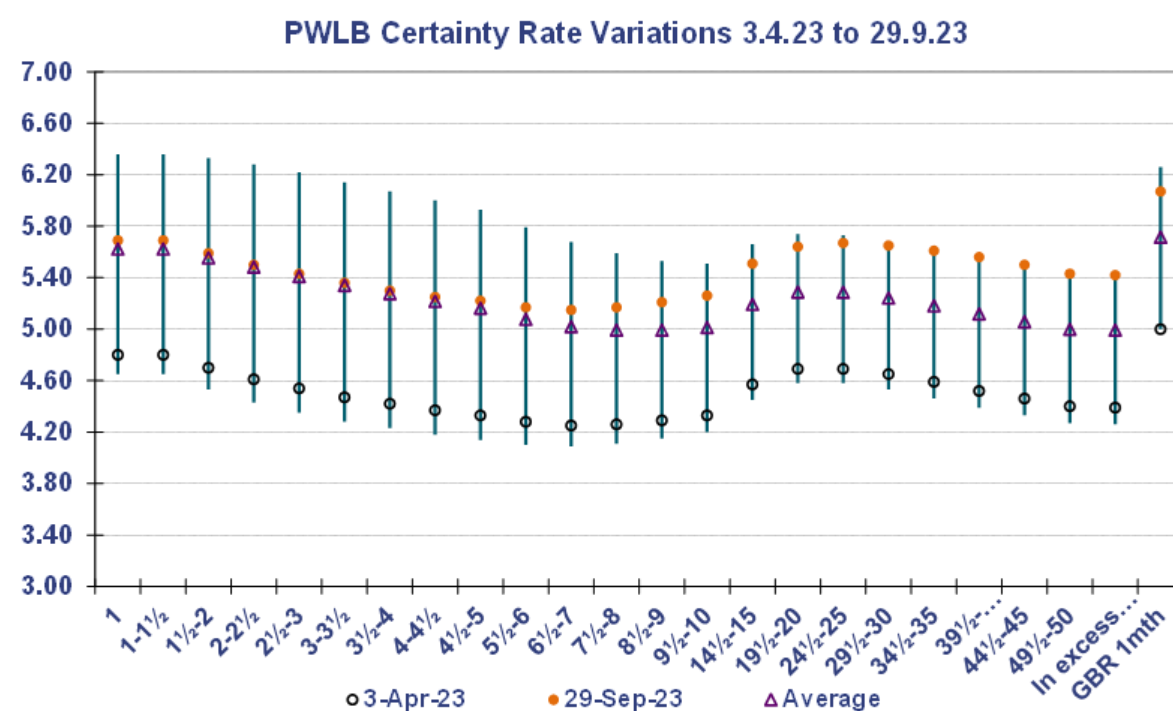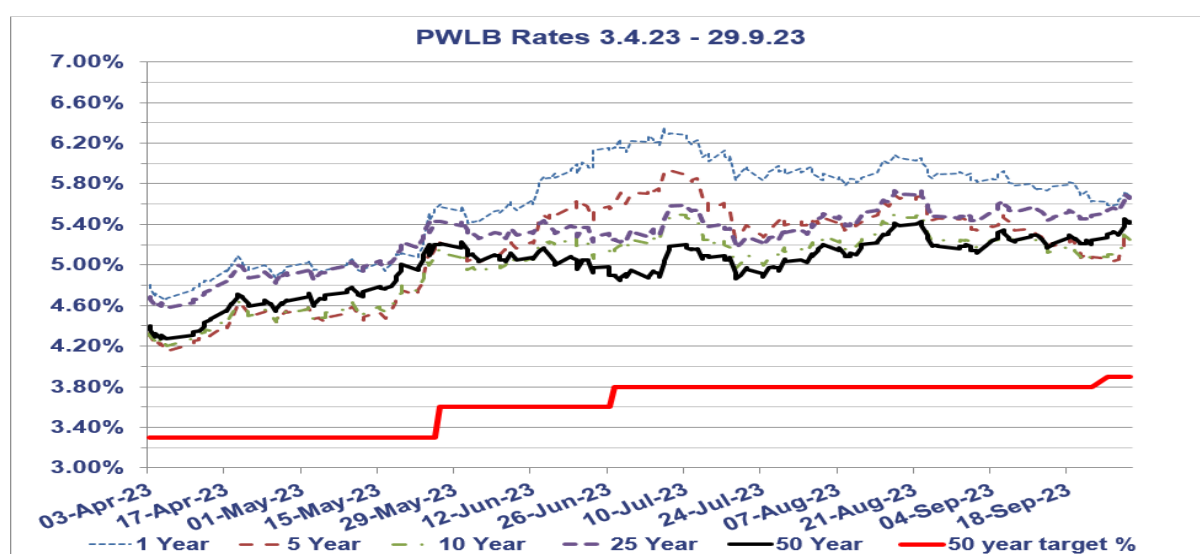
- The current PWLB rates are set as margins over gilt yields as follows: -.
- PWLB Standard Rate is gilt plus 100 basis points (G+100bps)
- PWLB Certainty Rate (GF) is gilt plus 80 basis points (G+80bps)
- PWLB Local Infrastructure Rate is gilt plus 60 basis points (G+60bps)
- PWLB Certainty Rate (HRA) is gilt plus 40bps (G+40bps)

Appendix 3: Bank Rate and SONIA Rates 1 April 2022 to 30 September 2022

The graphs and table below show the movement in Bank and SONIA rates for the first six months of the year to date:

Bank Rate vs term SONIA rates % 3.4.23 - 29.9.23
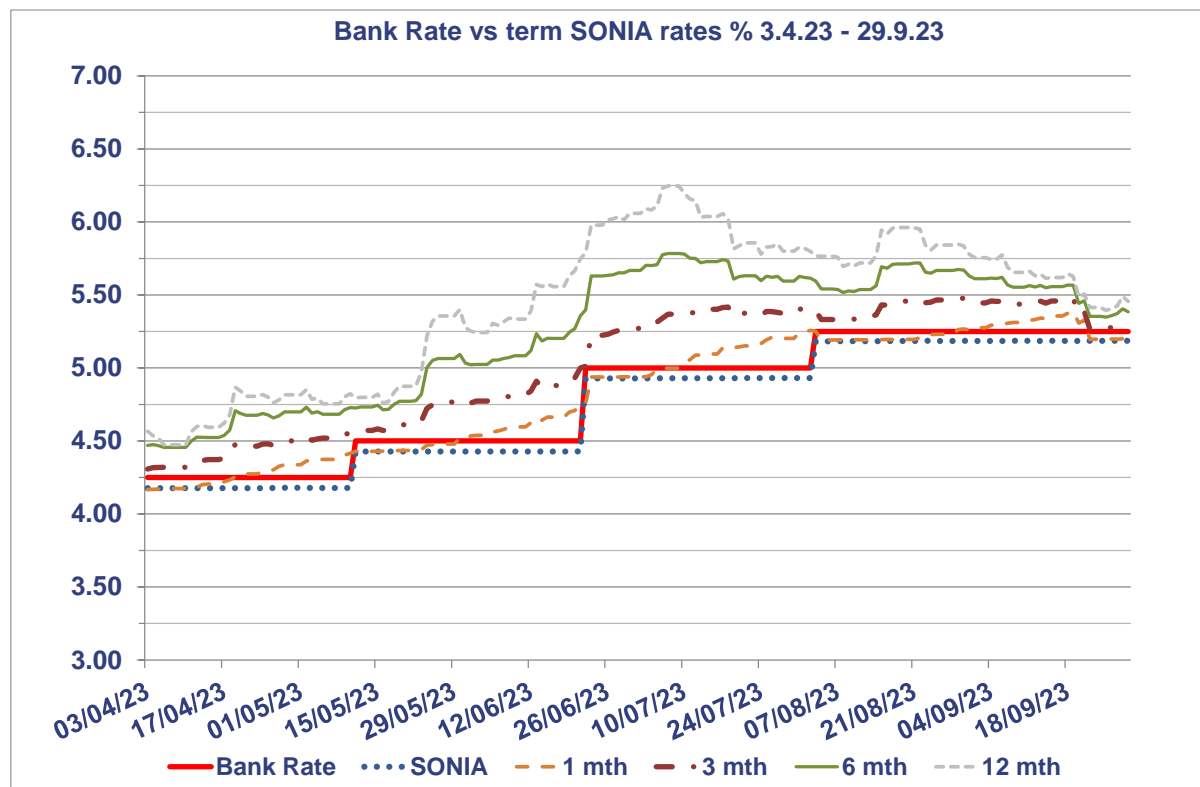
	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	5.25	5.19	5.39	5.48	5.78	6.25
High Date	03/08/2023	29/09/2023	19/09/2023	30/08/2023	07/07/2023	07/07/2023
Low	4.25	4.18	4.17	4.31	4.46	4.47
Low Date	03/04/2023	04/04/2023	03/04/2023	03/04/2023	06/04/2023	06/04/2023
Average	4.81	4.74	4.83	5.03	5.26	5.45
Spread	1.00	1.01	1.22	1.17	1.33	1.77

Creditworthiness: Following the Government's fiscal event on 23rd September 2022, both S&P and Fitch placed the UK sovereign debt rating on Negative Outlook, reflecting a downside bias to the current ratings in light of expectations of weaker finances and a challenging economic outlook. Nothing further has evolved in the first half of 2023/24.

Deposit Counterparty criteria: The current deposit counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

CDS prices: It is noted that sentiment in the current economic climate can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

Appendix 4: Link Treasury Solutions Limited Interest Rate Forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The latest forecast from Link for interest rates on 7th November sets out a view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to continue to squeeze inflation out of the economy.

Link Group Interest Rate View	07.11.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

The PWLB rate forecasts above are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to Midlothian Council since 2012. The Council also has access to the PWLB HRA rate, which is a further 40bps below the levels outlined in the table below for all tenors across the curve. This is available to fund HRA capital expenditure.

BANK RATE

At its meeting on 2 November 2023, the Bank of England's Monetary Policy Committee (MPC) kept rates on hold for the second time in a row. The decision was a little more clear-cut than in September (5-4), although the 6-3 split vote reflected the new composition of the Committee as opposed to any change in voting patterns. The minority wanted a further 0.25% increase in Bank Rate to counteract on-going inflationary pressures. The stickiness of UK inflation, still the highest in the G7 at 6.7%, is there for all to see - although it is about to fall significantly when the gas/electricity price cap reduction comes into the reckoning next month. CPI is expected to fall to 5% by the end of 2023.

In terms of messaging, the Bank once again said that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures", citing the rise in global bond yields and the upside risks to inflation from "energy prices given events in the Middle East". So, like the Fed, the Bank is keeping the door open to the possibility of further rate hikes. However, it also repeated the phrase that policy will be "sufficiently restrictive for sufficiently long" and that the "MPC's projections indicate that monetary policy is likely to need to be restrictive for an extended period of time". Indeed, Governor Bailey was at pains in his press conference to drum home to markets that the Bank means business in squeezing inflation out of the economy.

As for the Bank's updated forecasts, the November Quarterly Monetary Policy Report saw it revise down its Q3 and Q4 GDP forecasts for this year and its annual forecast for 2024 from 0.4% to 0.0% (2023 stayed at 0.5%). This happened even though the forecasts were based on a lower market implied path of interest rates than in the August Report. Conversely, the CPI inflation forecasts were slightly higher, but the modal CPI inflation forecast in three years' time, based on market rate expectations, was still only 1.51% (1.46% previously). To be honest, though, none of that fine-tuning really matters. We only have to wait until next week to see

whether the measures of CPI inflation and wage/employment data are moving in a significant downward direction.

Moreover, a close eye will need to be kept on the housing market data releases, as these are a good barometer of the strength or weakness of the overall economy. Only last week markets were surprised to learn that there was a 0.9% m/m rise in the Nationwide House Price index in October, which confounded the consensus forecast of a fall (-0.4% m/m) and was the largest increase since March 2022. This caused the annual rate of house price growth to rise from -5.3% in September to -3.3% in October. And just this morning, a similar picture emerged from the Halifax house price index, with prices rising 1.1% m/m (-3.2% y/y). Again, economists were caught on the hop, but with c2 million households due a mortgage rate reset (at a higher level) over the next 15 months it should only be a matter of time before we see further weakness in house prices and a general clamour for Bank Rate to be cut as soon as is practicable.

At this juncture, Link's view is that the most favourable time for a rate cut would be in Q3 2024, but, as always, the data will be the key to that decision. Our colleagues at Capital Economics see the CPI measure of inflation dropping comfortably below 2% by mid-2024 and expect wage inflation to dip below 3.5% around then too. There are, of course, significant risks to both central forecasts. First, we are still in the early days of the Gaza-Israel conflict, and a meaningful and prolonged shift up in oil prices from $85-$90 per barrel to something closer to $120 will keep inflation higher for longer. Furthermore, the UK domestic labour market is still having to contend with very low unemployment (4.2%) and the total number of job vacancies is only a smidgen below one million. Even if Labour takes over the governmental reins in the next year or so, it is unlikely that a fundamental overhaul of immigration policy, with a view to addressing staff shortages in various sectors of the economy, is going to be a priority, so keeping a lid on wages is going to be a tough challenge.

In the immediate aftermath of the decision, markets have concluded that rates have more than likely peaked at 5.25%. Interestingly, the markets are also pricing in at least one rate cut before the end of 2024. That is to be expected in so far as, typically, the "terminal rate" remains in situ for some ten months or so before an easing in rates is undertaken.

As noted in the table above, we have fine-tuned our own expectations, primarily in the latter part of the forecast, where we have raised our assumption of the neutral level of Bank Rate from 2.75% to 3%.

Regarding PWLB rates, movement in the short part of the curve is expected to be driven by Bank Rate expectations to a large degree, whilst medium to longer-dated PWLB rates will remain influenced not only by the outlook for inflation, but also by the market's appetite for significant gilt issuance.

Furthermore, there is the small matter of a General Election coming into sight on the horizon (late next year?), so Government fiscal policy may potentially loosen at the same time as the Bank's monetary policy is still trying to take momentum out of the economy. That may mean that Bank Rate stays elevated for a little longer than our central forecast.

Of course, what happens outside of the UK remains critical to movement in gilt yields as well. The European Central Bank has made it clear that policy tightening is at, or

close to, the terminal rate (currently 4%), whilst the US FOMC has held its Bank Rate equivalent in the range of 5.25% - 5.5%.

SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

Link's central forecast for interest rates was previously updated on 25 September and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by keeping Bank Rate at 5.25% until at least Q2 2024. We expect rate cuts to start when both the CPI inflation and wage/employment data are supportive of such a move, and that there is a likelihood of the overall economy enduring at least a mild recession over the coming months, although most recent GDP releases have surprised with their on-going robustness.

Naturally, timing on this matter will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

In the upcoming months, forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

On the positive side, consumers are still anticipated to be sitting on some excess savings left over from the pandemic, which could cushion some of the impact of the above challenges and may be the reason why the economy is performing somewhat better at this stage of the economic cycle than may have been expected. However, as noted previously, most of those excess savings are held by more affluent households whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

PWLB RATES

Gilt yields and PWLB certainty rates were on a generally rising trend throughout the first half of 2023/24. At the beginning of April, the 5-year rate was the cheapest part of the curve and touched 4.14% whilst the 25-year rate was relatively expensive at 4.58%.

July saw short-dated rates peak at their most expensive. The 1-year rate spiked to 6.36% and the 5-year rate to 5.93%. Although, in due course, short-dated rate expectations fell, the medium dates shifted higher through August and the 10-year rate pushed higher to 5.51% and the 25-year rate to 5.73%. The 50-year rate was 4.27% on 5th April but rose to 5.45% on 28th September.

Link forecast that Gilt yields will fall back over the next two to three years as inflation dampens. The CPI measure of inflation is expected to fall below 2% in the second half of 2024, and we forecast 50-year rates to stand at 3.90% by the end of September 2025. However, there is considerable gilt issuance to be digested by the market over the next couple of years, as a minimum, so there is a high degree of uncertainty as to whether rates will fall that far.

Gilt yield curve movements have recently broadened. The short part of the curve has not moved significantly; but the longer-end continues to reflect inflation concerns. At the time of writing there is 25 basis points difference between the 5 and 50 year parts of the curve.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- Labour and supply shortages prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, could keep gilt yields high for longer).
- The Bank of England has increased Bank Rate too fast and too far over recent months, and subsequently brings about a deeper and longer UK recession than we currently anticipate.
- UK / EU trade arrangements – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- Geopolitical risks, for example in Ukraine/Russia, the Middle East, China/Taiwan/US, Iran and North Korea, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- Despite the recent tightening to 5.25%, the Bank of England proves too timid in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to remain elevated for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.

- The pound weakens because of a lack of confidence in the UK Government's pre-election fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer-term US treasury yields rise strongly if inflation remains more stubborn there than the market currently anticipates, consequently pulling gilt yields up higher. (We saw some movements of this type through October although generally reversed in the last week or so.)
- Projected gilt issuance, inclusive of natural maturities and QT, could be too much for the markets to comfortably digest without higher yields compensating.

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of Link's forecasts, as inflation starts to fall through the remainder of 2023 and into 2024.

Appendix 5: Approved Countries for Deposit as at 5 December 2023

AAA
- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+
- Canada
- Finland
- U.S.A.

AA
- Abu Dhabi (UAE)

AA-
- Belgium
- France
- Qatar
- **U.K.**

Appendix 6: Loans Fund Rate Comparison Scottish Local Authorities 2022/23

Authority	Loans Fund Rate
Midlothian	2.41%
West Dunbartonshire	2.47%
Argyll & Bute	2.52%
Aberdeenshire	2.53%
Renfrewshire	2.59%
East Lothian	2.66%
Perth & Kinross	2.71%
North Lanarkshire	2.96%
Scottish Borders	3.22%
East Ayrshire	3.24%
South Ayrshire	3.24%
Orkney	3.32%
East Renfrewshire	3.34%
Dumfries & Galloway	3.43%
North Ayrshire	3.45%
Shetland	3.45%
Dundee City	3.49%
Highland	3.49%
Aberdeen City	3.51%
Fife	3.54%
Moray	3.54%
East Dunbartonshire	3.63%
West Lothian	3.65%
Falkirk	3.66%
Glasgow City	3.68%
Inverclyde	3.85%
Edinburgh City	3.96%
South Lanarkshire	3.96%
Angus	4.03%
Stirling	4.18%
Clackmannanshire	5.07%
Comhairle Nan Eilean Siar	6.75%

Medium Term Financial Strategy – 2024/25 to 2028/29

Report by David Gladwin, Chief Financial Officer & Section 95 Officer

Report for Information

1 Recommendations

a) Note that the Business Transformation Steering Group (BTSG) will continue to consider necessary measures to support delivery of a balanced Medium Term Financial Strategy (MTFS) before any policy recommendations are presented to Council.

b) Note that the financial outlook remains challenging for this term of Council and recall the recommendation in the External Auditors report in 2022 that "*as a matter of urgency, officers and elected members need to work together to develop and agree the medium-term financial strategy and progress the Council's transformation plans*".

c) Note that the projected budget gap for 2024/25, as presented to Council on 10th October 2023, incorporating planned use of service concession retrospection was projected to be £7.272 million, rising to a projected £34.677 million by 2028/29.

d) Note the position relating to the UK Government's Autumn Statement and the expected impact on the Scottish Budget.

e) Note the update on Employer Pension contributions.

f) Otherwise, note the remainder of the report.

2 Purpose of Report / Executive Summary

2.1 This report provides Council with an update on development of the 2024/25 revenue budget, building on the report presented to Council on 10th October 2023 and looking ahead to Member engagement early in 2024 culminating in Council setting a balanced budget on Tuesday 27th February 2024.

2.2 Key messages from recent UK and Scottish Government fiscal events are outlined along with the possible implications of these on the Scottish Government Budget for 2024/25 which is scheduled for Tuesday 19th December 2023.

2.3 Recent developments relating to Employers Pension contributions for all groups of workers is discussed and the implications of these will be reflected in the projected 2024/25 base budget position and the remainder of the existing MTFS.

Friday 1st December 2023

Report Contact: David Gladwin, 0131 271 3113

david.gladwin@midlothian.gov.uk

3   **Background / Main Body of Report**

3.1   The aim of the MTFS is to provide a multiyear financial strategy aligned to the Council's Strategic Plans. It seeks to support the Council in fulfilling its statutory duty to set a balanced budget and determine Council Tax levels annually with a key aspect being ongoing financial sustainability for the Council where recurring costs are matched by recurring income.

3.2   Council considered the MTFS on 21st February 2023 where a range of measures were approved to balance the 2023/24 budget with Council Tax for the year set at a Band D rate of £1,514.73, a 5% increase on the 2022/23 level. Measures included non-recurring elements of a £1.166 million use of covid recovery reserve and a £4.093 million use of backdated service concession savings.

3.3   A further MTFS report, outlining updated projections of a budget gap of £7.272 million in 2024/25 rising to £34.677 million by 2028/29, was presented to Council on 10th October 2023.

3.4   Officers continue to progress work embedded in the Transformation Blueprint approved by Council on 27th June 2023. Updates are being provided to BTSG as quickly as possible.

Base Budget Development

3.5   The Finance team, supported by colleagues across the Council, are progressing work on the Base budget. Significant areas of work include pay award costs, the impact of recent pension announcements, inflationary pressures, a review of income targets and Council Tax income.

3.6   Detailed work on Scottish Government Grant for 2024/25 will flow from the Scottish Government Budget planned for 19th December 2023. It is expected to see key funding commitments made by the Scottish Government embedded in grant for 2024/25 including ongoing funding for pay awards, adequate cash to support a Council Tax freeze and full funding for the increase in Employer Pension contributions for teachers.

3.7   The published results from the 2022 census will result in a refresh of some of the indicators used in Scottish Government Grant calculations with an improved relative position for Midlothian Council expected. The floor for 2024/25 has not yet been set and there remains a risk that a high proportion of distributional gains will be lost when the floor is applied.

UK and Scottish Government announcements

3.8   On the 17th October 2023 the First Minister announced that Council Tax is to be frozen for financial year 2024/25. Discussions are ongoing

between Councils and Government on the precise details of this particularly on the level of financial support the Scottish Government will provide to Councils. The average Council Tax rise across Scotland in 2023/24 was 5.3%. Midlothian's increased by 5%.

3.9 On Tuesday 21st November 2023, in a letter to the Finance and Public Administration Committee from the Deputy First Minister of Scotland, a list of in-year Scottish Government budget adjustments were outlined to balance in-year 2023/24 pressures including funding for pay and higher than expected impacts of inflation. Budgetary revisions covered a wide range of portfolios totalling £680.3 million, of which £391.4 million is revenue and £288.9 million capital.

3.10 On Wednesday 22nd November the UK Government published their Autumn Statement and accompanying Office of Budget Responsibility Forecasts. Analysis by the Scottish Parliament Information Centre (SPICe) indicates that UK government spending will remain tight in the medium term with small real term increases in revenue budgets forecast. Capital budgets are forecast to remain cash flat to 2028/29.

3.11 Focussing on the direct impact on Scottish Budgets it is estimated that £545 million of Barnett consequential funding will now flow. £223 million of these will be seen in 2023/24 with the remainder in 2024/25. The Barnett formula is a mechanism used by the UK Treasury to automatically adjust the amounts of public expenditure allocated to Northern Ireland, Scotland and Wales to reflect changes in spending levels allocated to public services in England, Scotland and Wales as appropriate. The main changes that drive the increased allocation to Scotland are UK policy decisions on funding the pay award for the NHS in England and continued business rate relief in England for the retail, hospitality and leisure sectors.

Council Tax and National Non-Domestic Rates legislation

3.12 Devolution to Councils of Non-Domestic Rates Empty Property Relief (EPR) provides Councils with power to end or reduce existing discounts for buildings that have been empty for six months. A paper on this is on today's agenda at item 8.4.

3.13 A Scotland-wide consultation on Council Tax for second homes and empty properties closed on 11th July 2023. Legislation has now been passed to allow a doubling of the full rate of Council Tax on second homes and bring this into line with long-term empty premises. This may give rise to additional income depending on the extent of any changes to existing Council policy. Officer work on this area will be presented to BTSG in January 2024.

3.14 Consultation on Council Tax Multipliers has closed with potential revisions to existing Council Tax multipliers of between 7.5% (band E) and 22.5% (band H). Implementation would be Scotland-wide with the decision out with the Council's direct control. If this was implemented from 24/25 on an equal phased basis for three years approximately

£1.2 million additional Council Tax per annum would be raised but there may be a dampening impact through calculation of Scottish Government Grant.

Fees and Charges

3.15   A review of existing fees and charges is underway. This will be concluded early in 2024 and reported to BTSG. A recommendation will be made on an appropriate defined measure of inflation that can simply be applied to a wide range of charges on a recurring annual basis.

Employer Pension Contributions

3.16   On 14th November 2023 a letter was received from the Scottish Public Pensions Agency (SPPA) indicating an increase in the employer contribution rate to 26% from 23%. This applies to all teachers employed by Councils that are members of the occupational pension scheme. The principal reason for the increase was described as the impact of the UK Government's decision to reduce the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate. This increased rate will result in a significant cost increase for Councils but, in the Chief Secretary to the Treasury's statement announcing the change, the UK Government committed to providing funding for increases and, for Scotland, the Barnett formula will apply. It is expected that funding will flow through the Local Government Finance Settlement but there is a risk that funding will only partially meet the additional cost thus adding to existing budget gaps.

3.17   Draft results from the triennial revaluation of Lothian Pension Fund (LPF) were received on 24th November. These will be presented to the Pension Committee on Tuesday 5th December as part of the Funding Strategy Statement for the next three years, prior to a period of consultation and a final decision in March 2024. The funding position of LPF as at 31st March 2023 is 157% (assets as a percentage of liabilities). At 31st March 2020 the funding position was 104%.

3.18   The Funding Strategy Statement will recommend suspension of the Contribution Stability Mechanism which currently allows for an annual 0.5% increase or decrease in employer percentage contributions. It will also recommend contribution rates for financial years 2024/25 – 2026/27 for individual employers. Draft results indicate a significant decrease from the current rate of 22.2% to 17.6% for Midlothian Council for all three years. If approved this will significantly improve cost projections from current. The financial impact is being assessed alongside recently agreed pay awards and will be presented to Members early in 2024 in the final base budget.

Midlothian Integration Joint Board (MIJB)

3.19   The Chief Officer and the Chief Financial Officer of MIJB are being kept updated on the Council's budget position and have also shared the Board's own challenging financial forecasts both in 2023/24 and

looking forward. Officer discussion will continue during the base budget development phase and will feed into BTSG discussions once the base budget is complete and full details of the Scottish Government Grant settlement are known.

4   Report Implications (Resource, Digital and Risk)

4.1   Resource

Whilst this report deals with financial issues there are no financial implications arising directly from it.

4.2   Digital

The adoption of digital solutions is a central strand of the MTFS.

4.3   Risk

Within any financial projections there are inherent risks in making assumptions to arrive at figures and also a risk of costs changing significantly or new pressures emerging.

The following key risks and issues are highlighted in the context of this report:

- Uncertainly over the Scottish Government's and Council's financial position.
- The economic outlook and decision by Scottish Government on future years grant settlements and grant distribution.
- Impact of further UK Government budget announcements and any associated policy revision.
- The risk to service provision and service users associated with a continued decline in available resources to fund services.
- Future years Public Sector pay policy and current and future year pay award settlements.
- Actual school rolls varying from those provided for in the budget.
- The impact of the wider economic climate on range of factors including: inflation, interest rates, employment, tax and income levels and service demands.
- Cost pressures, particularly demographic demand, exceeding budget estimates.
- The reform of public services and the implications for the National Care Service (Scotland) Bill.
- The impact of any changes to benefits.
- The cost of implementing national policies varying from resources provided by Government.
- Potential liabilities arising from historic child abuse.
- The financial sustainability of MIJB.
- The affordability of borrowing to support capital investment; and

- Ability to continue to meet the expectations of communities within a period of fiscal constraint.

Developing and updating a MTFS is key to support the mitigation of a number of these risks by setting out the key assumptions on which forward plans are based.

The risk of not having a balanced MTFS is the potential elimination of available reserves, which in turn would severely limit the Council's ability to deal with unforeseen or unplanned events and also the imposition of significant cuts at short notice with limited opportunity for consultation. Early agreement of the measures required to balance the 2024/25 budget is crucial.

4.4   Ensuring Equalities (if required a separate IIA must be completed)

The MTFS together with the resource allocation measures which will support financial sustainability will, as far as the constraint on resources allow, be developed within the context of the Council's priorities, ensuring as far as possible that resources are directed towards the key priorities of reducing inequalities in learning, health and economic circumstance outcomes.

The MTFS will continue, as far as is possible, to reflect Midlothian Council's commitment to the ethos of the Equality Act 2010 with careful consideration of the interests of the most vulnerable in our communities through the preparation of equality impact assessments.

Individual EQIA's will be published in respect of future policy savings measures and an overarching EQIA will be published alongside the MTFS report presented to the Council meeting in February 2024.

4.5   Additional Report Implications (See Appendix A)

See Appendix A

Appendices

Appendix A – Additional Report Implications

APPENDIX A – Report Implications

A.1   Key Priorities within the Single Midlothian Plan

The MTFS facilitates decisions on how Council allocates and uses its available resources and as such has fundamental implications for delivery of the key priorities in the Single Midlothian Plan. It helps ensure that resources are available to continue to delivery key priorities.

A.2   Key Drivers for Change

Key drivers addressed in this report:

- ☒ Holistic Working
- ☒ Hub and Spoke
- ☒ Modern
- ☒ Sustainable
- ☒ Transformational
- ☒ Preventative
- ☒ Asset-based
- ☒ Continuous Improvement
- ☒ One size fits one
- ☐ None of the above

A.3   Key Delivery Streams

Key delivery streams addressed in this report:

- ☒ One Council Working with you, for you
- ☒ Preventative and Sustainable
- ☒ Efficient and Modern
- ☒ Innovative and Ambitious
- ☐ None of the above

A.4   Delivering Best Value

The report does not directly impact on delivering Best Value.

A.5   Involving Communities and Other Stakeholders

The development of the MTFS provides for public engagement.

In addition, there has been and will continue to be, engagement with the recognised Trade Unions on the Council's financial position and the development of the MTFS.

A.6   Impact on Performance and Outcomes

The MTFS facilitates decisions on how the Council allocates and uses its available resources and as such has fundamental implications for service performance and outcomes. The financial consequences of the

pandemic have impacted on the availability and allocation of resources in pursuit of key outcomes as set out in the Single Midlothian Plan for both the immediate and longer term and therefore the ability of the Council to continue to deliver services in a financial sustainable manner.

A.7   Adopting a Preventative Approach

An effective Strategic plan supported by a MTFS will support the prioritisation of resources to support prevention activities.

A.8   Supporting Sustainable Development

There are no direct sustainability issues arising from this report and work will take place to mitigate any sustainability issues which arise as a consequence of the MTFS.

Non-Domestic Rates Relief Policy

Report by Saty Kaur, Chief Officer Corporate Solutions

Report for Decision

1   Recommendations

Council is recommended to agree to implement the new policy with effect from 1 April 2024.

2   Purpose of Report/Executive Summary

Following the devolvement of powers to Local Authorities, from 1 April 2023 Midlothian Council can change its existing policy to potentially generate more revenue.

This report sets out the proposal for a revised policy effective from 1 April 2024.

Date Friday 1 December 2023

Report Contact:
Saty Kaur, Chief Officer Corporate Solutions

Saty.Kaur@midlothian.gov.uk

3 Background/Main Body of Report

<u>Legislative position</u>

3.1 Following recommendations from the Barclay Review, the legal position for Non-Domestic Rates (NDR) changed. As of 1 April 2023, the decision on charging and reliefs available to empty properties was devolved to Local Authorities under the Non-Domestic Rating (Scotland) Act 2020. This means that as of 1 April 2023, there was no requirement to continue to follow a national framework, and Local Authorities could have their own scheme. However, in the absence of a local scheme by 1 April 2023, all relief for empty properties would cease. In response to this, at its meeting of 21 February 2023, Council agreed to adopt a policy that continued from that which was in place at that time (national framework), therefore there was no material change to the NDR process.

<u>Current position</u>

3.2 The decision to continue the existing scheme for 2023/24 has given officers the opportunity to review the changes in more detail and consider if a change to the policy is viable.

3.3 The definition of Empty Property Relief (EPR), in the context of business rates, is **unoccupied non-domestic property meeting the criteria within the policy**, attracting relief which provides a discount of up to 100 per cent.

Table 1 below shows the current exemptions and reliefs applied (as agreed by Council on 21 February 2023)

Empty Property Relief Name	Relief Description	%	Duration
Empty Property Relief 50%	Standard empty property relief for the first 3 months of a property being unoccupied	50	3 Months
Empty Property Relief 10%	Standard empty property relief after initial 3 months of 50% has come to an end	10	No time limit
New Build Property Relief	Applies to unoccupied new build properties	100	12 Months
Void Industrial Property	Unoccupied industrial properties	100	6 months
Void Industrial Property	10% relief after initial 6 months of 100% industrial relief ended	10	No time limit

Empty Property Exemption Name	Exemption Description	%	Duration
Ground/land - no buildings	Applies to vacant ground entries with no infrastructure on them	100	No time limit
Listed Buildings	Applies to vacant listed buildings	100	No time limit
Building Preservation Notice	Unoccupied property subject to a building preservation order	100	No time limit
RV < £1700	Unoccupied properties with RVs less than £1,700	100	No time limit
Administrator	Unoccupied properties where liable party is in administration	100	No time limit
Company being wound up	Unoccupied properties where liable party is subject to a winding up order	100	No time limit
Occupation prohibited by law	Properties prohibited from being occupied law e.g., asbestos removal	100	No time limit
Vacant Crown/L.A. action	Unoccupied properties subject to crown / LA acquisition, e.g., compulsory purchase order	100	No time limit
Liquidator	Unoccupied properties where liable party is in administration	100	No time limit
Executor in deceased estate	Vacant properties where person entitled to possession is executor of a deceased person's estate	100	No time limit

3.4 Officers have undertaken a review of the NDR relief and exemptions applied and can advise that as of **1 November 2023** there are:

- 59 properties in receipt of EPR at 10%
- 1 property in receipt of EPR at 50%
- 35 properties exempt under rateable value less than £1700
- 39 vacant listed buildings exempt
- 3 properties exempt due to executor in deceased estate
- 1 property exempt as in liquidation
- 23 exemptions applied to ground/land (no buildings)

Members should note that this is a dynamic picture as properties will become vacant/occupied at different times. This also includes non-domestic properties and ground/land owned by Midlothian Council.

Proposal for change

3.5 The changes proposed for consideration aim to simplify the existing classifications, changing the open-ended exemptions and reliefs to a standard 3-month limit. It is proposed that:

- The relief/exemption timescale is applied to the property rather than the account holder. In this regard, timescale commences from the last date of property occupancy; irrespective of owner and would ensure appropriate liabilities are billed.

- Classifications would be simplified to allow for relief to be applied more uniformly.

- A minimum occupancy requirement of six months would apply.

- Charges would be subject to the Council's existing approved financial recovery processes.

- Properties that are prohibited by law from being occupied are exempt.

Table 2 below shows the current reliefs and exemptions applied alongside the proposed changes.

Empty Property Relief Name	Relief Description	%	Duration	Proposed change
Empty Property Relief 50%	Standard empty property relief for the first 3 months of a property being unoccupied	50	3 Months	*No change* 3 Months
Empty Property Relief 10%	Standard empty property relief after initial 3 months of 50% has come to an end	10	No time limit	Changed to be removed
New Build Property Relief	Applies to unoccupied new build properties	100	12 Months	No change – this is out with scope as is a statutory scheme
Void Industrial Property	Unoccupied industrial properties	100	6 months	Change to 3 months at 50% then no relief applied thereafter
Void Industrial Property	10% relief after initial 6 months of 100% industrial relief ended	10	No time limit	

Empty Property Exemption Name	Exemption Description	%	Duration	
Ground/land - no buildings	Applies to vacant ground entries with no infrastructure on them	100	No time limit	Change all - Standard Empty Property Relief applied for all categories (3 months at 50% the no relief thereafter)
Listed Buildings	Applies to vacant listed buildings	100	No time limit	
Building Preservation Notice	Unoccupied property subject to a building preservation order	100	No time limit	
RV < £1700	Unoccupied properties with RVs less than £1,700	100	No time limit	
Administrator	Unoccupied properties where liable party is in administration	100	No time limit	
Occupation prohibited by law	Properties prohibited from being occupied law e.g., asbestos removal	100	No time limit	
Vacant Crown/L.A. action	Unoccupied properties subject to crown / LA acquisition, e.g., compulsory purchase order	100	No time limit	
Liquidator	Unoccupied properties where liable party is in administration	100	No time limit	
Executor in deceased estate	Vacant properties where person entitled to possession is executor of a deceased person's estate	100	No time limit	
Company being wound up	Unoccupied properties where liable party is subject to a winding up order	100	No time limit	

Financial implications

3.6 Nationally, the Scottish Government and officer group previously agreed a funding model whereby Local Government will receive £105m per annum (fixed for three years) to be distributed to each Council based on historic spend on empty property relief. This amount is based on the Institute of Fiscal Studies estimate of the ongoing cost for three years from 1 April 2023. Distribution of the quantum is calculated by the Settlement and Distribution Group at COSLA and presented to COSLA Leaders. Based on the annual national relief awarded for previous and the current year, Midlothian's share of the £105m is approximately £0.717m per annum for three years from 2023/24 financial year.

3.7 Future changes to the empty property policy will be the financial responsibility of the Council e.g., any loss/income in income flows directly to the Council.

3.8 For illustrative purposes only, and based on current empty property levels as at 1 November 2023, with the caveats of pre-revaluation rateable values and an assumption that all properties were already vacant for 12 months therefore no further relief extension is applicable, this proposal could generate of over £500k of annual liability (net of charges that Midlothian Council would be liable for as owner of empty properties/land in the county), that could be billed for collection.

3.9 Council should note that these are indicative costs and would be subject to a range of influencers such as number and nature of properties at the time of a policy change; length of time they have been empty and reason(s) for being empty. Given this is a new proposed policy change and differs significantly from the current policy, there is no clear historical data that can give completely accurate forecasts. One of the anticipated outcomes of the proposed change is to bring empty properties into use so it is fair to assume that there would be some level of income generated to the Council.

Stakeholder engagement

3.10 Early discussion has taken place with the Economic Development Team on the proposed changes. The proposed changes aim to bring back into use vacant properties for economic good and would bring a range of economic and socio-economic benefits such as:

- promoting vibrant communities;
- supporting the local economy;
- creating jobs for local people;
- facilitating local supply chain activity;
- increasing local spend; and
- delivering inclusive growth.

3.11 There are a range of public realm benefits to having vacant properties brought back into use. Visually this benefits town centres, increasing attractiveness of spaces as places to visit and invest and potentially increase the value of neighbouring properties. Empty/vacant properties can encourage anti-social behaviour, vandalism and crime.

3.12 Since October 2021, the Economic Development Team have been recording the number of enquiries about premises for rental from existing and new businesses looking to locate/relocate to Midlothian (Table 3). Information recorded includes the size of the units requested, as well as preferred locations within Midlothian and rental budget. From the information held, many of the requestors would consider premises of a range of sizes and locations within the county.

Table 3 – enquiries received for properties in Midlothian

Period	Retail Enquiry count	As % of total property enquiries	Total number of property enquiries
15/10/2021 - 31/03/2022	70	54%	130
01/04/2022 – 31/03/2023	58	42%	138
01/04/2023 – 11/10/2023	46	37%	126

3.13 There is currently more demand than supply of properties within Midlothian, particularly in town centres. Tables 4-6 below show the estimated vacant units for the last three financial years as reported to the Scottish Local Authorities Economic Development (SLAED) Group.

Table 4 – estimated vacant units in Town Centres 2020-21

		Bonnyrigg	Dalkeith	Gorebridge	Loanhead	Penicuik
Estimated Total Units in Town Centre	**112**	17	46	11	17	21
Of which:						
Vacant/ Void	**15**	1	3	0	0	11
Vacancy Rate %	**13.39**	5.88	6.52	0	0	52.38

Table 5 – estimated vacant units in Town Centres 2021-22

		Bonnyrigg	Dalkeith	Gorebridge	Loanhead	Penicuik
Estimated Total Units in Town Centre	**126**	17	63	10	14	22
Of which:						
Vacant/ Void	**17**	2	3	0	0	12
Vacancy Rate %	**13.49**	11.76	4.76	0	0	54.54

Table 6 – estimated vacant units in Town Centres 2022-23

		Bonnyrigg	Dalkeith	Gorebridge	Loanhead	Penicuik
Estimated Total Units in Town Centre	**128**	19	64	10	13	22
Of which:						
Vacant/ Void	**12**	0	6	0	1	5
Vacancy Rate %	**9.38**	0	9.37	0	7.69	22.73

3.14 If the proposed changes were agreed, an implementation plan would complement the policy change. City of Edinburgh Council administer NDR on behalf of Midlothian Council. They would contact the empty property owners and make them aware of changes to be effective from 1 April 2024, as well as include information on changes at the time of annual billing.

3.15 Locally, changes would be communicated through an awareness raising campaign and Economic Development would provide advice to property owners on marketing of properties for sale/rent for local business use. Economic Development carry a waiting list and support enquirers in identifying Council and non-Council sites, business set-ups, funding advice and support with business planning. They would match enquiries to the properties available as well as marketing through all of their existing channels including Business Gateway.

Mandatory and Discretionary Reliefs

Mandatory Relief

3.16 Mandatory relief is granted to charities where they occupy premises and use them wholly or mainly for charitable purposes. This is not impacted by the devolution of policymaking to Local Authorities.

Discretionary Rating Relief (DRR)

3.17 The Council operates a DRR policy which provides an additional discount of up to 100%. Currently, this is as follows:

- An additional 20% DRR is granted to organisations already in receipt of mandatory relief where they:
  - Are mainly concerned with working with youths (defined as under 19 years of age).
  - Provide community facilities i.e., village halls, community centres and social enterprise schemes; and
  - Are organisations that act, primarily, to provide benefit to Midlothian residents and taxpayers.

- An additional 20% DRR is granted to organisations already in receipt of mandatory relief where they provide and maintain grounds and buildings used for the purposes of leisure time occupation where facilities are available to members of the public at large.
- 50% DRR is granted to recreation clubs which do not have a license to sell alcohol.
- 80% DRR is granted in respect of properties used for recreational purposes and occupied by clubs/societies which are charitable bodies and not established/conducted for profit.
- 100% DRR is granted to all clubs who meet the definition of 'Sports Clubs' as set out by the Scottish Sports Association and who operate an equal opportunities policy. This relief is granted subject to full compensation for such relief being contained within the Rating Pool arrangements.

3.18 Legislation permits DRR to be granted for:
- The year in which, or the year next following that in which, the determination is made for.
- For a specified term of years not exceeding three.
- For an indefinite period, subject to termination by not less than twelve months' notice.

3.19 Midlothian Council currently has two businesses/organisations in receipt of DRR. They have been granted DRR on the basis that they are not established/conducted for profit and provide benefit to Midlothian residents and taxpayers. As reported in the policy proposal agreed by Council at its meeting of 21 February 2023, it is not proposed to change the DRR policy at this time. The Council will continue to award the current recipients of DRR for three years from 1 April 2023.

4   Report Implications (Resource, Digital and Risk)

4.1   Resource

The current policy is administered by City of Edinburgh Council (CEC) who collect NDR on behalf of Midlothian Council. At its meeting of Finance and Resources on Tuesday 21 November 2023, CEC agreed to this new policy to be implemented from 1 April 2024.

CEC have confirmed that if the two Councils have the same policy, CEC will continue to administer NDR on behalf of Midlothian Council. However, if the policies across the two Councils are to differ, CEC will be unable to continue to do this and that arrangement will cease on 31 March 2024.

There is currently no in-house resource nor technical expertise/knowledge to administer NDR within Midlothian Council. It is also expected that a change to policy will prompt questions and additional staff would be required to respond to these. In addition, any administering of NDR within Midlothian Council would also require a software solution to be procured and configured. All of the aforementioned resource implications would have to be assessed for full costings.

4.2   Digital

No digital impact currently but this is subject to change if the administration of the policy is to fall to Midlothian Council and the implications of this are currently unknown, but it is reasonable to assume that a system/application would be required to be purchased and installed at an additional cost to the Council to be defined.

4.3   Risk

The current policy is administered by City of Edinburgh Council (CEC) on behalf of Midlothian Council. At its meeting of Finance and Resources on Tuesday 21 November 2023, CEC agreed to this new policy to be implemented from 1 April 2024.

CEC have confirmed that if the two Councils have the same policy, CEC will continue to administer NDR on behalf of Midlothian Council. However, if the policies across the two Councils are to differ, CEC will be unable to continue to do this and that arrangement will cease on 31 March 2024.

There is currently no in-house resource nor technical expertise/knowledge to administer NDR within Midlothian Council. It is also expected that a change to policy will prompt questions and additional staff would be required to respond to these. In addition, any administering of NDR within Midlothian Council would also require a software solution to be procured and configured. All of the aforementioned resource implications would have to be assessed for full costings.

4.4   Ensuring Equalities (if required a separate IIA must be completed)

N/A

4.5   Additional Report Implications (See Appendix A)

See Appendix A

Appendices

Appendix A – Additional Report Implications

APPENDIX A – Report Implications

A.1   Key Priorities within the Single Midlothian Plan

Promotion of economic growth.

A.2   Key Drivers for Change

Key drivers addressed in this report:

☐ Holistic Working
☐ Hub and Spoke
☐ Modern
☐ Sustainable
☐ Transformational
☐ Preventative
☒ Asset-based
☐ Continuous Improvement
☐ One size fits one
☐ None of the above

A.3   Key Delivery Streams

Key delivery streams addressed in this report:

☐ One Council Working with you, for you
☐ Preventative and Sustainable
☐ Efficient and Modern
☐ Innovative and Ambitious
☒ None of the above

A.4   Delivering Best Value

Not applicable

A.5   Involving Communities and Other Stakeholders

Engagement has taken place with Economic Development to understand the economic impact of change.

A.6   Impact on Performance and Outcomes

Not applicable

A.7   Adopting a Preventative Approach

Not applicable

A.8   Supporting Sustainable Development

Not applicable

Rent Pressure Zones

Report by Kevin Anderson, Executive Director Place

Report for Decision

1 Recommendations

Council is recommended to note the report and to consider;

a) if there is a requirement to progress additional work to establish a case for a Rent Pressure Zone as any administering of RPZ within Midlothian Council would require resource and potentially a software solution to be procured and configured, with resource implications to be assessed for full costings, or

b) decide that there is no present requirement to progress further.

2 Purpose of Report/Executive Summary

At the Council meeting held on 10 October 2023 members requested a report to be brought forward on rent pressure zones.

To date, no Rent Pressure Zones (RPZ) have been established in Scotland despite several local authorities expressing interest in making use of the powers. Due to the level of data required to be submitted in a RPZ application local authorities have indicated that it may take several years to collate this evidence base. There is also a concern that the legislation does not sufficiently control rents as a RPZ would still allow increases above inflation and between tenancies changing.

Date: 22 November 2023
Report Contact: Kevin Anderson, Executive Director Place
Email: kevin.anderson@midlothian.gov.uk

3   Background

3.1   The Private Housing (Tenancies) (Scotland) Act 2016 introduced discretionary powers for local authorities to apply to have an area designated as a Rent Pressure Zone (RPZ) if rents are deemed to be increasing significantly. In order to have an application approved by Ministers, the local authority must provide evidence that:

- rents in the area are rising too much

- the rent rises are causing hardship for the tenants

- the local authority is coming under pressure to provide housing or subsidise the cost of housing as a result.

3.2   A rent pressure zone will only apply to rent increases for tenants with a private residential tenancy (PRT). Rent increases for tenants with a Short Assured Tenancy (SAT) or Assured Tenancy will not be affected. If an area is designated as an RPZ**,** a cap (maximum limit) is set on how much rents are allowed to increase for existing tenants who have a private residential tenancy each year in that area.

Scottish Ministers must consult landlords' and tenants' representatives before they make any area a rent pressure zone.

Any cap set by Scottish Ministers will be at least consumer price index (CPI) plus 1% – for example if CPI is 1.6%, the minimum cap set by Ministers would be 2.6%. If an RPZ is granted, rent increases for tenants with a Private Residential Tenancy (PRT) will be limited to one in any 12-month period.

The cap can last for up to five years and will apply to existing tenants who have a private residential tenancy.

Landlords operating within an RPZ may also make an application to increase rents above the cap if they need to cover the cost of repairs or improvements to the property. Any cap set will also enable a landlord to apply to a rent officer (in the public agency Rent Service Scotland) to add an amount of rent to reflect any improvements made to the let property. A landlord can only do this by applying to the rent officer for a decision on how much additional rent they can include in the rent increase.

4   RPZ Application Requirements

4.1   The RPZ provisions are intended to be used by a local authority to protect existing tenants who have a Private Residential Tenancy from rents rising by too much. Authorities must provide a profile of Private Rented Sector (PRS) properties in the proposed area. The property characteristics will include such details as house type, size, age, location etc. If the rental profile of any area has changed and contributed to rent rises, details of this change and impact on rent rises should also be provided.

4.2   Authorities will need to collect rent data to evidence a rent rise. Rent data used in the application must be about existing tenants, who have had a rent increase in the same property but may include different types of tenancy. The rent data must be representative of the property profile.

4.3   For an RPZ to be designated, authorities must show that rents are rising by too much across most property characteristics in the profile and most properties in the proposed area. Evidence of rent rises alone will not be sufficient to prove that they are rising by too much. Authorities also need to prove that rent rises in the proposed RPZ are causing undue hardship to tenants; and the rises are having a detrimental effect on the local authority's broader housing system.

4.4   The area to be designated might, for example, be a street(s), a postcode sector or a datazone. The data and evidence provided to support the application must match the area chosen. For example, if a street is proposed, evidence must be provided at street level.

4.5   Therefore, when choosing the extent of the proposed RPZ, local authorities need to give careful consideration as to how they will collect the required data and evidence for that area in a way that is robust. The provisions in the Act on rent pressure zones address the problem of rents rising by too much in hot-spot areas and they are not intended to be applied to a whole local authority area.

4.6   Midlothian Council does not collate this information at this time, would require resource and potentially a software solution to be procured and configured, with resource implications to be assessed for full costings.

5   Limits on a designation

5.1   The RPZ provisions have been designed in such way as to prohibit the introduction of blanket national rent capping. Scottish Ministers cannot designate an area as an RPZ without receiving a valid application from the appropriate local authority.

5.2   If Ministers designate an RPZ, the cap set by Ministers will apply to rent increases for existing tenants, in the same properties, in that zone who have a private residential tenancy.

5.3 The cap set will not affect rent increases for any other private tenants in the zone e.g., those who have a short assured or assured tenancy (under the Housing (Scotland) Act 1988) or a regulated tenancy (a private tenancy which began before 2 January 1989).

5.4 The regulations designating the RPZ will cease to have effect after five years unless they, or another enactment, provide that they cease to have effect sooner, or unless they are revoked before the five years have elapsed.

6   Outcomes

6.1 By capping rents in a particular area, and using this as part of a wider housing strategy, a local authority could expect to achieve the following outcomes:

- existing tenants who have a private residential tenancy will be protected from rents rising by too much in the same properties;

- investors will feel confident when planning their investment knowing that any cap set by Ministers will be at least CPI + one percentage point;

- property improvements will continue as landlords can recover costs to reflect improvements made;

- initial rents for new tenancies are not affected by the rent cap and will continue to be market-led;

- the Private Rented Sector will remain attractive to those that live, work and invest in it.

7   Local Housing Allowance

7.1 Local Housing Allowance (LHA) was introduced in 2008 to provide Housing Benefit entitlement for tenants renting private-sector accommodation in Scotland, England, and Wales. Its introduction meant significant changes to the way Housing Benefit levels were calculated and how benefit was paid. It did not replace Housing Benefit. It was just a different way of calculating entitlement under the existing Housing Benefit scheme and assistance with housing costs. The LHA was based on the 30th percentile of local rented accommodation with restrictions being brought in over the years.

7.2 LHA rates relate to the area in which the housing-benefit claim is made. These areas are called "Broad Rental Market Areas" (BRMAs), defined as "where a person could reasonably be expected to live taking into account access to facilities and services", and a selection of rents in the area are used to determine the LHA for each category of housing in the area. The rates are shown on a weekly basis and are published once a year in accordance with legislation.

7.3 The Rent Officer maintains rental information for each category of LHA rates. The April 2022 – March 2023 LHA rates are set out below. All rates have been frozen at the rate last determined on 31st March 2020. This was the 30th percentile at that time.

Weekly Scottish LHA report for April 2022 to March 2023 and effective from 1st April 2022					
BRMA Name	**1 Bedroom Shared**	**1 Bedroom**	**2 Bedrooms**	**3 Bedrooms**	**4 Bedrooms**
Lothian (Including City of Edinburgh, East Lothian and Midlothian)	£94.82	£158.79	£189.86	£253.15	£390.08

7.4 The Local Housing Allowance (LHA) rates in the UK will be raised to the 30th percentile of local market rents from April 2024, as the UKG Chancellor of the Exchequer announced in the November 2023 Autumn Statement.

8 Rent Control

8.1 Introduced in October 2022, the Cost of Living (Tenant Protection) Act: https://www.legislation.gov.uk/asp/2022/10/contents/enacted is an Act brought in by the Scottish Government in an effort to manage the impact of rising household costs during the cost of living crisis. The Act effectively enforces price caps on private rental rates, as well as providing tenants with additional eviction protections, and will be in place until 31 March 2024.

8.2 The Act means that most in-tenancy private rent increases are capped at 3%, but private landlords can apply for increases of up to 6%, to help cover certain increases in costs (if these apply to a specific time period and can be evidenced).

8.3 The Act also means that most eviction actions are paused for up to six months, except in specified circumstances. These protections apply to private and social rent sectors, as well as purpose-built student accommodation, and follow on from the protections introduced during the coronavirus pandemic. This moratorium also means that additional damages can be awarded to tenants in cases where the landlord has enforced an unlawful eviction (amount of up to 36 months' worth of rent).

8.4 Rent controls have led to a decrease in the supply of properties available to rent. According to a survey by the Scottish Association of Landlords, since the introduction of rent controls, 17% of landlords have sold or are considering selling their rental properties. The controls have discouraged landlords from investing in the upkeep of their rental properties as, according to the same survey, 44% of landlords have reduced or stopped spending money on maintenance and improvements since rent controls were introduced.

8.5 Rent control has made it more difficult for new renters to find housing, as according to the Scottish Government, since the introduction, the average time it takes for a new tenant to find a property has increased from 12 weeks to 16 weeks.

9   Report Implications (Resource, Digital, Risk and Equalities)

9.1   Resource

Not currently applicable but a decision to progress for data and evidence collection to administering a RPZ within Midlothian Council would require additional resource.

9.2   Digital

Not currently applicable

9.3   Risk

Rent controls can, in the short term, make housing more affordable for tenants, preventing landlords from imposing rent increases and tenants may enjoy more stable living arrangements, knowing their rents won't be subject to an excessive increase.

However, there is a risk that rent controls can deter landlords from entering or staying in the rental market and act as a disincentive for investment when landlords can't adjust rents to account for maintenance costs or property improvements and lead landlords to change their business model as they may begin to focus on short-term holiday lets rather than long-term tenancies.

9.4   Ensuring Equalities

Not applicable

Appendices:
APPENDIX A – Additional Report Implications
APPENDIX B - Consideration of the application and granting designation

APPENDIX A – Additional Report Implications

A.1   Key Priorities within the Single Midlothian Plan

A.2   Key Drivers for Change

Key drivers addressed in this report:
☐ Holistic Working
☐ Hub and Spoke
☐ Modern
☒ Sustainable
☒ Transformational
☐ Preventative
☐ Asset-based
☒ Continuous Improvement
☐ One size fits one
☐ None of the above

A.3   Key Delivery Streams

Key delivery streams addressed in this report:
☐ One Council Working with you, for you
☐ Preventative and Sustainable
☐ Efficient and Modern
☒ Innovative and Ambitious

A.4   Delivering Best Value

Not applicable

A.5   Involving Communities and Other Stakeholders

In the interest of transparency, openness and accountability, before submitting an application to the Scottish Ministers to request an RPZ designation, the local authority must publish on its website the fully completed application and all supporting evidence

A.6   Impact on Performance and Outcomes

Not applicable

A.7   Adopting a Preventative Approach

Not applicable

A.8   Supporting Sustainable Development

Excessive rent increases may be a consequence of the demand for housing outstripping the supply (of all tenures) in an area. Designating such an area as an RPZ will only give tenants relief from excessive rent increases for the duration of the designation. It will not of itself do anything to moderate increases in the longer term. For that to happen supply in the area would need to increase. Given that, the Scottish Government expects any local authority seeking a designation to have plans for increasing supply, either in the area to be designated or elsewhere in the authority's area.

APPENDIX B - Consideration of the application and granting designation

Before granting a designation, the Scottish Ministers will have to be satisfied that the application:

- has been made in writing;

- provides a clear description of the area to be designated including its boundary. Ideally this would be a map. There should also be a clear list of the areas within that boundary e.g., datazones, postcodes etc. This should be detailed enough to allow any member of the public to determine if their property is within the designated RPZ;

- sets out how long the local authority would like the designation to last (this cannot exceed five years) and why;

- sets out the date the local authority would like the designation to come into force (this will be a date after the local authority has adequately advertised the designation to relevant persons in the area);

- provides robust evidence to support the application, the methodologies used to collect that evidence and how that evidence leads the local authority to believe that the criteria in paragraph 18 are met;

- states what other steps will be taken, and by when, should the application be successful, to advise the relevant persons that the area has been designated as an RPZ;

- includes a recommended percentage point (X) to be added to CPI + 1 percentage point when calculating a new maximum rent increase in the RPZ

- includes an explanation of why the particular value of X, recommended in the application, has been chosen;

- provides a demonstration of the impact which the recommended level of X would have on rents in the area, and the subsequent impact that these rents would have on easing undue hardship on existing tenants and easing pressure on local authorities to provide housing or subsidising the cost of housing;

- provides evidence in the application that the Local Authority has put in place housing supply plans, policies or strategies; and

- provides confirmation that the fully completed application and all supporting evidence has been published on the local authority's website.

The Scottish Ministers will notify the local authority of their decision in writing. Ministers will have 18 weeks from receipt of a valid application to lay before the Scottish Parliament either draft regulations designating an RPZ or a document explaining why they have not done so.

Annual Road Works Performance Report 2022/23

Report by Kevin Anderson, Executive Director Place

Report for Information

1   Recommendations

Council is recommended to note and welcome the contents of this report.

2   Purpose of Report/Executive Summary

The purpose of this report is to highlight the excellent performance of the Council's Roads & Transportation team in relation to their statutory functions for the co-ordination of all road works on the Council's public road network, and to acknowledge the consistently high level of performance achieved from the perspective of the Scottish Road Works Commissioner.

The latest Annual Performance Report 2022/23 for all 32 Scottish Local Authorities from the Scottish Road Works Commissioner shows that Midlothian Council's Roads & Transportation Service has again achieved the top rating of "Well Managed" for the third year in a row. Council is asked to note and welcome this excellent performance.

Date: 8 November 2023
Report Contact: Derek Oliver, Chief Officer Place
Email: Derek.Oliver@midlothian.gov.uk

3 Background

3.1 The Scottish Road Works Commissioner is an independent public official established under section 16 of the Transport (Scotland) Act 2005 and is accountable to the Scottish Ministers and ultimately the Scottish Parliament. The Commissioner's aim is to improve the planning, co-ordination and quality of road works throughout Scotland.

3.2 The Commissioner is not responsible for works being undertaken on roads in Scotland. Responsibility for the day-to-day management and co-ordination of works undertaken on roads is as follows:

- Road Authorities primary statutory duty is to co-ordinate all road works carried out on any road for which they are responsible;
- The reinstatement of road surfaces remains the responsibility of the party undertaking the works. Road Authorities have powers to inspect road works to ensure that utility companies meet their obligations;
- Traffic management at road works (cones, signs and barriers) is the responsibility of the party undertaking the works; and
- Road Authorities are responsible for any decisions related to the repair and maintenance of their roads.

3.3 The Commissioner monitors performance, promotes and encourages good practice across both utility companies and roads authorities, and provides annual performance reports to each road authority and utility company. The Commissioner has powers to impose financial penalties on roads authorities who systematically fail in their duty to co-ordinate, and upon utility companies who systematically fail to co-operate when undertaking road works.

3.4 Performance ratings are measured against 22 KPIs established by the Commissioner. Throughout the year, the Commissioner monitors performance by road authorities and utility organisations and produces quarterly performance reports for road authorities, which are summarised in the overall annual performance report. The annual report is sent to the Council's Chief Executive and the senior management team for Roads & Transportation Services.

3.5 All road works require to be notified, and progress recorded in the Commissioner's Scottish Road Works Register (SRWR). The Commissioner's KPIs are embedded in the SRWR, which provides the mechanism for benchmarking of road authority and utility organisations performance across Scotland. The Commisioner's office monitors the activities within the SRWR on a monthly basis which allows early discussion to take place between the Commissioner and organisations before concerns regarding performance become a major issue.

4   Main Report

4.1   The Scottish Road Works Commissioner rates organisations performance as "Well Managed", "Satisfactory", or "Unsatisfactory". Midlothian Council, as Road Authority, has received a Well Managed Performance rating for the year 2022/23. This is the third year in a row that this rating has been achieved, with previous ratings being Well Managed or Satisfactory.

4.2   Across Scotland, Midlothian Council was one of only 9 road authorities to achieve a "Well Managed" rating in the year 2022/23, with 19 being Satisfactory, and 6 being Unsatisfactory. For utility organisations there were only 5 Well Managed organisations, 11 Satisfactory, and 25 Unsatisfactory.

4.3   For performance monitoring by the Commissioner, road authorities are also grouped together with peer authorities with similar geographic and demographic characteristics, and network road lengths. Midlothian Council is categorised as "Semi Urban" along with 8 other local authorities. Within this group, Midlothian was one of only 2 authorities that achieved "Well Managed" performance, with 5 Satisfactory and 2 Unsatisfactory.

4.4   The Commissioner's performance expectation is measured against threshold levels for each of the 22 KPI, with a possible green, amber or red rating for each quarter. In 2022/23, Midlothian Council achieved green ratings for all but one KPI. An amber rating was obtained for the percentage number of Works Extensions, with an overall performance of 8% on an Amber threshold of 5%. Works extensions are mostly due to adverse weather conditions or delays due to unforeseen circumstances during the road works period and are therefore generally out with our control. The comparable national average performance for this KPI was 7% for road authorities and 9% for utility organisations.

4.5   Following on from the publications of the Commissioner's annual performance report, the Commissioner has recently announced financial penalties for 7 utility organisations for performance related failures with regard to road work reinstatements. The Commissioner has also confirmed that 4 road authorities and 4 utility organisations are currently on Improvement Plan notices relative to overall performance.

4.6   As a small authority, the Council's Roads & Transportation Service has a team of only two officers, a road works coordinator and a utility works inspector, who ensure that the Commissioner's requirements are carried out and record the relevant information in the SRWR on behalf of the Council. These officers work closely with utility organisations and Road Services Network and Operations teams undertaking maintenance and repair of the public road network. Officers within Roads & Transportation Service feed into this process; to ensure appropriate Notices, Permits and the like are produced and authorised to ensure that works are properly undertaken with due safety to road users and the public, whilst satisfying the requirements of the Commissioner via the SRWR.

4.7   On any one day within Midlothian, there can be over 100 "live" road works sites concurrently in operation. Therefore, only a sample number of site inspections are possible with the available resources within Road Services. The Commissioner's KPI requires a minimum of 30% of sites (utility works) are inspected, each site at three stages from works initiation, traffic management, site works and reinstatement, and thereafter durability and longevity of the reinstatement. A recent amendment to legislation requires that reinstatements will have a 6-year guarantee period to remain defect free, otherwise the road work undertaker must return to make repairs to the satisfaction of the road authority.

4.8   The road works coordinator is the key person in the whole process, and it is this officer's stewardship of the SRWR and of those officers using the SRWR that is fundamental in achieving the consistently high performance ratings Midlothian has achieved, and as demanded by the Commissioner. The road works coordinator has provided in-house training to all Road Services staff engaged in road works, and users of the SRWR must undergo further training before access is granted to the system.

4.9   Moving forward, the Commissioner has recently introduced shorter timescales for recording road work start and stop times in the SRWR (reduced from 24 hours to 2 hours). Further, the Commissioner has near future plans to introduce his own mobile "compliance officers" to carry out face to face performance monitoring on site and at the offices of road authorities and utility organisations. Additionally, the recent Commissioner requirement for all utility organisations to have individual approved Reinstatement Quality Plans before being allowed to work on Scottish roads is likely to become mandatory for Road Authorities within the next 12 months.

5   Report Implications (Resource, Digital and Risk)

5.1   Resource
There are no direct financial consequences from this report but it should be noted that any reduction in resources for this activity will likely impact on performance and may ultimately lead to fines from the commissioner for non-performance.

5.2   Digital
There are no Digital Services issues associated with any aspect of this project.

5.3   Risk
This report highlights efforts to reduce the risk to council by delivering a compliant service to a high standard.

6   Ensuring Equalities (if required a separate IIA must be completed)
The proper maintenance of the road network is vital to Scotland's economic prosperity and for road users to travel safely. The subject of this report has a positive impact in the environment and as such does not affect the wellbeing of the community or have a significant detrimental impact on equality, the environment or economy.

Appendices

Appendix A – Report implications
Appendix B – Road Works Performance Report 2022-2023

APPENDIX A – Report Implications

A.1   Key Priorities within the Single Midlothian Plan

A.2   Key Drivers for Change

Key drivers addressed in this report:

☐ Holistic Working
☐ Hub and Spoke
☐ Modern
☒ Sustainable
☐ Transformational
☒ Preventative
☒ Asset-based
☒ Continuous Improvement
☐ One size fits one
☐ None of the above

A.3   Key Delivery Streams

Key delivery streams addressed in this report:
☐ One Council Working with you, for you
☒ Preventative and Sustainable
☐ Efficient and Modern
☒ Innovative and Ambitious
☐ None of the above

A.4   Delivering Best Value
The report aims to deliver best value for the Council.

A.5   Involving Communities and Other Stakeholders
MTRAP, Community Councils and stakeholder groups are made aware of the service undertakings in relation to road works on the network.

A.6   Impact on Performance and Outcomes
The performance reported demonstrates excellent level of performance and outcomes.

A.7   Adopting a Preventative Approach
The report is based on the creation of a wellbeing economy which prioritises prevention, fairness for people, the economy and the environment.

A.8   Supporting Sustainable Development
This programme seeks to mitigate the impact of road condition on wear and tear of vehicles whilst promoting active travel, utilising the infrastructure for walking and cycling.

OFFICE OF THE
SCOTTISH RO△D WORKS COMMISSIONER

ROAD WORKS PERFORMANCE REPORT

01 April 2022 to 31 March 2023

Contents

1

Authorising Context

This Report has been produced in accordance with the requirements set out in Schedule 2 of the *Transport (Scotland) Act 2005* and covers the 12 month period from April 2022 to March 2023.

Appointment

Kevin Hamilton was appointed in November 2020 as the 4th Scottish Road Works Commissioner for a period of 5 years. He brings a wealth of experience having worked in the roads sector for some 30 years.

The Scottish Road Works Commissioner's Role

The Scottish Road Works Commissioner is an independent public official, appointed by Scottish Ministers. The Office was established following enactment of the *Transport (Scotland) Act 2005*.

The Act states:

> *"[The Commissioner] will oversee improvements to the planning, co-ordination and quality of road works in Scotland."*

The general functions of the 2005 Act are to:

- monitor the carrying out of road works in Scotland
- promote compliance with the *New Roads and Street Works Act 1991*
- promote the pursuit of good practice

The specific functions of the 2005 Act are to:

- publish an annual report
- prepare an annual account
- keep a register to be known as the Scottish Road Works Register

Disclaimer

The views offered by the Commissioner within this document are his own and do not necessarily reflect the approach taken by previous Commissioners.

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1. Introduction

I am delighted to present my fourth sector monitoring report since taking up office in November 2020, covering the period 1 April 2022 to 31 March 2023.

This reporting period is the first full period since the end of restrictions due to the Covid-19 pandemic. Many changes in working practices introduced through the pandemic have continued and there has also been a continued increase in road works activity, up 6.4% overall compared to 2021/22. The continued roll-out of fibre broadband has been a major factor in this increase although there are now signs that it may have reached a peak. However, other emerging utility sectors, for example electric vehicle charging and heat networks may lead to continued high levels of works on the ground in years to come.

A key indicator of good planning and co-ordination of works is the proportion of so-called 'noticing failures'. I am concerned that utilities remain stubbornly above the target of 4%.

2022/23 saw the introduction of Reinstatement Quality Plans (RQP). It became a legal requirement for utilities to have agreed RQP's in place by 1 April 2023. By the deadline, agreed RQP's were in place covering 99% of all utility works undertaken in Scotland. My team dedicated a considerable amount of time and resource to work with utilities in order to have plans approved by the deadlines. However, despite this effort, there was a small number of utilities who either did not engage in the process or left it too late. As a result, 2 utilities had their overall rating downgraded from either well managed or satisfactory to unsatisfactory due to not having an agreed RQP in place in time.

I am very concerned that there has been a drop in the pass rate for category A sample inspections in 2022/23. This, combined with the increase in the number of reported sub-standard traffic management layouts suggests that there may have been a decline in overall safety compliance. This is a safety critical issue and the whole industry needs to work harder to improve. This will be a key focus of activity for compliance officers in 2024.

I am also concerned that roads authorities are not fully utilising the powers available to them to ensure proper co-ordination of works. In particular, there are very few

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authorities using their powers to issue undue delay directions under Section 125 of NRSWA. Also, there are several authorities who do not issue fixed penalty notices and I would encourage all authorities to make full use of the powers available to ensure that works are properly co-ordinated.

A significant amount of work was undertaken in 2022/23 to revise the Specification for the Reinstatement of Roads (SROR). The working group met fortnightly through the whole year and worked efficiently and co-operatively to achieve a revised draft. This was subsequently endorsed and approved by Ministers in June 2023. I would like to formally thank the members of the working group and my team for their considerable efforts.

Finally, I would like to thank my team and everyone in the road works community for their support and co-operation through the year.

Kevin Hamilton

Scottish Road Works Commissioner

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2.   Executive Summary

The Organisation

The only change to staffing within the reporting period was, as mentioned in last year's report, I employed a replacement Policy and Quality Manager in June 2022.

This staffing establishment remains well placed to deliver the requirements of the *Transport (Scotland) Act 2005* and to address the governance required of a public office.

Monitoring

The main sources of data available to the Scottish Road Works Commissioner's monitoring regime are:

1. performance data from a suite of indicator reports in the Scottish Road Works Register (SRWR)
2. statutory sample inspections of utility company road works by roads authorities, and
3. Periodic national coring programmes of the bound layers in utility company reinstatements.

The Scottish Road Works Register (SRWR) suite of indicators, which benchmarks roads authority and utility company road works performance across Scotland, and facilitates benchmarking against the rest of the UK, is regularly reviewed to enable organisations and the Commissioner to demonstrate continuous improvement.

My team now monitors key aspects of road works noticing activity on a monthly basis which allows early discussion with organisations before performance becomes a major issue.

The national coring programme results were delayed due to resourcing problems in one of the local areas. The results will be published in 2023/24.

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Performance Indicator Trends

The 5 year rolling period has again been utilised with a number of the graphics within appendix D, continuing to display a short gap in data associated with the onset of the pandemic in March/April 2020. As per the 2022-23 reporting year the assumed trend across the reporting period can reduce the impact of any data loss, with a true reflection of the actual operations on the ground be presented. In October 2022 the register had additional reports included, detailing the non-compliance around Roads Authority and Utility Company inspection processes. In February 2023, organisations were given 6 months to improve their individual performance.

Several areas remain in need of continuing improvement including:

- noticing failures in the utilities sector
- percentage of unplanned works registered by some utility companies
- overall performance of many smaller utility companies
- the delivery of the Roads Authorities inspection process
- utility companies sample inspection pass rates, particularly in relation to the final reinstatements
- the inconsistency of roads authorities to utilise their full range of powers including the issuing of FPNs

Despite the resourcing challenges facing the Scottish road works community, it is important that organisations fully embrace the concept of continuous performance improvement which is key to the delivery of co-ordinated road works.

Performance Reviews

Annual Road Works Performance Reviews covering the period 1 April 2021 to 31 March 2023 were issued to all Roads authorities and Utility companies operating in Scotland on the 26 May 2023.

The rating process of either Well-managed, Satisfactory or Unsatisfactory was again utilised which provides a generic listing for performance. The number of organisations delivering either a well-managed or satisfactory performance improved slightly to 44 against 42 in 2021/22. However the percentage figure for this grouping compared against all organisations slipped to 58.7% from 64.6% in 2021/22. This

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slippage can be attributed to an additional eight new or returning undertakers who were rated as unsatisfactory, of which, six were new telecoms businesses. A small number of undertakers had had their rating downgraded due to them failing to deliver an agreed reinstatement quality plan by the 1 April deadline.

Safety at Road Works

Safety at utility company road works and at roads authority works for roads purposes remained a key priority of the office.

Utility Company Reinstatements

Improving the quality of utility company reinstatements remains a high office priority. It is not acceptable that utility companies leave legacy defects for roads authorities to repair.

An indication of the quality of reinstatements is found in the results of national coring programmes which sample and test the bituminous bound layers of utility company reinstatements. Programmes are undertaken by RAUC(S) every two to three years. The current national coring programme commenced in March 2022 covering a 2% sample of utility company reinstatements undertaken between 1 January 2021 and 31 December 2021. The full report was delayed due to resource issues in one local area with the report now due to be published in 2023/24.

The sample inspection pass rates for both Category B and Category C inspections rose to an average of >93% in 2022/23. This provides reassurance that the quality of reinstatements is improving.

In addition, the results of a research study into the Service Life of Reinstatements, to be published in 2023/24 has found that quality has improved since the last similar research conducted in around 2012.

Commissioner Penalties

A £10,000 penalty was imposed on Scottish Water for systematic failures to comply with their statutory obligations when carrying out repairs to their water services in the roads.

Promotion of Compliance and Good Practice

The office continued to engage with the road works community at a national, area and local level in addition to membership of various working groups, promoting best practice, encouraging innovation and improved performance monitoring.

A well-attended webinar event on forthcoming legislative changes was held in October 2022.

The Commissioner gave presentations to various events through the year including Highways UK in Birmingham, Street works UK conference in Leicester, a learning event for Virgin Media Group and its build partners in Edinburgh and the Road Expo conference in Glasgow.

The Technical Standards Manager continued his engagement at a local level to improve compliance and communication between utility companies and roads authorities, helping to informally resolve issues before they significantly impacted road works performance.

Consultations and Research

The Commissioner continued his active engagement with various groups but in particular the Mobility Access Committee for Scotland (MACS) and the Society of Chief Officers in Transportation in Scotland (SCOTS).

The Commissioner and staff have continued to actively participate in the Scottish Road Research Board (SRRB) and the Transport Scotland Pavement Forum (TSPF).

The SRRB funded research study into the service life of reinstatements was completed within the year. The main findings were that reinstatements constructed to the specification would be expected to be serviceable after at least 6 years and that reinstatement quality had improved since the last research in 2012.

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Scottish Road Works Register

Management and operation of the SRWR continued with the support of the SRWR Steering Group, the SRWR Systems Assurance Team and the RAUC(S) Gazetteer Group.

The SRWR Manager and the Commissioner supported and attended all meetings of the SRWR steering group and the Systems Assurance Team. These forums provide community input into the development and operation of the Scottish Road Works Register.

The service suffered from some service loss during the period, with the system being unavailable for short periods in June, November, December, January and March. All the outages were resolved quickly, and none threatened to breach the Service Levels set out in the contract. Overall availability for the year was 99.77%, which is above the 98% target set out in the service contract.

3. The Organisation

The Commissioner's permanent staffing numbers remained unchanged during the reporting period with a new Policy and Quality Manager taking up post in June 2022.

Policy and Quality Manager

Key functions include keeping regulations, codes of practice and advice notes under review, promoting good practice, and media/complaint handling. The role also encompassed the review of Reinstatement Quality Plans (RQP's).

Performance Manager

This role entails the management of indicators, management of statistical information, working with the community to improve compliance and drafting performance reviews.

SRWR Manager

The key responsibility of this post is to manage the operation of the SRWR. The SRWR Manager is the primary contact with the provider of the register, currently Symology Ltd.

Technical Standards Manager

This post provides the office with engineering support. The main priority is to drive improvements in the overall quality and standard of road works through increased scrutiny of road works sites across Scotland and promoting best practice.

Business and Governance Manager

This key role deals with the general administration of the office, in house accounting, enquiries from the public, statutory returns, invoicing, budget monitoring, managing requests under FOI(S)A and EI(S)R and monitoring compliance with legislation and governance.

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4.   Monitoring

Introduction

The duties of the Commissioner include "monitoring the carrying out of works in roads in Scotland" to ensure that roads authorities and utility companies are meeting their statutory obligations.

The Commissioner has been monitoring the performance of organisations since indicators were introduced in 2009. In parallel, roads authorities and utility companies have been improving their own use of management information, available from the SRWR, to monitor their own works. Over recent years, the general trend has been towards improvement, with reduced levels of non-compliance. The provision of better technology and user friendly interfaces for accessing the SRWR, has merited greater organisation engagement, resulting in general improvements.

In May 2023 all roads authority and utility company CEOs respectively received their Annual Performance Review, in respect of performance during 2022/23. Performance reports are also available throughout the year in the SRWR for roads authorities and utility companies to interrogate, allowing individual organisations to monitor their own performance and take remedial action where necessary.

Five key questions are considered when monitoring performance:

- are roads authorities co-ordinating works on their roads?
- are utility companies co-operating with roads authorities?
- are works taking too long to complete?
- are works being carried out safely?
- are reinstatements in roads meeting the required standard?

Performance Indicators

Indicator reports are used to identify trends in the performance of roads authorities and utility companies over time. A suite of indicator reports are available directly to roads authorities and utility companies with access to the SRWR. Organisations are encouraged to regularly interrogate the SRWR to monitor their own performance and take appropriate mitigating action.

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The Commissioner indicator reports are continually reviewed and developed to ensure that they are relevant, up to date and transparent. Organisations are required to provide a written response when their performance is poor.

Quarterly performance dashboards capture key indicators and present them in a red/amber/green status report which is provided to all organisations.

Engagement and Improvement

Ongoing engagement is intended to improve performance without the need to take formal enforcement action.

A number of organisations met (virtually) with the Commissioner to discuss their performance during 2022/23. In general terms, 35% of the smaller Utility Companies including the major gas, electricity and water companies and around 82% of roads authorities, performed satisfactorily. Again, however a significant proportion of the telecommunications sector and a number of smaller (all sector) utility companies (approx. 65%), along with 18% of roads authorities, were considered as needing to give greater priority to meeting their road works statutory obligations.

Discussions in relation to performance were held with the following Roads Authorities:

- Aberdeen City Council
- Aberdeenshire Council
- Angus Council
- Argyll & Bute Council
- City of Edinburgh Council
- Comhairle nan Eilean Siar
- East Lothian Council
- Falkirk Council
- Fife Council
- Glasgow City Council
- Inverclyde Council
- North Ayrshire Council
- North Lanarkshire Council

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- Perth & Kinross Council

- Renfrewshire Council

- Scottish Borders Council

- Shetland Islands Council

- South Lanarkshire Council

- Stirling Council

- Transport Scotland (on behalf of Scottish Ministers)

- West Dunbartonshire Council

and the following utility companies:

- Axione UK Ltd

- Borderlink Broadband Ltd

- BT

- CityFibre

- Fulcrum Pipeline Ltd

- Gas Transportation Company

- Indigo Gas & Power

- InternetTY Ltd

- Last Mile Electricity Ltd

- Mua Electricty Ltd (formerly Murphy Power)

- Neos Networks

- Network Rail

- Optimal Power Networks

- Scottish Water

- SGN

- Sky UK

- SP Energy Networks

- Virgin Media Group

- Vodafone

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Key Facts 2021/22

Road Works started	150,872 (+6.4% above 2022/23 volumes)
Scotland's Road Network	57,077 km*
SRWR Users	2,300
Potential Noticing Offences	6,244
Potential FPNs Issued	43.5%
Commissioner Penalties issued	£10,000
Sample Inspection Pass Rate	92.6%

Table 1 - Key Facts 2022/23

(*Source: Scottish Transport Statistics 2022)

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5.   Trends from Indicator Reports

Roads authorities have a statutory duty to co-ordinate the execution of works of all kinds in roads for which they are responsible, whilst undertakers have a statutory duty to use their best endeavours to co-operate with the road works authority and with other undertakers.

These endeavours are both in terms of section 118(1) and section 119(1) respectively of the *New Roads and Street Works Act 1991* (NRSWA) and are to ensure that road works are carried out:

- in the interests of safety;
- to minimise inconvenience to persons using the road; and
- to protect the structure of the road and integrity of apparatus in it.

Since the transition after the pandemic restrictions, road works delivery has returned to near normal for the majority of both roads authorities and utility companies. In some cases the pandemic has meant an acceleration of works during 2021/22 to recover any of the lost ground and in the particular the Telecoms sector has driven this increase in activity. This is largely due to the roll-out of super-fast fibre broadband across Scotland.

Note: In some instances the comparison of performance continues to reference 2019/20 delivery due to the effect caused by the pandemic in 2020/21. This is referenced at the start of each relevant section.

Improvement Plans

The Commissioner Improvement Plans were first introduced in 2017/18. The following organisations met with the Commissioner and were required to develop a plan to improve their performance:

Authorities:-

No Roads Authorities were included in the process and the following utility companies were:
- Axione Uk Ltd
- Energy Asset Pipelines

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- ES Pipelines Ltd
- Fulcrum Pipelines Ltd
- Lothian Broadband
- mua Electricity Ltd
- SGN
- Virgin Media Group

Following review meetings, the following organisations were subsequently removed from the Improvement Plan process within the reporting period:

- Energy Asset Pipelines
- ES Pipelines Ltd
- Fulcrum Pipelines Ltd
- mua Electricity Ltd
- Virgin Media Group

Performance Rating

The following rating was introduced for the individual organisation Performance Reviews in 2021/22 and continues in the reporting year 2022/23, the following is a general description of performance;

Well-managed – good performance across all indicators with minor non-compliance associated with one metric,

Satisfactory – between 1 and 3 non-compliant metrics with either near or slightly out with the respective targets, and

Unsatisfactory – more than 3 non-compliant metrics and/or 1 metric delivering consistently poor performance across 2 quarters or more.

Performance rating of Roads Authorities and Utility Companies – see Table 7.

The following summarises and highlights the notable performances and failings of individual organisations for each of the individual indicators:

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Noticing Failures

It is expected that all roads authorities and utility companies achieve a failure rate of 4% or less, as noticing of road works is largely an administrative function.

Roads Authorities

The noticing failure percentage for Roads Authorities (including all Transport Scotland (TS) operators) continued to reduce, recording an average figure of 3.04% (3.33% in 2021/22). In particular:- East Dunbartonshire Council; Highland Council; Midlothian Council; Renfrewshire Council; South Lanarkshire Council; TS operators (A90 AWPR DBFO; M80 DBFO; NW Unit; SE Unit & SW Unit) all achieved a rate of less than 2.0%.

Unacceptable performance was delivered by:- Aberdeenshire Council; Angus Council; City of Edinburgh Council; Clackmannanshire Council; Moray Council; Orkney Islands Council; Shetland Islands Council; Tay Road Bridge Board and Transport Scotland – M77 DBFO, all having a rate, greater than 7.0%.

Utility Companies

In 2022/23, the rate of utility company noticing failures reduced to 5.6% (6.5% in 2021/22). This still remains above the target of 4% and the delivered decrease in failures is welcomed.

The following organisations had noticing failure rates of greater than 10%:- Arqiva; Broadway Partners Ltd; Converged Communications Solutions Ltd; ESP Electricity; Energy Assets Network; Fulcrum Pipelines Ltd; Hutchison 3G; Hyperoptic Ltd; InternetTY Ltd; Lothian Broadband; Last Mile Electricity Ltd; Last Mile Gas Ltd; National Gas; Optimal Power Networks Ltd; Persimmons Homes Ltd; Royal Mail; Vodafone Ltd and Zayo. It should be noted that high % failures in some cases are against low work volumes.

Good performance was delivered by:- GTC Pipelines Ltd; Lumen Technologies UK Ltd; mua Gas Ltd; Neos Networks; Sky UK and Verizon who had rates of less than 2.0%.

Full details for Roads Authorities and Utility Companies see Figure 7.

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Actual starts (road works commenced)

Roads Authorities increased their noticing volumes by 8.3% to 38,837 (35,869 in 21/22). Significant increase in work volumes were delivered by:- Dumfries & Galloway Council; East Ayrshire Council; Fife Council; Highland Council; North Ayrshire Council and Transport Scotland M80 DBFO and SW OC Unit. Utility Companies also delivered an increase in work volumes, however the Telecoms sector was wholly responsible for the 5.8% increase with 67,618 works delivered in comparison to 59,618 in 2021/22. This continues the 28% Telecom increase on 2020/21 levels, all associated with the roll-out of superfast broadband.

Full details for Roads Authorities and Utility Companies see Figure 8.

Early and late starts as a percentage of actual starts

Roads authorities continued the downward trend for early starts from a Q1 figure of 9.7% they delivered an end of year figure of 5.2%. The Utility Companies also delivered an improving performance during the year, before rising sharply to finish at 7.8% (7.26% in 2021/22).

For full details of early starts see Figure 9.

Late starts delivered by the Roads Authorities continued to be erratic, similar to the previous 2 years with significant levels of non-compliance during Q1 and Q2 (peaking at 1.3%) before reducing to a year end figure of 0.6%.

Utility Companies again continue to deliver a very good performance with an average throughout the reporting year of 0.5%.

For full details of late starts see Figure 10

Unplanned works as a percentage of actual starts

Roads Authorities continue to deliver a consistent level of unplanned works with an slight increase in the average to 2.7% (2.5% in 2021/22), against a target of 4%.

The large-scale utility companies delivering emergency response continue to undertake high percentages of unplanned works with Scottish Hydro Electric Power Distribution plc (44.1%); Scottish Water (54.6%); SGN (44.9%) and SP Energy

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Networks (43.1%) all delivering above target performance. Weather factors have been cited as the main reason for increases in unplanned works and whilst the commissioner is content that this category is not being systematically abused, he is concerned that the increases are making co-ordination difficult. He is therefore encouraging utilities to aim to reduce their use of unplanned works.

For full details of unplanned works for Roads Authorities and Utility Companies see Figure 11.

Works extensions as a percentage of actual starts

Both Roads Authorities (6.75%) and Utility Companies (9.21%) delivered a compliant performance against a target of <15%, with a small decrease in performance by the Utility Companies from 7.9% in 2021/22. The following individual organisations delivered a performance in excess of 20%:- Energy Assets Pipelines; Indigo Pipelines; Last Mile Gas Ltd and SP Energy Networks.

For full details of works extensions for Roads Authorities and Utility Companies see Figure 12.

Overrunning Works as a percentage of actual starts (Major, Minor & Standard Works)

Roads Authorities in general delivered a near compliant performance across all organisations at around 0.3%. The utility companies delivered a performance around 2.7%, a figure similar to the 2021/22 performance. Organisations delivering a non-compliant performance, in excess of 5% against a target of 0% were:- Lothian Broadband (9.3%); National Gas (7.1%); SGN (6.5%) and SP Energy Networks (6.2%).

For full details of overrunning works for Roads Authorities and Utility Companies see Figure 13.

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Works awaiting closure and/or registration of final site reinstatement details

The Roads Authorities continue to deliver good compliance with 2022/23 levels similar to 2020/21 levels with just 20 notices awaiting closure. The Utility companies have delivered a significant improvement from 142 in 2021/22 to a low of 52 notices. It should be noted that the fall in Q4 from 142 was welcomed, however consistency across the reporting year is to be encouraged.

For full details of works awaiting closure for Roads Authorities and Utility Companies see Figure 14.

The number of utility notices awaiting final site registration details has again improved since the year end figure in 2021/22 of 292 to 199 at March 2023.

For full details of Utility works awaiting registration of final site details see Figure 15.

Utility company interim reinstatements

The number of interim, reinstatements being utilised continues to show significant improvement fall with 1045 being installed during the final quarter of the year (1938 in 2021/22). This highlights a decrease in the disruption caused by road works with organisations requiring to return to sites to bring running surfaces to required specification.

The average number of interim reinstatements overdue due to be made permanent over the year increased to 607 (455 in 2021/22).

There was a further increase in the number of reinstatements failing to be made permanent within 6 months at the end of the reporting period 655 (512 in 2021/22). Axione UK Ltd; CityFibre; Scottish Hydro Electric Power Distribution plc and Virgin Media Group delivered improved numbers, whilst BT, Hyperoptic Ltd, Last Mile Electricity Ltd and SP Energy Networks contributed to the above overall increase. The reasoning for the increase in failures could be referenced to the increase in work volumes.

For full details of Utility company interim reinstatements both compliant and failing the 6 month timescale see Figure 16.

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Sample Inspections undertaken by roads authorities

A minor increase in completion results was delivered by the Roads Authorities with an average of 94.6% (94.4% in 2021/22). These inspections provide the Commissioner with reliable information on how effectively the utility companies are delivering their works and the quality of their reinstatements. Seventeen authorities:- Aberdeen City Council; Aberdeenshire Council; Argyll & Bute Council; Clackmannanshire Council; Dundee City Council; East Dunbartonshire Council; East Lothian Council, Falkirk Council; Glasgow City Council; Inverclyde Council; Midlothian Council; Moray Council; North Ayrshire Council; North Lanarkshire Council; Perth & Kinross Council; Shetland Islands Council and South Lanarkshire Council all delivered a better than 95% compliance. Three Roads Authorities failed to deliver a 75% compliance – Angus Council (74.9%); Highland Council (69.0%) and Transport Scotland (71.5%).

For full details of sample inspections undertaken by roads authorities see Figure 17.

Sample inspections utility company pass rate

The overall average pass rate for sample inspections was 92.6% (92.4% in 2021/22). However, a significant number of individual organisations failed to achieve the required 90% pass rate within the three sample inspection categories.

The overall pass rate for Category A inspections, which are undertaken whilst the works are in progress, dipped slightly to 90.8% (92.2% in 2021/22). These inspections focus on the safety aspects of ongoing works and this decline in performance requires to be addressed.

The pass rates for Category B and Category C inspections both improved with Category B inspections rising from 91.4% in 2021/22 to 93.2% and are undertaken at the completion of the works. Similarly the pass rate for Category C inspections, which are undertaken at the end of the guarantee period, again rose from 93.1% in 2020/21 to 93.6%. This gives confidence that the quality of the reinstatement is improving.

The inspection category sample numbers undertaken all increased in excess of 12% on the 2021/22 totals, aligning with the increase in work volumes.

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There were ten utility companies which failed to achieve the 90% pass rate for Category A inspections. They were: Axione UK Ltd; Borderlink Broadband Ltd; CityFibre; Energy Assets Pipelines; GTC Pipelines Ltd; Hyperoptic Ltd; Last Mile Electricity; Netomnia Ltd; SP Energy Networks and Virgin Media Group.

For full details of category A sample inspections pass rates see Figure 18.

There were 12 utilities which failed to achieve the 90% pass rate for Category B inspections. They were: Broadway Partners Ltd; CityFibre; Energy Asset Networks; Energy Assets Pipelines; EE; Fulcrum Pipelines Ltd; GTC Pipelines Ltd; Hyperoptic Ltd; Last Mile Electricity Ltd; mua Electricity Ltd; Telefonica UK and Vodafone Ltd.

For full details of category B sample inspections pass rates see Figure 19.

There were 11 utilities which failed to achieve the 90% pass rate for Category C inspections. They were:- Arqiva; Axione UK Ltd; Broadway Partners Ltd; CityFibre; Energy Assets Pipelines; Fulcrum Pipelines Ltd; Last Mile Electricity Ltd; Lothian Broadband; Sky UK; Telefonica UK and Vodafone Ltd.

For full details of category C sample inspections pass rates see Figure 20.

Substandard traffic management from inspection results

Failure levels for this indicator for the Utility Companies identified a 20% rise above the previous year results with 1361 incidences of non-compliance against 1072 failures in 2021/22, The increased work volumes could again be a factor, however with a target of 0%, of particular concern are:- Axione Uk Ltd (2.2%); CityFibre (2.2%); Energy Assets Pipelines (4.0%); ESP Electricity (7.1%); Last Mile Electricity Ltd (4.7%); Lothian Broadband (17.8%) and SP Energy Networks (2.9%). These failures account for 41.7% of all the substandard traffic management failures identified during the reporting year.

For full details of sub-standard traffic management from inspection results see Figure 21.

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Works registered with missing contact details

Failure levels for this indicator for the Roads Authorities delivered a nearly 50% improvement in non-compliance with 44 incidences compared to the 83 incidences in 2021/22. This improvement is welcomed. The Utility Companies also delivered an improvement of nearly 35% (1009 year total against 1365 in 2021/22) although it must be noted that the average yearly totals for the previous 2 reporting years was 370.

With a target of 'zero', the following organisation:- Axione UK Ltd (23); Broadway Partners Ltd (12); BT (673); SGN (77) and Vodafone Ltd (11) delivered significant levels of non-compliance against their respective work volumes,

For full details of Roads Authorities and Utility Company works registered with missing contact details see Figure 22.

Misuse of traffic management type "not yet known"

Roads Authorities achieved a failure rate of less than 0.14% overall. With a target of 'zero' failures, combined, both Aberdeen City Council and Argyll & Bute Council were responsible for 40% of the 55 yearly total failures. These inconsistencies have since been investigated and subsequently resolved.

The Utility Companies delivered a very similar performance with the same average failure rate of 0.1%. Similar to the Roads Authority, 2 organisations namely Scottish Hydro Electric Power Distribution plc and SP Energy Networks were responsible for 44% (31 out of 70) of the yearly failures.

In general the incidences of non-compliance continue to decrease across the whole community.

For full details of Roads Authorities and Utility Company works registered with traffic management "not yet known" details see Figure 23.

Fixed Penalty Notices (FPNs) issued to utility companies (Comparison based on 2019/20 performance)

Fixed Penalty Notices (FPNs) were issued by 20 of the 33 roads authorities in 2022/23, any increase of 2 above the previous reporting year. Whilst the issuing of

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FPNs is discretionary, the improving trend is to be encouraged as it indicates that authorities are undertaking robust management of road works activity and utilising the full range of powers available to them.

The following road authorities failed to issue FPNs at any time during the last five years:- Angus Council; Comhairle nan Eilean Siar; Dumfries & Galloway Council; Dundee City Council; Falkirk Council; Moray Council; Perth & Kinross Council and Shetland Islands Council; and the Commissioner would like to see more authorities utilising these powers in a more consistent way across Scotland.

The number of FPNs issued to utility companies was 2,717 out of a potential 6,244 (43%), a reduction on the 2021/22 reporting year.

For full details of actual and potential fixed penalty notices issued to Utility Companies see Figure 24.

Roads authorities collected at least £217,360 from the issue of FPNs, a significant reduction of nearly 10% on the 2021/22 figure.

For full details of fixed penalty notices issued by roads authorities see Figure 25.

Approximate amounts collected through the issue of FPNs over the last 5 years are:

Year	Amount
2018/19	£229,200
2019/20	£162,960
2020/21	£137,600
2021/22	£240,080
2022/23	£217,360

Table 2 – Fixed penalty notice fines collected 2018 to 2022

Undue delay (S125) notices issued by roads authorities and received by utility companies

The overall use of section 125 undue delay directions delivered a significant increase (290%) for 2022/23, 394 notices compared to 101 in 2021/22. East Lothian Council

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and Midlothian Council combined issued 273 of the total 394 directions and are to be acknowledged for their diligence in managing the delays by Utility Companies. In 2022/23, 17 Roads Authorities issued S125 directions, an increase of 2 on the previous reporting year.

For full details of undue delay (S125) notices issued by roads authorities see Figure 26.

Roads authority works registered per 100km

This indicator scrutinises the number of road works registered on the SRWR by council roads authorities, Transport Scotland trunk road operating companies and Transport Scotland trunk road DBFO companies across Scotland.

Road works are influenced by many factors such as geographic location, political priorities, population, weather, available resources (numbers of operatives), structural and routine budgets, road network lengths, etc. For example, islands and rural authorities register fewer road works than urban authorities. Consequently, for reporting purposes, authorities are grouped with peer organisations and any view on their performance is relative.

Group	Range
Island	11 to 25 works registered per 100km (3 authorities)
Rural	17 to 45 works registered per 100km (8 authorities)
Semi Urban	27 to 108 works registered per 100km (9 authorities)
Urban	44 to 147 works registered per 100km (8 authorities)
City	38 to 106 works registered per 100km (4 authorities)
TS OC	175 to 1,152 works registered per 100km (4 companies)
TS DBFO	131 to 1,006 works registered per 100km (5 companies)

Table 3 – Roads Authority works/100km

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There is a wide range of variation across a number of the SCOTS family groups which continues to indicate an inconsistency in how roads authorities notify their works in the SRWR. The majority of family groups appear to be delivering a mean result weighted slightly towards the lower part of the range which provides some confidence that delivery practices for works are now comparable across the authorities.

The trunk road network managed by the Transport Scotland operating companies have increased their noticing volumes considerably with a mean increase to 423 works per 100km against a figure of 345 works per 100km in 2021/22. SW OC has delivered a near 56% increase on 2021/22 performance.

For full details of the range of works per 100km for authorities in each SCOTS group see Figure 27.

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6.   Quality of Utility Company Reinstatements

Utility company reinstatements are required to be undertaken in accordance with the *Specification for the Reinstatement of Openings in Roads* (SROR).

Since 1997, roads authorities across Scotland have undertaken coring of the bituminous bound layers of utility company reinstatements as part of their investigative regime.

In September 2011, RAUC(S) agreed that a minimum acceptable pass rate of 90% should be introduced for all future National Coring Programmes.

A Commissioner Direction was issued to all organisations on 23 January 2012 requiring all utility companies to achieve a pass rate of 90% during all future National Coring Programmes, so far as reasonably practical.

The most recent National Coring Programme sampled and tested reinstatements completed between 1 April 2018 and 31 March 2019. The associated coring report was published in June 2020.

A full copy of the report can be downloaded here:

National Coring Report 2019-2020 Programme

National Coring Programme 2021 - 22

In 2020 RAUC(S) agreed that a further coring programme would be undertaken. Advice Note 3 was updated in advance of the national coring programme planned for 2022 and the process agreed by RAUC(S).

The current national coring programme commenced in March 2022 covering a 2% sample of utility company reinstatements undertaken between 1 January 2021 and 31 December 2021. The full report was due to be published in March 2023 upon approval by RAUC(S).

However due to resourcing issues in one local area, the results were delayed with an interim report being considered by RAUC(S) in June 2023 and publication of final results due later in the year.

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Review of Specification for reinstatement of openings in Roads (SROR)

The SROR working group met throughout 2022/23 and finalised the revised specification in early 2023. The document was subsequently approved by RAUC(S), the Commissioner and the Scottish Ministers and has been published on the Commissioner's website as the SROR Fifth Edition with an in-force date of 1 October 2023. The key change is the introduction of a 6-year guarantee for most reinstatements.

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7.   Commissioner Penalties

Section 119A of NRSWA, as amended by the *Transport (Scotland) Act 2005*, provides powers to the Commissioner to impose penalties.

Where the Commissioner is satisfied that a roads authority has failed to comply with duties imposed on them under section 118 of NRWSA, or a utility company has failed to comply with duties imposed on them under section 119 of NRSWA, the Commissioner may impose a financial penalty.

Penalties issued during the reporting period

A Commissioner penalty of £10,000 was issued to Scottish Water for systematic failure to comply with their statutory duties under section 119 of NRSWA, during the reporting period.

In the latest five year period, the Scottish Road works Commissioner has issued the following penalties due to individual organisations failing to carry out their duties:

Year	Amount
2018	£89,000
2019	£nil
2020	£122,000
2021	£nil
2022	£10,000

Table 4 – Commissioner Penalties issued since 2018

Since the office was established in 2008, the Commissioner has issued penalties to utility companies and roads authorities totalling £548,000 for failures to comply with their statutory obligations.

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8.   Promotion of Compliance and Good Practice

The promotion of compliance and good practice is key to driving up standards across the road works community.

The committee and working group structure is long established in Scotland and is central to good practice across all road works undertaken.

Organisational Structure

Roads authorities convene a minimum of 4 local co-ordination meetings which utility companies and other interested parties attend. These local meetings inform area meetings, each of which is represented at RAUC(S). The structure of the area meetings was revised in 2022/23 with 4 areas meeting at 4 monthly intervals a year going forward
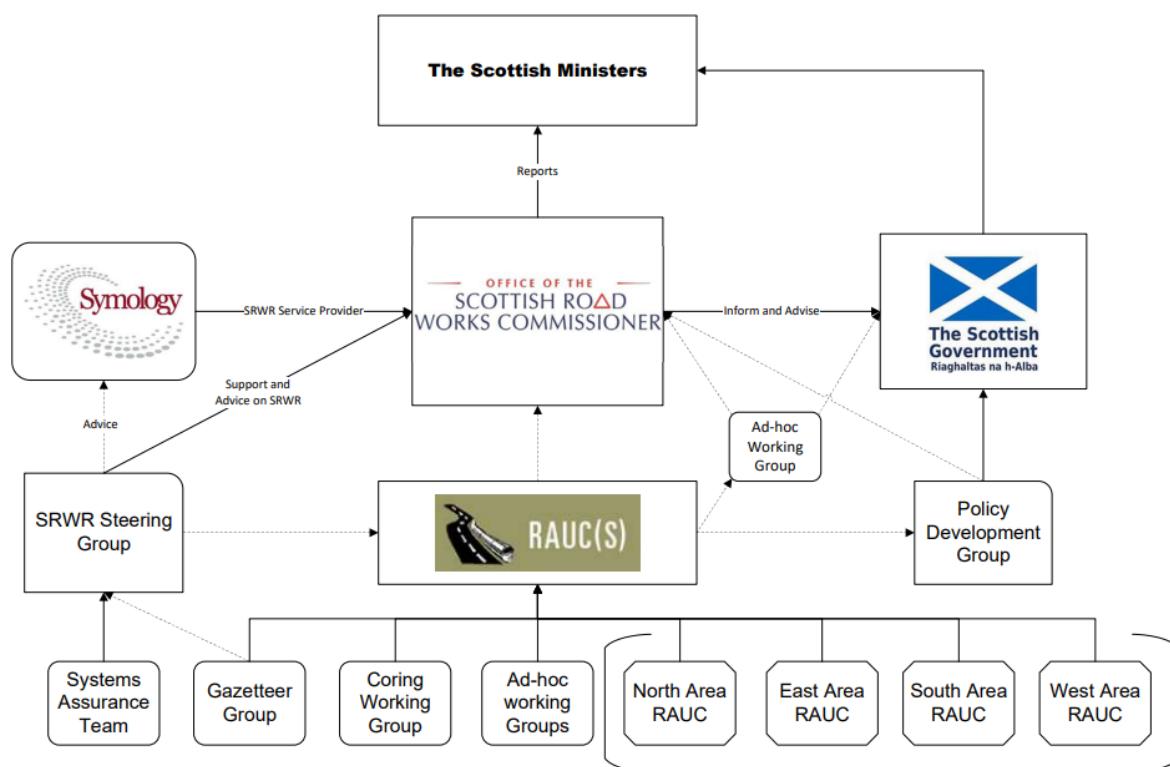
Figure 1 – Scottish road works community structure

The Commissioner has the overarching objective of improving the planning, co-ordination and quality of road works in Scotland.

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RAUC(S) consists of representatives from both sectors of the road works community and provides support and advice to the Commissioner.

In addition to the RAUC(S) committee hierarchy, the road works community is represented on a wide range of working groups in Scotland and across the UK. These working groups inform the development of advice on:

- Legislation
- Codes of Practice
- Advice Notes
- Management and development of the SRWR

Working groups generally report directly to RAUC(S) or, where there are legislative or policy implications, to the Scottish Road Works Policy Development Group (PDG) which is chaired by the Scottish Government.

Publication of Codes of Practice and Advice

The continued participation of roads authorities and utility companies in the development of guidance ensures that legislation, codes of practice and advice notes are fit for purpose. The Commissioner appreciates the resourcing challenges facing both the public and the private sectors, and continues to encourage organisations to maintain their support and participation in this vital area of work.

The Commissioner would like to take this opportunity to thank those members of the Scottish road works community and their employing organisations for their continued participation and contribution.

A review of the currency and suitability of codes of practice, advice notes and guidance was undertaken in summer 2022. This resulted in a number of small amendments to existing advice notes, a number of advice notes being withdrawn and a series of recommendations to RAUC(S) to review codes of practice and advice notes. It is intended that a similar exercise will be undertaken annually and reported to RAUC(S) in the October cycle each year.

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The following codes and advice note documents were revised in the reporting period:

- Advice Note 21 – Apparatus at Shallow Depth – updated September 2022
- Advice Note 22 - The Use of S109 of the New Road and Street Works Act 1991. Replacing S61 of the Roads (Scotland) Act 1984 – updated October 2022
- Advice Note 24 - Material and Trial Registers – updated September 2022
- Advice Note 26 - Traffic Management in Roads in Advance of Activity Commencing - Rescinded October 2022
- Code of Practice for the Co-Ordination of Works – Two advice notes issued (advice Note 30 – May 2022 and Advice Note 31 – February 2023)

Links to this and other publications can be found at the Legislation & Guidance section of the Commissioner's website.

The development of legislation and guidance is an ongoing process and updates will be included in future reports.

Appendix C lists committees and working groups which met during the period of this report. The Commissioner was represented at all meetings.

Technical Standards Monitoring Programme

There has been no physical monitoring during the reporting period due to reassignment of the Technical Standards Manager to supporting the review of the SROR and the National Coring Programme.

Training and Accreditation Group (TAG)

Section 126 of NRSWA 1991 introduced a requirement for supervisors and operatives to be qualified as prescribed in regulations. In parallel, the first edition of *Safety at Street Works and Road Works: A Code of Practice* ("the Red Book") was introduced in 1992.

TAG was established in 2017 to review the qualifications of supervisors and operatives and to develop question banks for use by accredited training providers.

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The group is co-chaired by a highway authority and a utility company. It consists of representatives from DfT, Commissioner, Scottish Government, Welsh Government, Northern Ireland RAUC, utility companies, highway authorities and awarding organisations. The Street Works Qualification Register (SWQR) is also represented. There has been no invitation sent to the Commissioner's representatives since the last meeting held in June 2022. As a result, the Commissioner wrote to HAUC(UK) expressing concerns and to request that TAG was reconstituted to include Scottish representation.

Safety at Street Works and Road Works: A Code of Practice (2013) – (Safety Code)

Whilst, the safety code has been updated several times, most recently in 2013, the associated formal classroom training has remained largely undeveloped. The safety code now applies to roads authorities as well as utility companies working on Scotland's roads. A review of the safety code has commenced with representation from all the devolved nations split into various groups to work on separate sections of the code. Initial meetings of groups started in May 2023. It is anticipated that a revised code will be completed in 2025.

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9.   Consultations and Research

The Commissioner supports and encourages consultations, research and the promotion of good practice.

This section summarises the involvement of the office during 2022/23.

Scottish Road Research Board (SRRB)

SRRB is a partnership between Transport Scotland, SCOTS and the Commissioner.

SRRB commissions research and development to inform improvements in safety, construction, operation and maintenance of the Scottish road network. Objectives include promoting innovation and best practice across roads authorities.

The research programme is jointly funded by Transport Scotland and SCOTS.

The Commissioner submitted a proposal to the SRRB in July 2021 for a project to examine the service life of utility reinstatements and develop a simple set of criteria for assessing reinstatements at the end of a 6-year period. The proposal was approved by the SRRB and undertaken through 2022/23. The results were signed off by the SRRB in early 2023 with publication due sometime in 2023/24. The key results showed that reinstatement quality had improved since the last research in 2012 and that reinstatements constructed in accordance with the specification could be expected to remain serviceable at 6 years old and beyond.

Transport Scotland Pavement Forum (TSPF)

The TSPF was established to promote and develop best practice in the selection and use of paving materials, specifically for use on the Scottish trunk road network. The remit was broadened in 2010 to cover all aspects of road pavement design, construction and maintenance, selection of material types and drainage across both trunk and local road networks.

The Commissioner has continued to have representation on this group through the reporting period.

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Mobility and Access Committee Scotland (MACS)

The Mobility and Access Committee for Scotland (MACS) was established in 2002 and is an advisory non departmental public body which is constituted to:

- consider matters about the needs of disabled persons in connection with transport that the committee think are appropriate.
- advise the Scottish Ministers about those matters that the committee think are appropriate.

The Commissioner continued to engage with MACS through the reporting period.

Society of Chief Officers of Transportation in Scotland (SCOTS)

The Society of Chief Officers of Transportation in Scotland (SCOTS) was founded in 1996 following a change in local government. It is a strategic body comprising of transportation professionals from all the 32 councils and the seven regional transport partnerships. The society's work involves improving performance and innovation in the design, delivery and maintenance of transportation systems.

The Commissioner is keen to promote best practice amongst roads authorities and is now a regular participant in the SCOTS Liaison Committee.

10. Scottish Road Works Register

Under section 112 of NRSWA, the Commissioner has a statutory duty to keep a register of road works. This register is known as the Scottish Road Works Register (SRWR).

The Scottish Road Works Register

The SRWR is a cloud based register used for the transfer, retention and management of data used for the planning of road works across Scotland. Utility companies and roads authorities operating in Scotland have access to the SRWR and are required to give notice of their proposed road works to others who undertake road works allowing roads authorities to co-ordinate these works. It includes a public facing website to inform the travelling public and others affected by works of potential disruptions. It is funded by the user community through a levy of Prescribed Fees and Amounts which are collected annually by the Commissioner.

In summary, the SRWR is the main tool used by roads authorities and utility companies to:

- share information on road works
- assist in the planning and co-ordination of works in roads and
- share the results of inspections carried out for compliance with safety and reinstatement standards
- a source of data for management information to measure the performance of organisations undertaking works in roads and
- a source of information for the public and other interested parties regarding planned, on-going and completed works

There were several short outages to the SRWR service during the 2022/23 reporting period. None breached the service level agreement levels and overall the service was available for 99.79% of the contracted up-time.

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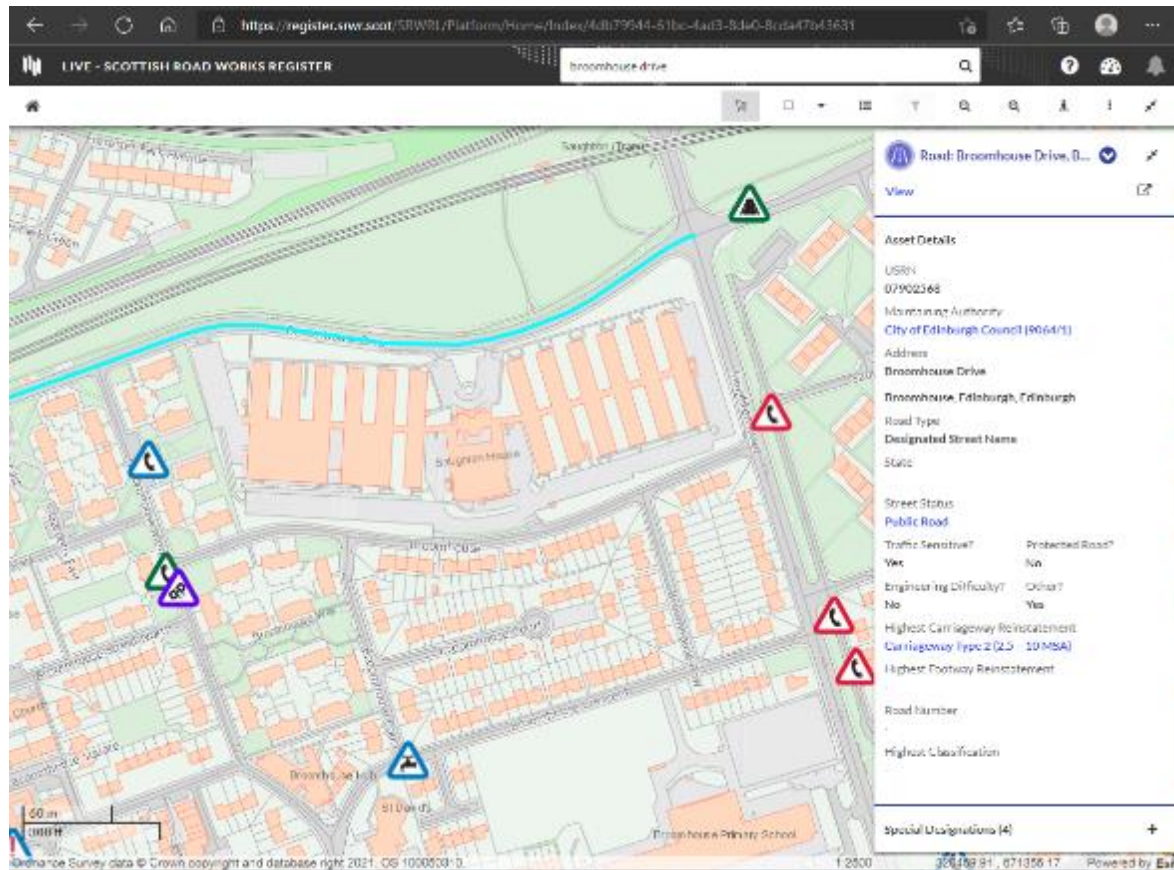
Figure 2 – Screenshot of the Scottish Road Works Register.

The average number of named users of the SRWR over 2022/23 was 2,298.
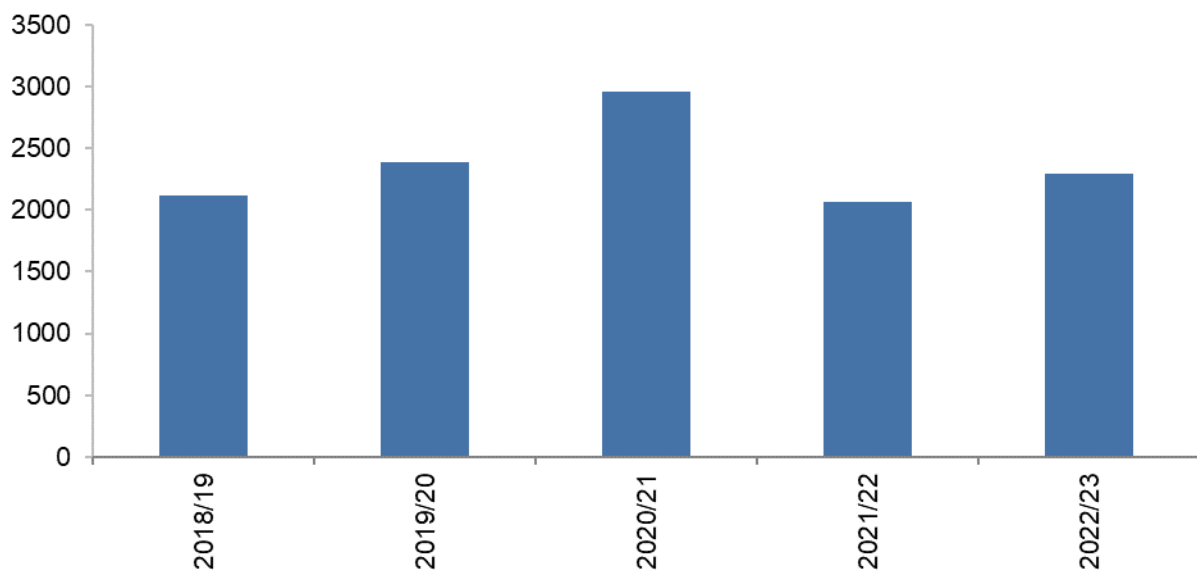
Figure 3 – Number of Named SRWR Users by Year.

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Period	Users
2018/19	2,117
2019/20	2,387
2020/21	2,960
2021/22	2,065
2022/23	2,298

Table 5 – Number of Named SRWR Users by Year.

The contracted maximum number of concurrent users (those logged into the SRWR at any one time) during 2022/23 was 252.

This reporting period was the fifth year of the contract for the provision of the SRWR on behalf of the Commissioner. The contract has a minimum duration of 4 years with the option to extend for an additional 3 years, in 1 year increments.
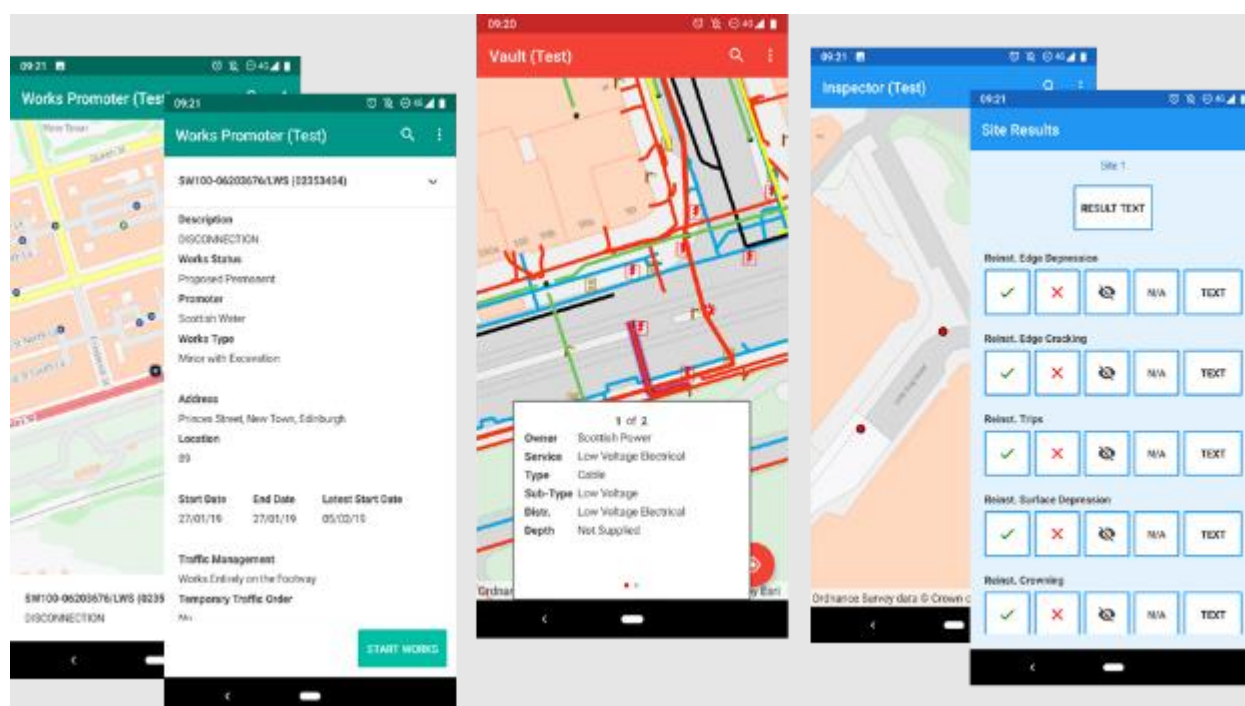
Figure 4 – Screenshots of the three SRWR Apps available.

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Also included in the SRWR service are:

Scottish Road Works Online

A cut down version of the SRWR is available on the internet for the travelling public to access information on road works, showing planned and current road works. The site is compatible with a variety of platforms including desktop, tablet and mobile phones.

Scottish Road Works Online can be found here:

Scottish Road Works Online
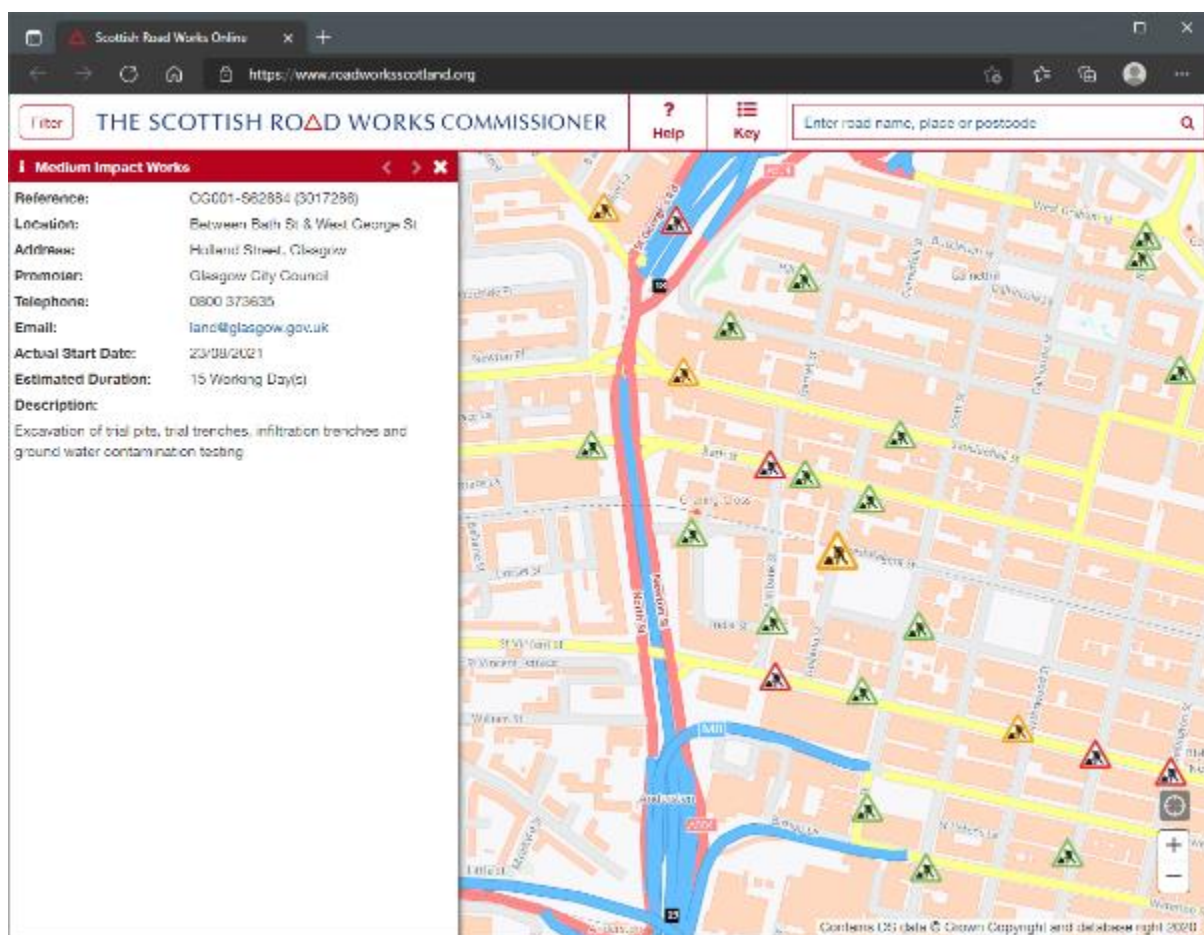
Figure 5 – Screenshot from Scottish Road Works Online

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Dial Before You Dig

Whilst the SRWR allows utility companies and roads authorities to exchange details of their apparatus, third parties (those not classed as undertakers or roads authorities) can request information using the Dial Before You Dig Plant Information request facility. This protects operatives carrying out works from harm and protects assets from accidental damage caused by works.

Calls placed to the Dial Before You Dig service are handled by the service provider, Symology Ltd, as part of their contractual obligations for the provision of the SRWR. The provider uses the SRWR to pass details of the request to utility companies and roads authorities, who may have apparatus in the affected area. On receipt of a request utility companies and roads authorities are expected to respond with details of affected assets.

On average 114 requests/month were received during 2022/23.
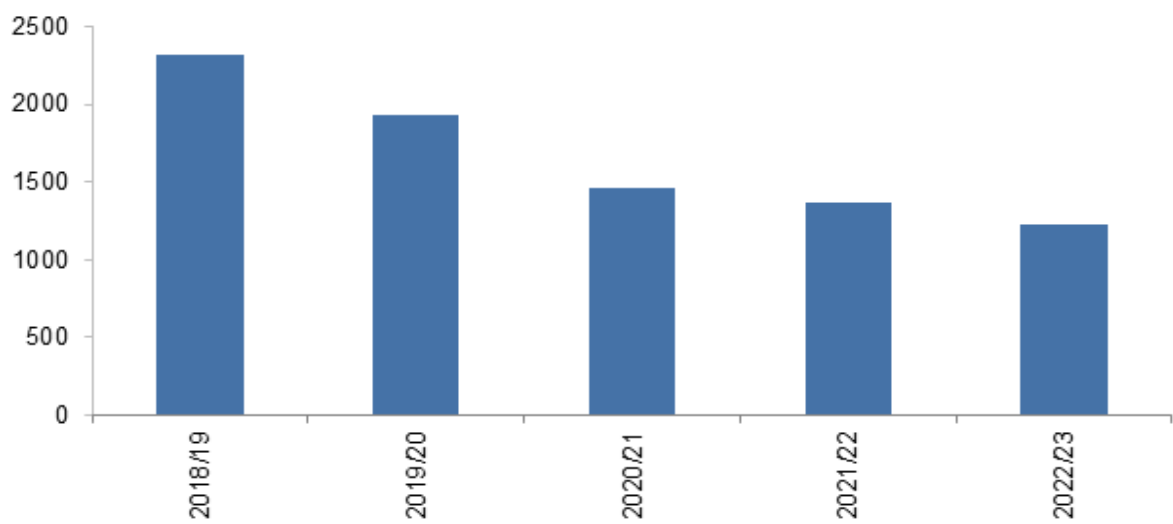
Figure 6 – Number of Dial Before You Dig requests processed

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Year	Requests
2018/19	2,317
2019/20	1,935
2020/21	1,468
2021/22	1,374
2022/23	1,228

Table 6 – Number of Dial Before You Dig requests processed

Further information on this service can be found at:

http://dialbeforeyoudig.scot or by calling 08000 231 251

Community Apparatus Data Vault

RAUC(S) Advice Note 1 – The Sharing of Plant Information requires that records relating to apparatus/plant are made freely available for inspection by any roads authority or utility company. This information is provided using websites showing maps, CDs containing the data, maps by email or printed paper plans sent by post.

The Community Apparatus Data Vault (Vault) is a non-statutory addition to the SRWR introduced in 2011. It is one of the easiest ways available to an organisation to comply with its statutory obligation to share information. Vault displays information from all participating organisations simultaneously on one screen.

SRWR System Training

The training in the use of the SRWR is now provided in a suite of 12 e-learning modules, which can be tailored to the users expected usage of the SRWR. Over the period 1,416 modules were completed by users.

SRWR Open Data

As part of the new contract for the supply of the SRWR, it is a requirement that road works data recorded on SRWR is made available to download as Open Data. Every

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transaction relating to works is available for download in a set of CSV (Comma Separated Value) files.

Further information can be found here:

[Scottish Road Works Register Open Data](#)

SRWR Steering Group and the System Assurance Team

To ensure that SRWR services are fit for purpose, representatives of the SRWR user community meet regularly as members of the SRWR Steering Group and the System Assurance Team. These meetings are attended by representatives of the software contractor.

This engagement helps ensure that the SRWR continues to serve the needs of roads authorities and utility companies. These groups support both the Commissioner and RAUC(S).

Financing of the Scottish Road Works Register

Provision of the SRWR is funded by the user community through a statutory Prescribed Fees and Amounts levy which is collected annually by the Commissioner.

The Parliamentary Regulations supporting the collection of "Fees and Amounts" required for the 2022/23 financial year were:

- *The Scottish Road Works Register (Prescribed Fees and Amounts) Regulations 2008* which came into force on 29 February 2008. Whilst the "Fees" element of this legislation has been superseded, the "Amounts" element remains in force.
- *The Scottish Road Works Register (Prescribed Fees) Regulations 2021* which came into force on 1 April 2020 prescribes the fee to be collected for 2022/23.

The 2022/23 prescribed fees and amounts collected for the running of the SRWR totalled £882,933. Invoices for the operation of the SRWR were issued to the community on 1 April 2022. Of the 93 invoices issued, 67 were paid before the due date of 1 June 2022. The remaining 26 were all paid by 9 October 2022.

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The Scottish Road Works Register (Prescribed Fees) Amendment Regulations 2022 were laid before the Scottish Parliament on 19 January 2022. In conjunction with *The Scottish Road Works Register (Prescribed Fees and Amounts) Regulations 2008,* these regulations prescribe the £882,933 required to operate the SRWR in 2022/23 and £950,387 required to operate the SRWR in 2023/24. During 2022/23 150,872 works were started, meaning an average cost of around £5.85 for each works started.

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11.   Legislation

The legal framework for road works in Scotland are the *New Roads and Street Works Act 1991* (as amended by the *Transport (Scotland) Act 2005*) and the associated secondary legislation, codes of practice and advice notes. In 2019 this was supplemented by the *Transport (Scotland) Act 2019*. Part 9 of the 2019 Act makes provisions to enhance the role of the Commissioner and to improve the regulation of road works in Scotland.

The *Transport (Scotland) Act 2019* received royal ascent in November 2019, and whilst there was a delay due to the Covid pandemic, several provisions contained in Part 9 have been commenced. The remaining provisions are due to be commenced during 2023/24.

Reviewing legislation is an ongoing process which most public sector agencies undertake at some time. Reviews can be driven by sector developments, changes in technology/materials, changes in processes or be policy driven and should benefit stakeholders and the public. Consultation is an essential part of any review and a key part of developing legislation.

Links to this legislation and other publications can be found at the Legislation & Guidance section of the Commissioner's website.

Specification for the Reinstatement of Openings in Roads (SROR)

Work to develop the Fifth Edition of the SROR has been ongoing throughout 2022/23. This has been a collaborative effort from a working group comprising representatives of roads authorities and utilities, with support from the Commissioner's staff. This was granted ministerial approval on 25 May 2023 and will come into operation on 1 October 2023.

Policy Development Group (PDG)

The road works PDG meets quarterly and is chaired by the Scottish Government. Membership includes representatives from the Commissioner, RAUC(S), SCOTS, Street Works UK and the SRWR Steering Group. The group considers amendments

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to road works policy and provides advice on legislation, codes of practice and advice notes.

Regulations

The Transport (Scotland) Act 2019 (Commencement No. 6) Regulations 2022, came into force on 28 November 2022 and introduced: requirements for qualified operatives and supervisors; changes to the noticing requirements for actual works commencement and works completion notices; the legislative requirement for reinstatement quality plans; and some minor amendments and repeals.

Legislation and Future Legislation

The Commissioner will continue to work closely with Scottish Government with this development and any future legislation.

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12. Annual Report and Accounts

Audit Scotland undertook an external audit of the 2022/23 Commissioner Annual Report and Accounts during the summer of 2023.

The Annual Report and Accounts for 2022/23 will be published by 31 December 2023 and be available to download here:

Scottish Road Works Commissioner's Annual Accounts

13.   Reflection and Forward Planning

Reflection

The number of road works registered continued to increase in 2022/23 compared to the previous year. Most of this increase was in the telecoms sector and appears to be associated with the continuing expansion of fibre broadband. However, the increase was significantly lower than in 2021/22 and this might indicate that the peak is being reached.

Disruption from road works is inevitable but through good co-ordination and co-operation, facilitated by the Scottish Road Works Register, the disruption can be managed and minimised. Roads Authorities have a key role to play in this and have a range of powers available to assist. However, there remains a considerable inconsistency in the use of these powers and the Commissioner feels this needs to improve before any further powers should be considered for Roads Authorities.

There has been a notable rise in the number of substandard traffic management issues recorded and an attendant decrease in the percentage of utility Sample A inspections passed. This is a real concern as good signing, lighting and guarding (SLG) is the fundamental mechanism by which people are protected – both within the site and whilst passing the site whilst walking, wheeling, cycling or in vehicles. There is currently no fixed penalty available for roads authorities to issue in the event of inadequate SLG and this may be one reason for the issue. The Commissioner intends to give particular attention to this when new compliance notice and inspection powers are introduced in 2023/24.

The Commissioner has signed up to the HAUC(UK) Road to Net Zero Charter and will continue to push for action to reduce the carbon impact of road works.

Finally, the results of the delayed National Coring Programme should be released in 2023 and will hopefully show continued improvement. However, it is anticipated that some utilities will still face potential penalties as a result of inadequate performance.

Forward Planning

The *Business Plan 2023/24* developed in March 2023, is published on the Commissioner's website;

[Business Plan 2023-24 | Scottish Road Works Commissioner](#)

In addition to addressing the corporate aims of the office, the plan focuses on the overall governance and objective setting by business area. The plan acknowledges the work to assist Transport Scotland, associated with the progression of the *Transport (Scotland) Act 2019*.

The *2023-26 Corporate Plan*, reviewed in 2023, is also published on the Commissioner's website;

[Corporate Plan 2023-26 | Scottish Road Works Commissioner](#)

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Appendix A.   List of Terms and Descriptions

The table below proves a list of acronyms and terms used in this report.

Term	Description
Area RAUC	Area sub-group of the Roads Authorities and Utilities Committee
Commissioner	Scottish Road Works Commissioner
DBFO	Transport Scotland contractors engaged to Design, Build, Finance and Operate the road
EI(S)R	Environmental Information (Scotland) Regulations 2004
FOI(S)A	Freedom of Information (Scotland) Act 2002
FPN	Fixed Penalty Notice
Gazetteer	List of all roads maintained by a roads authority
HAUC (UK)	Highway Authorities and Utilities Committee (UK)
Local RAUC	Local Roads Authorities and Utilities Committee
NRSWA	New Roads and Street Works Act 1991, as amended by the Transport (Scotland) Act 2005 and the Transport (Scotland) Act 2019
PDG	Policy Development Group
RAUC(S)	Roads Authorities and Utilities Committee (Scotland)
Register	Scottish Road Works Register
Roads Authority (RA)	The authority responsible for the maintenance of the road and co-ordination of road works taking place on that road.
SCOTS	Society of Chief Officers of Transportation in Scotland
SROR	Specification for the Reinstatement of Openings in Roads
SRRB	Scottish Road Research Board
SRWR	Scottish Road Works Register

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Term	Description
Utility Company (U)	Those organisations with the statutory powers to place and maintain apparatus in the road. Referred to "undertakers" in NRSWA.

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Appendix B. List of Roads Authorities and Utilities

Roads Authorities

City Group

Aberdeen City Council
Dundee City Council
City of Edinburgh Council
Glasgow City Council

Island Group

Comhairle nan Eilean Siar
Orkney Islands Council
Shetland Islands Council

Rural Group

Aberdeenshire Council
Angus Council
Argyll & Bute Council
Scottish Borders Council
Dumfries & Galloway Council
Highland Council
Perth & Kinross Council
Moray Council

Semi-Urban Group

East Ayrshire Council
East Lothian Council
Fife Council
Midlothian Council
North Ayrshire Council
South Ayrshire Council
South Lanarkshire Council
Stirling Council
West Lothian Council

Urban Group

Clackmannanshire Council
East Dunbartonshire Council
East Renfrewshire Council
Falkirk Council
Inverclyde Council
North Lanarkshire Council
Renfrewshire Council
West Dunbartonshire Council

Trunk Road

Transport Scotland on behalf of Scottish Ministers

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Other

Tay Road Bridge Joint Board

Utility Companies

Electricity

Electricity Network Company Ltd
Energy Asset Networks
ESP Electricity
Fulcrum Electricity Assets Ltd
Indigo Power
Last Mile Electricity Ltd
Moray Offshore Windfarm (West) Ltd
mua Electricity Ltd
NorthConnect
Optimal Power Networks Ltd
Premier Transmission Ltd
Scottish Hydro Electric Power Distribution plc
SP Energy Networks

Gas

Energy Assets Pipelines
ES Pipelines Ltd
Fulcrum Pipelines Ltd
GTC Pipelines Ltd
Indigo Pipelines
Last Mile Gas Ltd
mua Gas Ltd
National Gas
SGN

Pipelines

BP
EnQuest
Exolum Pipeline Systems Ltd
INEOS FPS
INEOS O & P UK
Petroineos Manufacturing Scotland Ltd
Shell

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Telecoms

Arqiva
Axione UK Ltd
BorderLink Broadband Ltd
Broadband for the Rural North (B4RN)
Broadway Partners Ltd
BT
CityFibre
Commsworld Ltd
Converged Communications Solutions Ltd
EE
Gamma Telecom
Concept Solutions People Ltd
Grain Communications
Hutchison 3G
Hyperoptic Ltd
InFocus Public Networks Ltd
InternetTY Ltd
Lothian Broadband
Lumen Technologies UK Ltd
Neos Networks
Netomnia
Nexfibre Networks Ltd
Open Fibre UK Ltd
Optify Mediaforce Ltd
Persimmon Homes Ltd
Sky UK
TalkTalk Business
Telefonica UK
Verizon
Virgin Media Group
Vodafone Ltd
Zayo

Water

Scottish Water

Others

Network Rail
Royal Mail

Appendix C.   Extent of Engagement

Committees and working groups which met during the reporting period at which the Commissioner or a representative attended. Due to the pandemic, meetings were held virtually.

Committees	Frequency	Reports to
Highway Authorities and Utilities Committee (UK)	4 per year	N/A
Roads Authorities and Utilities Committee (Scotland)	3 per year	N/A
Area RAUC	3 per year	RAUC(S)
Local RAUC	4 per year	Area RAUCs

Working Groups	Frequency	Reports to
Policy Development Group	Quarterly	Scottish Government
Specification for the Reinstatement of Openings in Roads Working Group	When required	RAUC(S)
SRWR Steering Group	Quarterly	The Commissioner/RAUC(S)
RAUC(S) Gazetteer Working Group	Quarterly	RAUC(S)
System Assurance Team	Quarterly	SRWR Steering Group
Code of Practice for Inspections Working Group	When required	RAUC(S)
Coring Working Group	When required	RAUC(S)
Co-ordination Code of Practice Working Group	When required	RAUC(S)

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Working Groups	Frequency	Reports to
Training and Accreditation Group (UK)	Quarterly	HAUC(UK)

In addition to the above specific groups, the following summarises other engagements undertaken during the reporting period by the Commissioner during 2022/23.

Meeting/Engagement	Frequency/Summary
Utility company specific meetings	Meetings include the promotion of good practice, compliance and enforcement.
Roads authority specific meetings	Meetings include the promotion of good practice, compliance and enforcement.
Scottish Government	Specialist technical policy groups to assist in the progress of specialist policies and directives. Input into significant national events. Liaison meetings as required.
Continued professional development	Staff development and knowledge exchange to ensure good practice within the industry.
SRWR contract meetings	Quarterly liaison meetings with the software provider.

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Appendix D.   22 Additional Indicator Reports

Performance Review Rating 2022/23

Type	Organisation	Rating
RA	Comhairle nan Eilean Siar	Well Managed
RA	Fife Council	Well Managed
RA	Inverclyde Council	Well Managed
RA	Midlothian Council	Well Managed
RA	North Lanarkshire Council	Well Managed
RA	Scottish Borders Council	Well Managed
RA	South Lanarkshire Council	Well Managed
RA	West Dunbartonshire Council	Well Managed
RA	West Lothian Council	Well Managed
U	ES Pipelines Ltd	Well Managed
U	GTC Pipelines Ltd	Well Managed
U	mua Electricity Ltd	Well Managed
U	Neos Networks	Well Managed
U	Network Rail	Well Managed
RA	Aberdeen City Council	Satisfactory
RA	Angus Council	Satisfactory
RA	Argyll & Bute Council	Satisfactory
RA	Dundee City Council	Satisfactory
RA	East Ayrshire Council	Satisfactory
RA	East Dunbartonshire Council	Satisfactory
RA	East Lothian Council	Satisfactory
RA	East Renfrewshire Council	Satisfactory

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Type	Organisation	Rating
RA	Falkirk Council	Satisfactory
RA	Glasgow City Council	Satisfactory
RA	Highland Council	Satisfactory
RA	Moray Council	Satisfactory
RA	North Ayrshire Council	Satisfactory
RA	Perth & Kinross Council	Satisfactory
RA	Renfrewshire Council	Satisfactory
RA	South Ayrshire Council	Satisfactory
RA	Stirling Council	Satisfactory
RA	Tay Road Bridge Joint Board	Satisfactory
RA	Transport Scotland	Satisfactory
U	Borderlink Broadband Ltd	Satisfactory
U	BT	Satisfactory
U	Commsworld Ltd	Satisfactory
U	EE	Satisfactory
U	Nexfibre Networks Ltd	Satisfactory
U	Royal Mail	Satisfactory
U	Scottish Hydro Electric Power Distribution plc	Satisfactory
U	Scottish Water	Satisfactory
U	SGN	Satisfactory
U	Sky UK	Satisfactory
U	Virgin Media Group	Satisfactory
RA	Aberdeenshire Council	Unsatisfactory
RA	City of Edinburgh Council	Unsatisfactory

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Type	Organisation	Rating
RA	Clackmannanshire Council	Unsatisfactory
RA	Dumfries & Galloway Council	Unsatisfactory
RA	Orkney Islands Council	Unsatisfactory
RA	Shetland Islands Council	Unsatisfactory
U	Arqiva	Unsatisfactory
U	Axione UK Ltd	Unsatisfactory
U	Broadway Partners Ltd	Unsatisfactory
U	CityFibre	Unsatisfactory
U	Converged Communications Solutions Ltd	Unsatisfactory
U	Energy Assets Pipelines	Unsatisfactory
U	ESP Electricity	Unsatisfactory
U	Fulcrum Pipelines Ltd	Unsatisfactory
U	Hutchison 3G	Unsatisfactory
U	Hyperoptic Ltd	Unsatisfactory
U	Indigo Pipelines	Unsatisfactory
U	InternetTY Ltd	Unsatisfactory
U	Last Mile Electricity Ltd	Unsatisfactory
U	Last Mile Gas Ltd	Unsatisfactory
U	Lothian Broadband	Unsatisfactory
U	Lumen Technologies UK Ltd	Unsatisfactory
U	National Gas	Unsatisfactory
U	Netomnia	Unsatisfactory
U	Optimal Power Networks Ltd	Unsatisfactory
U	Persimmons Homes Ltd	Unsatisfactory

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Type	Organisation	Rating
U	SP Energy Networks	Unsatisfactory
U	Telefonica UK	Unsatisfactory
U	Verizon	Unsatisfactory
U	Vodafone Ltd	Unsatisfactory
U	Zayo	Unsatisfactory

Table 7 – Performance review rating 2022/23

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Roads authority and utility company noticing failures as a percentage of actual starts

All qualifying road works carried out by utility companies and roads authorities are required to be registered (noticed) on the Scottish Road Works Register (SRWR).

Utility company noticing failures are system generated by the SRWR and referred to as potential noticing offences. Each potential noticing offence is reviewed by a roads authority and may attract a Fixed Penalty Notice (FPN) (not all roads authorities have taken up the option to issue FPNs).

Roads authority noticing failures are also system generated by the SRWR and referred to as potential noticing failures for comparison purposes with utility company performance. They are not subject to FPNs as an authority cannot issue a penalty against themselves.

This indicator compares the average noticing failure rate of all utility companies against the average noticing failure rate of all roads authorities and the individual failure rates of utility companies and roads authorities.

Notices required to be registered on the SRWR include:

- Advance Notice (NRSWA Section 113(5))
- Start Notice (NRSWA Section 114(5))
- Emergency Notice (NRSWA Section 116(4))
- Works Closed Notice (NRSWA Section 129(6))

It is expected that all roads authorities and utility companies achieve a failure rate of 4% or less, as noticing of road works is an administrative function.

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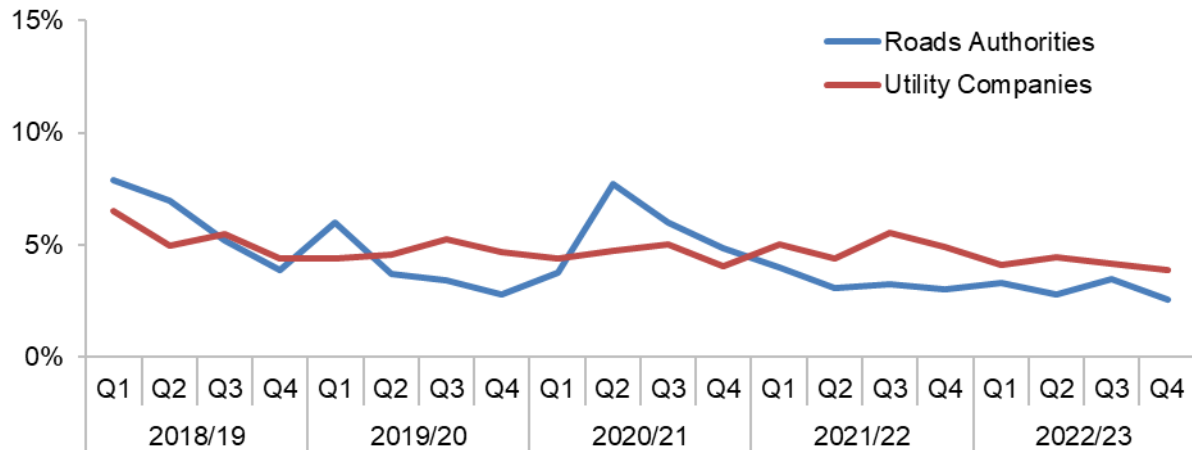
Figure 7 – Roads authority and utility company noticing failures as a percentage of actual starts

(Source: SRWR Reports 2a and 2b)

Roads Authorities	2018/19	2019/20	2020/21	2021/22	2022/23
Aberdeen City Council	7.0%	3.9%	5.5%	3.8%	2.6%
Aberdeenshire Council	13.1%	4.0%	6.9%	6.4%	8.4%
Angus Council	4.3%	1.2%	3.4%	1.4%	9.3%
Argyll & Bute Council	2.6%	5.8%	13.7%	4.1%	3.2%
City of Edinburgh Council	21.1%	7.8%	9.4%	5.5%	9.7%
Clackmannanshire Council	2.3%	0.6%	6.1%	8.8%	11.7%
Comhairle nan Eilean Siar	1.7%	0.8%	1.0%	1.2%	2.7%
Dumfries & Galloway Council	3.7%	2.5%	12.0%	8.6%	7.0%
Dundee City Council	15.3%	14.6%	17.6%	9.8%	5.0%
East Ayrshire Council	11.6%	16.7%	10.5%	4.1%	2.8%
East Dunbartonshire Council	2.5%	1.6%	2.5%	1.6%	0.8%
East Lothian Council	5.3%	10.1%	19.7%	2.3%	2.3%
East Renfrewshire Council	18.4%	10.0%	5.6%	3.6%	4.7%
Falkirk Council	4.7%	4.2%	6.8%	4.6%	5.9%

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Roads Authorities	2018/19	2019/20	2020/21	2021/22	2022/23
Fife Council	8.6%	2.9%	6.9%	4.5%	4.5%
Glasgow City Council	6.7%	4.1%	17.9%	7.8%	3.0%
Highland Council	10.0%	7.8%	11.4%	9.0%	1.4%
Inverclyde Council	3.0%	1.7%	1.4%	2.4%	2.9%
Midlothian Council	1.9%	0.6%	4.0%	0.0%	0.5%
Moray Council	0.5%	2.5%	12.1%	5.3%	7.1%
North Ayrshire Council	8.3%	2.8%	15.2%	2.0%	2.8%
North Lanarkshire Council	4.4%	1.9%	3.8%	2.0%	2.1%
Orkney Islands Council	7.1%	8.7%	21.5%	9.7%	12.0%
Perth & Kinross Council	4.4%	1.2%	3.0%	5.6%	5.3%
Renfrewshire Council	1.1%	0.9%	3.7%	1.2%	5.2%
Scottish Borders Council	8.0%	3.2%	7.3%	4.1%	3.2%
Shetland Islands Council	2.5%	4.3%	10.4%	7.9%	7.8%
South Ayrshire Council	6.3%	6.3%	5.8%	3.6%	2.2%
South Lanarkshire Council	5.0%	2.6%	6.1%	5.2%	1.6%
Stirling Council	4.3%	4.6%	14.8%	2.8%	3.9%
Tay Road Bridge Joint Board	0.0%	9.1%	200.0%	0.0%	16.7%
Transport Scotland	3.9%	3.1%	3.1%	1.3%	1.5%
West Dunbartonshire Council	70.7%	35.8%	5.2%	3.8%	2.3%
West Lothian Council	4.7%	3.0%	4.3%	1.8%	3.8%

Table 8 – Roads authority noticing failures as a percentage of actual starts

(Source: SRWR Report 2a and SRWR Report 9a)

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Organisation	2018/19	2019/20	2021/22	2021/22	2022/23
Arqiva	14.2%	2.9%	0.0%	66.7%	66.7%
Axione UK Ltd	N/A	0.0%	7.1%	28.0%	9.2%
Borderlink Broadband Ltd	N/A	N/A	N/A	42.5%	2.7%
Broadway Partners Ltd	N/A	N/A	N/A	N/A	14.4%
BT	4.3%	3.4%	3.7%	4.2%	6.1%
CityFibre	6.1%	6.1%	5.6%	4.0%	3.4%
Commsworld Ltd	N/A	N/A	0.0%	6.8%	2.8%
Concept Solutions People Ltd	30.0%	66.7%	N/A	N/A	N/A
Converged Communication Solutions Ltd	N/A	N/A	N/A	N/A	100.0%
EE	9.5%	3.5%	5.6%	3.3%	5.1%
Energy Asset Networks	N/A	N/A	N/A	N/A	11.1%
Energy Assets Pipelines	13.6%	16.3%	14.9%	10.3%	8.9%
ES Pipelines Ltd	8.3%	9.2%	50.8%	42.5%	2.8%
ESP Electricity	0.0%	N/A	N/A	100.0%	35.7%
Fulcrum Pipeline Ltd	55.3%	67.7%	46.2%	42.9%	20.0%
GTC Pipelines Ltd	24.0%	24.6%	7.9%	3.1%	1.7%
Hutchison 3G	N/A	N/A	N/A	N/A	20.4%
Hyperoptic Ltd	4.5%	20.0%	17.0%	25.1%	19.0%
Indigo Pipelines	N/A	N/A	N/A	0.0%	0.0%
Indigo Power	N/A	N/A	N/A	50.0%	N/A
INEOS FPS	25.0%	N/A	0.0%	N/A%	N/A
INEOS O & P UK	N/A	N/A	N/A	N/A%	N/A

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Organisation	2018/19	2019/20	2021/22	2021/22	2022/23
InternetTY Ltd	N/A	N/A	N/A	N/A	45.5%
Last Mile Electricity Ltd	30.6%	16.2%	8.8%	10.9%	11.1%
Last Mile Gas Ltd	N/A	N/A	4.2%	6.2%	15.1%
Lothian Broadband	N/A	0.0%	0.0%	15.7%	14.2%
Lumen Technologies UK Ltd	20.0%	17.6%	50.0%	N/A	0.0%
mua Electricity Ltd	N/A	N/A	65.4%	36.7%	4.7%
mua Gas Ltd	N/A	N/A	100.0%	N/A	N/A
National Gas	10.5%	N/A	N/A	N/A	121.4%
Neos Networks	1.6%	3.2%	7.4%	1.3%	0.4%
Netomnia	N/A	N/A	N/A	N/A	8.8%
Network Rail	6.1%	2.0%	3.9%	3.4%	3.1%
Nexfibre Networks Ltd	N/A	N/A	N/A	N/A	6.0%
Optimal Power Networks Ltd	N/A	N/A	N/A	N/A	50.0%
Persimmon Homes Ltd	N/A	N/A	N/A	N/A	33.3%
Petroineos Manufacturing Scotland Ltd	N/A	66.7%	N/A	N/A	N/A
Royal Mail	25.3%	4.1%	25.3%	0.0%	10.9%
Scottish Hydro Electric Power Distribution plc	4.7%	13.5%	8.2%	9.6%	6.8%
Scottish Water	3.1%	3.1%	3.4%	4.5%	3.6%
SGN	7.3%	5.6%	7.9%	6.6%	6.0%
Sky UK	58.3%	0.0%	0.0%	N/A	0.0%
SP Energy Networks	7.1%	6.2%	5.8%	8.1%	8.1%
Telefonica UK	6.2%	5.3%	11.6%	4.1%	2.2%

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Organisation	2018/19	2019/20	2021/22	2021/22	2022/23
Verizon	22.2%	0.0%	50.0%	10.0%	0.0%
Virgin Media Group	8.1%	6.9%	13.6%	19.3%	3.9%
Vodafone Ltd	6.0%	3.2%	4.1%	2.3%	12.0%
Zayo	72.7%	50.0%	20.0%	54.5%	30.0%

Note: N/A indicates the organisation did not undertake any works in that year.

Table 9 – Utility company noticing failures as a percentage of actual starts

(Source: SRWR Report 2b and SRWR Report 9a)

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Actual starts (Roads authority and utility company)

Subject to the scale of the road works, utility companies and roads authorities are required to register 24 hour, 3 day or 7 day advance notifications on the Scottish Road Works Register (SRWR) for all qualifying works.

When road works actually commence on site, organisations are then required to register an actual start notice.

For example, works subject to a 7 day notification require an actual start to be registered between Day 7 and Day 14, and this must be registered by noon the following day.

This indicator shows the number of actual start notices registered on the SRWR by roads authorities and utility companies, including emergency and urgent works.
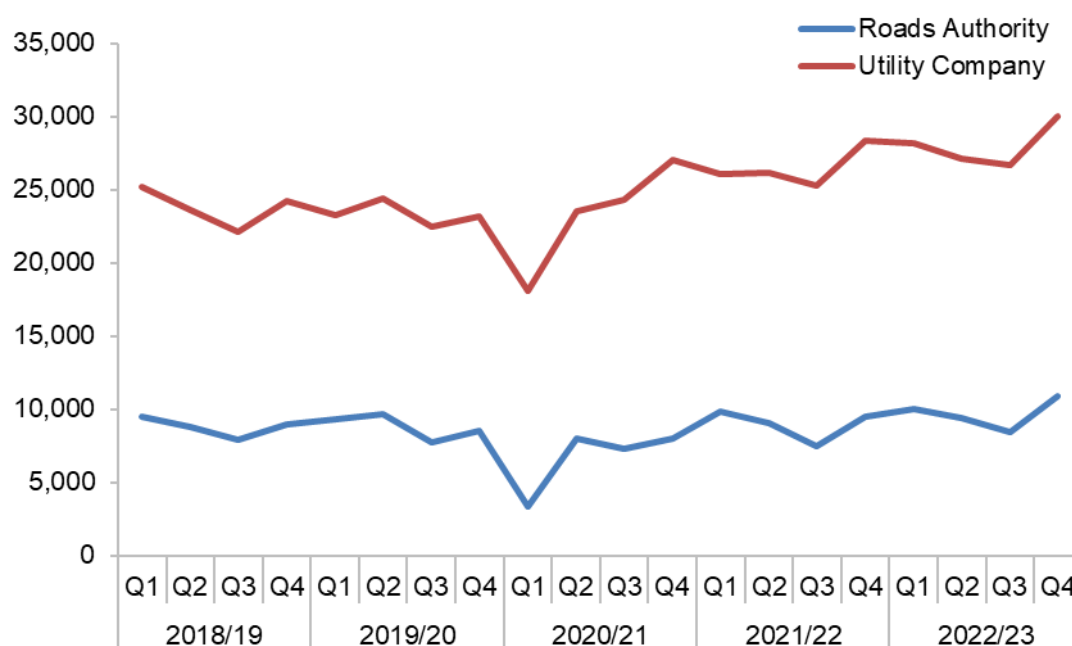
Figure 8 – Roads authority and utility company actual starts

(Source: SRWR Report 9a)

Period	Roads Authorities	Utility Companies
2018/19 Q1	9,640	25,194
2018/19 Q2	8,807	23,622

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Period	Roads Authorities	Utility Companies
2018/19 Q3	7,981	22,096
2018/19 Q4	9,070	24,249
2019/20 Q1	9,375	23,265
2019/20 Q2	9,842	24,470
2019/20 Q3	7,786	22,494
2019/20 Q4	8,725	23,216
2020/21 Q1	3,388	18,101
2020/21 Q2	7,990	23,519
2020/21 Q3	7,316	24,325
2020/21 Q4	8,019	27,066
2021/22 Q1	9,820	26,083
2021/22 Q2	9,076	26,179
2021/22 Q3	7,458	25,253
2021/22 Q4	9,515	28,359
2022/23 Q1	10,018	28,217
2022/23 Q2	9,439	27,100
2022/23 Q3	8,472	26,695
2022/23 Q4	10,908	30,023

Table 10 – Roads authority and utility company noticing actual starts

(Source: SRWR Report 9a)

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Early and late starts as a percentage of actual starts

This indicator records the percentage of works with a registered start date in the SRWR where an early or late start request has subsequently been made.

Early starts with the agreement of utility companies and roads authorities can be a sign of good co-ordination. Where a window of opportunity exists to undertake works, it should be considered. Excessive use suggests poor works planning.
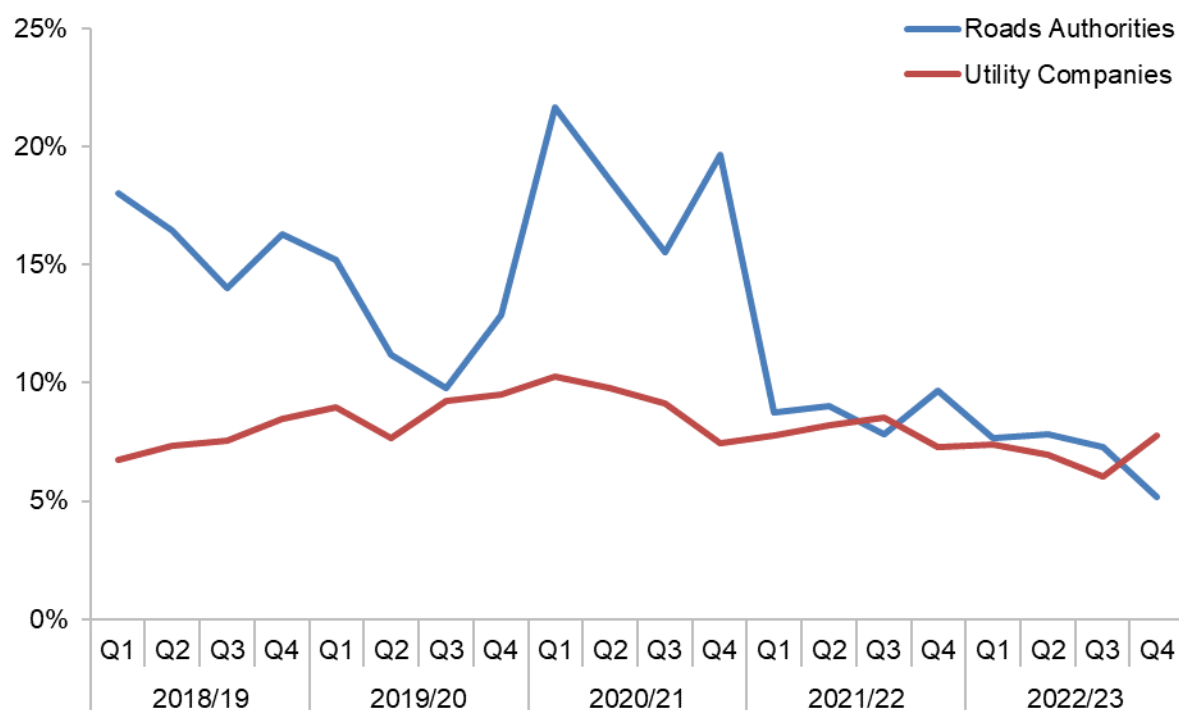
Figure 9 – Early starts as a percentage of actual starts

(Source: SRWR Report 10 and SRWR Report 9a)

Period	Roads Authorities	Utility Companies
2018/19 Q1	18.0%	6.7%
2018/19 Q2	16.4%	7.4%
2018/19 Q3	14.0%	7.5%
2018/19 Q4	16.3%	8.5%
2019/20 Q1	15.2%	9.0%

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Period	Roads Authorities	Utility Companies
2019/20 Q2	11.2%	7.7%
2019/20 Q3	9.8%	9.2%
2019/20 Q4	12.9%	9.5%
2020/21 Q1	15.1%	10.2%
2020/21 Q2	14.5%	9.7%
2020/21 Q3	11.3%	9.1%
2020/21 Q4	13.5%	7.4%
2021/22 Q1	8.8%	7.8%
2021/22 Q2	9.0%	8.2%
2021/22 Q3	7.8%	8.5%
2021/22 Q4	9.7%	7.3%
2022/23 Q1	7.7%	7.4%
2022/23 Q2	7.8%	6.9%
2022/23 Q3	7.3%	6.0%
2022/23 Q4	5.2%	7.8%

Table 11 – Early starts as a percentage of actual starts

(Source: SRWR Report 10 and SRWR Report 9a)

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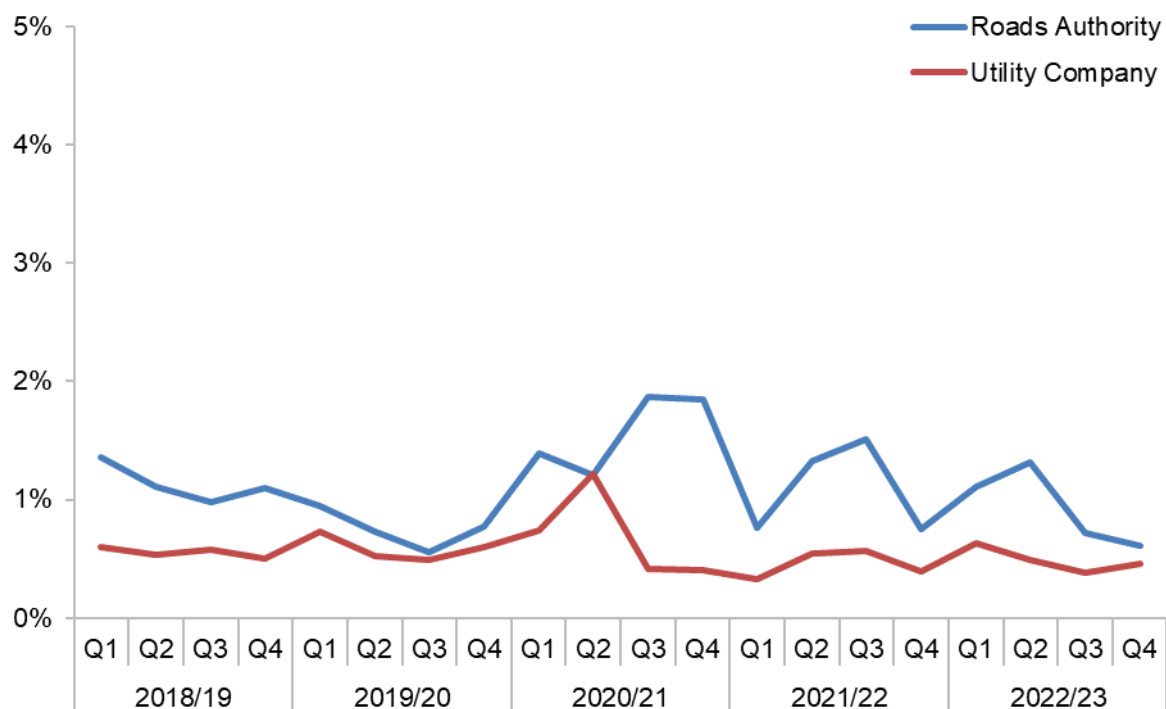
Figure 10 – Late starts as a percentage of actual starts

(Source: SRWR Report 10 and SRWR Report 9a)

Period	Roads Authorities	Utility Companies
2018/19 Q1	1.4%	0.6%
2018/19 Q2	1.1%	0.5%
2018/19 Q3	1.0%	0.6%
2018/19 Q4	1.1%	0.5%
2019/20 Q1	1.0%	0.7%
2019/20 Q2	0.7%	0.5%
2019/20 Q3	0.6%	0.5%
2019/20 Q4	0.8%	0.6%
2020/21 Q1	1.4%	0.7%
2020/21 Q2	1.1%	1.2%
2020/21 Q3	1.9%	0.4%

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Period	Roads Authorities	Utility Companies
2020/21 Q4	1.8%	0.4%
2021/22 Q1	0.8%	0.3%
2021/22 Q2	1.3%	0.5%
2021/22 Q3	1.5%	0.6%
2021/22 Q4	0.7%	0.4%
2022/23 Q1	1.1%	0.6%
2022/23 Q2	1.3%	0.5%
2022/23 Q3	0.7%	0.4%
2022/23 Q4	0.6%	0.5%

Table 12 – Late starts as a percentage of actual starts

(Source: SRWR Report 10 and SRWR Report 9a)

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Unplanned works as a percentage of actual starts

Where works are considered, by a roads authority or utility company to be emergency, urgent or remedial dangerous they are considered to be unplanned works and there are special noticing procedures which allow works to start as soon as possible.
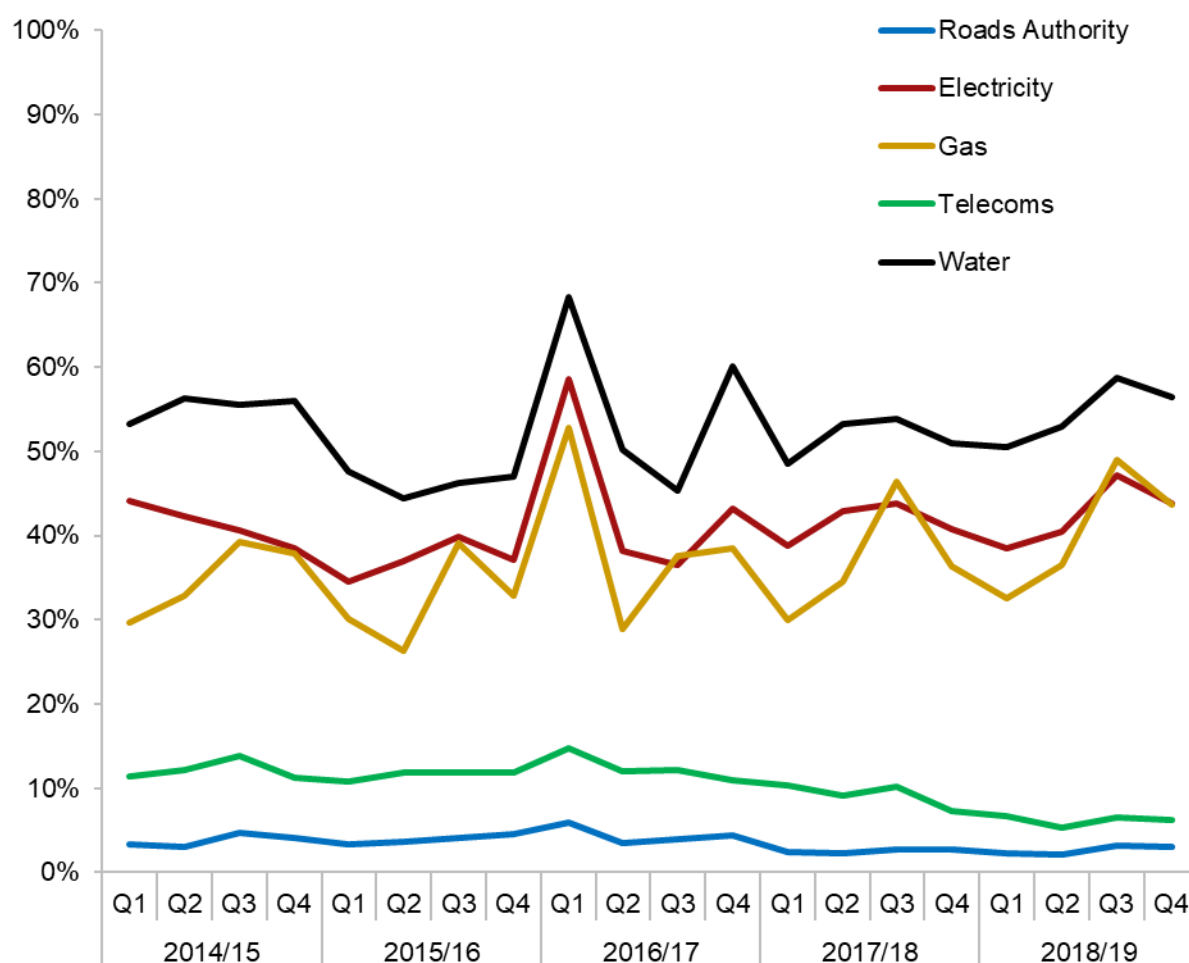
Figure 11 – Unplanned works as a percentage of actual starts

(Source: SRWR Report 9a)

Period	Elec	Gas	RA	Tel	Water	Other
2018/19 Q1	44.9%	29.0%	3.4%	9.4%	53.2%	5.4%
2018/19 Q2	43.2%	32.0%	3.1%	12.2%	56.2%	6.7%

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Period	Elec	Gas	RA	Tel	Water	Other
2018/19 Q3	41.2%	38.6%	4.7%	13.9%	55.5%	7.8%
2018/19 Q4	39.3%	36.9%	4.1%	11.2%	55.9%	8.9%
2019/20 Q1	34.6%	30.2%	3.3%	10.8%	47.6%	3.6%
2019/20 Q2	36.9%	26.3%	3.6%	11.9%	44.5%	4.2%
2019/20 Q3	39.9%	39.1%	4.1%	11.9%	46.2%	3.0%
2019/20 Q4	37.2%	32.8%	4.6%	11.9%	47.0%	3.0%
2020/21 Q1	58.6%	52.7%	5.9%	11.5%	68.3%	1.5%
2020/21 Q2	38.2%	29.0%	3.4%	10.5%	50.3%	2.7%
2020/21 Q3	36.5%	37.6%	4.0%	10.6%	45.3%	2.4%
2020/21 Q4	43.2%	38.5%	4.4%	9.6%	60.1%	6.7%
2021/22 Q1	38.8%	29.9%	2.4%	10.4%	48.6%	1.7%
2021/22 Q2	43.0%	34.5%	2.3%	9.1%	53.3%	2.0%
2021/22 Q3	43.8%	46.4%	2.8%	10.2%	53.9%	2.5%
2021/22 Q4	40.8%	36.4%	2.7%	7.3%	51.0%	1.6%
2022/23 Q1	38.5%	32.5%	2.2%	6.7%	50.5%	1.9%
2022/23 Q2	40.5%	36.5%	2.2%	5.3%	53.0%	1.3%
2022/23 Q3	47.2%	49.0%	3.2%	6.5%	58.7%	7.9%
2022/23 Q4	43.8%	43.7%	3.1%	6.3%	56.4%	11.2%

Table 13 – Unplanned works as a percentage of actual starts

(Source: SRWR Report 9a)

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Work extensions as a percentage of actual starts

Works extensions are granted to a utility company with the agreement of the affected roads authority when an expected completion date is unlikely to be achieved.

This indicator compares the percentage of utility company road works and roads authority works which have been extended beyond their expected end date.
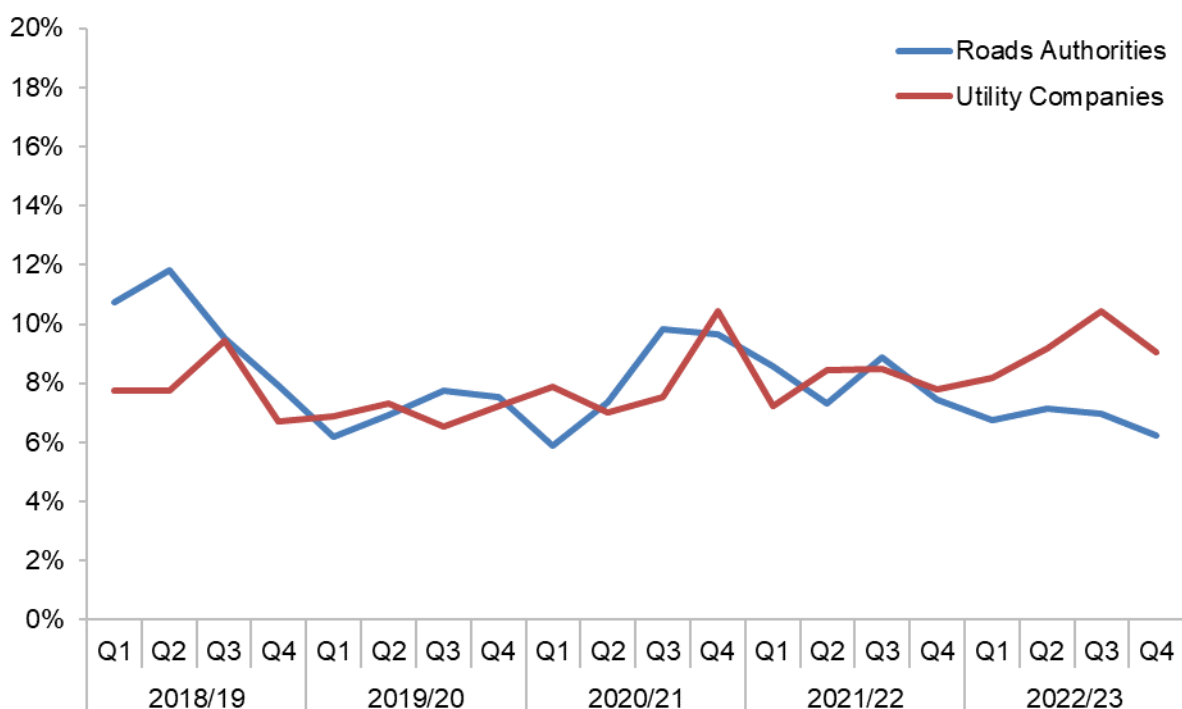
Figure 12 – Works extensions as a percentage of actual starts

(Source: SRWR Report 12 and SRWR Report 9a)

Period	Roads Authorities	Utility Companies
2018/19 Q1	10.7%	7.7%
2018/19 Q2	11.8%	7.7%
2018/19 Q3	9.5%	9.4%
2018/19 Q4	7.9%	6.7%
2019/20 Q1	6.2%	6.9%
2019/20 Q2	6.9%	7.3%

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Period	Roads Authorities	Utility Companies
2019/20 Q3	7.7%	6.5%
2019/20 Q4	7.6%	7.2%
2020/21 Q1	5.9%	7.9%
2020/21 Q2	7.4%	7.0%
2020/21 Q3	9.8%	7.6%
2020/21 Q4	9.7%	10.4%
2021/22 Q1	8.6%	7.2%
2021/22 Q2	7.3%	8.4%
2021/22 Q3	8.9%	8.5%
2021/22 Q4	7.5%	7.8%
2022/23 Q1	6.7%	8.2%
2022/23 Q2	7.2%	9.2%
2022/23 Q3	7.0%	10.5%
2022/23 Q4	6.2%	9.1%

Table 14 – Works extensions as a percentage of actual starts

(Source: SRWR Report 12 and SRWR Report 9a)

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Works that Overran as a percentage of planned works

Works that overrun occur when a road works completion date goes beyond the expected end date recorded in the Scottish Road Works Register (SRWR).

Note: The term "planned works" include major standard and minor works registered on the SRWR.
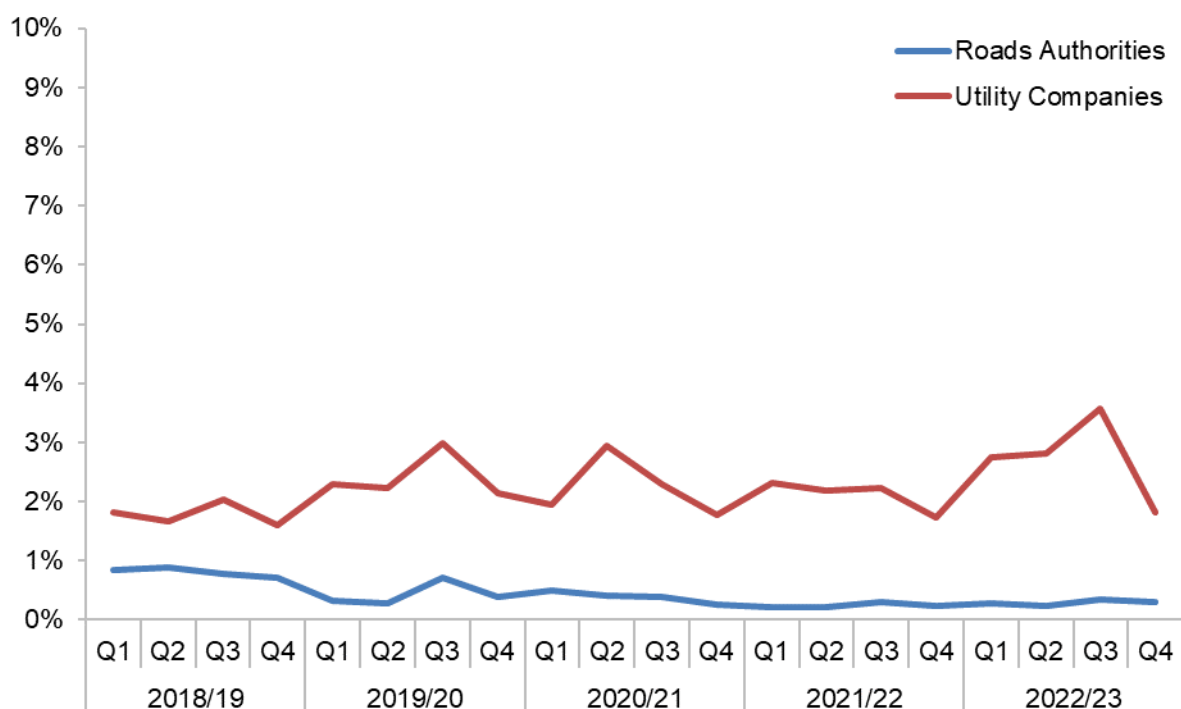
Figure 13 – Works that Overran works as a percentage of planned works

(Source: SRWR Report 6 and SRWR Report 9a)

Period	Roads Authorities	Utility Companies
2018/19 Q1	0.9%	1.8%
2018/19 Q2	0.9%	1.7%
2018/19 Q3	0.8%	2.0%
2018/19 Q4	0.7%	1.6%
2019/20 Q1	0.3%	2.3%
2019/20 Q2	0.3%	2.2%

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Period	Roads Authorities	Utility Companies
2019/20 Q3	0.7%	3.0%
2019/20 Q4	0.4%	2.1%
2020/21 Q1	0.5%	1.9%
2020/21 Q2	0.4%	2.9%
2020/21 Q3	0.4%	2.3%
2020/21 Q4	0.3%	1.8%
2021/22 Q1	0.2%	3.1%
2021/22 Q2	0.2%	2.9%
2021/22 Q3	0.3%	3.0%
2021/22 Q4	0.3%	2.2%
2022/23 Q1	0.3%	2.7%
2022/23 Q2	0.2%	2.8%
2022/23 Q3	0.3%	3.6%
2022/23 Q4	0.3%	1.8%

Table 15 – Overrunning works as a percentage of planned works

(Source: SRWR Report 6 and SRWR Report 9a)

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Works awaiting closure and/or registration of final site reinstatement details

On completion of road works on site, utility companies are required to place a "works closed" notice in the SRWR by 16:30 the following day. This is followed by a "final site reinstatement details" notice within 5 days.

On completion of road works on site, roads authorities are required to place a "works closed" notice in the SRWR by 16:30 the following day. There is no requirement to record site reinstatement details.

This report compares utility company failures to place "works closed" notices against roads authority failures to place "works closed" notices.
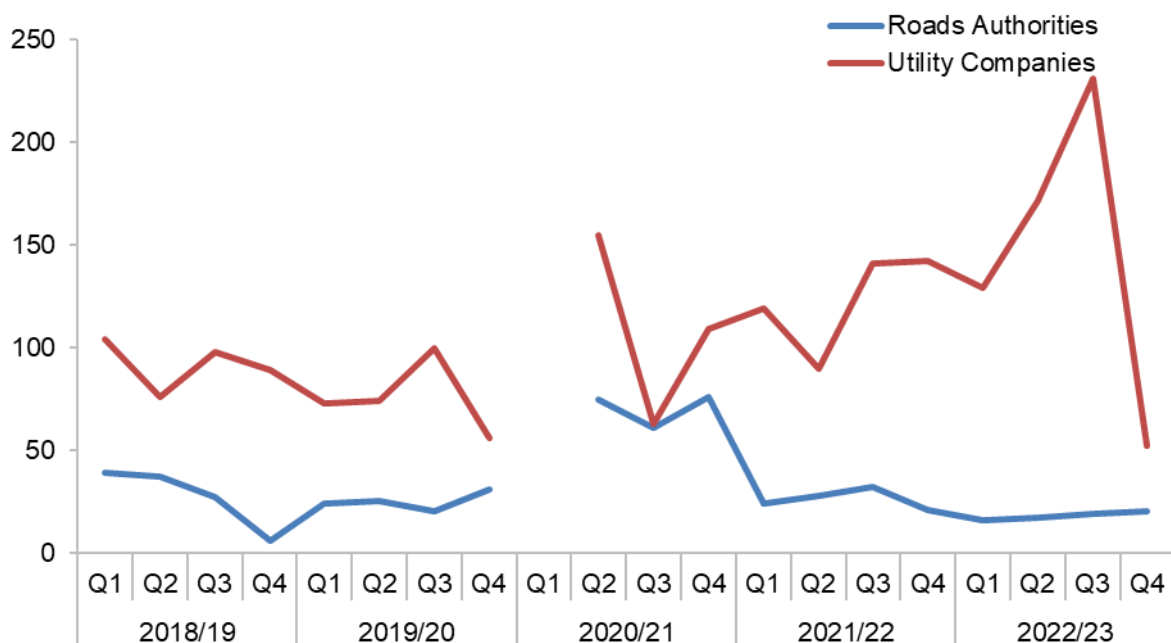
Note: Figures for 2020/21 Q1 were incorrectly inflated due to a problem with a SRWR upgrade. The incorrect figures have been removed.

Figure 14 – Works awaiting closure

(Source: SRWR Report 16)

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Period	Roads Authorities	Utility Companies
2018/19 Q1	39	104
2018/19 Q2	37	76
2018/19 Q3	27	98
2018/19 Q4	6	89
2019/20 Q1	24	73
2019/20 Q2	25	74
2019/20 Q3	20	100
2019/20 Q4	31	56
2020/21 Q1	Removed	Removed
2020/21 Q2	75	155
2020/21 Q3	61	63
2020/21 Q4	76	109
2021/22 Q1	24	119
2021/22 Q2	28	90
2021/22 Q3	32	141
2021/22 Q4	21	142
2022/23 Q1	16	129
2022/23 Q2	17	172
2022/23 Q3	19	231
2022/23 Q4	20	52

Table 16 – Works awaiting closure
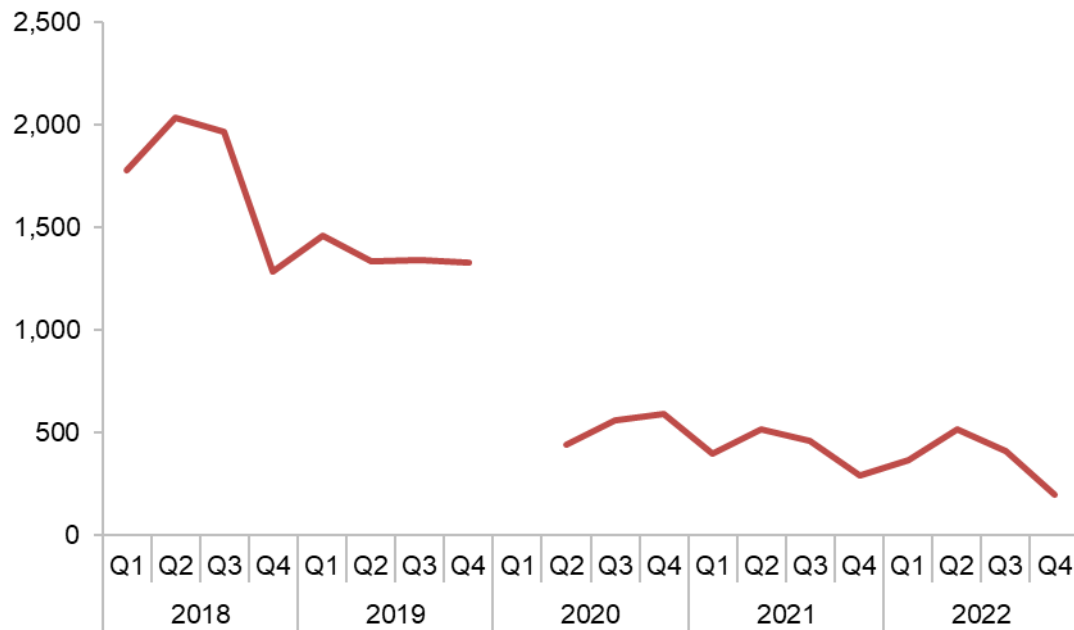
(Source: SRWR Report 16)

Note: Figures for 2020/21 Q1 were incorrectly inflated due to a problem with a SRWR upgrade. The incorrect figures have been removed.

Figure 15 – Utility company works awaiting registration of final site reinstatement details

(Source: SRWR Report 16)

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Period	Utility Companies
2018/19 Q1	1,782
2018/19 Q2	2,038
2018/19 Q3	1,971
2018/19 Q4	1,287
2019/20 Q1	1,465
2019/20 Q2	1,335
2019/20 Q3	1,341
2019/20 Q4	1,329
2020/21 Q1	Removed
2020/21 Q2	443
2020/21 Q3	562
2020/21 Q4	591
2021/22 Q1	399
2021/22 Q2	518
2021/22 Q3	462
2021/22 Q4	292
2022/23 Q1	363
2022/23 Q2	513
2022/23 Q3	412
2022/23 Q4	199

Table 17 – Utility works awaiting registration of final site reinstatement details

(Source: SRWR Report 16)

Utility company interim reinstatements

Utility companies are permitted to use a temporary road surface (interim reinstatement) to allow a road to be reopened to the travelling public. A permanent road surface (permanent reinstatement) must be made within 6 months of the temporary road surface being placed.

This indicator shows the number of interim reinstatements made permanent, against the number of interim reinstatements overdue to be made permanent without agreement from a roads authority at each quarter's end. Interim reinstatements should be made permanent within 6 months of completion of the interim phase of works. If they are not made permanent in this time without the permission of the local authority they are considered overdue.

The use of interim reinstatements should be minimised to avoid repeat visits and excessive disruption to road users.
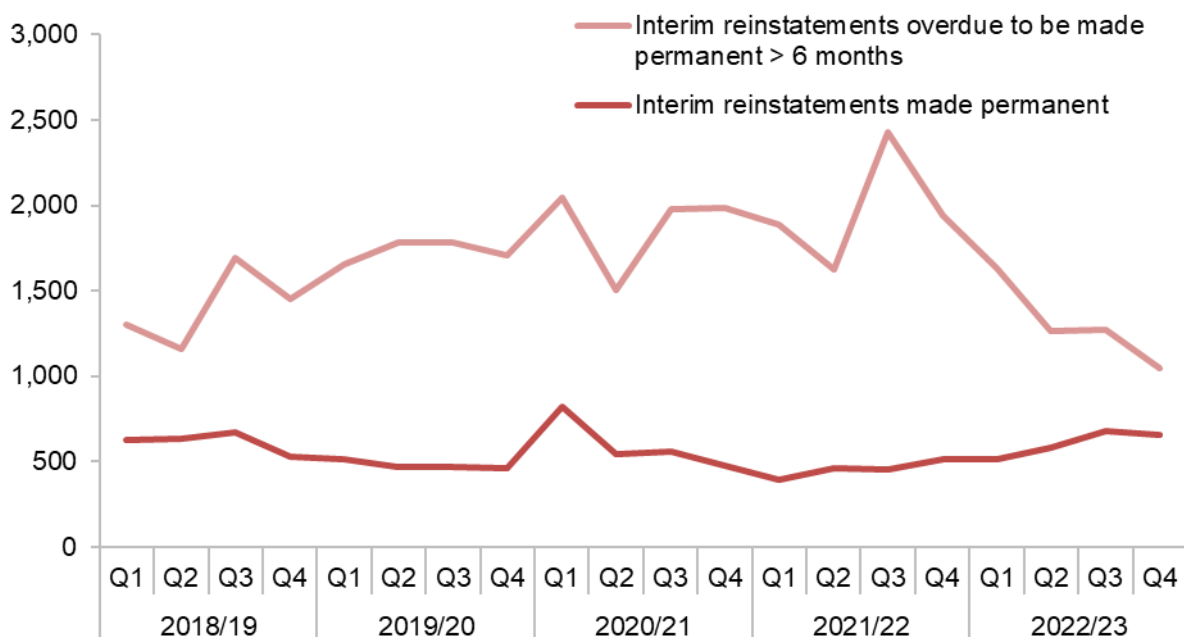
Figure 16 – Utility company interim reinstatements as a number

(Source: SRWR Report 14 and report 18)

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Period	Interim reinstatements overdue	Interim reinstatements made permanent
2018/19 Q1	628	1,302
2018/19 Q2	635	1,157
2018/19 Q3	672	1,695
2018/19 Q4	532	1,454
2019/20 Q1	512	1,654
2019/20 Q2	471	1,784
2019/20 Q3	465	1,782
2019/20 Q4	462	1,705
2020/21 Q1	820	2,044
2020/21 Q2	543	1,508
2020/21 Q3	555	1,981
2020/21 Q4	476	1,982
2021/22 Q1	392	1,888
2021/22 Q2	462	1,624
2021/22 Q3	456	2,426
2021/22 Q4	512	1,938
2022/23 Q1	514	1,636
2022/23 Q2	578	1,262
2022/23 Q3	679	1,273
2022/23 Q4	655	1,045

Table 18 – Utility company interim reinstatements

(Source: SRWR Report 14 and report 18)

Sample inspections undertaken by roads authorities and utility company failure rate

Sample inspections by the Roads Authorities are undertaken by the Roads Authorities on a 30% randomly generated sample of utility company road works. Inspections are carried out at various stages during the works and the reinstatement guarantee period.

Utility companies are expected to regularly inspect their own works at all stages throughout the works cycle, whilst the roads authorities carry out sample inspections on an agreed percentage, relevant to their total work volume within that local authority area. When a utility company fails in excess of 10% of their sample inspections, under the Code of Practice for Inspections, a roads authority may require a utility company to follow an improvement plan process.

Inspections undertaken by Roads Authorities.

The roads authority are required to undertake 100% of the 3 sample inspections categories (A, B & C) for each utility company. Sample Inspections carried out by roads authorities are shown below:

Authority	Inspections Done	Sample Size	Sample % Done
Aberdeen City Council	1,328	1,305	101.8%
Aberdeenshire Council	921	927	99.4%
Angus Council	328	438	74.9%
Argyll & Bute Council	448	432	103.7%
City of Edinburgh Council	2,710	2,877	94.2%
Clackmannanshire Council	235	231	101.7%
Comhairle nan Eilean Siar	89	96	92.7%
Dumfries & Galloway Council	702	798	88.0%
Dundee City Council	736	741	99.3%

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Authority	Inspections Done	Sample Size	Sample % Done
East Ayrshire Council	549	615	89.3%
East Dunbartonshire Council	515	492	104.7%
East Lothian Council	581	567	102.5%
East Renfrewshire Council	498	534	93.3%
Falkirk Council	590	594	99.3%
Fife Council	1,326	1,470	90.2%
Glasgow City Council	3,034	2,967	102.3%
Highland Council	664	963	69.0%
Inverclyde Council	282	276	102.2%
Midlothian Council	438	447	98.0%
Moray Council	443	441	100.5%
North Ayrshire Council	521	525	99.2%
North Lanarkshire Council	1,341	1,347	99.6%
Orkney Islands Council	45	51	88.2%
Perth & Kinross Council	657	672	97.8%
Renfrewshire Council	965	1,149	84.0%
Scottish Borders Council	476	570	83.5%
Shetland Islands Council	29	30	96.7%
South Ayrshire Council	472	555	85.0%
South Lanarkshire Council	1,551	1,545	100.4%
Stirling Council	540	627	86.1%
Tay Road Bridge Joint Board	N/A	N/A	N/A
Transport Scotland	337	471	71.5%

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Authority	Inspections Done	Sample Size	Sample % Done
West Dunbartonshire Council	279	300	93.0%
West Lothian Council	889	993	89.5%

Table 19 – Sample inspections undertaken by roads authorities in 2022/23

(Source: SRWR Quarterly Inspection Report and SRWR Inspections Statistics)

86

Figure 17 – Sample inspections undertaken by roads authorities in 2022/23
(Source: SRWR Quarterly Inspection Report and SRWR Inspections Statistics)

87
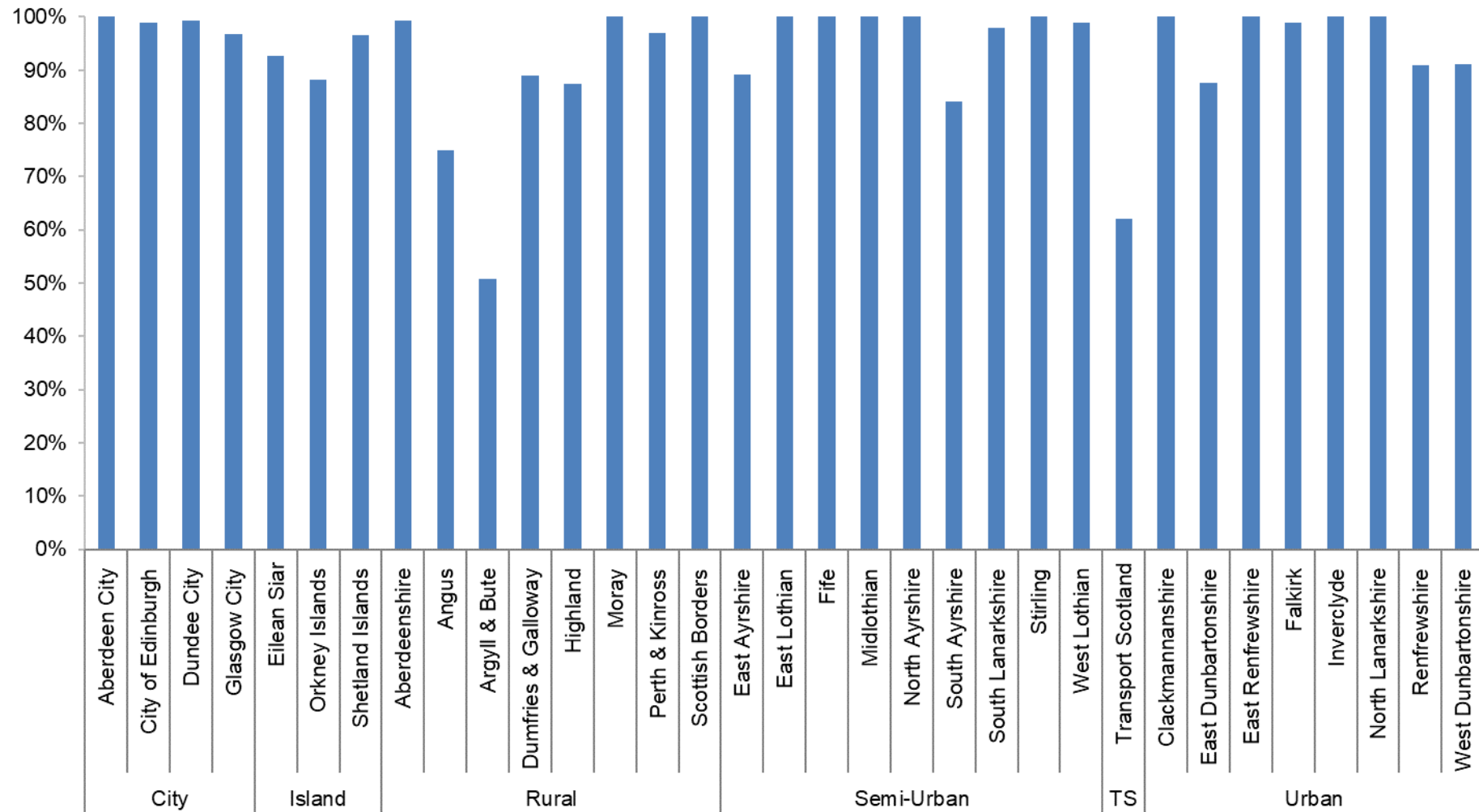
Inspections Pass Rate for utility companies

Category A (10% sample) – Undertaken while works are in progress.

Inspections check that works are carried out safely and that signs, barriers, safety zones, compaction, layer depth, etc., comply with *Safety at Street Works and Road Works : A Code of Practice* and the *Specification for the Reinstatement for Openings in Roads* (SROR).

Type	Organisation	Passed	Inspected	Pass %
Electricity	Energy Asset Networks	1	1	100.0%
Electricity	Last Mile Electricity Ltd	10	14	71.4%
Electricity	mua Electricity Ltd	2	2	100.0%
Electricity	Scottish Hydro Electric Power Distribution plc	166	176	94.3%
Electricity	SP Energy Networks	870	971	89.6%
Gas	Energy Asset Pipelines	7	8	87.5%
Gas	ES Pipelines Ltd	2	2	100.0%
Gas	GTC Pipelines Ltd	9	12	75.0%
Gas	Indigo Pipelines	1	3	33.3%
Gas	Last Mile Gas Ltd	4	4	100.0%
Gas	National Gas	3	3	100.0%
Gas	SGN	843	926	91.0%
Other	Network Rail	16	16	100.0%
Telecoms	Axione UK Ltd	11	14	78.6%
Telecoms	BorderLink Broadband Ltd	4	5	80.0%
Telecoms	Broadway Partners Ltd	0	1	0.0%
Telecoms	BT	1,640	1,769	92.7%
Telecoms	CityFibre	906	1,047	86.5%

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Type	Organisation	Passed	Inspected	Pass %
Telecoms	Commsworld Ltd	3	3	100.0%
Telecoms	EE	18	20	90.0%
Telecoms	Hutchison 3G	1	1	100.0%
Telecoms	Hyperoptic Ltd	7	9	77.8%
Telecoms	InternetTY Ltd	1	1	100.0%
Telecoms	Lothian Broadband	15	15	100.0%
Telecoms	Neos Networks	2	2	100.0%
Telecoms	Netomnia	11	15	73.4%
Telecoms	Nexfibre Networks Ltd	4	4	100.0%
Telecoms	Telefonica UK	11	11	100.0%
Telecoms	Virgin Media Group	408	488	86.6%
Telecoms	Vodafone Ltd	13	14	92.9%
Telecoms	Zayo	1	1	100.0%
Water	Scottish Water	2,046	2,189	93.5%

Table 20 –Category A sample inspection pass rates undertaken by utility companies in 2022/23

(Source: SRWR Quarterly Inspection Report and SRWR Inspections Statistics)

89
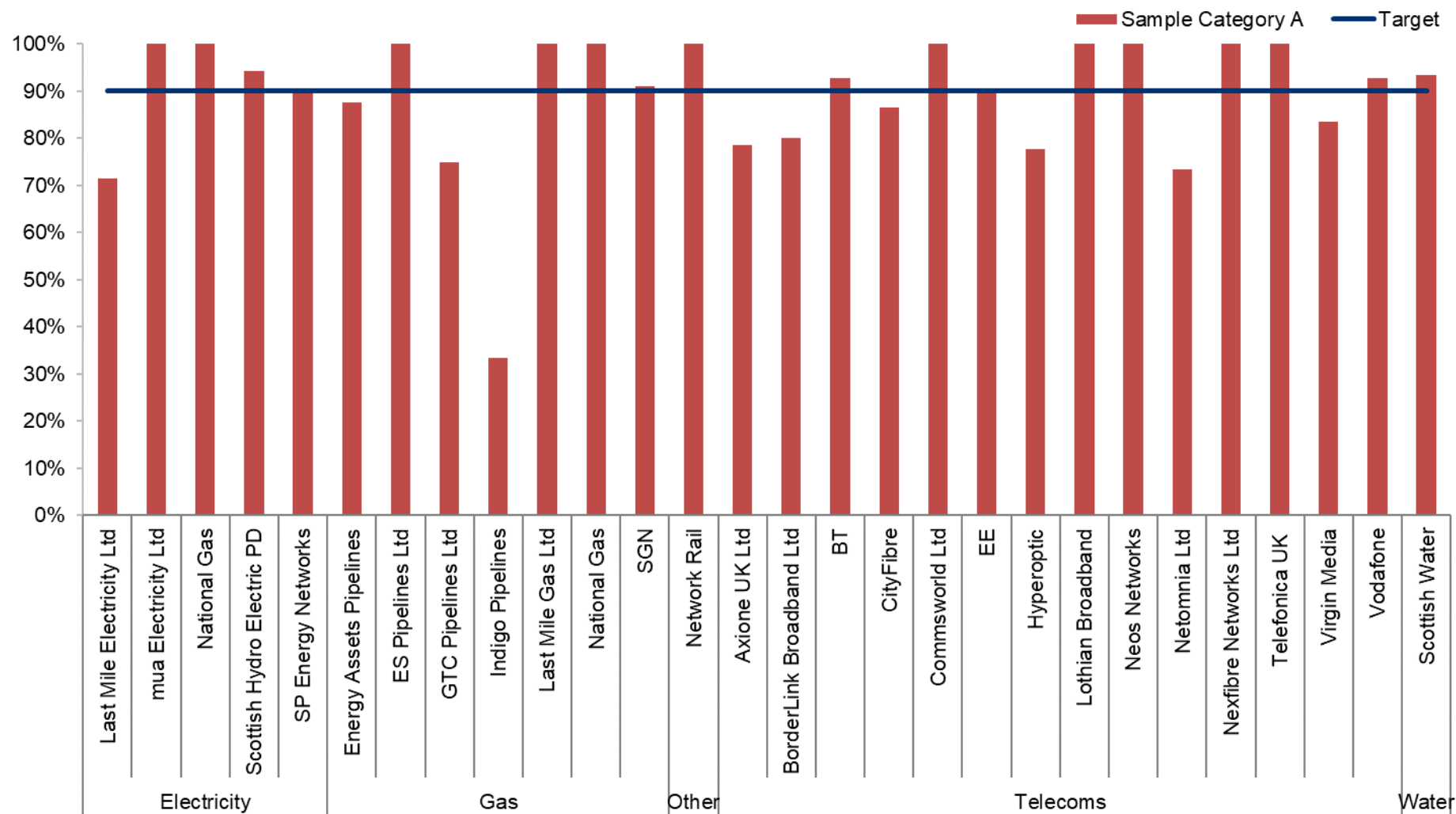
Figure 18 – Category A sample inspection pass rates undertaken by utility companies in 2022/23
(Source: SRWR Quarterly Inspection Report and SRWR Inspections Statistics)

90

Category B (10% sample) – Undertaken within the six month period following interim or permanent reinstatement.

Inspections check that works are completed to the proper standards. Checking for items, such as edge depression, crowning, etc., in accordance with the SROR.

Type	Organisation	Passed	Inspected	Pass %
Electricity	Energy Asset Networks	0	1	0.0%
Electricity	Last Mile Electricity Ltd	5	9	55.6%
Electricity	mua Electricity Ltd	1	3	33.3%
Electricity	Scottish Hydro Electric Power Distribution plc	172	176	97.7%
Electricity	SP Energy Networks	916	965	94.9%
Gas	Energy Asset Pipelines	5	9	55.6%
Gas	ES Pipelines Ltd	2	2	100.0%
Gas	Fulcrum Pipeline Ltd	3	4	75.0%
Gas	GTC Pipelines Ltd	8	10	80.0%
Gas	SGN	881	915	96.3%
Other	Network Rail	16	16	100.0%
Telecoms	Axione UK Ltd	5	5	100.0%
Telecoms	BorderLink Broadband Ltd	3	3	100.0%
Telecoms	Broadway Partners Ltd	0	1	0.0%
Telecoms	BT	1,984	2,077	95.5%
Telecoms	CityFibre	825	1,040	79.3%
Telecoms	Commsworld Ltd	7	7	100.0%
Telecoms	EE	34	43	79.1%
Telecoms	Hyperoptic Ltd	19	24	79.2%
Telecoms	Lothian Broadband	9	9	100.0%

Type	Organisation	Passed	Inspected	Pass %
Telecoms	Neos Networks	14	15	93.3%
Telecoms	Netomnia	2	3	66.7%
Telecoms	Telefonica UK	14	17	82.4%
Telecoms	Verizon	2	2	100.0%
Telecoms	Virgin Media Group	698	758	92.1%
Telecoms	Vodafone Ltd	13	16	81.3%
Telecoms	Zayo	1	1	100.0%
Water	Scottish Water	2,173	2,251	96.5%

Table 21 – Category B sample inspection pass rates undertaken by utility companies in 2022/23

(Source: SRWR Quarterly Inspection Report and SRWR Inspections Statistics)

92
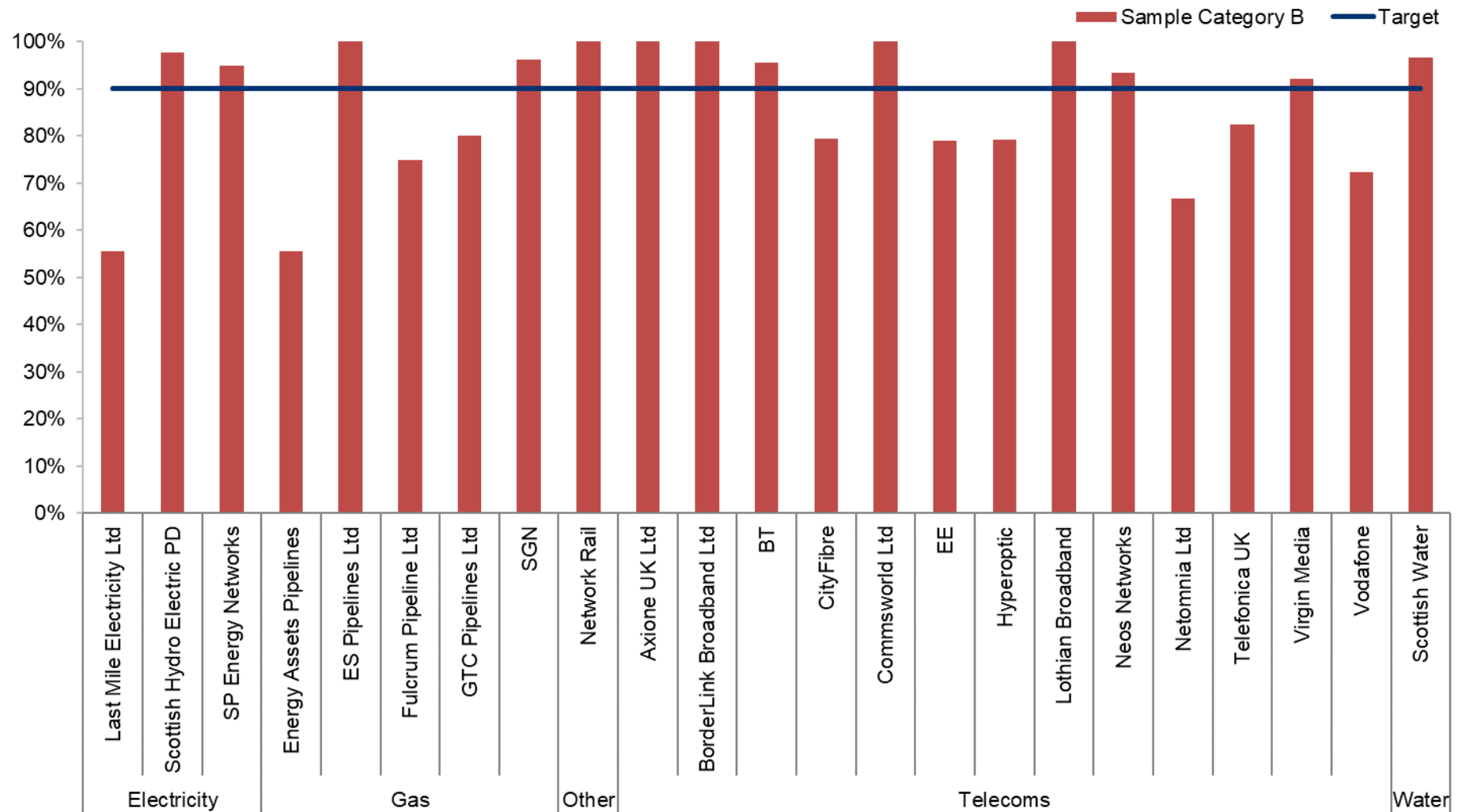
Figure 19 – Category B sample inspection pass rates undertaken by utility companies in 2022/23
(Source: SRWR Quarterly Inspection Report and SRWR Inspections Statistics)

93

Category C (10% sample) – Undertaken within the three month period preceding the end of the guarantee period.

Inspections again check that works are constructed to the proper standards in accordance with the SROR. Greater focus is given to settlement, cracking and joint failure following trafficking.

Type	Organisation	Passed	Inspected	Pass %
Electricity	Last Mile Electricity Ltd	8	9	88.9%
Electricity	Scottish Hydro Electric Power Distribution plc	171	176	97.2%
Electricity	SP Energy Networks	930	964	96.5%
Gas	Energy Asset Pipelines	8	9	88.9%
Gas	ES Pipelines Ltd	3	3	100.0%
Gas	Fulcrum Pipeline Ltd	1	3	33.3%
Gas	GTC Pipelines Ltd	10	10	100.0%
Gas	SGN	891	909	98.0%
Other	Network Rail	20	20	100.0%
Other	Royal Mail	12	12	100.0%
Telecoms	Arqiva	5	6	83.3%
Telecoms	Axione UK Ltd	3	4	75.0%
Telecoms	Broadway Partners Ltd	0	1	0.0%
Telecoms	BT	2,020	2,093	96.5%
Telecoms	Commsworld Ltd	7	7	100.0%
Telecoms	CityFibre	882	1,129	78.1%
Telecoms	Concept Solutions People Ltd	1	1	100.0%
Telecoms	EE	40	43	93.0%
Telecoms	Hyperoptic Ltd	22	24	91.7%

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Type	Organisation	Passed	Inspected	Pass %
Telecoms	Lothian Broadband	3	5	60.0%
Telecoms	Lumen Technologies UK Ltd	2	2	100.0%
Telecoms	Neos Networks	26	26	100.0%
Telecoms	Sky UK	0	1	0.0%
Telecoms	Telefonica UK	11	16	68.8%
Telecoms	Verizon	1	1	100.0%
Telecoms	Virgin Media Group	725	767	94.5%
Telecoms	Vodafone Ltd	14	18	77.8%
Telecoms	Zayo	1	1	100.0%
Water	Scottish Water	2,166	2,273	95.3%

Table 22 – Category C sample inspection pass rates undertaken by utility companies in 2022/23

(Source: SRWR Quarterly Inspection Report and SRWR Inspections Statistics)

95
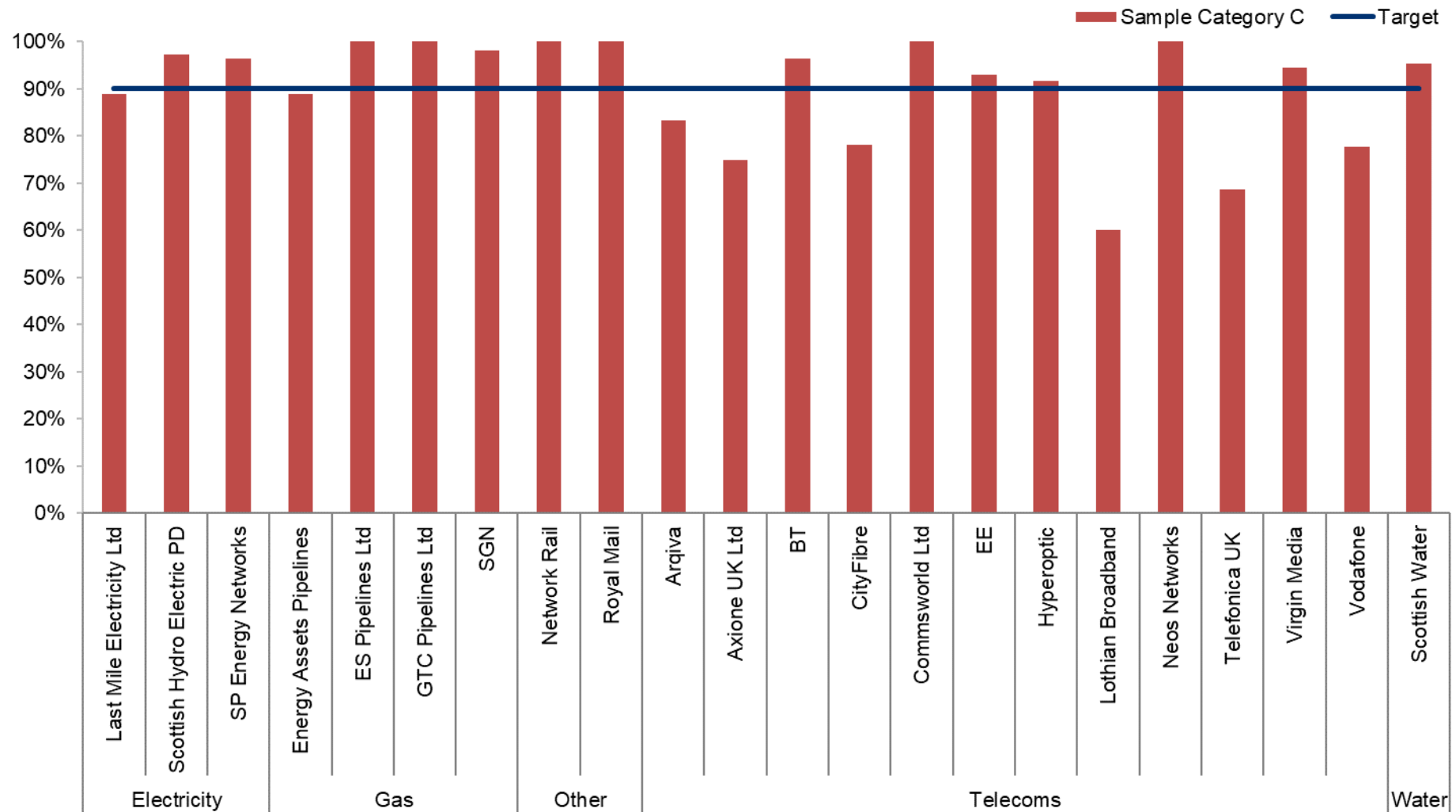
Figure 20 – Category C sample inspection pass rates undertaken by utility companies in 2022/23
(Source: SRWR Quarterly Inspection Report and SRWR Inspections Statistics)

96

Substandard traffic management from inspection results

This indicator considers the number of substandard traffic management layouts recorded during roads authority inspections of utility company road works.

In addition to sample inspections, roads authorities also carry out inspections at their discretion. These inspections include routine inspections, inspections relating to a previously identified defect, inspections following a third party report and inspections following notification of a defective reinstatement. This report shows the total number of inspection results which failed, showing substandard traffic management as the reason for failure.
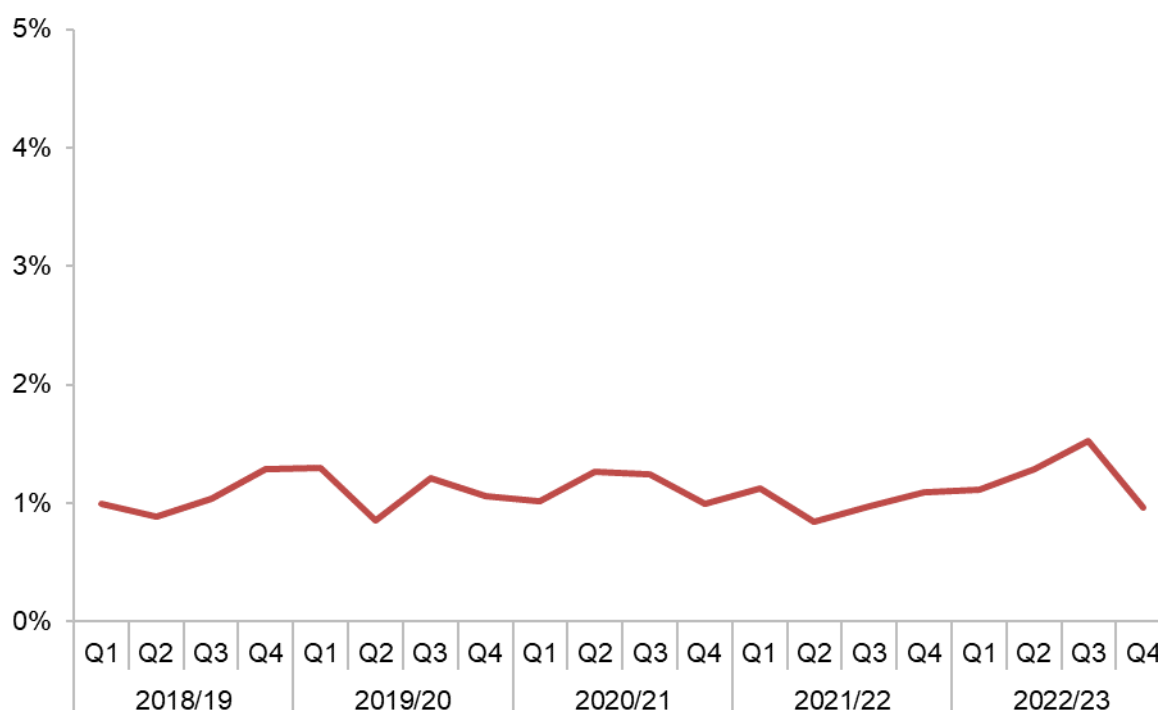
Figure 21 – Substandard traffic management from inspection results

(Source: SRWR Report 19)

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Period	Substandard TM
2018/19 Q1	257
2018/19 Q2	216
2018/19 Q3	233
2018/19 Q4	316
2019/20 Q1	302
2019/20 Q2	209
2019/20 Q3	273
2019/20 Q4	246
2020/21 Q1	185
2020/21 Q2	297
2020/21 Q3	302
2020/21 Q4	270
2021/22 Q1	294
2021/22 Q2	220
2021/22 Q3	247
2021/22 Q4	311
2022/23 Q1	314
2022/23 Q2	350
2022/23 Q3	407
2022/23 Q4	290

Table 23 – Substandard traffic management from inspection results

(Source: SRWR Report 19)

98

Works registered with missing contact details

Organisations are required to provide contact details of the contractor carrying out road works and details of the person registering the works on the Scottish Road Works Register (SRWR).

Each road works notice recorded in the SRWR must include the originator name, the originator telephone number, the contractor name and the contractor telephone number. At the very latest, these four fields must be populated when works reach the "in progress" phase. For example when an actual start notice is registered for a works.

Contact details entered in the SRWR by roads authorities and utility companies undertaking road works are expected to be accurate. This information is required for co-ordination and co-operation.
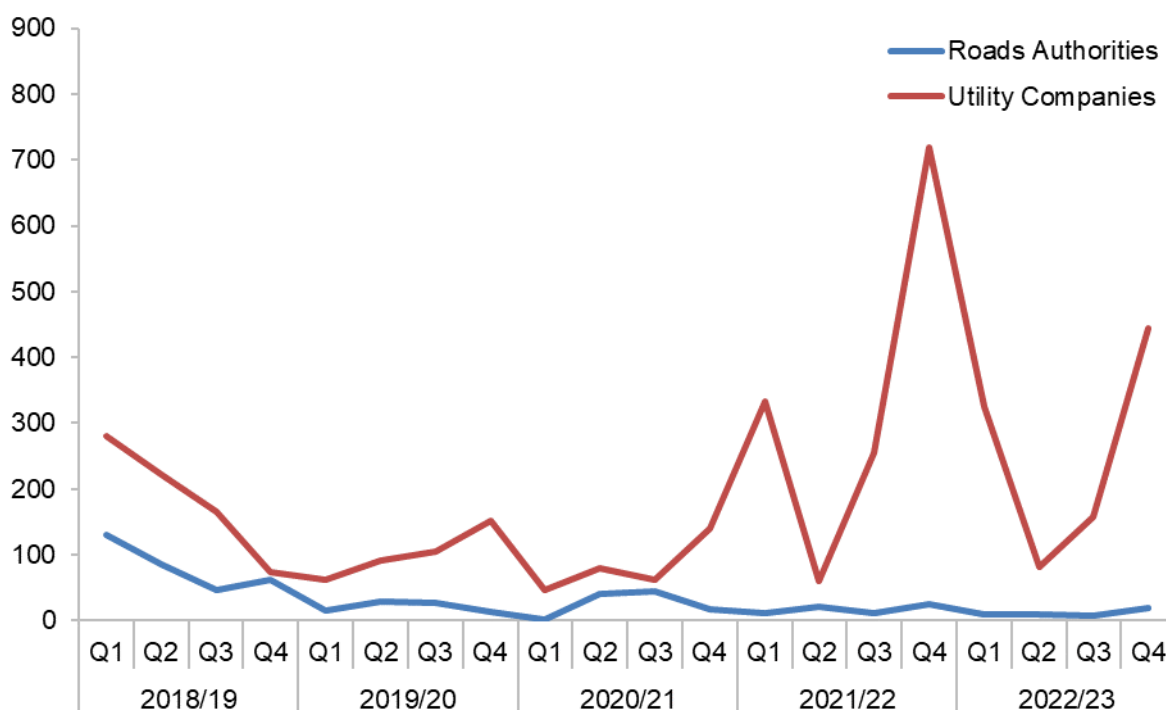
Figure 22 – Roads authorities and utility companies works registered with missing contact details

(Source: SRWR Report 24 and SRWR Report 9a)

Period	Roads Authorities	Utility Companies
2018/19 Q1	98	281
2018/19 Q2	69	222
2018/19 Q3	39	165
2018/19 Q4	52	74
2019/20 Q1	13	62
2019/20 Q2	23	91
2019/20 Q3	13	106
2019/20 Q4	6	152
2020/21 Q1	2	46
2020/21 Q2	41	80
2020/21 Q3	45	63
2020/21 Q4	17	141
2021/22 Q1	18	334
2021/22 Q2	26	60
2021/22 Q3	13	251
2021/22 Q4	26	720
2022/23 Q1	9	325
2022/23 Q2	9	82
2022/23 Q3	7	158
2022/23 Q4	19	444

Table 24 – Roads authorities and utility companies works registered with missing contact details

(Source: SRWR Report 24 and SRWR Report 9a)

100

Misuse of traffic management type "not yet known"

Organisations are required to provide details of traffic management layouts for each of their road works sites. When registering an expected start date, it is not acceptable to record "Not Yet Known" as the traffic management layout.

It is expected that the correct traffic management types are populated in the SRWR for all road works. This information is used for co-ordination and displayed on the Scottish Road Works Online site. Information must be as accurate as possible to highlight the impact and severity of the works.

When placing a 7 day notice (in advance of planned Substantial, Major and Standard Works), a 24 hour notice (in advance of planned Remedial or Minor Works) or a 2 hour notice (for Urgent and Emergency Works) it is not acceptable to describe the traffic management which is planned to be used as "Not Yet Known". As traffic management types should always be known in advance of works the Commissioner considers it unacceptable for this information to be missing.
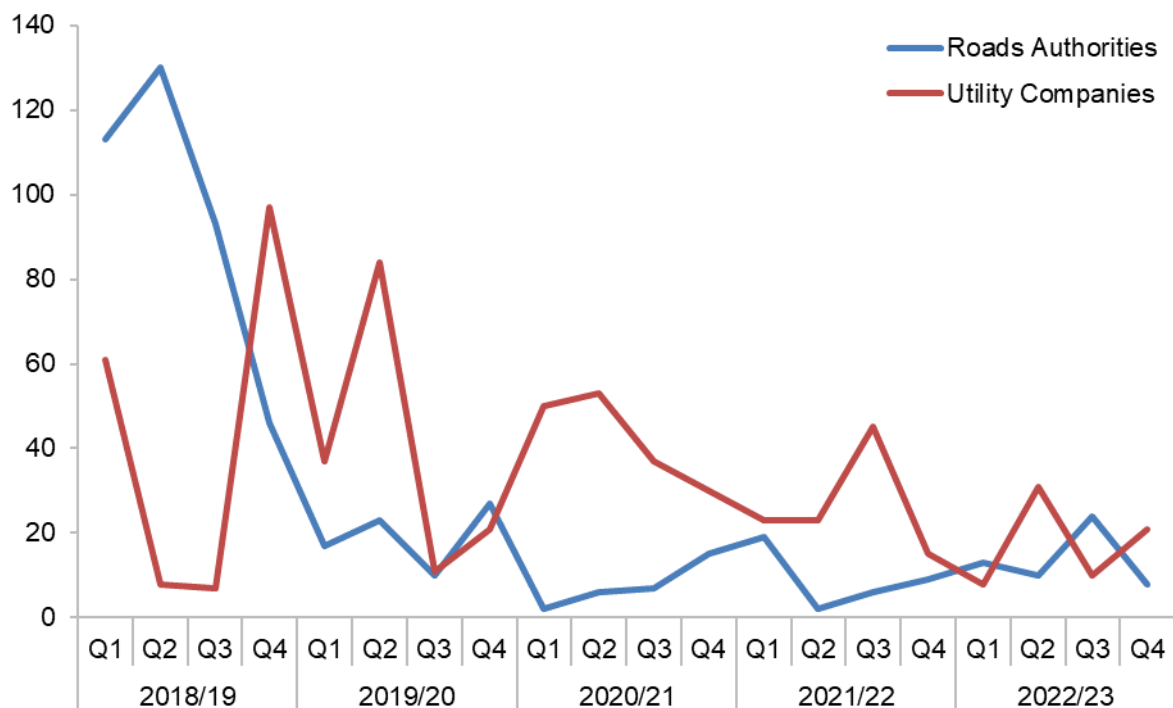
Figure 23 – Roads authorities and utility companies registering works with traffic management type "not yet known"

(Source: SRWR Report 24)

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Period	Roads Authorities	Utility Companies
2018/19 Q1	113	65
2018/19 Q2	130	8
2018/19 Q3	93	7
2018/19 Q4	48	125
2019/20 Q1	17	38
2019/20 Q2	23	102
2019/20 Q3	8	14
2019/20 Q4	27	22
2020/21 Q1	2	50
2020/21 Q2	6	53
2020/21 Q3	7	37
2020/21 Q4	15	30
2021/22 Q1	19	23
2021/22 Q2	2	23
2021/22 Q3	6	45
2021/22 Q4	9	15
2022/23 Q1	13	8
2022/23 Q2	10	31
2022/23 Q3	24	10
2022/23 Q4	8	21

Table 25 – Roads authorities and utility companies registering works with traffic management type "not yet known"

(Source: SRWR Report 24)

102

Fixed Penalty Notices (FPNs) issued to utility companies

Fixed Penalty Notices (FPNs) are similar in nature to Parking Penalty Charge Notices. Roads authorities are not required by legislation to issue FPNs. Where they are not issued, generally authorities consider that the potential financial returns would not cover the cost of administration.

However, the benefit is improved utility company compliance with road works legislation which may provide them with time and cost savings elsewhere
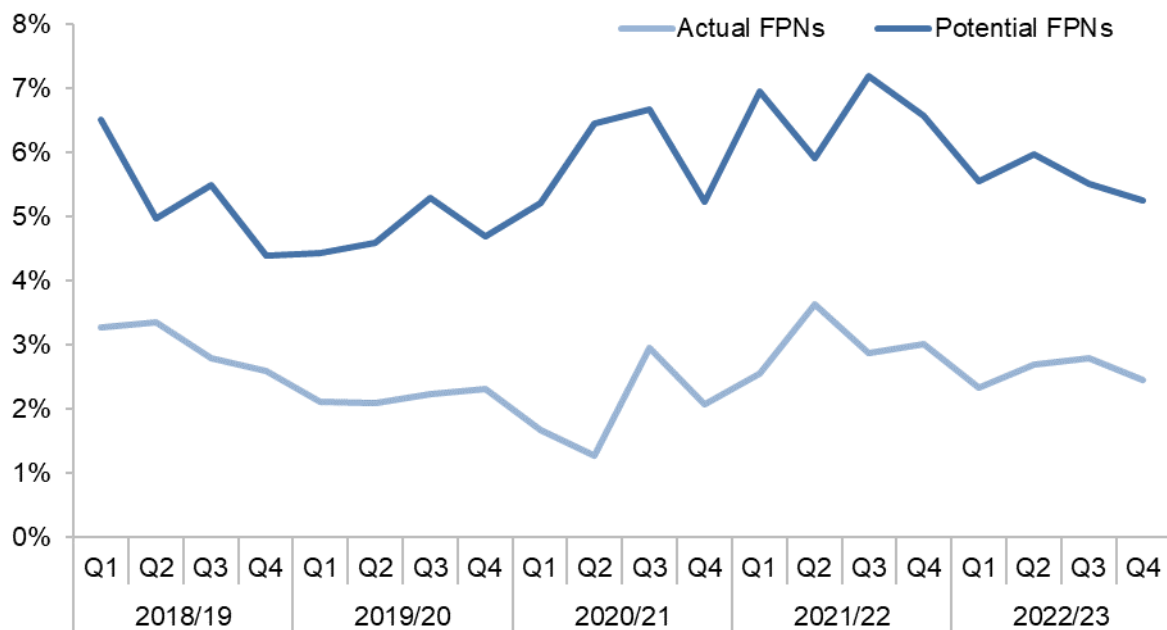
Figure 24 – Actual and potential fixed penalty notices (FPNs) issued to utility companies as a percentage of actual starts

(Source: SRWR Report 1 and SRWR Report 9a)

103

Period	Actual FPNs %	Potential FPNs %
2018/19 Q1	3.3%	6.5%
2018/19 Q2	3.4%	5.0%
2018/19 Q3	2.8%	5.5%
2018/19 Q4	2.6%	4.4%
2019/20 Q1	2.1%	4.4%
2019/20 Q2	2.1%	4.6%
2019/20 Q3	2.2%	5.3%
2019/20 Q4	2.3%	4.7%
2020/21 Q1	1.7%	5.2%
2020/21 Q2	1.3%	6.5%
2020/21 Q3	3.0%	6.7%
2020/21 Q4	2.1%	5.2%
2021/22 Q1	2.6%	7.0%
2021/22 Q2	3.6%	5.9%
2021/22 Q3	2.9%	7.2%
2021/22 Q4	3.0%	6.6%
2022/23 Q1	2.3%	5.6%
2022/23 Q2	2.7%	6.0%
2022/23 Q3	2.8%	5.5%
2022/23 Q4	2.4%	5.3%

Table 26 – Actual and potential fixed penalty notices (FPNs) issued to utility companies as a percentage of actual starts *(Source: SRWR Report 1 and SRWR Report 9a)*

104
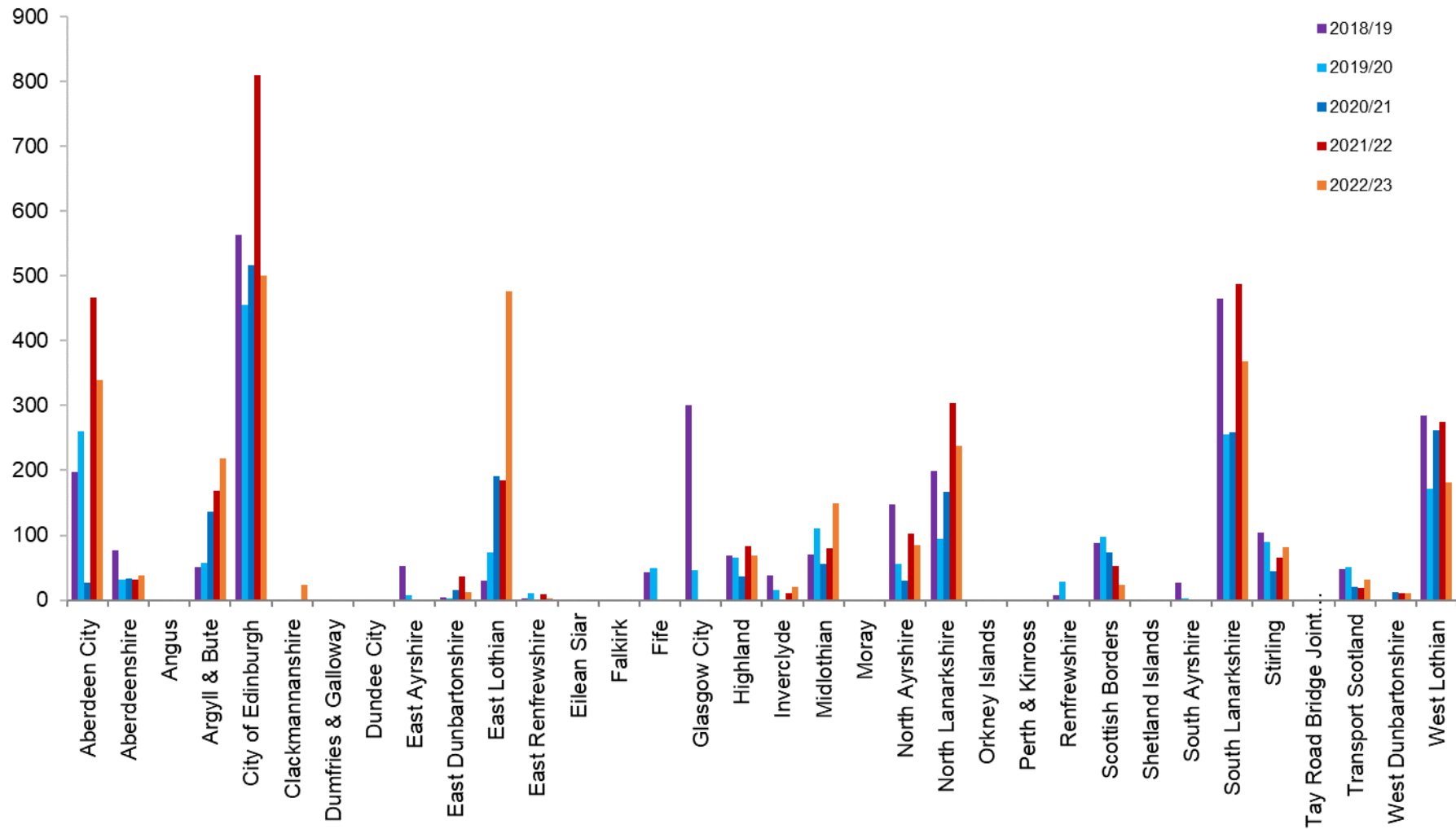
Figure 25 – Fixed penalty notices (FPNs) issued by roads authorities
(Source: SRWR Report 1)

105

Roads Authority	2018/19	2019/20	2020/21	2021/22	2022/23
Aberdeen City Council	198	260	26	313	295
Aberdeenshire Council	76	32	33	31	38
Angus Council	0	0	0	0	0
Argyll & Bute Council	51	58	137	169	218
City of Edinburgh Council	563	456	517	796	491
Clackmannanshire Council	0	0	0	0	17
Comhairle nan Eilean Siar	0	0	0	0	0
Dumfries & Galloway Council	0	0	0	0	0
Dundee City Council	0	0	0	0	0
East Ayrshire Council	52	8	0	0	0
East Dunbartonshire Council	4	3	15	37	8
East Lothian Council	30	73	191	182	468
East Renfrewshire Council	2	11	0	9	3
Falkirk Council	0	0	0	0	0
Fife Council	43	50	0	0	0
Glasgow City Council	300	46	0	0	1
Highland Council	69	66	37	83	68
Inverclyde Council	38	16	0	11	20
Midlothian Council	70	110	55	80	150
Moray Council	0	0	0	0	0
North Ayrshire Council	147	56	30	98	83
North Lanarkshire Council	199	95	167	302	236
Orkney Islands Council	0	1	0	0	0
Perth & Kinross Council	0	0	0	0	0

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Roads Authority	2018/19	2019/20	2020/21	2021/22	2022/23
Renfrewshire Council	8	29	0	0	0
Scottish Borders Council	88	98	73	53	21
Shetland Islands Council	0	0	0	0	0
South Ayrshire Council	26	3	0	0	0
South Lanarkshire Council	465	255	258	485	366
Stirling Council	104	89	44	62	34
Transport Scotland	47	51	21	13	26
West Dunbartonshire Council	0	0	13	11	10
West Lothian Council	285	171	262	266	164

Table 27 – Fixed penalty notices (FPNs) issued by roads authorities

(Source: SRWR Report 1)

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Undue delay (S125) notices issued by roads authorities and received by utility companies

When a utility company unduly delays completion of their road works, a roads authority has the power, under section 125 of the New Roads and Street Works Act 1991 (NRSWA), to serve an undue delay direction on the utility, directing that the works are completed within a specified time.
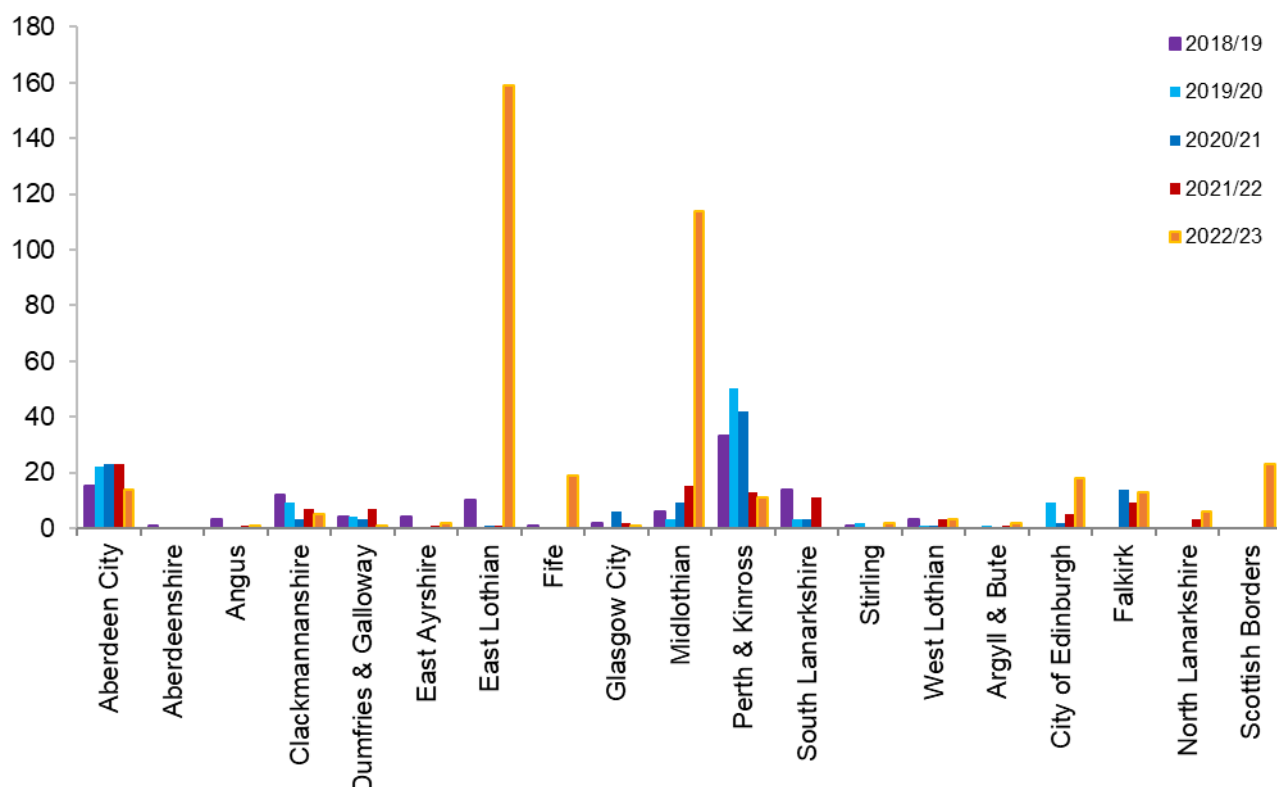
Figure 26 – Undue delay (s125) notices issued by roads authorities

(Source: SRWR Report 17e)

Roads Authority	2018/19	2019/20	2020/21	2021/22	2022/23
Aberdeen City Council	15	22	23	23	14
Aberdeenshire Council	1	0	0	0	0
Angus Council	3	0	0	1	1
Argyll & Bute Council	0	1	0	1	2

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Roads Authority	2018/19	2019/20	2020/21	2021/22	2022/23
City of Edinburgh Council	0	9	2	5	18
Clackmannanshire Council	12	9	3	7	5
Comhairle nan Eilean Siar	0	0	0	0	0
Dumfries & Galloway Council	4	4	3	7	1
Dundee City Council	0	0	0	0	0
East Ayrshire Council	4	0	0	1	2
East Dunbartonshire Council	0	0	0	0	0
East Lothian Council	10	0	1	1	159
East Renfrewshire Council	0	0	0	0	0
Falkirk Council	0	0	14	9	13
Fife Council	1	0	0	0	19
Glasgow City Council	2	0	6	2	1
Highland Council	0	0	0	0	0
Inverclyde Council	0	0	0	0	0
Midlothian Council	6	3	9	15	114
Moray Council	0	0	0	0	0
North Ayrshire Council	0	0	0	0	0
North Lanarkshire Council	0	0	0	3	6
Orkney Islands Council	0	0	0	0	0
Perth & Kinross Council	33	50	42	13	11
Renfrewshire Council	0	0	0	0	0
Scottish Borders Council	0	0	0	0	23
Shetland Islands Council	0	0	0	0	0
South Ayrshire Council	0	0	0	0	0

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Roads Authority	2018/19	2019/20	2020/21	2021/22	2022/23
South Lanarkshire Council	14	3	3	11	0
Stirling Council	1	2	0	0	2
Transport Scotland	0	0	0	0	0
West Dunbartonshire Council	0	0	0	0	0
West Lothian Council	3	1	1	3	3

Table 28 - Undue delay (s125) notices issued by roads authorities

(Source: SRWR Report 17e)

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Roads authority works registered per 100km

Prior to enactment of the Transport (Scotland) Act 2005, only utility companies were required to register their qualifying road works in the Scottish Road Works Register (SRWR).

Since 2005, roads authorities have also been required to register their qualifying works, however, their performance remains inconsistent and in need of further scrutiny.

This indicator compares roads authority works registered against others with a similar demographic make-up.

This indicator scrutinises the number of road works registered on the SRWR by council roads authorities, Transport Scotland trunk road operating companies and Transport Scotland trunk road DBFO companies across Scotland.
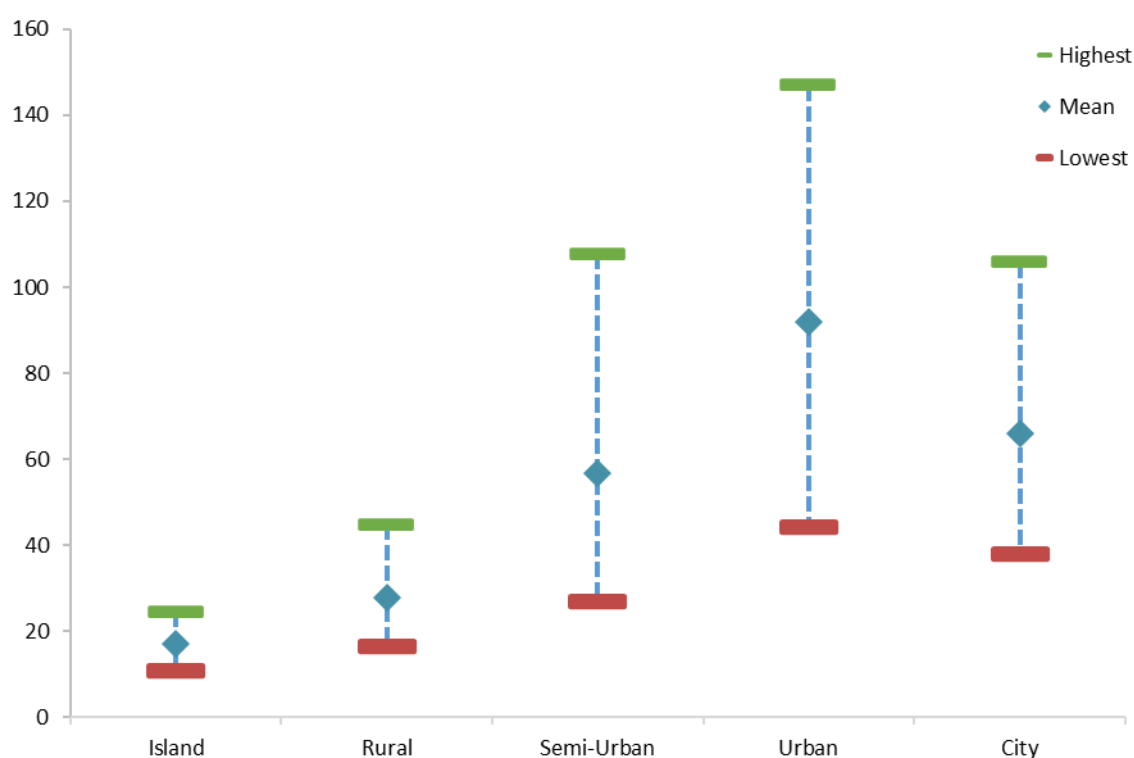
Note: Transport Scotland data has been removed for clarity.

Figure 27 – Works per 100km for authorities in each SCOTS group, showing the high, mean and low values for each group (2022/23).

(Source: SRWR Report Works per 100km)

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Road works registered are influenced by many factors such as geographic location, political priorities, population, weather, available resources (numbers of operatives), structural and routine budgets, road network lengths, etc. For example, islands and rural authorities register fewer road works than urban authorities. Consequently, for reporting purposes, authorities and transport Scotland operators are grouped with peer organisations and any view on their performance is relative.

Organisation	2018/19	2019/20	2020/21	2021/22	2022/23
Island Group	30.8	31.0	16.6	21.0	17.0
Rural	24.9	23.9	15.1	24.9	27.7
Semi-urban Group	63.5	55.8	39.1	54.1	56.8
Urban Group	92.3	103.2	73.1	88.7	91.9
City	74.0	65.3	52.3	75.1	66.0
Transport Scotland	287.0	327.1	314.0	347.0	474.2

Table 29 – Mean value of works per 100 km for authorities in each SCOTS group and Transport Scotland

(Source: SRWR Report Works per 100 km)

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Contact Details

You can phone us on **0131 244 9936**

You can email us at enquiries@roadworks.scot

Our website is https://roadworks.scot

You can contact us by post at:

Scottish Road Works Commissioner
E Spur
Saughton House
Broomhouse Drive
Edinburgh EH11 3XD

Other Formats

The Commissioner is committed to making services, policies and guidance available to everyone. This document may be available in other formats. Please contact us if you wish to discuss this matter.

Waste & Recycling Service Standards

Report by Kevin Anderson, Executive Director Place

Report for Decision

1   Recommendations

Council is recommended to approve the:

i.   adoption of the proposed Waste Service Standards and Waste Service Policies; and

ii.   acceptance of £2.2m grant funding offered by the Scottish Government's Recycling Improvement Fund, administered by Zero Waste Scotland.

2   Purpose of Report/Executive Summary

The Household Recycling Charter and the accompanying Code of Practice set out several requirements that signatories are expected to follow. These include a recommendation that Councils develop and introduce policies relating to the presentation and collection of waste to ensure that operations are delivered safely, effectively and efficiently. This report sets out service standards for existing operations.

Zero Waste Scotland, having offered a grant of £2.2m, will provide a significant capital injection to effect service and transformational change in relation to recycling. The required service changes and ongoing transformation are set out in the report.

Date:	17 November 2023
Report Contact:	Derek Oliver, Chief Officer Place
Email:	Derek.Oliver@midlothian.gov.uk

3   Background

3.1   Current domestic waste & recycling collections

The collection of waste and recycling from households is a statutory requirement set out in the Environmental Protection Act (1990) and Waste (Scotland) Regulations 2012.

Kerbside collections are one of the few Council services that all residents receive every week with the service carrying out over 5.8M individual waste and recycling collections each year as detailed in Table1 and Figure 1 below.

Material / Container	Number of properties	Collections per year	Total collections per year
Residual / Grey	43,739	26	1,137,214
Recycling / Blue	43,739	26	1,137,214
Glass / Red	43,739	26	1,137,214
Food / Silver	39,775	52	2,068,300
Garden / Brown	18,360	18	330,480
		Total	**5,810,422**

Table 1 – annual waste and recycling collection numbers (note - household numbers correct as at 1 April 2023)

Customers access Waste & Recycling Services channels through the Contact Centre, online web forms, social media and direct email to recycling@midlothian.gov.uk to make requests for service delivery.

Figure 1 Domestic collection service

Blue bin dry mixed recycling	Brown bin garden waste	Grey bin non-recyclable waste	Red box glass bottles and jars	Silver caddy food waste
Collected fortnightly	Collected fortnightly between mid-March and mid-November	Collected fortnightly	Collected fortnightly	Offered in urban areas Collected weekly

Current webforms are in place for customers to request:

- New / replacement bins
- Street cleansing which includes:
  - Report litter bin needs emptied
  - Report street needs swept
  - Report dead animals
  - Request hazardous waste removal
- An assisted collection service ("pull out of waste bins")
- A larger grey residual waste bin.

Customers can also use the online forms to request a bulky waste collection, report a missed bin, sign-up and pay for the garden waste collection service and to suggest locations for new litter bins.

Over the past three years, Waste & Recycling Services has worked with the Digital Transformation Team to re-design existing web forms for integration with the new Granicus Customer Relationship Management (CRM) system. Progress is updated regularly to the Digital Transformation Board. Integration with the Granicus/CRM platform allows the Contact Centre to see progress against a Service Request and allows customers to receive email feedback when their Service Request has been completed.

Waste & Recycling Services propose to further develop digital transformation of the service with the provision of hand-held tablets for staff to record actions against a service request in real time. Photographs can also be taken and recorded on the system.

3.2 Other Services

Alongside kerbside collections of waste, the service operates two household waste recycling centres (HWRC): one at Stobhill, Newtongrange and the other at Bellman's Road, Penicuik. The centres are open seven days per week and on average there are 450 daily visits to Stobhill HWRC.

The service also:
- collects illegally dumped materials (fly tipping)
- sweeps the streets and collects dropped litter
- empties a range of bins including litter/dog bins
- cleans vacated council houses (voids)
- uplifts litter collected by local volunteer community groups
- collects trade waste from local businesses
- cleans graffiti in the public realm
- removes chewing gum
- uplifts dead animals
- operates chargeable kerbside bulky waste collection and garden waste collection services

Details on where waste materials collected in Midlothian currently go for processing is included in Appendix C.

4   Waste & Recycling Service Standards

The Household Recycling Charter and the accompanying Code of Practice set out several requirements that signatories are expected to follow. These include a recommendation that Councils develop and introduce policies relating to the presentation and collection of waste to ensure:

- we operate our services so staff are kept safe
- we deliver effective and efficient collection services on behalf of our communities

Developing and publishing policies can help ensure services operate transparently and fairly, encourage householder participation, maximise the quality and quantity of materials collected for recycling and improve operational efficiencies.

Setting and monitoring these Standards will help us better communicate with customers when complaints arise as both sides will have a clear understanding of the levels of service expected**.**

The Standards will also work to ensure that households present waste in a way that reduces risk to collection crews.

4.1   Policy for Missed Bins

On occasion, collections will not take place as expected, for example because of parked vehicles blocking access to streets, human error or adverse weather.

Although the number of missed collection complaints are low at around 0.05% of all collections (or an average of around 57 of a total of 111,738 collections per week) it is appreciated the inconvenience caused and the service is seeking to reduce these numbers.

Year	Complaints of missed bins or bins not emptied properly.	Complaints as % of overall collections
2018	2,789	0.05%
2019	2,963	0.05%
2020	4,122	0.07%

It is important therefore, that Service Standards and operating procedures are put in place to deal with missed collections effectively. The proposed Policy defines the circumstances that would determine if a bin has not been emptied as expected due to a service failure, or because of circumstances out with the Council's control, and the measures to be taken to return to empty a missed bin.

Proposed Missed Collection Policy

RECYCLING AND WASTE COLLECTION SERVICE – MISSED COLLECTION POLICY

Summary

This policy sets out the steps Waste Services will take in responding to reports of missed waste/recycling collections.

Purpose of Policy

•   To define the criteria for a missed collection
•   To detail how non collection of waste/recycling containers will be managed

Definitions

A customer's waste/recycling container may not be emptied as expected on a scheduled collection day for a number of reasons.

Midlothian Council appreciates that on occasion our waste/recycling collection staff may fail to empty a bin/container. This would be deemed a "missed collection". A "missed collection" is defined as a container that has not been uplifted by 3:00pm on its scheduled collection day, where:

- the bin was out for collection by 6:30am
- the bin was presented in the designated collection point
- access to the bin was not blocked by roadworks
- access to the bin was not blocked by poorly parked cars or other vehicles
- the bin lid was fully closed
- the bin is not broken or damaged
- the bin contained the correct materials
- the bin was not overweight

A "non-collection" or a failed collection will occur when a bin is not emptied due to reasons outwith the Council's control. Examples include:

- Container not presented in time for the collection
- Local access issues (e.g., not being able to undertake an assisted collection due to a locked gate)
- Excess waste presented / unauthorised additional bin
- Overfull or overweight bins
- Incorrect materials identified within the bin.

An "overfilled bin" is a bin containing waste where the lid cannot easily be fully closed by exerting gentle pressure by hand.

An "overweight bin" is any 2 wheeled bin that be safely moved by a single crew member to the point of collection and/or is deemed by the Driver/Team Leader to be too heavy to be safely lifted by the mechanical lifting mechanism on the collection vehicle.

Missed collections

All missed collections must be reported by 5:00pm on the next working day following the scheduled waste/recycling collection.

Where a missed collection of residual waste, garden waste or paper, plastic, metal and carton recycling has occurred, in normal circumstances a collection crew will return to empty a bin within 5 working days.

Customers must leave their bin at the kerbside / designated collection point to allow it to be emptied.

Where a missed collection of food waste or glass has occurred, it will be noted but collection crews will not return until the next scheduled collection. Glass is an inert material and there are no Health and Safety implications associated with storing it for an extended period. Food waste is collected weekly, and if absolutely necessary, can be placed in a grey bin for disposal.

Non-collection: individual properties

Driver/Team Leaders will capture and report information on service issues specific to an individual property which may have prevented collection from taking place as scheduled. This will be reported at the end of the shift to a Waste Supervisor who will communicate the issue to the Customer Contact Centre.

Examples include:
- Bin not out at the time of collection
- Overfilled or overweight bins
- Bin contained incorrect materials.

In these cases, Midlothian Council will not return to empty the container until the bin's next scheduled collection date and the customer should make alternative arrangements for the disposal of their waste/recycling as required.

It is anticipated that the introduction of a Digital Depot will allow Driver/Team Leaders to report issues to Waste Supervisors and the Contact Centre in real time.

Non-collection: groups of properties

Driver/Team Leaders will capture and report information on service issues specific to a group of properties which may have prevented collection from taking place as scheduled. This will be reported at the end of the shift to a Waste Supervisor who will communicate the issue to the Customer Contact Centre.

Examples include:

- Access issues due to roadworks or parked vehicles

In such cases, Midlothian Council will plan to return to empty containers within 5 working days. Customers must leave their container at the kerbside / designated collection point to allow it to be emptied.

It is anticipated that the introduction of a Digital Depot will allow Driver/Team Leaders to report issues to Waste Supervisors and the Contact Centre, and therefore to customers in real time.

Service Standards

Steps will be taken to differentiate between genuine missed collections and non-collection due to other issues.

For example, the vehicle tracking system will be checked and if the collection vehicle can be seen in the street, proceeding at a collection pace, it will be assumed that any reported missed bins were not presented appropriately and are instead non-collections.

Bin tags will be used to communicate to customers the reasons for non-collection in the event of overweight/overfilled bins or bins containing incorrect materials.

Assisted Collections

To facilitate collection, customers on the Assisted Collection service are required to ensure their containers are easily accessible to our staff on their scheduled collection day – e.g.: not blocked by cars or left behind locked gates.

4.2   Policy for excess or side waste

Current safe operating procedures state that bins must be presented for collection with the lid fully closed, and that excess bags or "side waste" will not be collected. Waste & Recycling Services propose to formalise this procedure to:
- reduce the environmental and cost impacts of collecting excess waste
- address safety concern relating to:
  - manual handling
  - risk from sharps in uncontained waste
  - the safe operation of wheeled bins on comb-lifters upon vehicles
- define an overfilled bin and an overweight bin.

Further information on excess waste is included in the proposed illustrative Service Standards in Appendix B.

4.3   Criteria for additional residual waste capacity

It is recognised that there will be some household circumstances which lead to the generation of additional non-recyclable waste.

The proposed policy is designed to fairly assess requests for additional waste capacity, act as a deterrent to abuse of the policy and help ensure households fully utilise all recycling collection services available to them.

RECYCLING AND WASTE COLLECTION SERVICE   **POLICY FOR THE PROVISION OF ADDITIONAL WASTE CAPACITY**
Summary   This document outlines the policy for households in Midlothian who may need additional waste capacity for the disposal of their non-recyclable household waste.
Purpose of Policy   • To establish a criteria for the provision of additional residual waste capacity   • To detail how applications for additional waste capacity will be managed
Considerations   For householders using the wheeled bin service the Council's current standard service provision for general waste is: • 1 x 240 litre wheeled bin emptied once a fortnight.   Only bins provided by the Council will be emptied.   The waste hierarchy places waste prevention before reuse and recycling.   This policy considers the Climate Emergency and aims to encourage residents to adopt lifestyle choices which meet our ambitions to reduce waste and increase recycling.   Even after adopting waste minimisation practices, reusing waste and separating all items for recycling, a standard wheeled bin may not provide adequate capacity for some households to dispose of their residual waste.
Eligibility for additional waste capacity   Larger wheeled bins for the collection of non-recyclable waste can be made available if there has been a recent change in a household's circumstances and: • It is required for the disposal of medical waste. Medical waste includes used dressings, stoma or catheter bags, incontinence pads and PPE such as plastic aprons or gloves used by personal care providers.   • Six or more people permanently live in the home   • Five people including one child using disposable nappies permanently live in the home   • Two children using disposable nappies permanently live in the home   and extra capacity is required for the disposal of household waste that cannot easily be recycled.   Evidence of the above may need to be provided in support of an application.   Permanent residents are those who live in the property on a day to day basis. It does not include minded children, family members attending higher education for part of the year, children staying under a split parental access arrangement or family members visiting on holiday.   Households must make full use of all the recycling collection services provided by Midlothian Council both before and after additional waste provision is made.   No provision is made for the disposal of animal waste unless required for an accredited service / assistance animal.   The initial provision will last for a period of three years from the date of approval.
Application Process   Households who believe they meet the eligibility criteria above, can apply for a larger bin.   Application forms will be sent to the Community Waste Officer for review.   • If the household meets the household size criteria, they will receive a larger bin   • If the household meets the medical need criteria, they will receive a larger bin   • Households of 8 or more permanent residents will receive an individual assessment to determine the waste capacity required

Residents will be notified of a decision within 10 working days from the date of application.

Successful applicants will have their standard sized bin replaced with one of a larger size along with a bin sticker highlighting to the collection crew that provision of the larger bin has been authorised.

Renewing and cancelling additional waste provision

Households provided with larger bins will be contacted every three years to confirm they continue to meet to the eligibility requirements – the letter will explain how this is to be done. The householder must respond within 28 days from the date of the letter.

If the householder responds within 28 days and declares that the larger bin is still required and they still meet the criteria, the larger bin will authorised to be collected for another 3 years. If the householder does not respond within 28 days, the larger bin will be replaced with a standard sized bin.

Householders who no longer need additional waste capacity can advise Midlothian Council by completing a form on our website.

Terms and Conditions

Each application will be assessed individually but Midlothian Council reserves the right to refuse or withdraw the service at any time if any of the following apply:

•   The application does not meet our eligibility criteria. Midlothian Council reserve the right to request documentary proof of eligibility.

•   Midlothian Council identifies that there has been a change in circumstances resulting in the household no longer meeting the eligibility requirements. These householders will be contacted before removal.

As provision of the larger bin is conditional on the household undertaking recycling activities, random assessments will be ongoing. If at any time, items easily separated for recycling are found in the larger bin, it will be removed and a replaced with a bin of a standard size.

Unauthorised second/ additional bins

Any larger bin will only be emptied if it has been authorised and supplied under the terms of this policy.

Where it has been identified or is suspected that a householder has an unauthorised larger bin or is presenting additional bins for collection, the following action will be taken:

•   Household will be notified that their bin/s appears to be unauthorised
•   Household will be asked to contact the Community Waste Officer to discuss whether they meet the criteria for a larger bin
•   If the householder does not make contact within 20 working days or does not meet the criteria, they will be notified that the unauthorised larger bin or other additional waste will be removed
•   Additional bin will be uplifted / unauthorised larger bin will be removed and replaced with a bin of a standard size.

Appeal Process

Should residents wish to appeal against a decision to provide a larger bin, they may do so within 10 working days of being told of the decision by either email or letter.

Email: recycling@midlothian.gov.uk
Write to us at: Waste Services, Stobhill Depot, Newtongrange, EH22 4NU.

The letter should fully state the reason for the appeal, making direct reference to the eligibility criteria and providing suitable evidence to support claim.

Assisted Collections

Householders who are unable to present their wheeled bins at the kerbside for collection, and who have applied and been granted an assisted collection, will be entitled to a continued assisted collection service of the larger bin.

Data Protection

The personal information provided as part of the application will be managed in accordance with the requirements of the General Data Protection Regulation (the 'GDPR').

It will be treated as confidential and will be held for the purposes of assessing and processing a request for a larger bin and monitoring the provision of additional waste capacity.

4.4   Assisted collections

Assisted collections are available for householders unable to present their waste containers at their designated collection point themselves. When offering assisted collections, Waste & Recycling Services will identify a suitable alternative collection point within the boundary of the householder's property.

The proposed policy is designed to fairly assess requests for an assisted collection service whilst maintaining operational efficiency in collecting and returning customer's bins.

WASTE COLLECTION SERVICE **– POLICY FOR THE PROVISION OF AN ASSISTED COLLECTION**
Summary This document outlines the policy for residents in Midlothian who may need assistance in presenting their wheeled bins and recycling containers for collection.
Purpose of Policy •   To establish a criteria for the provision of an assisted collection service •   To detail how applications will be managed
Considerations The assisted collection service is available to residents who need help to move their wheeled bins or recycling containers to the edge of their property for collection.
Eligibility Assistance is available for any residential property where none of the occupants can move their wheeled bins or recycling containers to the edge of their property for collection. Typically this will be due to the occupants' illness, infirmity or disability. To apply for this service residents must: •   permanently live at the property •   have no other person living at the property (aged 12 or over) who could place the bins out for collection on their behalf Evidence of the above may need to be provided in support of an application.
Application process Residents (or their representatives), who believe they, and everyone living at your property, meet the eligibility criteria above, can ask for assistance by completing the Assisted Collections Request webform. Applications can only be made on a resident's behalf by a nominated representative. Residents unable to complete the online firm should call our Contact Centre (0131 561 5284). Completed forms will be sent to Waste Services for review. Residents meeting the criteria above will be deemed eligible for an assisted collection and will receive a letter detailing the date the service will apply. Residents will be notified in writing of a decision within 10 working days from the date of application.
Renewing and cancelling assistance In cases of permanent disability or infirmity, once a resident starts to receive assistance this will not stop until the resident passes away, or moves into residential or nursing care, or equivalent. In cases of temporary disability (e.g., a broken leg / following an operation) the assistance will be offered for 12 weeks. Residents (or their representatives) can advise us at any time that the assisted collection is no longer required by completing the form on our website (as above). This is especially relevant in cases where the infirmity or disability was temporary and has now improved.

Terms and Conditions

A suitable collection point will be agreed between the customer and Waste Services.

This collection point must be a maximum distance of 10 metres from the boundary (eg: gate or driveway) of the property.

The path from the bin to the collection vehicle must be hard standing, free of weeds or other vegetation with no obstacles to prevent access or unrestricted movement of the bin.

To facilitate collection, residents are required to ensure their containers are easily accessible to our staff on collection day – e.g.: not blocked by cars or left behind locked gates.

During a period of adverse weather, it may not be safe for collection crews to walk on untreated icy paths. In such cases, we will resume collection once conditions improve.

Where operational difficulties, including health and safety issues, will be incurred when offering an assisted collection, residents may be offered an alternative collection method, collection frequency or collection day from the standard service. For example, residents may be required to change the place they keep their bins to allow us to offer this service e.g.: from the back garden to the front garden or closer to the gate.

We accept no liability for loss or damage to plants, landscaping or ornaments, unless collection crews can be shown to have acted in an unreasonable manner.

Collection crews are not authorised to enter a resident's home.

Customers must inform the Council of any changes in circumstances that means the requirements for an assisted collection are no longer met. This includes someone over the age of 12 who can assist with bin presentation moving into the property.

The Council will assess each application individually but reserves the right to refuse or withdraw the service at any time if any of the following apply:

•   The application does not meet our eligibility criteria.

•   Midlothian Council identifies that there has been a change in circumstances resulting in the resident, or their household, no longer meeting the eligibility requirements.

•   Customers are abusive, or otherwise threatening, towards waste collection staff.

Collections

Assistance will be given, if required, for all the regular collection services provided: household rubbish collections, recycling collections and if applicable, garden waste collections.

On the collection day the crew will collect and empty the wheeled bins and recycling containers from an agreed place within the boundary of the property and will return them to the same place.

The Council maintains an overall list of all households requiring assisted collections. This list is regularly updated to ensure crews have accurate information at their disposal to enable them to undertake the appropriate collections. To undertake these updates, the Council may contact residents periodically in order to ascertain their ongoing requirement for the service.

Appeal Process
Should residents wish to appeal against a decision to provide an assisted collection, they may do so within 10 working days of being told of the decision by either email or letter.

Email: recycling@midlothian.gov.uk
Write to us at: Waste Services, Stobhill Depot, Newtongrange, EH22 4NU.

The letter should fully state the reason for the appeal, making direct reference to the eligibility criteria and providing suitable evidence to support claim.

Data Protection
The personal information provided as part of the application will be managed in accordance with the requirements of the General Data Protection Regulation (the 'GDPR').

It will be treated as confidential and will be held for the purposes of assessing and processing a request for an assisted collection and delivering this service.

4.5 New / replacement containers

When containers for waste and recycling are lost, broken or stolen, it is important that these are replaced timeously to provide continuity of service and maintain participation in services.

It should be noted that collection crews are not generally able to report wheeled bins "lost in the "back of the truck" on collection day, as, by the nature of being "lost", it is no longer possible to see the house name/number on the bin to identify to which property it belonged.

As such, customers remain responsible for reporting loss of damage to their own bins.

4.6 Policy for non-standard / road end collections

In rural areas or where there are private roads or inaccessible lanes or streets, waste collection issues can arise from:
- Operational efficiency e.g., excess travel to service single or small numbers of properties
- Liability e.g., the risk of damage to non-council-maintained property / roads
- Health & Safety e.g., accessing roads / locations which may present an operational risk due to road condition or other reason
- Access e.g., restricted access for vehicles or crews which may include width, turning areas, weight limits. This includes access due to inconsiderately parked vehicles on bin collection days.

It is proposed that Waste & Recycling Services implement practices to address these issues. This includes providing planning advice to developers to prevent the building of new developments or re-developments that cannot comply with existing service delivery, and liaison with Road Services regarding the provision of double yellow lines and parking enforcement.

RECYCLING AND WASTE COLLECTION SERVICE NON-STANDARD WASTE COLLECTION POLICY
Summary This policy sets out how Midlothian Council will collect waste/recycling from accessible rural properties, those accessed via private roads or tracks and/or difficult access properties.
Purpose of Policy To establish the criteria for collecting waste and recycling containers from: • properties accessed via un-adopted roads. 'Un-adopted' roads are those roads not maintained by a highway authority as defined by Highways Act 1980. • properties in remote rural and accessible rural areas • properties with difficult access due to the design of the properties or road • properties with difficult access due to conditions (eg: overgrown vegetation) • roads and properties with ongoing access issues inconsiderately parked vehicles on bin collection days.
Considerations The Environmental Protection Act 1990 (EPA) places a duty upon local authorities, as the Waste Collection Authority, to collect household waste within in its area. The EPA allows the local authority to specify where receptacles should be placed for collection and most household waste is collected from the nearest adopted road. Currently waste collection vehicles are required to travel along un-adopted/private roads and tracks. In some cases, these are in poor condition. Consequently, access can be time consuming and potentially hazardous with a risk of conflict with livestock or farm vehicles.

Travelling on un-adopted/private roads in very poor condition also drastically reduces vehicle fuel efficiency and results in substantially higher vehicle repair and maintenance costs. The cost of repairs, the associated downtime also impacts negatively on service provision.

Attempting to return numerous times to collect bins unable to be emptied due to access issues caused by inconsiderately parked vehicles on bin collection days impacts service delivery, route efficiency and is inconvenient to the residents impacted.

Criteria for implementing non-standard collections

Properties will be provide with the standard (kerbside collection) service where possible.

Road end collections points will be established where un-adopted/private roads display all or any of the following characteristics:

• The road surface is in a poor state of repair and/or is not asphalt (or a similar bound surface);
• There are health and safety risks to waste collection vehicles and staff arising from road conditions such as adverse cambers, poor visibility at bends, risk of flooding, unprotected steep embankments; and long-term health risk to the crews e.g., resulting from frequent exposure to whole-body vibration;
• The road is less than 3 metres in width and/or has obstruction from trees, shrubs, cables, etc. which could cause damage to the side of the vehicle or mirrors; the minimum height clearance is less than 3.75 metres and/or has obstruction from overhanging branches, cables etc. which could cause damage to the lighting on the roof of the vehicle
• There is not sufficient turning area to allow a 10.5 metre long vehicle to turn in no more than three manoeuvres
• Where collection vehicles are travelling for distances greater than 1 km to collect bins from fewer than six households.

Road end collection points will be established on adopted roads where:

• Instances of inconsiderately parked vehicles blocking refuse collection vehicle access on bin collection days occur more than six times out of ten in a collection cycle.
• Household communications measures (lamppost signage, informational postcards on offending vehicles, letters to all residents etc) have no effect on improving access.
• The view of Road Services is that the road is not suitable for double yellow lines and associated parking enforcement.

Implementation

Private/un-adopted roads
In cases where the road does not meet the required standards, as assessed by a Council Officer, residents will be required to place their bin on the pavement or verge of the nearest adopted road to their property.

Where main roads are adopted, Council has responsibility for the management of road verges and can use these for the establishment of road end collection points.

Where multiple containers are required to be placed at a road end for collection, residents must ensure that these are placed off the road and are not obstructing the pavement or footpath.

Waste Services will consult with local residents and landowners on a case-by case basis with Roads Services consulted on appropriate locations for road end collection points.

Adopted roads
In cases where access is prevented, residents will be required to present their bin for collection on the pavement of the nearest adopted road to their property to which waste collection vehicles have unrestricted access. Residents will be expected to retrieve and return the bin to within the boundary of their own property following collection.

Assisted Collections

Householders who have applied for and been granted an assisted collection, will be entitled to a continued collection from their property.

This may mean an alternative collection method, collection frequency or collection day from the standard service.

5.   Proposed Service Standards for Household Waste

The service you can expect from us:

5.1   We will provide you with clear information on the kerbside waste and recycling collection services offered by Midlothian Council. This information will be made available on our website (midlothian.gov.uk/recycling) with printed information leaflets available on request.

5.2   We will provide bins/containers for the kerbside collection of waste/recycling. At the present time:

Individual households are provided with:

- 1 x 240L grey bin for the kerbside collection of non-recyclable waste
- 1 x 360L blue bin for the kerbside collection of mixed dry recycling
- 1 x kerbside box for the kerbside collection of glass bottles and jars
- 1 x 5L internal caddy and 1 x 23L external caddy for the collection of food waste (urban areas only)
- 240L brown bins are provided to customers who subscribe to the chargeable kerbside garden waste collection service.

Communal bins
- Where shared bins are introduced for communal collections of waste/recycling, we will provide a minimum of 120 litres capacity per property for general rubbish each fortnight and the equivalent amount for recycling.

Black sack collections
- Where, due to access, issues a property cannot be serviced by a refuse collection vehicle, households will be provided with a black refuse sack collection service. 104 refuse sacks (2 per week) will be provided free-of-charge to applicable properties per annum.

All bins remain the property of the council.

5.3   We will only empty bins provided by Midlothian Council. This is to ensure that the containers are compatible with the lifting equipment on the refuse collection vehicles and to meet relevant health and safety standards.

5.4   We will provide a calendar of the uplift days in your area. This information will be made available on our website (midlothian.gov.uk/recycling). Hard copies of calendars can be made available free-of-charge by the print services available in the Library Service and are available on request to those unable to access a local library.

5.5 In normal circumstances, we will endeavour to collect your waste/recycling on your scheduled collection day. Our Service operates Monday to Friday between the hours of 06:30am and 15:00. Collection days will remain unchanged on all bank holidays except 25 and 26 December and 01 and 02 January. We will only deviate from this in exceptional circumstances outside our control, for example as a result of extreme weather events or industrial action.

5.6 We will collect your containers from your designated collection point. Unless otherwise agreed, the designated collection point is at the kerbside, adjacent to the front boundary of your property where the container can be easily seen from the road and can be presented in this location without causing an obstruction. The collection point must have a clear area of hard standing to allow your bin to be wheeled to the collection vehicle. In the event of this location not being practicable or safe, we will specify an alternative suitable location.

5.7 After emptying, we will return your empty bin to the nearest available kerbside location adjacent to your collection point, taking care not to block pedestrian or vehicle access. In windy weather we will endeavour to put your food waste caddy / glass box back within the boundary of your property to help prevent them blowing away.

5.8 Where households share a large 4-wheeled (1100L) communal waste and/or recycling bin that is kept in a communal bin storage area, householders will not have to move or present the containers. We will empty the bin and return it to its original location.

5.9 We will tell you in good time about planned changes to services:

- Any service changes (day of collection / change in materials collected) will be communicated in writing at least 30 days before changes are due to occur.
- Changes to collection days due to the Christmas and New Year Public Holidays will be advertised on the Council website at least 10 days in advance.

5.10 We will let you about unplanned changes to the service on our website (midlothian.gov.uk) and through other media in line with our Communications Policies.

5.11 In terms of access, where road works are being carried out, we will make every effort to make collections as scheduled. However, where access is denied alternative collection arrangements will be made and, where possible, we will notify you of these in advance.

5.12 When collecting from new developments, where building work is still ongoing, we will make every effort to collect from individual properties where possible. Any properties that are occupied but cannot be provided with a kerbside collection will be required to present their bins at an agreed point. The decision to enter sites under construction at any given time on a scheduled collection day is made by the driver of the vehicle, who has to consider road and pavement conditions, any noticeable obstructions and whether a safe exit from the road is possible once it is has been entered.

5.13 If we miss your collection and you notify us by 5pm on the next working day (Monday to Friday) following collection, in normal circumstances we will endeavour to return within 5 working days to complete the collection in line with our Missed Collection Policy. A container will not be deemed as missed until the end of the working day (3pm).

5.14 We will consider the following special requests from householders:
- Additional or larger bins/containers: Additional containers for the collection of recycling will be granted on request. Larger or additional bins for the collection of non-recyclable waste can be made available in line with the Policy for the provision of additional waste capacity. You can request additional or larger containers online. If you are unable to complete the online form, you can telephone our Contact Centre (0131 561 5284).

- Assisted collections: When requested we can arrange for you to receive an assisted collection. This may be a permanent or temporary arrangement. You can request an assisted collection online. If you are unable to complete the online form, you can telephone our Contact Centre (0131 561 5284). Provision of this service will be made in line with the Policy for the provision of an assisted collection.

5.15 If your wheeled bin or container gets damaged or goes missing, and you let us know, we will repair or replace it. In normal circumstances, we will endeavour to deliver a new or replacement bin or container within 7 working days. A replacement bin may be new, used or repaired. We will recycle any bins that are beyond repair.

5.16 When we can't empty your bin (the bin lid is up, the bin is too heavy or it contains the wrong materials) we aim to tag it so you know the reason why, and record that we have done this.

5.17 We will bump your bin against the bump bar at the top of the bin lifting mechanism a maximum of three times in an attempt to dislodge any compacted waste within your bin. Continued striking risks damaging your bin.

5.18 We will clean up any spillage from a container, bin or vehicle that is caused by a council employee as a result of carrying out a waste collection service. In normal circumstances we will endeavour to action this immediately; otherwise, it will be carried out within 3 working days of the Council being made aware of the spillage.

5.19 We will endeavour to remove any large or duplicate bins presented for collection (ie: one household presents two bins) that are identified as unauthorised or that have previously been reported as lost/stolen from another address.

5.20 We will explain what happens to the materials we collect for reuse, recycling or composting on our website (midlothian.gov.uk/recycling).

5.21 In normal circumstances, we will respond to any complaints received about our Service in line with the Council's Complaints and Compliments procedure.

What we expect from you:

5.22 To treat our staff with respect.

5.23 To store bins within the boundary of your property out with your designated bin collection day and take steps to prevent theft and arson. You should identify all your waste/recycling containers with your property name/number.

5.24 To keep your bin in a clean condition and report any damage, or a lost or stolen bin so we can repair or replace it. You can do this online. If you are unable to complete the online form, you can telephone our Contact Centre (0131 561 5284).

5.25 To put your bin where your property meets the pavement, footpath or road - or in your designated bin collection area. Bins and containers should be clearly visible with no restrictions to access and not placed in way to cause an obstruction or hazard to pedestrians or road users. Ideally, wheeled bin handles should be placed facing closest to the road.

5.26 To put your bins out for collection by 6:30am on the day of your collection. If your bin is not presented for collection by the appropriate time and is therefore not emptied for this reason, we will not return until that bin's next scheduled collection day, in line with our Missed Collection Policy.

5.27 To take your bin back to within the boundary of your property as soon as you can once it has been emptied.

5.28 To ensure all waste fits inside your bin and the lid closes fully. This is to prevent litter from rubbish falling out of your bin and to make sure your bin can be lifted onto the collection vehicle safely. An overfilled bin is a bin containing waste where the bin lid cannot easily be fully closed by exerting gentle pressure by hand.

5.29 To not put extra waste on or around your bin. This is to make sure our collection crews can easily and safely access your bin and to address safety concerns relating to manual handling of this waste and risks such as needle stick injuries. Additional waste or bags placed around your bin will not be collected.

5.30 To not compact waste within your bin. If waste is compacted, it may not come out of the bin when it is tipped. If this happens, you will need to loosen it before your bins next scheduled collection.

5.31 To not overload your bin. An overweight bin is any 2 wheeled bin that cannot be safely moved by a single crew member to the point of collection and/or is deemed by the Driver/Team Leader to be too heavy to be safely lifted by the mechanical lifting mechanism on the collection vehicle. Individual heavy items or materials should be removed from your bin to allow us to empty it on your bin's next scheduled collection.

5.32 To make sure your bin contains the correct materials for disposal / recycling. This is to make sure the recycling we collect is good quality and to reduce the cost of disposing of your waste / recycling.

5.33 To let us know we have not emptied your bin as expected by 5pm on the next working day (Monday to Friday) following your scheduled collection. This is to allow us to efficiently plan how best to return to empty your bin.

5.34 To check the Council's website at Public Holiday times, on occasions when extreme weather conditions occur or during periods of Industrial Action, to ensure you are aware of any temporary service changes.

5.35 Where possible, during, and following a period of adverse weather to:

- Remove snow from the top of your bin.
- Make sure there is a clear path in the snow to allow crews to move your bin to the road / collection vehicle.

5.36 If you move house, to leave all bins and containers provided by the council at the property in a clean and empty condition ready for use by the new occupant.

6. Recycling Improvement Fund

6.1 Midlothian Council, as shown in Appendix D, performs above the Scottish average in terms of recycling rates and is in the top 15 of local authorities performance. We strive to continually improve this statistic.

6.2 **Dry Mixed Recyclate (DMR) service transformation**

The Scottish Government recently published a draft of the proposed Circular Economy Bill. Amongst other changes, if passed into law this will:
- Introduce statutory recycling targets for Local Authorities, with prospects of fines
- Make the current voluntary code of practice statutory.

Midlothian Council became a voluntary signatory to the "Charter for Household Waste Recycling" in May 2016 and in so doing, made a commitment to transform kerbside collection services to align with best practice, once capital funding became available.

£2.2m of funding has been awarded from the Zero Waste Scotland Recycling Improvement Fund to allow the Council to fully transition existing waste and recycling collection services to meet the recommendations in the "Code of Practice – Household Recycling in Scotland".

In doing so, Waste & Recycling Services will transition existing kerbside waste and recycling collections to align with the Code of Practice.

A new 240L wheeled bin will be introduced to allow the existing co-mingled recycling stream (blue bin) to be collected in two separate streams on a 3-weekly collection cycle.

- o Paper, card and cardboard (new bin)
- o Plastic, metals and cartons (existing blue bin)
- o Recycling bins will be collected on a three-weekly collection cycle with residual waste.

Table: Current and proposed kerbside waste and recycling collection services.

Status	Residual	Recycling
As is	Fortnightly 240L bin	Fortnightly co-mingled 360L bin
Following service transformation	3-Weekly 240L bin	3-weekly separate collections of - Paper/card - Plastics/metals/cartons

For the small number (approx. 1,000) properties with shared refuse and recycling bins, assessment of provision will be undertaken by Waste Officers to ensure paper and card can be collected separately from plastics, metals and cartons and adequate refuse capacity remains in place. In housing areas where the size and/or layout of garden space or existing bin stores cannot accommodate storage of an additional bin, provision of a suitable communal recycling point for the collection of the additional recycling stream will be provided, following consultation with affected customers.

Due to the timescale required for planning and construction of the extension to the Waste Transfer Shed at Stobhill Depot the DMR service transformation is proposed to take place from September 2025.

6.3 **DMR Change - Projected environmental and financial savings**

The independent environmental consultancy, Eunomia Research & Consulting (Eunomia) was commissioned by Zero Waste Scotland to carry out a collection options appraisal of Midlothian Council's kerbside collection service.

The purpose of the options appraisal was to assess alternative ways of delivering kerbside collection services and to provide Midlothian with cost, operational and performance information for each of the proposed options. The aims were to assess the impact of:

- The introduction of Scotland's Deposit Return Scheme (DRS)
- Introduction of a separate plastic film collection
- Reducing the frequency of glass collections
- Collecting paper and card separately from plastics and cans
- Multi-stream collections using specialist vehicles
- Restricting residual capacity either through smaller bins or less frequency collections

6.4 **DMR Change - Recycling performance**

The table below shows the modelled performance for 3-weekly twin stream collections. Changes in waste flows were determined through benchmarking, which looked at socio-demographically authorities that operate similar collection systems to the options being modelled, to understand the change in waste flows that might be expected. At the time of the analysis it was anticipated that a glass bottle deposit return scheme (DRS) would be introduced by the Scottish Government.

	Baseline	DRS Baseline	3-weekly collections
Food waste	2,066	2,066	2,654
Glass	2,231	424	470
Dry recycling	5,201	4,840	5,400
Contamination	1,167	1,033	1,033
Non-kerbside residual	3,932	3,932	5,494
Residual waste	17,187	16,472	13,715

6.5 **DMR Change - Waste Collection resources**

The modelling suggested that the service would require fewer residual waste rounds (-1.7 or -30%) because the collection frequency decreased from fortnightly to three-weekly and glass rounds reduced by 56% as collections moved 6-weekly.

6.6 **DMR Change - Effect on Costs of Other Waste Services**

The projected net total system cost of twin stream recycling collections is detailed in the table below (indicative).

- In two-stream options, paper and card switched from being a cost, to generating income.
- Reduced recycling treatment costs and avoided residual treatment costs make considerable contribution to savings compared to the post DRS baseline.
- Increased costs of treating residual waste displaced to HWRCs offsets around half the kerbside residual treatment savings.
- Container purchase and replacement costs related to a new 240-litre for paper/card.
- The reduction in residual waste that was greater than the corresponding increase in dry recycling and food waste was

assumed to be diverted to HWRCs. If some of the reduction is a result of waste prevention, savings could increase.

Cost Centre	Cost Change Increase/Decrease
HWRC residual cost	£138k
Container replacement	£99k
Collection costs	-£342k
Glass income	-£1k
Recycling treatment	-£698k
Residual treatment	-£244k
Container purchase	£116k
Total	**-£933k**

Grant funding from ZWS has been secured for the upfront capital cost of procuring the additional 240L bins required.

6.7   DMR Change - Sensitivity Analysis

Further sensitivity evaluation was undertaken by Eunomia to reflect possible future changes in gate fees for paper/card and for containers, as well as the proposal to collect glass in the blue bin.

This modelling was undertaken with the assumption that glass bottles would be returned to retailers and only glass jars would therefore be collected at the kerbside. The table below summarises the results in terms of marginal recycling performance, cost and carbon results, relative to the post-DRS baseline (indicative).

Decreases in residual waste collection frequency result in increases in household recycling rate as more dry recycling is diverted out of the residual waste stream. It is anticipated that some of the reduction in residual waste arisings will be diverted to HWRCs, however, the treatment costs and treatment method for this method are assumed to be the same.

Generally, the more streams that Waste & Recycling Services collects separately for recycling, the larger the treatment cost savings, as separately collected materials tend to command higher prices. In particular, the introduction of separate paper & card collections, which the council could receive an income from the sale of, results in substantial savings to dry recycling treatment costs. Paper and cardboard carry relatively good material values and make up a large proportion of the dry recycling tonnages.

Change Increase/Decrease	DRS Baseline	3-weekly collections	3-weekly with glass
DRS Baseline	£124k		
Sensitivity (high price)		-£1,151k	
Marginal Cost		-£933k	-£1,117k
Sensitivity (low price)		-£641k	
Carbon savings (tCO2eq)		-1,145	-1,235
Kerbside recycling rate		6.7%	7.1%

7.   Service Transformation

7.1   Further transformation opportunities in relation to Waste and Recycling is ongoing and will be reported through the Business Transformation Steering Group.

7.2   The Service successfully applied for and have been awarded £20k of external funding from the Material Focus Electrical Recycling Fund which will permit the Council to offer a 12-month trial collection of small electricals and batteries as well as textiles at the kerbside.

The service is anticipated to divert an additional 563 tonnes of material per annum from the residual waste stream and deliver a 2,862 tonne CO_2e carbon savings.

8   Report Implications (Resource, Digital, Risk and Equalities)

8.1   Resource

Introducing new recycling collection services is intended to improve the resource efficiency of the waste service.

8.2   Digital

- Existing Route Management software will be used for a whole-scale route review of all domestic and trade waste and recycling collections.
- The implementation of new waste and recycling collection services is expected to be supported by the introduction of a Digital Depot system and the use of "in-cab" digital devices. Progress will be monitored through Business Transformation Steering Group.
- Existing IT and Digital Resources will support customer engagement e.g.: information on website, collection calendars, social media activities

8.3   Risk

Failure to transform recycling collection services at this time can expose the Council to reputational and financial risk.

8.4   Ensuring Equalities

Waste collection services affect all households in Midlothian. There is a positive impact on the environment and economy. A full Integrated Impact Assessment (IIA) will be completed if RIF application is accepted.

Appendices:
Appendix A – Additional Report Implications
Appendix B - Proposed Service Standards for Household Waste
Appendix C - Where Midlothian's Waste is Recycled
Appendix D - Scottish Local Authority Recycling Rates 2019-2022

APPENDIX A – Additional Report Implications

A.1   Key Priorities within the Single Midlothian Plan

The report proposes service transformation which will underpin the Single Midlothian Plan.

A.2   Key Drivers for Change

Key drivers addressed in this report:
- ☐ Holistic Working
- ☐ Hub and Spoke
- ☐ Modern
- ☒ Sustainable
- ☒ Transformational
- ☐ Preventative
- ☐ Asset-based
- ☒ Continuous Improvement
- ☐ One size fits one
- ☐ None of the above

A.3   Key Delivery Streams

Key delivery streams addressed in this report:
- ☐ One Council Working with you, for you
- ☐ Preventative and Sustainable
- ☐ Efficient and Modern
- ☒ Innovative and Ambitious

A.4   Delivering Best Value

The report aims to deliver best value for the Council.

Census data recently released shows that in the 11-year period from 2011 to 2022 the number of households in Midlothian increased by 16.2%. The is indicative of the growth in demand for services since each new household will require waste and recycling collections.

The percentage of material recycled although higher than the Scottish average has recently remained static (exception during the pandemic) and requires action to prompt further recycling of material.

Financial projections indicate that the council requires £35m of savings by 2028-29 it has therefore been prudent to review the operation of the service to prepare for further expected customer growth over the next decade in an environment of restricted budgets.

A service review is in progress to establish a fit for purpose structure that has developed in an ad-hoc way over the last decade. Due to the pandemic, a loss of staff due to retirals and those who have left the service a number of positions have been filled from interim agency or acting up arrangements. The new structure will have a staff complement of 108 of which five staff to provide management and support.

In recognition that the traditional waste management route for disposal to a landfill site is now replaced by material recycling as far as possible it is proposed that the service is rebranded *Recycling Services*.

A.5   Involving Communities and Other Stakeholders

From a customer consultation held in 2021 on future waste collection options, when asked "Which would you prefer?" 49% stated "Same sized bin (for waste that cannot be recycled) collected every three weeks" and 51% would prefer "Smaller bin (for waste that cannot be recycled) collected fortnightly."

A.6   Impact on Performance and Outcomes

Introducing new recycling services is expected to have a positive impact on recycling diversion.

A.7   Adopting a Preventative Approach

The proposed new recycling collection services prioritise resource use, fuel and fleet efficiency and an associated reduction in carbon.

A.8   Supporting Sustainable Development

An increase in material collected for reuse and recycling is expected to be achieved.

Appendix B - Proposed Service Standards for Household Waste

Example of proposed customer communication material to promote the Service Standards and Waste Policies.

Summary of Waste Service Standards:

In normal circumstances, we will endeavour to:

Provide a regular scheduled collection of your waste and recycling.

Return your empty bin to the nearest available kerbside location next to your collection point.

Return for a missed bin within 5 working days.

5 WORKING DAYS

Deliver a new or replacement bin within 7 working days.

7 WORKING DAYS

Tag bins we can't empty because the lid is up, it is too heavy or it contains the wrong materials so you know why it has not been emptied.

Tell you about any changes we need to make to your waste and recycling collection due to public holidays, roadworks, adverse weather or industrial action.

We need you to:

Treat our staff with respect.

ZERO TOLERANCE

Ensure all waste fits in your bin and the lid closes fully. Make sure you don't compact the waste in your bin, overload it or present extra waste on or near it.

Put your bins out for collection by 06:30am on the day of your collection in your designated collection point.

Make sure your bin contains the correct materials for disposal or recycling.

Report any damage, or a lost or stolen bin so we can repair or replace it.

Tell us if we have not emptied your bin as scheduled by 5pm next working day (Mon – Fri).

Midlothian

Appendix C - Where Midlothian's Waste is Recycled

Activity	Route	Frequency	Contractor
Glass	Direct delivered to contractor by 3 crews to Buttlerfield site Newtongrange	Daily (M-F)	Dryden Aqua Bonnyrigg EH19 3JQ 1 mile from Stobhill Depot
Electricals (large)	Collected by contractor from HWRC	Twice a week	LOWMAC Alloys Irvine KA11 5DG 90 miles from Stobhill Depot
Electricals (small)	Collected by contractor from HWRC	Twice a week	WEEE Scotland Glasgow G51 1HJ 55 miles from Stobhill Depot
Dry Mixed Recycling	Delivered to Waste Transfer at Stobhill, bulked & reloaded for onward transfer by contractor.	Daily (M-F)	Re-Gen Newry BT35 6JQ 229 miles from Stobhill Depot
Textiles	Collected by contractor from HWRC	As required	Nathans Denny FK6 6QE 38 miles from Stobhill Depot
Food	Delivered to contractor at Millerhill by 4 crews once per day.	Daily (M-F)	BioGen Millerhill EH22 1SX 7 miles from Stobhill Depot
Residual	Delivered to contractor at Millerhill by ? waste crews twice per day.	Daily (M-F)	FCC Millerhill EH22 1SX 7 miles from Stobhill Depot
Tyres	Skips delivered to contractor at Duns in Borders	As required	Redpath Duns TD11 3HS 37 miles from Stobhill Depot
Wood	Skips delivered to contractor at Loanhead	As required	McKenzie Old Pentland Sawmill, Loanhead EH20 9NU 6 miles from Stobhill Depot
Metals	Skips delivered to contractor at Granton Edinburgh Car batteries collected by contractor loaded by forklift from depot.	As required	Waugh Harbour Road Edinburgh EH5 1PH 12 miles from Stobhill Depot
Garden waste	Delivered to contractor at Danderhall by three crews daily and from HWRC.	Daily (M-F) Skips also Sat	Forth Resource Management Todhills, Danderhall, EH22 1RR 4 miles from Stobhill Depot
Bulky Waste	Includes kerbside collected household bulky items, bulky items from schools and care homes, Building Maintenance Services, and void house clearances	Daily (M-F) Skips also Sat	Levenseat, Lathallan, Falkirk FK2 0YF 30 miles from Stobhill Depot
Street sweepings (soil)	Material collected from compact street sweepings activities	Daily (M-F)	Levenseat Forth Lanark ML11 8TS 32 miles from Stobhill Depot
Rubble and stone	Material collected from Stobhill HWRC and BMS	Daily (M-F) Skips also Sat	Levenseat, Lathallan, Falkirk FK2 0YF 30 miles from Stobhill Depot
Mineral oil	Collected by contractor from Stobhill HWRC	As required	Northburn Oil Coatbridge ML5 2HY 54 miles from Stobhill Depot
End of Life bins	Collected by contractor from Stobhill Transfer Station	As required	Sharp Polymer Solutions Melrose TD6 0HH 35 miles from Stobhill Depot
Hand Tools	Collected by contractor from two HWRC	As required	Scottish Prison Service Edinburgh EH11 3LN 14 miles from Stobhill Depot
Confidential Paper	Collected by contractor from Stobhill Transfer Station	As required	WeShred Glasgow G51 2JR 64 miles from Stobhill Depot

Appendix D - Scottish Local Authority Recycling Rates 2019-2022

Year Council	2019 Rate (%)	2020 Rate (%)	2021 Rate (%)	2022 Rate (%)
Moray	59.0	54.9	52.2	57.8
Scottish Borders	49.2	52.8	55.2	57.3
East Renfrewshire	67.8	56.6	58.1	56.0
North Ayrshire	56.4	52.1	56.9	55.3
South Ayrshire	57.7	55.4	56.0	54.3
Renfrewshire	53.1	49.1	51.7	53.8
East Lothian	55.3	52.4	53.9	53.1
East Dunbartonshire	55.3	50.9	45.3	51.8
Angus	59.1	58.4	54.7	51.7
Falkirk	53.0	51.2	48.2	51.4
Stirling	54.8	47.9	50.9	51.4
Clackmannanshire	55.5	48.7	50.0	51.2
Perth and Kinross	52.7	49.4	50.2	49.3
East Ayrshire	53.2	41.1	48.5	48.5
Midlothian	**50.8**	**47.3**	**47.4**	**47.2**
Inverclyde	54.0	37.1	48.5	46.8
West Lothian	58.2	45.0	41.3	45.9
Fife	44.5	43.7	43.6	45.7
Dumfries & Galloway	29.5	30.1	39.8	45.1
North Lanarkshire	40.7	39.5	43.4	43.0
Aberdeen City	51.1	46.8	46.8	41.8
South Lanarkshire	46.4	41.1	41.0	41.2
Argyll and Bute	38.6	31.2	39.3	40.8
Aberdeenshire	44.0	40.9	41.1	40.2
West Dunbartonshire	44.8	36.9	35.6	38.8
Highland	41.3	35.7	37.4	37.2
City of Edinburgh	38.6	37.0	39.9	37.1
Dundee City	38.4	34.7	32.7	33.8
Na h-Eileanan Siar	20.6	34.6	33.5	31.8
Glasgow City	24.7	29.6	27.3	27.6
Orkney Islands	19.4	26.8	24.2	23.3
Shetland Islands	17.9	19.8	18.1	20.7
Scotland	**44.9**	**42.1**	**43.0**	**43.4**

Fleet and Plant Asset Replacement Plan

Report by Kevin Anderson, Executive Director Place

Report for Noting

1. Recommendations

Council is recommended to note:

i)   an accelerated capital investment of £4.67m from existing and future fleet capital budget allocations, to address a funding gap of £3.51m, for 2023-25.

2. Purpose of Report/Executive Summary

This report details the on-going fleet and plant requirements and an accelerated replacement plan to deliver the Council's operational activities whilst aiming to ensure its fleet is modern, efficient and fit for purpose mitigating significant current maintenance liabilities.

Date: 30 November 2023
Report Contact: Derek Oliver
Email: Derek.Oliver@midlothian.gov.uk

3. Background

3.1 Since 2020, vehicle and replacement parts prices have increased considerably because of inflation and the increase in cost of raw materials. The current age profile of the fleet is increasing, the result of which is vehicles are becoming increasingly expensive and unpredictable to maintain and need to be replaced. With vehicles off the road for significant periods of time, this is impacting on service delivery, particularly in Waste and Recycling Services.

3.2 There is a forecasted material variance of £551k in relation to fleet and plant maintenance for 2023-24. This is unsustainable as the fleet and equipment becomes older and deteriorates further.

3.3 Officers have taken time to review the current fleet and plant inventory to ensure that the Council's fleet is fit for purpose, with consideration also provided for a migration towards a just transition to net zero.

3.4 Neighbourhood Services has worked closely with other Council services to understand future fleet requirements and developed a fleet and plant asset management plan up until 2028.

3.5 The vehicles and plant listed for replacement will support key frontline services across the Council. However, the programme will require additional and accelerated capital investment. It is envisaged that this investment will positively impact the current overspend in revenue fleet maintenance.

Main Report

3.6 Officers have assessed the replacement vehicle market looking at diesel/petrol, electric and hydrogen options. This has identified that typically an electric refuse collection vehicle is circa twice the cost of a diesel alternative and hydrogen powered vehicles are circa four times as expensive as diesel alternatives. These cost comparisons exclude an allowance for installation of EV charging or hydrogen infrastructure.

3.7 The table below shows the replacement cost of the required vehicle fleet and plant equipment for the period 2023-2028. This compares the available capital budget with options to purchase Internal Combustion Engine (ICE) and electric vehicles, where available. Indicatively, a significant funding gap of £7.7m on a like for like basis is noted due to several vehicles not being replaced during the Covid pandemic and the available capital budget remaining flat cash in a significant inflationary environment, with rises of around 20% in vehicles prices in the past year noted. The table also illustrates the indicative funding gap should the fleet be replaced with electric alternatives or a mix of ICE and electric vehicles.

Replace Year	Budget Available	Number of Vehicles to Replace	Cheapest Vehicle Cost Option	Total Plant	Funding Gap	ICE & Electric Mix	Funding Gap	Electric*	Funding Gap
2023-2024	185,000	12	1,543,000	82,500	1,440,500	1,584,000	1,481,500	1,308,000	1,205,500
2024-2025	1,500,000	29	3,128,160	442,575	2,070,735	3,292,800	2,235,375	4,967,550	3,910,125
2025-2026	1,500,000	47	2,492,099	667,015	1,659,114	3,043,737	2,210,752	3,763,670	2,930,685
2026-2027	1,500,000	39	2,490,044	648,268	1,638,312	3,204,311	2,352,579	3,984,551	3,132,819
2027-2028	1,500,000	31	1,996,469	396,866	893,335	2,305,202	1,202,068	2,557,421	1,454,287
TOTAL	6,185,000	158	£11,649,772	£2,237,224	£7,701,996	£13,430,050	£9,482,274	£16,581,192	£12,633,416

Note 1 * Some vehicles have to be retained as ICE with no EV alternative available
Note 2 An annual inflationary allowance of 5% has been included for future years

3.8   Officers therefore reluctantly conclude that in the current financial climate due to the large cost disparity between Internal Combustion Engine (ICE) powered and electric/hydrogen alternatives for the larger heavy goods vehicles (HGV) and specialist vehicles, it is not viable from a financial and general risk perspective to purchase all new vehicles as electric/hydrogen until the market has matured, EV infrastructure is installed and greater reliability can be ensured, and economies of scale have led to a reduction in prices.

3.9   If Elected Members agree that a move to alternative fuelled vehicles is not sustainable at the moment on cost grounds, it is essential that an accelerated purchase programme is brought forward to bridge the gap to ensure vehicle roadworthiness and ongoing service delivery.

The following table specifies the number of vehicles to be replaced in the accelerated purchase programme. This programme targets the replacement of Refuse Collection Vehicles (RCVs), Heavy Goods Vehicles (HGVs), specialist vehicles and aged problematic light vehicles. The Council currently has four hired Refuse Collection RCVs which are one to two years old, to compensate for currently off-road RCVs, which impact the revenue account to the extent of around £203k per annum. Should these vehicles be purchased rather than 41hired that will provide a revenue saving and also spread the age profile of new fleet which will benefit future placement programmes over longer time frames.

Year	Capital Budget Available	Number of Fleet to Replace	Like for Like Cost Option	Plant & Machinery	Total Fleet & Plant	Funding Gap
2023-2024	£185,000	12	1,543,000	82,500	1,625,500	1,440,500
2024-2025	£1,500,000	29	3,128,160	442,575	3,570,735	2,070,735
Total	£1,685,000	41	£4,671,160	£525,075	£5,196,235	£3,511,235

3.10   Elected Members are recommended to note an accelerated capital investment of £4.67m from existing and future fleet capital budget allocations, to address a funding gap of £3.51m, for 2023-25.

3.11   Vehicle availability and delivery within these timescales has been factored into the fleet replacement split across the two years.

3.12   RCVs/HGVs and specialist vehicles will be renewed with newer, cleaner diesel alternatives while EV and the use of alternative fuels such as Hydrogen and Hydrotreated Vegetable Oil (HVO) will be further assessed. HVO is a fossil-free paraffinic diesel fuel that can be used as a direct replacement for mineral diesel with up to 90% lower net carbon dioxide (CO_2) emissions.

3.12   A further report will be brought to Council detailing the Climate Action Plan, which will inform future fleet and plant capital investment.

3.14   Neighbourhood Services will continue to work closely with services to scrutinise requirements and assess how service delivery evolves and transforms, such as implementing more efficient and effective means of fleet and plant asset management and maintenance utilising appropriate software and systems; altering working patterns to better suit service needs; trialling imprest stock within the workshop for ready supplies of essential parts to expedite repairs and servicing; and procurement of greener vehicles and plant alternatives to those that are existing fossil fuel powered, should this be the approved direction by Council. Progress on these matters will be reported through transformation workstreams at the Business Transformation Steering Group.

3.15   If approved, the next steps will be to procure the vehicles outlined in this document for 2023-25 taking into account the implications listed in Section 4. The procurement plan is based on priority and is ready to be mobilised, with a number of currently hired Waste vehicles able to be made permanent assets, with the net effect of reducing revenue hire expenditure and maintenance costs; and mitigating against production and delivery timescales.

3.16   There are potential external funding opportunities that the Council will continue to explore. More recently, these funding opportunities have been aimed at increasing electric vehicle charging infrastructure, however there are still some sources available for vehicle replacement and upgrades which officers are applying for. If any such funding bids are successful, this will reduce the amount of capital funding that is required from the Council. Future reports will also consider leasing options.

4   Report Implications (Resource, Digital and Risk)

4.1   Resource
The report requires an acceleration of £3.51m capital funding from future allocations to mobilise the fleet and plant replacement programme for 2023-25, to the cumulative value of £4.67m. The purchase of new vehicles will have an impact in reducing the purchase of spares and cost of repairs on vehicles and plant. New vehicles and plant will come with a warranty which will provide further general revenue account savings.

4.2   Digital
A new fleet and plant asset management system will require to be scoped, procured and implemented. Progress will be monitored through the Business Transformation Steering Group.

4.3   Risk
The Council is operating an aged fleet which is sub-optimal and costs significant sums of expenditure to maintain as well as impacting service delivery, particularly in relation to Waste Services. The existing methods and systems for fleet management also require upgrading to incorporate a new asset management system. As part of its HGV Operators Licence legal requirements the council must maintain a fleet that is roadworthy. To not do so risks action by the Driver and Vehicles Standards Agency (DVSA) and/or the Police followed by a subsequent public inquiry into the matter. If the DVSA demand that non-compliant vehicles be taken off the road on the grounds of safety, then service delivery such as bin collection will be impacted along with reputational damage for the Council.

4.4   Ensuring Equalities (if required a separate IIA must be completed)

The subject of this report does not have a significant impact on equality.

APPENDIX A – Additional Report Implications

A.1   Key Priorities within the Single Midlothian Plan
The report proposes service transformation which will underpin the Single Midlothian Plan.

A.2   Key Drivers for Change
Key drivers addressed in this report:
☐ Holistic Working
☐ Hub and Spoke
☒ Modern
☒ Sustainable
☒ Transformational
☒ Preventative
☒ Asset-based
☒ Continuous Improvement
☐ One size fits one
☐ None of the above

A.3   Key Delivery Streams
Key delivery streams addressed in this report:
☐ One Council Working with you, for you
☒ Preventative and Sustainable
☒ Efficient and Modern
☒ Innovative and Ambitious

A.4   Delivering Best Value
The report aims to deliver best value for the Council.

A.5   Involving Communities and Other Stakeholders
The purpose of the report is to improve outcomes for our communities.

A.6   Impact on Performance and Outcomes
Improving the fleet and plant inventory will mitigate service impacts through breakdowns and repairs. The report aims to measure progress through outcomes.

A.7   Adopting a Preventative Approach
The report is based on the creation of a wellbeing economy which prioritises prevention, fairness for people, the economy and the environment.

A.8   Supporting Sustainable Development
The subject of the report improves the condition of the Council's fleet and plant inventory with improved carbon emissions.

Scottish Government Consultation Response - Education Reform: A Consultation on the provisions of the Education Bill

Report by Fiona Robertson Executive Director Children, Young People and Partnerships

Report for Decision

1   Recommendations

Council is requested to delegate authority to the Executive Director Children, Young People and Partnerships to submit the Education Reform Consultation Response to the Scottish Government, on behalf of Midlothian Council.

2   Purpose of Report/Executive Summary

The purpose of this report is to advise Council on the consultation on the provisions of the Education Bill and how key stakeholders have informed the response on behalf of Midlothian Council.

06 December 2023
Report Contact: Fiona Robertson Executive Director Children, Young People and Partnerships
E mail: Fiona.Robertson@midlothian.gov.uk

3   Background

3.1   On 7 November 2023 the Cabinet Secretary for Education and Skills launched a consultation on the provisions of the Education Bill. The closing date for consultation responses is 18 December 2023.

3.2   The consultation paper specifically focuses on the new qualifications body and new approaches to inspection. It seeks views on the proposals to replace SQA and approaches to maximise the role inspection plays in improving education in Scotland.

3.3   The intention is to deliver bodies that are fit for future and able to respond to the evolving education and skills landscape.

3.4   The consultation seeks the views of individuals, groups or organisations. Respondents are asked to identify their role in the education system (i.e. parent, practitioner, support, child, employer, local authority) and which sector they represent (early years, primary, secondary, FE/HE).

3.5   The consultation contains proposals which it seeks the views on. The questions are outlined below:

3.5.1   What changes should we consider in terms of how qualifications are developed and delivered that you think would improve outcomes for Scotland's pupils and students?

3.5.2   How best can we ensure that the views of our teaching professionals are taken into account appropriately within the new qualifications body, and do these proposals enable this?

3.5.3   How best can we ensure that the views of pupils, students and other learners are appropriately represented within the new qualifications body, and do these proposals enable this?

3.5.4   How can we ensure qualifications being offered in Scotland are reliable, of a high standard and fit for purpose?

3.5.5   How do you think the qualifications body can best work with others across the education and skills system to deliver better outcomes for all?

3.5.6   Do you agree with the purposes set out? Is there anything in addition you would like to see included?

3.5.7   Do you agree or disagree with the range of establishments to be inspected by HM Inspectors of Education? Is there anything you would like to add or change?

3.5.8   Do you have any specific comments on the role of the inspectorate of education in the inspection of publicly funded colleges, initial teacher education, early learning and childcare and or modern apprenticeships?

3.5.9   Do you agree or disagree with the priorities set out? Is there anything in addition that you would like to see the inspection cover?

3.5.10 Do you have a view on these options for establishing the new approach to inspection?

3.5.11 Do you have a view on how governance arrangements for the inspectorate could be developed to better involve providers, including teachers and other practitioners, pupils and students and parents/carers in inspection?

3.5.12 Do you have a view on how we make sure evidence from inspections is being used as fully as possible to drive improvement and inform policy and on who the inspectorate should report to?

3.6   Engagement with key stakeholders

Consultation engagement activity is underway and involves headteachers, Parent Councils and the parental community, and young people. A briefing for elected members took place on 27 November 2023.
Feedback will be collated by 14th December and a draft report will be submitted to Scottish Government on 18 December 2023 on behalf of Midlothian Council.
The report will be considered by Council on 19 December 2023, with updates shared with Scottish Government following Council decision.

4   Report Implications (Resource, Digital, Risk and Equalities)

4.1   Resource

Not applicable at present as any impact is yet to be defined.

4.2   Digital

Not applicable at present as any impact on digital resources is yet to be defined.

4.3   Risk

Not applicable at present as any risk impact is yet to be defined.

4.4   Ensuring Equalities

Not applicable at present.

4.5   Additional Report Implications

Not applicable.

APPENDIX A – Report Implications

A.1   Key Priorities within the Single Midlothian Plan

A.2   Key Drivers for Change

Key drivers addressed in this report:

☐ Holistic Working
☐ Hub and Spoke
☐ Modern
☐ Sustainable
☐ Transformational
☐ Preventative
☐ Asset-based
☐ Continuous Improvement
☐ One size fits one
☒ None of the above

A.3   Key Delivery Streams

Key delivery streams addressed in this report:

☐ One Council Working with you, for you
☐ Preventative and Sustainable
☐ Efficient and Modern
☐ Innovative and Ambitious
☒ None of the above

A.4   Delivering Best Value

Not applicable at present as any impact is yet to be defined.

A.5   Involving Communities and Other Stakeholders

Key stakeholders have been involved in engagement sessions from across our communities.

A.6   Impact on Performance and Outcomes

Not applicable at present as any impact on performance and outcomes is yet to be defined.

A.7   Adopting a Preventative Approach

Not applicable at present.

A.8   Supporting Sustainable Development

Not applicable at present.

APPENDIX B

Background Papers/Resource Links (if applicable)

Supporting documents - Education Bill provisions: consultation - gov.scot (www.gov.scot)

All Learners in Scotland Matter - national discussion on education: final report - gov.scot (www.gov.scot)

Attainment Update for Midlothian in Primary and Secondary schools

Report by Michelle Strong, Education Chief Operating Officer

Report for Information

1   Recommendations

- To note the progress, strengths and improvements of our children and young people's attainment in both primary and secondary schools as outlined in this Report.
- To note and acknowledge the strategies adopted to address areas for continuous improvement outlined in this Report.
- To congratulate all pupils, parents and staff on the significant improvements in attainment and achievement during session 2022/23.

2   Executive Summary

The purpose of this report is to present the annual update on attainment for Midlothian on two key datasets: Achievement of Curriculum for Excellence Levels (ACEL) and Senior Phase Insight update. These two data updates provide important indications of the achievement for our children and young people at various stages from P1 to S6. This report highlights the successes and challenges at various points, along with plans for the future to address these and ultimately improve the outcomes for all of our children and young people. The stretch aims for Midlothian for the period 2023/24-2026/27 are also presented as part of the Scottish Government's programme for supporting education recovery.

23 November 2023

Report Contact:
Andrew Carse, Principal Officer, Performance Data Analysis and Research
andrew.carse@midlothian.gov.uk

3   Background

3.1   The purpose of this report is to present the current position, trend outlook and comparison to national and comparator performance for our attainment in Midlothian. The report will examine two core sets of data to highlight areas of strength and improvement in our primary and secondary schools. Including both sets of data allows analysis of the whole school journey which will be important to monitor, track and analyse going forward to have a robust understanding of how children and young people are performing and how we can support improvements to enable them to reach their full potential.

3.2   The first set of data to be examined is the Achievement of Curriculum for Excellence Levels (ACEL) update for 2022/23. This presents our current performance versus the national and comparator levels for 2021/22, as the statistical summary for Scotland and other local authorities is not yet published. This will be published late December 2023, and will be found here. The summary provides information on the proportion of school pupils who have achieved the expected Curriculum for Excellence (CfE) Levels in literacy and numeracy relevant to their stage. This presents the data based on teachers' professional judgements for the percentage of pupils who have achieved the expected CfE levels in reading; writing; listening and talking; and numeracy in all Primary 1 (P1 – Early Level), Primary 4 (P4 – First Level), Primary 7 (P7 – Second Level) and Secondary 3 (S3 – Third Level) pupils in mainstream schools. Further information on the Broad General Education and Curriculum for Excellence can be found at
https://education.gov.scot/education-scotland/scottish-education-system/policy-for-scottish-education/policy-drivers/cfe-building-from-the-statement-appendix-incl-btc1-5/what-is-curriculum-for-excellence/

3.3   The second set of data is taken from the Insight update in September 2023. Insight is the professional benchmarking tool for analysing attainment data in the senior phase, accessible by secondary schools and local authorities. It is designed to support improvement within schools and for young people in S4 to S6. There are two releases of Insight per year, the first of which is in September and provides year group-based attainment data for previous sessions. The second February update adds initial leaver destinations data for those leaving school in the previous academic year, which allows for analysis of data on cohorts of young people at the point of exit from the Senior Phase. This report will cover the annual cohort level update for session 2022/23.

3.4   The 2022/23 academic year was the first year of the Scottish Attainment Challenge under its refreshed model. The Scottish Attainment Challenge programme was refreshed with a view to supporting education recovery and accelerating progress in closing the poverty-related attainment gap. A key element of the refreshed model was the requirement for local authorities to set ambitious, achievable stretch aims for progress in overall attainment and towards closing the poverty-related attainment gap in the 2022/23 academic year. They have been set based on rigorous local processes, supported and challenged by Education Scotland, to interrogate local data and understand how best to target resources and develop approaches to best support children and young people fulfil their potential. The stretch aims for Midlothian were set by a robust process involving all schools and head teachers. School level historical data was shared with establishments, and rich discussions and collaborative working assisted head-teachers to set individual school-level 'Core and Core-Plus' stretch aims. These then contributed to the overall measures of progress for Midlothian. The 'Core stretch' aims will allow all authorities to be compared

nationally and the 'Core-plus' stretch aims are localised to allow for improvement towards the Core measures. Both sets of stretch aims are shown in Appendix B and further summary detail on the national process can be found here. The next phase of work for session 2023/24 has been to further develop this process of introducing stretch aims for a longer period of time. Appendix B sets out the stretch aims from 2023/24 – 2026/27 to cover the outcomes of the Education Service Improvement Plan. The stretch aims have been developed in the similar robust process and enhanced by examining the school's and council's performance over the past 5 years. The finalised aims have therefore been set taking account of where we want children and young people's performance to be at the end of the four-year period.

4 Attainment Summary

4.1 Appendix C presents a more detailed summary of the attainment from the ACEL and Insight update. It presents the performance of attainment in Midlothian versus the national and comparator authorities. This highlights the following key messages:

4.1.1 ACEL - Literacy & Numeracy

a. There is positive improvement for the combined primary stages, with both literacy and numeracy attainment increasing in 2022/23 from the previous year. In comparison to the national and comparator authorities' level from last year, attainment in literacy is higher and numeracy was lower.

b. In S3 attainment was higher in both literacy and numeracy compared to last year and the pre-pandemic levels. In addition, literacy and numeracy levels are higher than the comparator authorities' figure for 2021/22.

c. Analysis by stage shows that attainment in literacy for P1, P4 and P7 were all higher than last year and the pre-pandemic levels. In P1 and P4 these are above the national and comparator levels for 2021/22. For numeracy there were improvements in P1 and P4 from last year, although in P7 attainment decreased from 2021/22 and was lower than the national and comparator authorities' level.

d. Looking at the individual literacy components there was good progress in all three primary stages and literacy components.

e. In P1 there were increases in reading, writing and listening & talking from last year, with reading and listening & talking levels above the national and comparator figures for 2021/22. In P4 there were improvements in all three components from last year and are above national and comparator figures for 2021/22. In P7 there were improvements in writing and listening & talking from last year. In S3 there were increases in attainment for all literacy components compared to the previous year and more aligned to the national and comparator levels from 2021/22.

f. The attainment gap was analysed by looking at pupils in receipt of free school meals versus those not in receipt of free school meals. This provides a much better reflection of poverty in Midlothian compared to the Scottish Index of Multiple Deprivation (SIMD). The figures for combined primary show that the attainment gap in literacy, writing and listening & talking narrowed in 2022/23 from the previous year. In S3 the attainment gap also narrowed for literacy, numeracy and reading.

4.1.2 Insight

a. Literacy and Numeracy

    i. In S4 there was strong performance at all levels, with increases in 2022/23 from the previous year and statistically significantly greater attainment than our virtual comparator at Scottish Credit and Qualifications Framework (SCQF) level 3 and 4.

    ii. In S5 there was an increase in attainment at levels 4, 5 and 6 from last year, which are an improvement from pre-pandemic figures. Attainment was also higher than the national and virtual comparator pre-pandemic levels for level 3, 4 and 5.

    iii. In S6 there was a decrease in attainment at levels 4, 5 and 6 from last year, although the figures are higher than pre-pandemic levels. Performance was also not as strong compared to the national and comparator authorities in all levels.

b. Improving Attainment for All

    i. In S4 the performance in 2022/23 in the lowest 20% and middle 60% cohorts saw improvement compared to the previous year. Attainment in these cohorts also was higher than the pre-pandemic levels, although the middle 60% was significantly lower than the virtual comparator for 2022/223.

    ii. For S5 the lowest 20% and highest 20% cohorts showed improvement from the previous year, with the highest 20% above the pre-pandemic average. Attainment for the middle 60% however was lower than last year.

    iii. In S6 there was a decrease in attainment for all three cohort groups from 2021/22. The middle 60% and highest 20% however were higher than the pre-pandemic averages.

    iv. In comparison to the virtual comparator and national figures the area of most concern is the middle 60% cohort, where performance in 2022/23 was significantly lower than the virtual comparator in S4, S5 and S6.

c. Initial Positive Destinations

    i. the percentage of school leavers in a positive destination in 2021/22 was the highest ever recorded for Midlothian at 95.50%. This was an increase of 0.06% from the previous year and higher than the virtual comparator level.

d. Breadth and Depth

    i. In S4 the percentage of all pupils attaining 1 and 5 or more awards at SCQF level 5 both increased from last year, with those with 1+ at the highest level in 6 years and 6.62% higher than pre-pandemic levels. The performance in both measures was higher than the virtual comparator and the pre-pandemic figures. For 5+ awards the 2022/23 rate was 9.93% higher than the virtual comparator pre-pandemic average.

    ii. In S5 whilst there was a reduction in all three key measures versus last year there was an increase over the pre-pandemic levels. In comparison to the virtual comparator the figures for the three measures were all below for 2022/23.

    iii. For S6 in 2022/23 all four key measures were lower than the previous year, although there was an increase in all measures from the pre-pandemic averages.

4.2 In summary, for most year groups there has been some improvement in attainment for 2022/23 in comparison to last year and pre-pandemic levels. There are some positive outcomes in areas for Midlothian in comparison to national and comparator authorities' figures, however there are still areas for improvement. The most notable strengths are: Primary and S3 CfE Attainment; S4 and S5 literacy and numeracy; S4 and S5 senior phase attainment and positive destinations. There are however challenges where improvement will be focused, which includes areas of P7 literacy, the core middle 60% of senior phase attainment; and S6 attainment overall.

4.3 In order to address these improvements there are a number of intervention projects and supports underway. Some of the ongoing support to improve attainment includes the following:

4.3.1 Development and implement a raising attainment strategy

This project is well underway involving senior leaders from across our empowered system. This strategic group has gathered intelligence both locally, regionally and nationally where success has been achieved and verified. Strategic priorities for our Education Service and areas of focus from 2023 for the next five years are being developed alongside the necessary supports for our schools and settings to achieve these. Central to this are a suite of aims relating to improvements in the ACEL and Insight data presented above with ongoing monitoring and tracking of annual targets.

4.3.2 Development of the full range of curriculum frameworks

Each of our Associated Schools Groups is currently developing and piloting curricular frameworks for completion this school session. The Midlothian Numeracy Frameworks and Writing Framework are now in place in our schools, with Reading and Listening and Talking Frameworks been made available before July 2024. Following this all Midlothian schools and settings will be using consistently agreed approaches to planning for Literacy and Numeracy within the Broad General Education.

4.3.3 Support for Moderation of Teacher Professional Judgements

Every Midlothian primary school is being supported to effectively moderate teacher professional judgements of writing at P4 and P7 stages. This activity is focussed on ensuring increasing confidence in learners' achievement of CfE levels of attainment that are submitted annually to Scottish Government. This support is being provided by Local authority officers and Education Scotland colleagues, building capacity through upskilling key staff in each school.

A QAMSO plan (Quality Assurance and Moderation Support Officers Plan) is currently in development to support our schools with moderation activity in response to our attainment data and areas of greatest need. For session 2023/24 our focus will continue to be on writing throughout the Broad General Education. This will ensure that our teachers are identifying next steps for our learners in writing, within our agreed progressions, and planning to address those to ensure pace of progress through a level.

4.3.4 Revision of Midlothian's Learning, Teaching and Assessment Framework

Aligning closely with our Raising attainment strategy and the support provided to implement our curricular frameworks this will provide further support and guidance for our schools within a consistently understood framework. Senior officers, within and outwith schools, will lead the development of this Framework, drawing on research based and evidence informed practice from within Midlothian, regionally and nationally. Focussed Quality Assurance activity and our professional learning offer will enable us to secure ongoing improvements to the quality of our learners' experience, reducing variation across our system and improving attainment for our children and young people.

4.3.5 Development of an effective tracking, monitoring and analytical system

To assist with the support and improvement in attainment there is a robust plan in place to develop consistent and effective tracking and monitoring in primary and secondary schools. The systems approach, data management and data cultural development will ensure there is a holistic approach for evaluating how every child and young person is progressing. The plan is for a gradual introduction and for all teachers and schools to be involved in collaborative improvement. This will assist in supporting the improvement to attainment at an individual level that should set a stronger foundation for improvement at School, ASG and Midlothian level.

4.3.6 Support from the Education Recovery Team

Our Education Recovery Team are linking with schools on all of the above projects. Their support in schools is data informed and responsive to the needs of the learners and staff within each setting. The team are supporting schools to raise attainment through provision of professional learning, teaching alongside class teachers in our schools, the embedding of our Literacy and Numeracy Progressions and support for Moderation activity to ensure the judgements teachers are making regarding attainment levels are robust and valid.

5 Report Implications (Resource, Digital and Risk)

5.1 Resource

There are no resource implications for this report.

5.2 Digital

Further to the improvements made last year on data development, there are now digital data dashboards available for all primary schools which coincide with an improved consistent approach to tracking and monitoring. There are also strategic dashboards that are available for both the education leadership team and individual schools to monitor and analyse. This will support focused improvements in specific areas and cohort groups.

5.3 Risk

Not applicable.

5.4 Ensuring Equalities (if required a separate IIA must be completed)

Not applicable.

5.5   Additional Report Implications (See Appendix A)

See Appendix A

Appendices

Appendix A – Additional Report Implications
Appendix B – Midlothian Stretch-aims
Appendix C – Attainment Summary

APPENDIX A – Report Implications

A.1   Key Priorities within the Single Midlothian Plan

This will work towards the key priority of reducing the gap in learning outcomes.

A.2   Key Drivers for Change

Key drivers addressed in this report:

☐ Holistic Working
☐ Hub and Spoke
☒ Modern
☐ Sustainable
☒ Transformational
☐ Preventative
☐ Asset-based
☒ Continuous Improvement
☐ One size fits one
☐ None of the above

A.3   Key Delivery Streams

Key delivery streams addressed in this report:

☐ One Council Working with you, for you
☒ Preventative and Sustainable
☒ Efficient and Modern
☒ Innovative and Ambitious
☐ None of the above

A.4   Delivering Best Value

The delivery of this plan with assist the council in meeting its best value duties. Most notably in the following Best Value themes: Governance and Accountability; Effective use of resources and partnerships and collaborative working.

A.5   Involving Communities and Other Stakeholders

Not applicable.

A.6   Impact on Performance and Outcomes

The content in this report and the continuous improvement to support improvement in attainment for all young people will assist in improving performance and outcomes for the council.

A.7   Adopting a Preventative Approach

Not applicable.

A.8   Supporting Sustainable Development

Not applicable.

APPENDIX B

1. **Midlothian Stretch Aims – 2022/23 Performance**

1.1 Core Stretch Aims

Attainment

		Stretch Aim	2022/23
ACEL P1, P4, P7 Combined[a]	**Literacy**	**71.5%**	71.6%
	Numeracy	**74.0%**	76.8%
ACEL S3[a]	**Literacy**	**88.0%**	85.1%
	Numeracy	**90.5%**	91.0%
Leavers SQA A-C[b]	**1+ @ Level 4**	**97.0%**	Not available yet
	1+ @ Level 5	**87.0%**	Not available yet
	1+ @ Level 6	**62.0%**	Not available yet

Attainment Gap - SIMD 1 vs. 5

		Stretch Aim	2022/23
ACEL P1, P4, P7 Combined	**Literacy**	**23.0%**	21.0%
	Numeracy	**18.0%**	15.5%
ACEL S3	**Literacy**	**24.5%**	29.2%
	Numeracy	**17.5%**	6.5%
Leavers SQA A-C	**1+ @ Level 4**	**7.0%**	Not available yet
	1+ @ Level 5	**19.0%**	Not available yet
	1+ @ Level 6	**44.0%**	Not available yet
Participation rate (%)		**9.0%**	Not available yet

Participation Level

	Stretch Aim	2022/23
Participation rate[c] (%)	**94.0**	95.4

Health and wellbeing

		Stretch Aim	2022/23
Primary	**Attendance Rate**	**95.0%**	92.5%
	Exclusions – Rate per 1,000	**3.0**	4.2
Secondary	**Attendance Rate**	**91.0%**	87.3%
	Exclusions – Rate per 1,000	**15.0**	28.9

1.2 Core-Plus Stretch Aims

Attainment - ACEL

		Stretch Aim	2022/23
P1	**Literacy**	**77.0%**	76.7%
	Numeracy	**81.0%**	84.6%
P4	**Literacy**	**74.0%**	69.7%
	Numeracy	**76.0%**	74.4%
P7	**Literacy**	**71.5%**	68.5%
	Numeracy	**74.0%**	71.4%

		Stretch Aim	2022/23
P1	**Reading**	**80.0%**	82.0%
	Writing	**77.0%**	80.0%
	Listening & Talking	**87.0%**	89.2%
P4	**Reading**	**77.5%**	77.4%
	Writing	**74.0%**	73.2%
	Listening & Talking	**87.5%**	88.8%
P7	**Reading**	**76.0%**	77.5%
	Writing	**71.5%**	71.9%
	Listening & Talking	**83.0%**	86.1%
S3	**Reading**	**88.8%**	90.6%
	Writing	**88.0%**	87.5%
	Listening & Talking	**89.5%**	89.3%

Attainment - All SCQF

		Stretch Aim	2022/23
Leavers All SCQF Awards[d]	**1+ @ Level 4**	**96.0%**	Not available yet
	1+ @ Level 5	**86.0%**	Not available yet
	5+ @ Level 5	**65.0%**	Not available yet
	1+ @ Level 6	**60.0%**	Not available yet
	3+ @ Level 6	**50.0%**	Not available yet
	5+ @ Level 6	**35.0%**	Not available yet

Destinations

		Stretch Aim	2022/23
All Leavers	**% Positive Destinations**	**97.0%**	Not available yet
	% ID in Higher Education	**37.5%**	Not available yet

Attainment Gap - FSM vs. Non-FSM

		Stretch Aim	2022/23
ACEL P1, P4, P7 Combined	**Literacy**	**22.0%**	26.5%
	Numeracy	**20.0%**	24.3%
ACEL S3	**Literacy**	**17.0%**	28.9%
	Numeracy	**17.0%**	22.2%
Leavers All SCQF	**1+ @ Level 4**	**7.0%**	Not available yet
	1+ @ Level 5	**18.0%**	Not available yet
	1+ @ Level 6	**38.0%**	Not available yet

2. **Midlothian Stretch Aims – 2023/24 – 2026/27**

A rigorous and robust process has been conducted to develop the Stretch aims for 2025/26, supported by annual trajectory for progress in 2023/24 and 2024/25. All schools have been involved in the process to set stretch aims for a wider basket of attainment measures to coincide with Midlothian council's Raising Attainment Strategy from 2023-2027. These are fully inclusive within each school's quality improvement plan. To support with this, we have examined the school's and council's performance over the past 5 years, and our SEIC and LGBF comparators against each of these measures, taking account of where we want to be performing at the end of the four-year period. This is where the core and core-plus stretch aims have been developed.

2.1Core stretch aims

ACEL Literacy combined P1, P4 & P7

Annual Trajectory	Overall levels	SIMD Quintile 1	SIMD Quintile 5	Gap (Q1 – Q5)
2023/24	71-72%	59.00%	80.00%	21.00%
2024/25	73-74%	60.50%	80.00%	19.50%
2025/26	75.00%	61.50%	80.50%	19.00%
2026/27	77.50%	63.00%	81.50%	18.50%

ACEL Numeracy combined P1, P4 & P7

Annual Trajectory	Overall levels	SIMD Quintile 1	SIMD Quintile 5	Gap (Q1 – Q5)
2023/24	76-77%	67.00%	83.00%	16.00%
2024/25	78-79%	68.00%	83.50%	15.50%
2025/26	81.00%	69.00%	84.00%	15.00%
2026/27	82.00%	70.00%	84.00%	14.00%

Leavers SCQF 1+ at Level 5				
Annual Trajectory	Overall levels	SIMD Quintile 1	SIMD Quintile 5	Gap (Q1 – Q5)
2023/24	86-87%	67.00%	93.00%	26.00%
2024/25	87-88%	68.50%	93.50%	25.00%
2025/26	89.00%	70.00%	93.5.00%	23.50%
2026/27	90.00%	72.00%	94.00%	22.00%

Leavers SCQF 1+ at Level 6				
Annual Trajectory	Overall levels	SIMD Quintile 1	SIMD Quintile 5	Gap (Q1 – Q5)
2023/24	62-63%	40.50%	83.00%	42.50%
2024/25	64-65%	42.00%	84.00%	42.00%
2025/26	66.00%	44.00%	85.00%	41.00%
2026/27	67.00%	46.00%	86.00%	40.00%

Participation rate				
Annual Trajectory	Overall levels	SIMD Quintile 1	SIMD Quintile 5	Gap (Q1 – Q5)
2023/24	96.00%	91.00%	98.00%	7.00%
2024/25	96.50%	92.00%	98.50%	6.50%
2025/26	97.00%	93.00%	99.00%	6.00%
2026/27	98.00%	94.00%	99.00%	5.00%

Primary Attendance Rate (%)				
Annual Trajectory	Overall levels	SIMD Quintile 1	SIMD Quintile 5	Gap (Q1 – Q5)
2023/24	93.00%	90.00%	95.00%	5.00%
2024/25	93.50%	91.00%	95.50%	4.50%
2025/26	94.00%	92.00%	96.00%	4.00%
2026/27	95.50%	93.00%	96.00%	3.00%

Secondary Attendance Rate (%)				
Annual Trajectory	Overall levels	SIMD Quintile 1	SIMD Quintile 5	Gap (Q1 – Q5)
2023/24	88%	82.00%	92.00%	10.00%
2024/25	89%	83.00%	92.50%	9.50%
2025/26	90.50%	84.00%	93.00%	9.00%
2026/27	92.00%	85.00%	93.50%	8.50%

2.2 Core-Plus stretch aims

Annual Trajectory	ACEL S3 Literacy	ACEL S3 Numeracy	% Positive Destinations
2023/24	87.00%	91.00%	95.5-96%
2024/25	89-90%	92.00%	96-96.5%
2025/26	90.00%	93.00%	97.00%
2026/27	91.00%	95.00%	98.00%

Attainment Summary

1. **ACEL - Literacy & Numeracy**
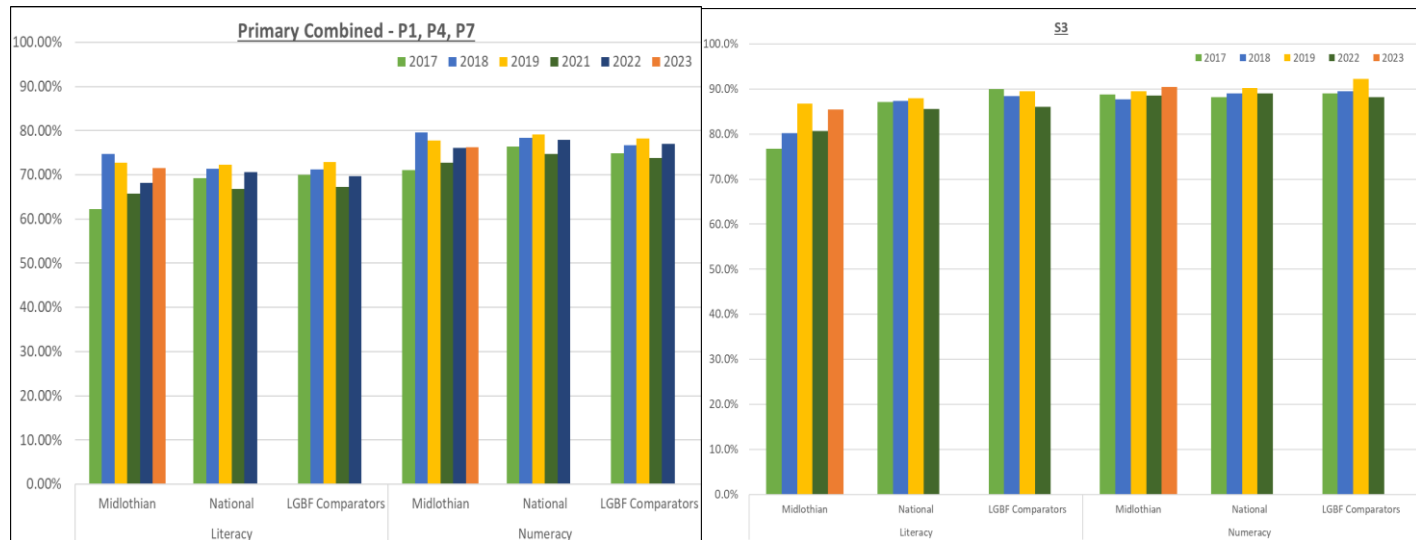
Table 1 - Percentage of pupils achieving expected CfE levels in Literacy and Numeracy, 2017-2023

			Pre-pandemic Ave.	2021	2022	2023	Diff to 22	Diff to Nat 22	Diff to Ave.a	Diff to Nat Ave.	Diff to Comp Ave.
Literacy[b]	P1, P4, P7 Combined	Midlothian	69.90%	65.75%	68.20%	71.60%	4.70%	1.06%	1.70%	0.62%	0.25%
		National	70.98%	66.88%	70.54%						
		Comparators[d]	71.35%	67.32%	69.72%						
	S3[c]	Midlothian	81.26%		80.70%	85.40%	4.70%	-0.14%	4.14%	-2.06%	-3.90%
		National	87.46%		85.54%						
		Comparators	89.30%		86.08%						
Numeracy	P1, P4, P7 Combined	Midlothian	76.18%	72.80%	76.05%	76.30%	0.25%	-1.65%	0.12%	-1.65%	-0.32%
		National	77.95%	74.69%	77.95%						
		Comparators	76.62%	73.86%	76.93%						
	S3	Midlothian	88.68%		88.50%	90.50%	2.00%	1.43%	1.82%	1.35%	0.24%
		National	89.15%		89.07%						
		Comparators	90.26%		88.19%						

[a] Average figures for Midlothian, National and Comparators are calculated pre-Covid (2017-19). This is to enable comparison in primary and secondary and to highlight improvement that is needed in recovery from the pandemic.
[b] Literacy is a combined measure of all literacy components. Pupils must have attained their expected levels in Reading, Writing and Listening & Talking.
[c] Data in S3 was not collated in 2021
[d] The comparators used for analysis are taken from our LGBF family group of councils, which are based upon the type of population and the type of area. For this report it includes Angus, East Lothian, Moray, Scottish Borders and Stirling. Further detail on this can be found here.

Trend performance

- Overall, the performance in 2022/23 is positive in comparison to the previous years. For the combined primary stages and S3, literacy and numeracy have increased from the previous year, literacy in both groups by over 4%, and figures in all areas are above the pre-pandemic average levels.

Comparator performance

- The data for the national and comparator authorities has not been published yet but compared to 2022 figures attainment in literacy for the combined stages is higher than the national and comparator levels. Numeracy attainment in combined primary is lower than the National and Comparators rate in 2021/22. There is also a similar pattern for Numeracy, with a lower rate than the National
- In S3, attainment in Literacy is lower than the National and comparator figures in 2021/22, however Numeracy attainment is higher than the comparator and national rate from last year.

2. ACEL - Primary Literacy & Numeracy by stage

Table 2 - Percentage of pupils achieving expected CfE levels in Literacy by Stage, 2017-2023

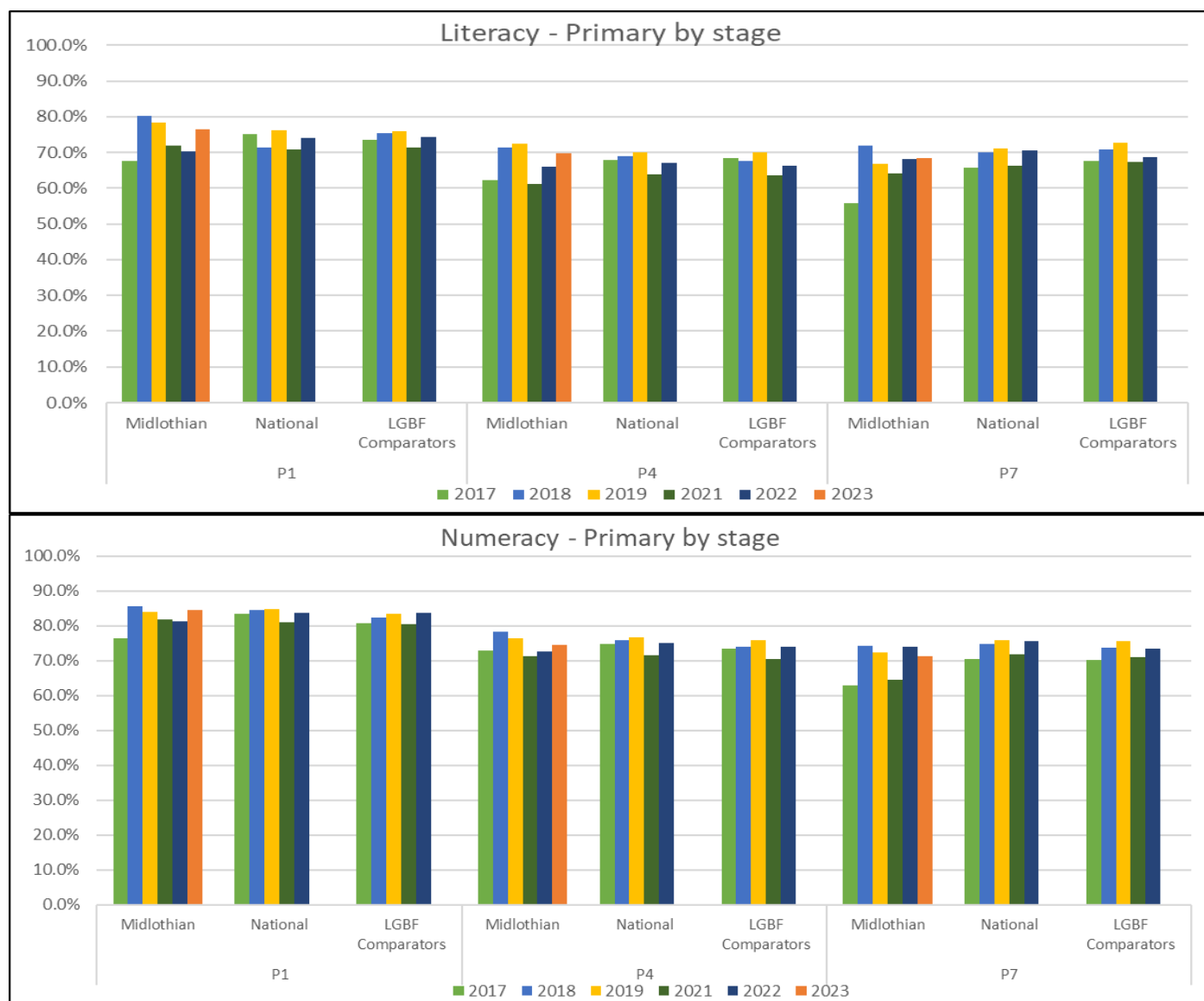|		Pre-pandemic Ave.	2021	2022	2023	Diff to 22	Diff to Nat 22	Diff to Ave.[a]	Diff to Nat Ave.	Diff to Comp Ave.
P1	Midlothian	75.45%	71.93%	70.35%	76.50%	6.15%	2.48%	1.05%	2.25%	1.48%
	National	74.25%	70.76%	74.02%						
	Comparators	75.02%	71.40%	74.32%						
P4	Midlothian	68.71%	61.07%	65.87%	69.70%	3.83%	2.51%	0.99%	0.75%	1.00%
	National	68.95%	63.78%	67.19%						
	Comparators	68.70%	63.60%	66.28%						
P7	Midlothian	64.80%	64.06%	68.27%	68.50%	0.23%	-2.05%	3.70%	-0.44%	-1.86%
	National	68.94%	66.35%	70.55%						
	Comparators	70.36%	67.22%	68.79%						

Table 3 - Percentage of pupils achieving expected CfE levels in Numeracy by Stage, 2017-2023

		Pre-pandemic Ave.	2021	2022	2023	Diff to 22	Diff to Nat 22	Diff to Ave.[a]	Diff to Nat Ave.	Diff to Comp Ave.
P1	Midlothian	82.03%	81.74%	81.23%	84.40%	3.17%	0.81%	2.37%	0.14%	2.19%
	National	84.26%	81.07%	83.59%						
	Comparators	82.21%	80.60%	83.79%						
P4	Midlothian	75.94%	71.32%	72.62%	74.40%	1.78%	-0.53%	-1.54%	-1.42%	-0.07%
	National	75.82%	71.59%	74.93%						
	Comparators	74.47%	70.41%	73.95%						
P7	Midlothian	69.77%	64.53%	73.97%	71.40%	-2.57%	-4.29%	1.63%	-2.34%	-1.85%
	National	73.74%	71.90%	75.69%						
	Comparators	73.25%	71.07%	73.52%						

Trend performance
- For P1 pupils, the percentage of pupils achieving early level in literacy was higher than last year by 6.15%, and above the pre-pandemic average by 1.05%. Attainment in Numeracy was also higher than 2021/22 by 3.17% to the second highest ever level recorded, and 2.37% higher than pre-pandemic average. These trends highlight strong improvement from a dip in attainment last year.
- For P4 pupils, attainment in both literacy and numeracy at first level was higher than 2021/22. The attainment in literacy was also above pre-pandemic levels, although numeracy was lower than the pre-pandemic average.
- For P7 pupils, attainment in literacy at second level was higher than the previous year and above the pre-pandemic levels. The rate for and numeracy for 2022/23 despite being lower than last year, was also higher than the pre-pandemic averages.

Comparator performance
- For P1, performance in literacy and numeracy was higher than recorded nationally and by our comparator authorities for 2021/22. It was also higher than the national and comparator pre-pandemic averages.
- For P4, the attainment in Literacy was higher than the national and comparator rates for 2021/22 and the pre-pandemic levels. Attainment in numeracy was lower than the national rate, but higher than the comparators rate for 2021/22. The attainment was also lower than the national and comparator pre-pandemic averages.
- For P7, the attainment in both Literacy and Numeracy was lower than the national and comparators level for 2021/22. The attainment in both areas was also lower than the national and comparator pre-pandemic levels.

3. ACEL - Literacy Components by stage

Reading - Primary by stage

Writing - Primary by stage

L&T - Primary by stage

S3 ACEL

Table 4 - Percentage of pupils achieving expected CfE levels in Reading by Stage, 2017-2023

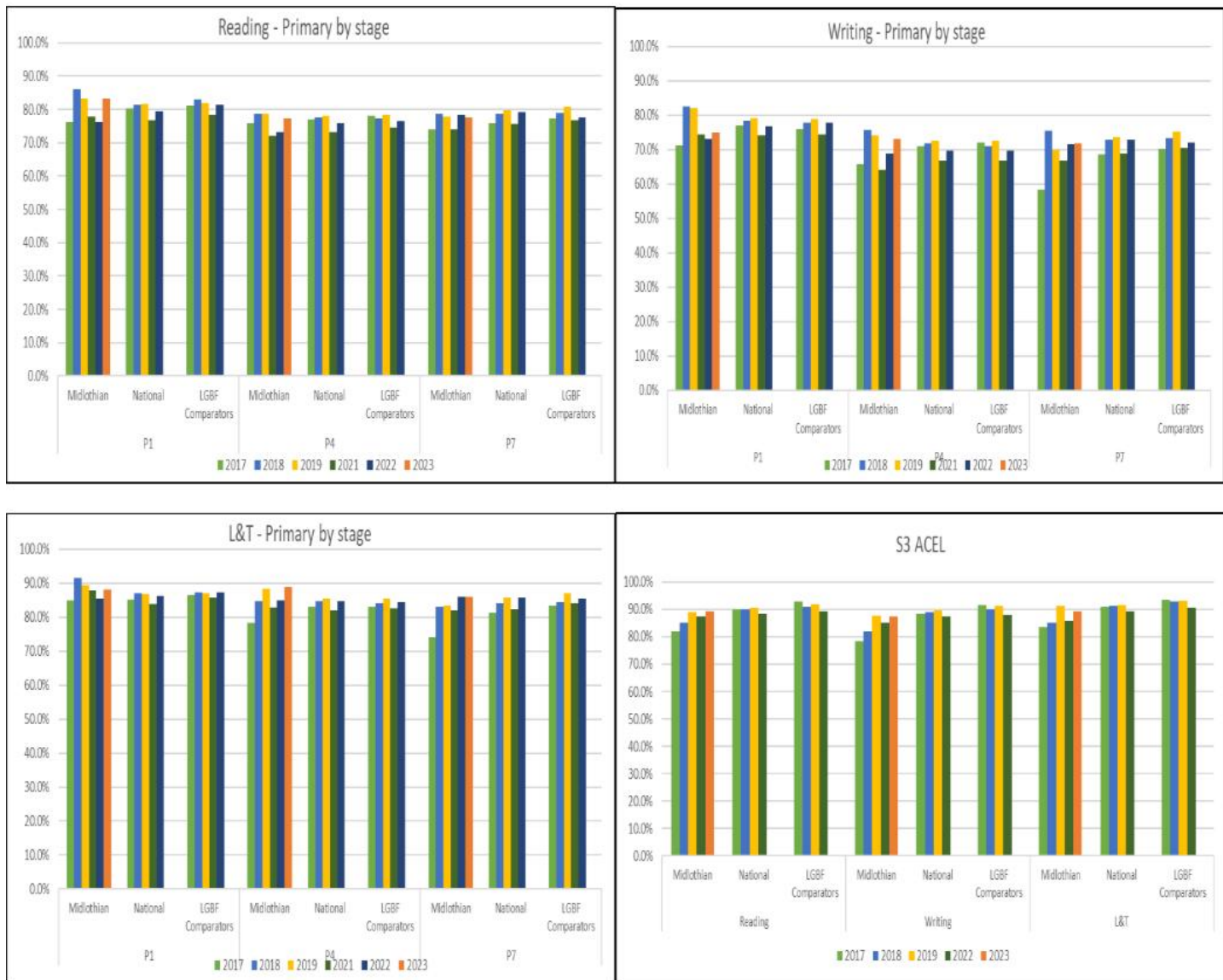|		Pre-pandemic Ave.	2021	2022	2023	Diff to 22	Diff to Nat 22	Diff to Ave.[a]	Diff to Nat Ave.	Diff to Comp Ave.
P1	Midlothian	81.79%	77.90%	76.25%	83.30%	7.05%	3.93%	1.51%	2.29%	1.35%
	National	81.01%	76.61%	79.37%						
	Comparators	81.95%	78.37%	81.30%						
P4	Midlothian	77.75%	72.01%	73.33%	77.40%	4.07%	1.36%	-0.35%	-0.06%	-0.54%
	National	77.46%	73.32%	76.04%						
	Comparators	77.94%	74.48%	76.47%						
P7	Midlothian	76.85%	73.96%	78.35%	77.50%	-0.85%	-1.83%	0.65%	-0.71%	-1.57%
	National	78.21%	75.74%	79.33%						
	Comparators	79.07%	76.67%	77.63%						

Table 5 - Percentage of pupils achieving expected CfE levels in Writing by Stage, 2017-2023

		Pre-pandemic Ave.	2021	2022	2023	Diff to 22	Diff to Nat 22	Diff to Ave.[a]	Diff to Nat Ave.	Diff to Comp Ave.
P1	Midlothian	78.66%	74.49%	73.01%	75.00%	1.99%	-1.86%	-3.66%	-3.14%	-2.65%
	National	78.14%	74.05%	76.86%						
	Comparators	77.65%	74.35%	77.81%						
P4	Midlothian	71.86%	64.08%	68.98%	73.20%	4.22%	3.52%	1.34%	1.32%	1.33%
	National	71.88%	66.67%	69.68%						
	Comparators	71.87%	66.76%	69.64%						
P7	Midlothian	67.98%	66.80%	71.60%	71.90%	0.30%	-1.02%	3.92%	0.18%	-1.09%
	National	71.72%	69.01%	72.92%						
	Comparators	72.99%	70.50%	71.96%						

Table 6 - Percentage of pupils achieving expected CfE levels in Listening & Talking by Stage, 2017-2023

		Pre-pandemic Ave.	2021	2022	2023	Diff to 22	Diff to Nat 22	Diff to Ave.[a]	Diff to Nat Ave.	Diff to Comp Ave.
P1	Midlothian	88.61%	87.71%	85.38%	88.00%	2.62%	1.86%	-0.61%	1.62%	1.09%
	National	86.38%	83.96%	86.14%						
	Comparators	86.91%	85.61%	87.37%						
P4	Midlothian	83.84%	82.86%	84.79%	88.80%	4.01%	4.26%	4.96%	4.48%	4.50%
	National	84.32%	82.04%	84.54%						
	Comparators	84.30%	82.47%	84.44%						
P7	Midlothian	80.29%	81.89%	86.06%	86.10%	0.04%	0.40%	5.81%	2.45%	1.16%
	National	83.65%	82.32%	85.70%						
	Comparators	84.94%	84.03%	85.33%						

Table 7 - Percentage of pupils achieving expected CfE levels in S3 by Literacy component, 2017-2023

		Pre-pandemic Ave.	2022	2023	Diff to 22	Diff to Nat 22	Diff to Ave.[a]	Diff to Nat Ave.	Diff to Comp Ave.
Reading	Midlothian	85.32%	87.30%	89.30%	2.00%	0.91%	3.98%	-0.87%	-2.55%
	National	90.17%	88.39%						
	Comparators	91.85%	89.44%						
Writing	Midlothian	82.63%	85.10%	87.50%	2.40%	0.15%	4.87%	-1.49%	-3.37%
	National	88.99%	87.35%						
	Comparators	90.87%	87.90%						
Listening & Talking	Midlothian	86.58%	85.80%	89.30%	3.50%	0.01%	2.72%	-1.86%	-3.76%
	National	91.16%	89.29%						
	Comparators	93.06%	90.43%						

Trend performance

- For Reading, attainment in P1 and P4 improved in 2022/23 from the previous year. In P1 there was a 7.05% increase in pupils attaining early level, which was a 1.51% increase from pre-pandemic levels. In P4 there was 4.07% increase in pupils attaining first level from last year, although this was lower than the pre-pandemic average.

In P7, there was a 0.85% decrease from 2020/21 in pupils attaining second level however this was an 0.65% increase from pre-pandemic levels. In S3, there was a 2.00% increase in pupils attaining third level from last year to the highest level ever recorded, which was also 3.98% higher than the pre-pandemic average. For Writing, there was improvement in all three primary stages. In P1 there was improvement from last year (1.99%), but this was still lower than the pre-pandemic average. In P4 attainment increased from last year (4.22%) and was higher than the pre-pandemic average (1.34%). In P7 there was an increase from last year (0.30%) and the pre-pandemic average (3.92%). For S3, there was an increase from last year by 2.40% and above pre-pandemic level by 4.87%.

- For Listening and Talking, there was an increase in attainment in P1, P4 and P7 from the previous year and pre-pandemic levels. Most notably this was in P4, where there was an increase of 4.01% from 2021/22 and 4.96% from pre-pandemic levels, to the highest ever level recorded. In S3, there was an increase of 3.50% from last year to the second highest level recorded, which is also 2.72% above the pre-pandemic levels.

Comparator performance

- For Reading, the percentage of pupil achieving their expected levels in P1, P4 and S3 were higher than the national and comparator figures for 2021/22. In addition, P1 attainment was higher than the national comparator pre-pandemic levels. In P7 however, whilst the attainment was lower than the national and comparator figures for 2021/22 and the national and comparator pre-pandemic levels.

- For Writing, in P1 and P7 the percentage of pupils achieving their expected levels was lower than the national and comparator figures for 2021/22, as well as being lower than the pre-pandemic averages. The attainment however was higher in P4 and S3 than the national and comparator levels for last year, as well as pre-pandemic levels for P4 pupils.

- For Listening and Talking, the attainment in P1, P4 and P7 was higher than the national and comparator rates for 2021/22 and pre-pandemic levels. In S3, whilst attainment was higher than the national and comparator figures for 2021/22 it was still lower than pre-pandemic levels for both comparator groups.
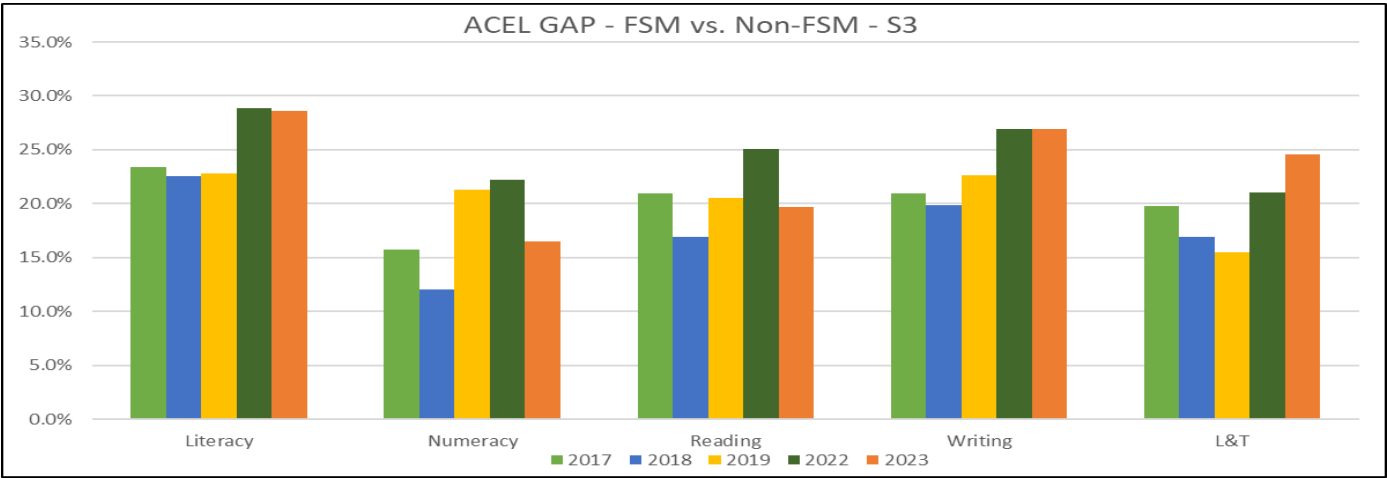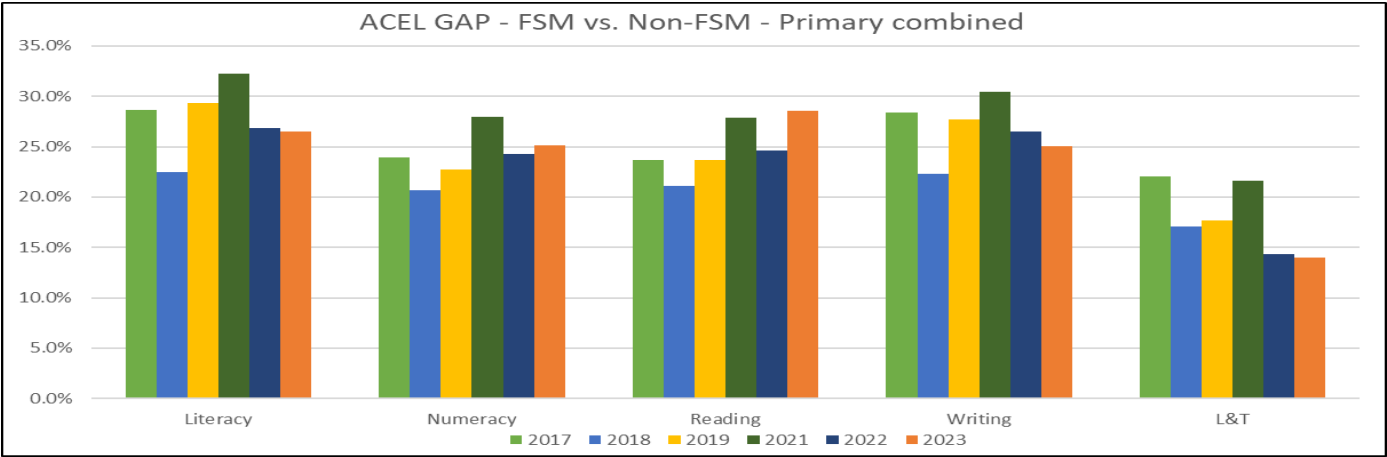
4. ACEL – Attainment Gap

ACEL GAP - FSM vs. Non-FSM - Primary combined

ACEL GAP - FSM vs. Non-FSM - S3

Table 8 – ACEL Attainment Gap[a] of percentage of pupils achieving expected CfE levels, FSM[b] vs. Non FSM[c], 2017-2023

		Pre-pandemic Ave.	2021	2022	2023	Diff to 22	Diff to Ave.
Primary Combined[d]	Literacy	26.82%	-32.24%	-26.83%	-26.53%	-0.30%	-0.29%
	Numeracy	22.44%	-27.98%	-24.29%	-25.11%	0.82%	2.67%
	Reading	22.81%	-27.91%	-24.64%	-28.57%	3.93%	5.76%
	Writing	26.12%	-30.42%	-26.48%	-25.01%	-1.47%	-1.11%
	L&T	18.93%	-21.62%	-14.35%	-13.98%	-0.37%	-4.95%
S3[e]	Literacy	22.94%		-28.88%	-28.57%	-0.31%	5.63%
	Numeracy	16.35%		-22.19%	-16.51%	-5.68%	0.16%
	Reading	19.49%		-25.12%	-19.67%	-5.45%	0.18%
	Writing	21.14%		-26.94%	-26.97%	0.03%	5.83%
	L&T	17.42%		-21.03%	-24.57%	3.54%	7.15%

[a] The attainment gap is shown here as a differential of the percentage of pupils attaining their expected level in receipt of free school meals versus those not in receipt of free school meals (i.e. 45.80% of FSM cohort attaining expected levels in literacy – 72.64% of non-FSM cohort attaining expected levels in literacy = -26.83% attainment gap). Note that FSM is used as the measure of deprivation to give a more representative spread across Midlothian and the fact that SIMD is not an effective measure in all areas of the authority.
[b] FSM = pupils registered for free school meals
[c] Non-FSM = pupils not registered for free school meals
[d] Primary combined is all pupils in P1, P4 and P7 stages
[e] Note no data collected in 2021 for S3 pupils
* Note there is no comparable data currently available nationally and for other authorities to allow us to look at how Midlothian compares.

Trend performance
- In primary combined for literacy, writing and listening and talking the attainment gap has decreased in 2022/23 to the previous year, as well as from the pre-pandemic levels. The biggest decrease from last year is in writing, with listening and talking also demoting a 4.95% decrease from pre-pandemic levels. For numeracy and reading, there has been a widening of the attainment gap compared to last year, and to the pre-pandemic average.
- In S3, there was a narrowing in the attainment gap from last year for literacy (by 0.31%), numeracy (by 5.68%) and reading (by 5.45%). For writing and listening and talking, however there was an increase in the attainment gap. In all the measure there has been a widening of the attainment gap from the pre-pandemic average. There is variance in this change however, with literacy increasing by 5.63% and numeracy only by 0.16%.

5. **Insight - Literacy and Numeracy Combined by stage**

S4 Literacy and Numeracy

S5 Literacy & Numeracy

S6 Literacy & Numeracy
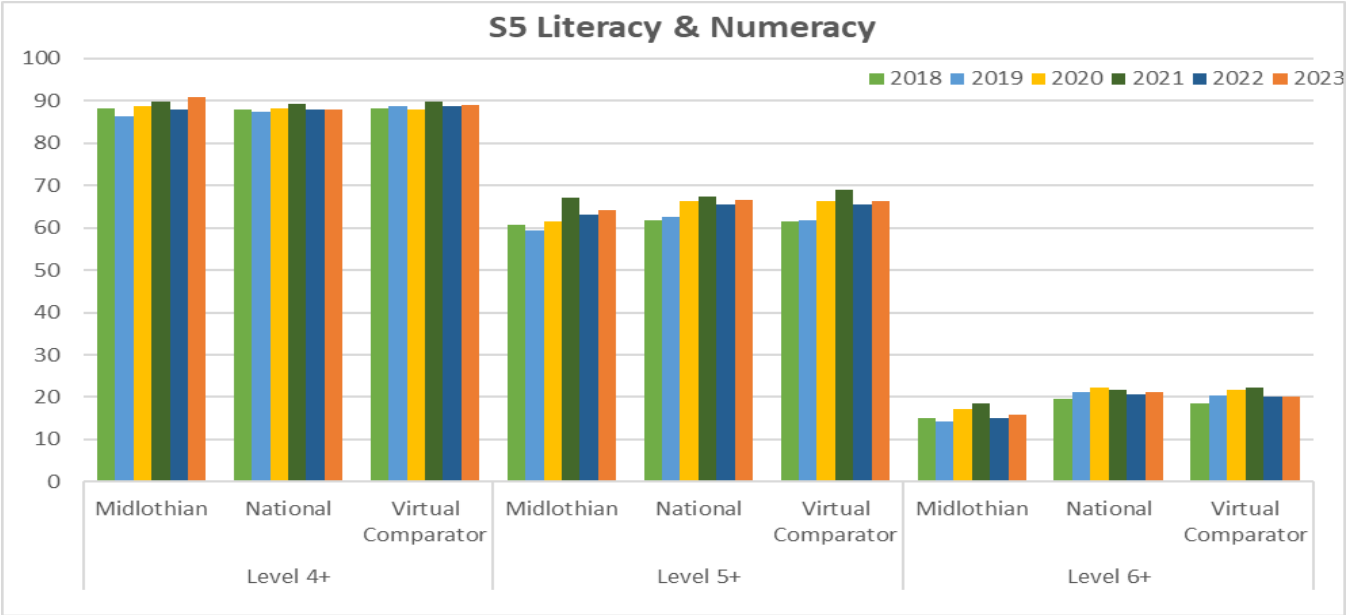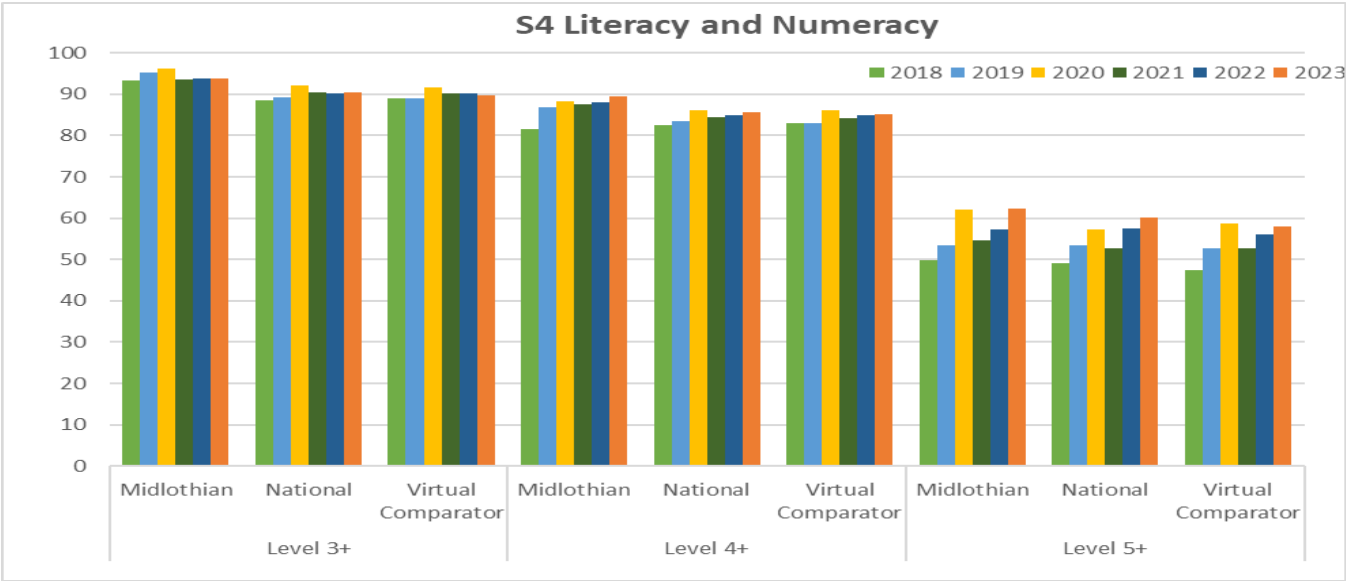
Table 9 – Percentage of pupils attaining Literacy and Numeracy at SCQF levels 3+, 4+, 5+ and 6+ by stage, 2018-2023

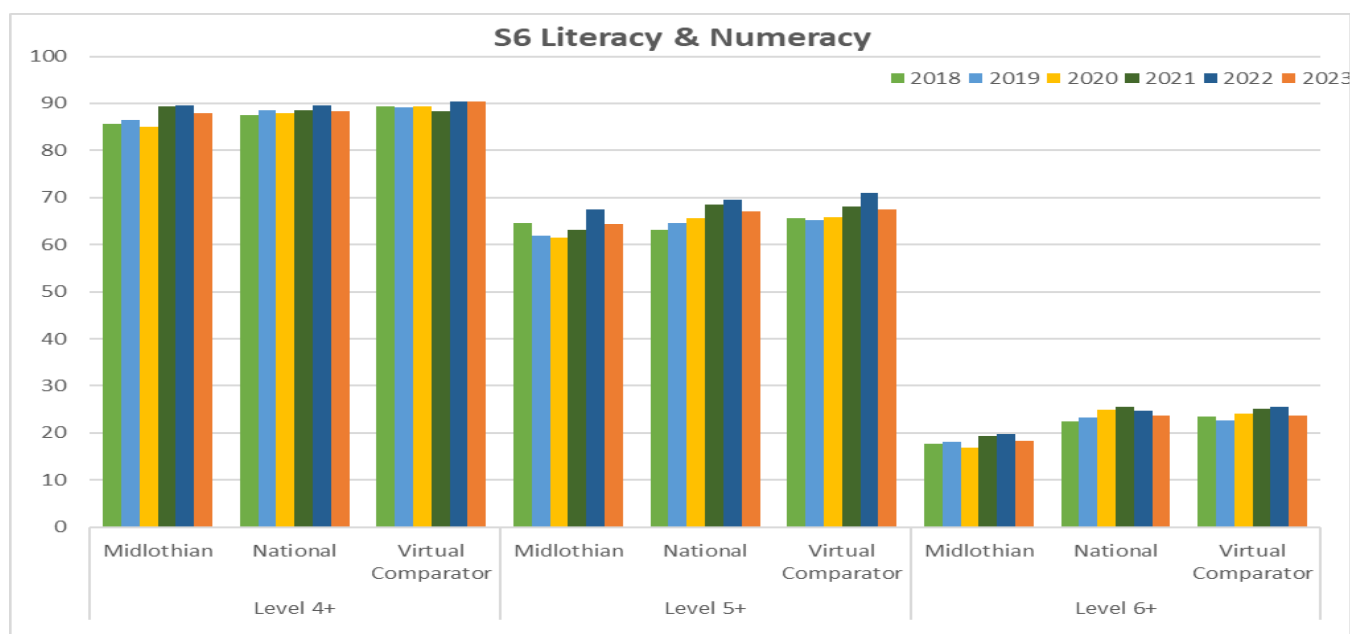|	Year	S4			S5				S6		
		3+	4+	5+	3+	4+	5+	6+	4+	5+	6+
Midlothian	2018	93.21	81.59	49.83	95.71	88.13	60.77	15.16	85.64	64.56	17.67
	2019	95.25	86.74	53.37	94.88	86.32	59.4	14.13	86.5	61.96	18.07
	2020	96.11	88.23	62.13	95.44	88.82	61.56	17.16	84.96	61.44	16.86
	2021	93.47	87.56	54.51	95.72	89.91	67.18	18.55	89.45	63.08	19.45
	2022	93.85	88.09	57.25	93.55	87.91	63.11	14.96	89.51	67.51	19.78
	2023	93.88	89.52	62.24	96.17	90.72	64.11	15.79	87.93	64.42	18.3
	Diff to 2022	0.03	1.43	4.99	2.62	2.81	1	0.83	-1.58	-3.09	-1.48
	Diff to Mid Ave.[a]	-0.35	5.36	10.64	0.88	3.50	4.03	1.15	1.86	1.16	0.43
	Diff to VC Ave.	4.89	6.49	12.14	2.57	2.34	2.59	-3.56	-1.35	-0.97	-4.81
	Diff to Nat Ave.	4.92	6.52	10.97	3.21	3.03	2.00	-4.54	-0.11	0.48	-4.50
Virtual Comparator[b]	2018	88.9	82.97	47.45	94.02	88.16	61.36	18.43	89.43	65.63	23.49
	2019	89.08	83.09	52.75	93.19	88.6	61.68	20.26	89.12	65.16	22.73
	2020	91.6	86.07	58.72	92.81	87.97	66.26	21.7	89.31	65.81	24.21
	2021	90.23	84.3	52.78	94.37	89.91	68.88	22.26	88.33	68.1	25.22
	2022	90.19	85.01	56.09	93.09	88.59	65.38	20.03	90.34	70.97	25.64
	2023	89.77	85.07	57.99	93.53	89	66.34	20.18	89.21	67.38	23.78
National	2018	88.59	82.44	49.15	93.51	87.95	61.78	19.47	87.61	63.22	22.36
	2019	89.33	83.57	53.39	92.42	87.43	62.44	21.18	88.48	64.67	23.24
	2020	92.22	86.02	57.17	92.75	88.1	66.42	22.14	87.92	65.61	24.88
	2021	90.54	84.34	52.8	94.32	89.29	67.26	21.61	88.61	68.58	25.51
	2022	90.23	84.84	57.39	92.88	87.98	65.41	20.56	89.65	69.51	24.67
	2023	90.48	85.72	60.05	92.6	88.02	66.68	21.14	88.33	67.12	23.75

Source: Insight update (September 2023)

[a] Average figures for Midlothian, National and Comparators are calculated pre-Covid (2017-19). This is to enable comparison in primary and secondary and to highlight improvement that is needed in recovery from the pandemic.

* Note that to be included in the figures pupils must have attained both literacy and numeracy qualifications at the same SCQF level. Each year group is based upon the S4 stage roll. Cells are shaded according to Insight statistically significant testing in the following way: Lower than the Virtual Comparator; Much Lower than the Virtual Comparator; Greater than the Virtual Comparator; Much Greater than the Virtual Comparator.

Trend performance
- For S4, there is a positive trend at all levels, with an increase in 2022/23 from the previous year in the percentage of pupils attaining awards at SCQF level 3, 4 and 5. At levels 4 and 5, there was an increase in the pre-pandemic average, the biggest seen at level 5 with a 10.97% increase.
- For S5 in 2022/23, there was an increase in the percentage attaining literacy and numeracy in all SCQF levels from 2021/22, the biggest increase was at level 4 (2.81%). In addition, there was an increase at all levels from the pre-pandemic average, with the greatest increase at level 5 (3.50%).
- For S6 there was decreases in attainment at levels 4, 5 and 6 from last year, most notably at level 5 with 3.09% reduction. Despite this decline, at each level the figures are higher versus the pre-pandemic averages.

Comparator performance
- In S4 the positive performance in all three levels have resulted in higher levels versus the virtual comparator and national figures for 2022/23, as well as higher figures versus the pre-pandemic averages. The attainment for levels 3+, 4+ and 5+ there are over 4% higher than the virtual comparator rates. At levels 3+ and 4+ the performance is significantly greater than the virtual comparator, which was the same as last year.
- For S5, performance continues to be strong at SCQF level 3 and 4, with higher rates in 2022/23 than the virtual comparator and national level, with the percentage attaining level 3+ being significantly greater than the VC. At levels 5 and 6 however the percentage attaining literacy and numeracy is lower than the virtual comparator and national level for 2022/23. Level 6 is significantly lower than the virtual comparator.
- For S6 the performance in 2021/22 is lower than the virtual comparator and national at each of the levels. For level 6 this is significantly lower than the virtual comparator. Attainment at this level is also lower than the VC (by 4.50%) and National (4.81%) pre-pandemic levels.
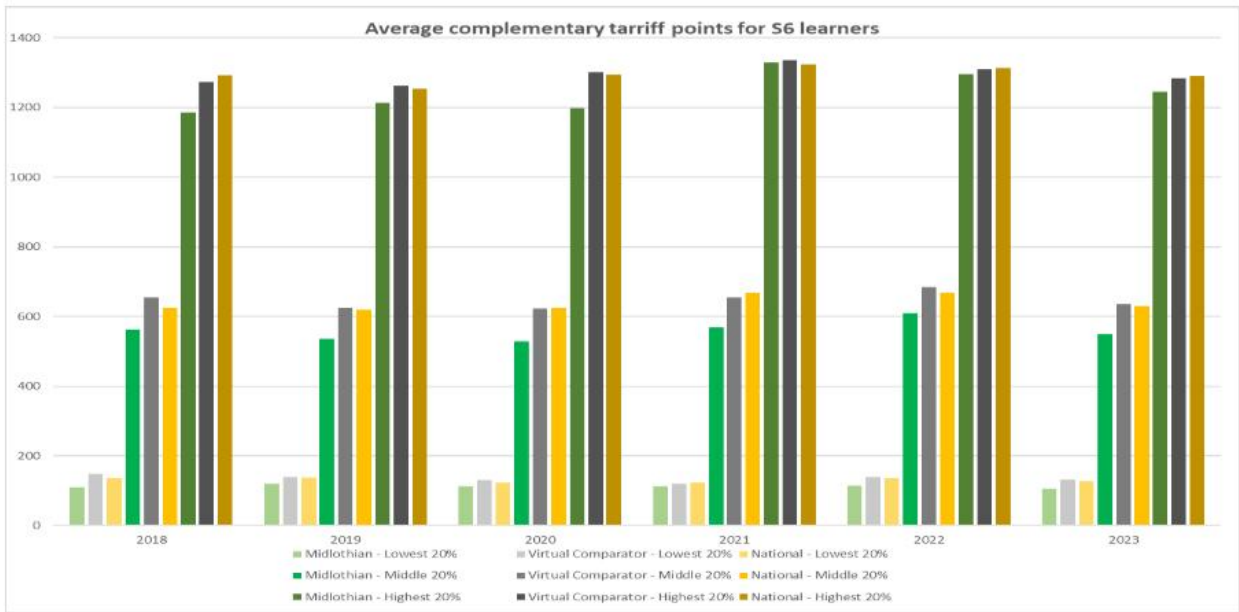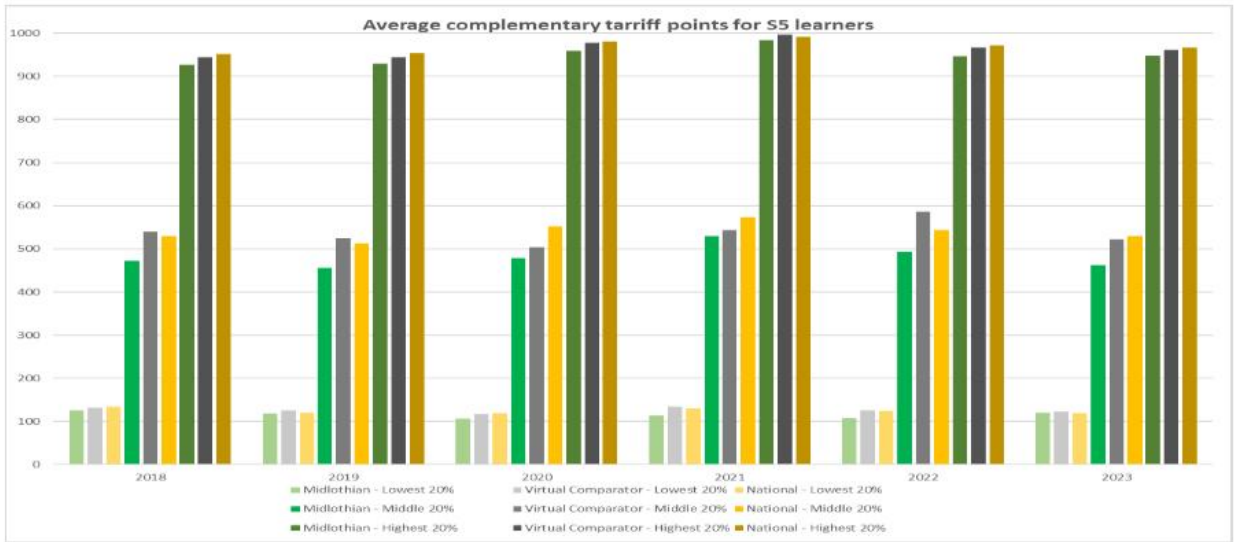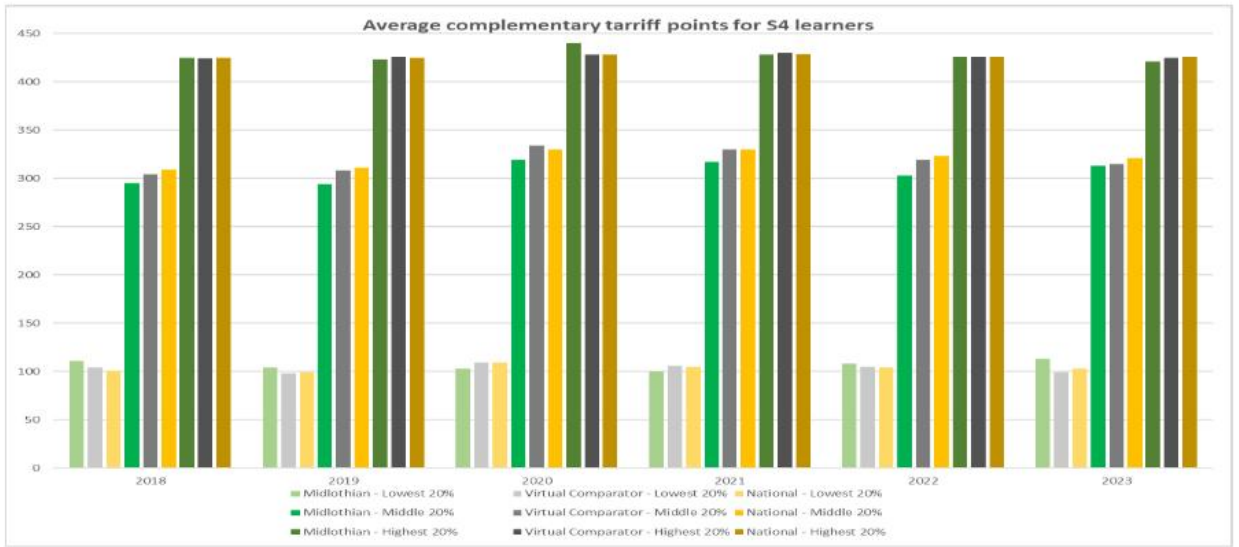
6. Insight – Improving Attainment for All

Average complementary tarriff points for S4 learners

Average complementary tarriff points for S5 learners

Average complementary tarriff points for S6 learners

Table 10 – Improving Attainment for All[a] shown for the average complementary tariff score by stage, 2018-2023

	Year	S4			S5			S6		
		Lowest 20%	Middle 60%	Highest 20%	Lowest 20%	Middle 60%	Highest 20%	Lowest 20%	Middle 60%	Highest 20%
Midlothian	2018	111	295	425	126	472	926	110	562	1185
	2019	104	294	423	118	456	929	120	535	1213
	2020	103	319	440	107	478	959	113	529	1198
	2021	100	317	428	114	530	984	112	569	1329
	2022	108	303	426	108	493	946	114	609	1295
	2023	113	313	421	120	462	948	106	549	1245
	Diff to 2022	5	10	-5	12	-31	2	-8	-60	-50
	Diff to Mid Ave.	5.50	18.50	-3.00	-2.00	-2.00	20.50	-9.00	0.50	46.00
	Diff to VC Ave.	12.00	7.00	-4.00	-9.00	-52.00	4.00	-37.00	-90.00	-27.50
	Diff to Nat Ave.	13.00	3.00	-4.00	-7.00	-59.00	-5.00	-30.50	-73.00	-22.50
Virtual Comparator	2018	104	304	424	132	525	944	147	654	1292
	2019	98	308	426	126	503	944	139	624	1253
	2020	109	334	428	117	544	978	131	622	1293
	2021	106	330	430	134	586	996	120	654	1323
	2022	105	319	426	126	540	966	139	684	1313
	2023	99	315	425	123	522	962	132	635	1283
National	2017	101	309	425	134	530	952	135	625	1273
	2018	99	311	425	120	512	954	138	619	1262
	2019	109	330	428	119	552	980	124	625	1300
	2020	105	330	429	131	574	992	124	669	1335
	2021	104	323	426	124	543	971	135	668	1309
	2023	103	321	426	119	530	966	127	629	1290

Source: Insight update (September 2023)

[a] Improving Attainment for All is a benchmarking measure that displays the average complementary tariff score for the lowest 20%, middle 60% and highest 20% of attainers within the cohort. The overall aim of this measure, is to have pupils attain as highly as possible 'across the board', with all qualifications on the SCQF framework given a tarrif score based on level and attainment.

* Note that each year group is based upon the S4 stage roll. Cells are shaded according to Insight statistically significant testing in the following way: Lower than the Virtual Comparator; Much Lower than the Virtual Comparator; Greater than the Virtual Comparator; Much Greater than the Virtual Comparator.

Trend performance
- For S4, the performance in 2022/23 in the lowest 20% and middle 60% cohorts saw improvement compared to the previous year. Attainment in these cohorts also was higher than the pre-pandemic levels. The attainment of the highest 20% of S4 pupils however decreased from last year and was lower than the pre-pandemic average.
- For S5, the lowest 20% and highest 20% cohorts showed improvement from the previous year, with the highest 20% above the pre-pandemic average. The middle 60% however were lower than last year, and below the pre-pandemic average.
- For S6 there a decrease in attainment for all three cohort groups from 2021/22. The middle 60% and highest 20% however were higher than the pre-pandemic average.

Comparator performance
- There is similar performance in all stage groups in comparison to the virtual comparator and national figures. The area of most concern in the middle 60% cohort, where performance in 2022/23 was significantly lower than the virtual

comparator in S4, S5 and S6. Is has also been significantly lower than the virtual comparator each of the past four years.

- In the lowest 20% cohort the attainment of S6 in 2022/23 was significantly lower than the virtual comparator, as well as being lower than the national figure. The highest 20% attainment in all three stages is also lower than the VC and national levels, although not statistically significantly lower.

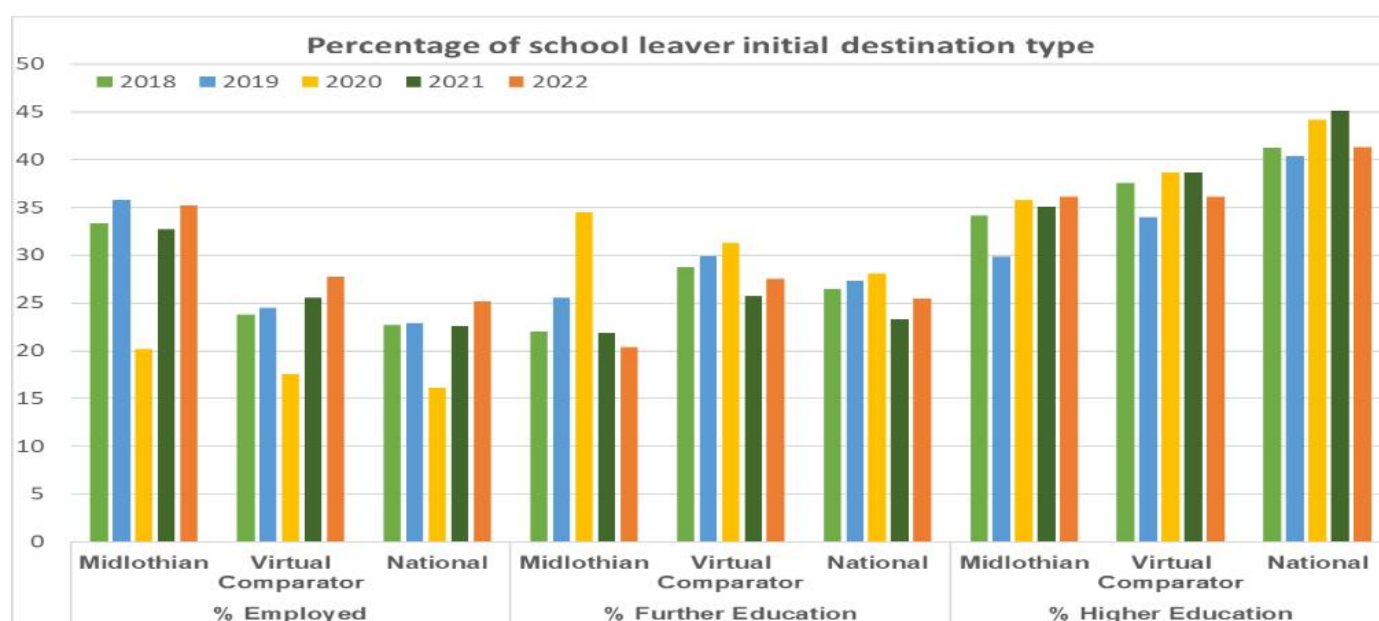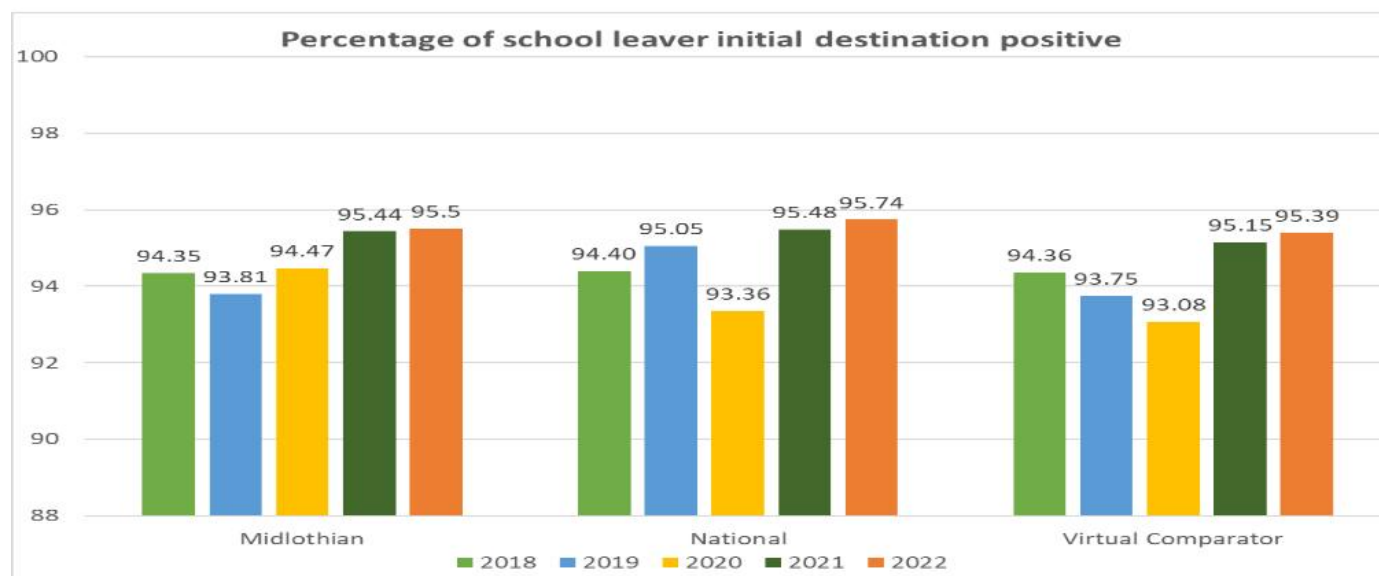## 7. **Insight – Leaver Initial Destinations**

Percentage of school leaver initial destination positive

Percentage of school leaver initial destination type

Table 11 – Initial Positive Destinations[a] for all school leavers and by type of destination, 2018-2022

		2018	2019	2020	2021	2022	Diff to 21	Diff to Mid Ave.	Diff to VC Ave.	Diff to Nat Ave.
Positive Destination	Midlothian	94.35	93.8	94.47	95.44	95.5	0.06	1.42	1.45	0.78
	Virtual Comparator	94.29	93.94	93.1	94.87	95.39				
	National	94.4	95.06	93.36	95.49	95.74				
% Employed	Midlothian	33.33	35.78	20.21	32.73	35.2	2.47	0.65	11.04	12.41
	Virtual Comparator	23.79	24.53	17.61	25.51	27.74				
	National	22.67	22.92	16.18	22.58	25.11				
% Further Education	Midlothian	22.04	25.57	34.49	21.89	20.4	-1.49	-3.41	-8.93	-6.50
	Virtual Comparator	28.74	29.92	31.26	25.71	27.51				
	National	26.53	27.27	28.06	23.29	25.45				
% Higher Education	Midlothian	34.11	29.82	35.78	35.12	36.13	1.01	4.17	0.36	-4.65
	Virtual Comparator	37.55	33.99	38.7	38.7	36.15				
	National	41.2	40.35	44.2	45.11	41.27				

Source: Insight update (September 2023)

[a] Initial Positive Destinations benchmarks the percentage of school leavers that enter a positive initial destination approximately 3 months after leaving school. A positive destination includes Higher Education, Further Education, Training, Voluntary Work, Employment and Activity Agreements.

* Note that initial positive destination data is published following the February Insight refresh only, so this data related to the session 2021/22.

Trend performance
- The initial positive destinations for the latest information in 2021/22 was the highest ever recorded in Midlothian at 95.50%, this was an increase of 0.06% from the previous year and to the pre-pandemic average of 1.42%.
- The percentage of school leavers entering employment increased by 2.47% in 2021/22 from the previous year and was above the pre-pandemic average. As a result of this the percentage of school leavers in further or higher education is lower, however the percentage entering higher education increased by 1.01% from 2020/21 and is higher than the pre-pandemic figures.

Comparator performance
- The percentage of school leavers in a positive destination in 2021/22 was higher than the virtual comparator, but slightly lower than the national rate. It was however higher than the virtual comparator and national averages.
- The percentage of school leavers in employment for 2021/22 was the highest compared to the virtual comparator and national figures. Due to this the percentage in further and higher education is lower compared to these groups, however the figure entering higher education for 2021/22 is very similar to the virtual comparator. Despite this there are still over 5% fewer leavers in higher education compared to the national figures in 2020/21.

8. Insight – Breadth and Depth

S4 – SCQF Level 5

S5 – SCQF Level 6

S6 - SCQF Level 6 & 7

Legend: 2018, 2019, 2020, 2021, 2022, 2023
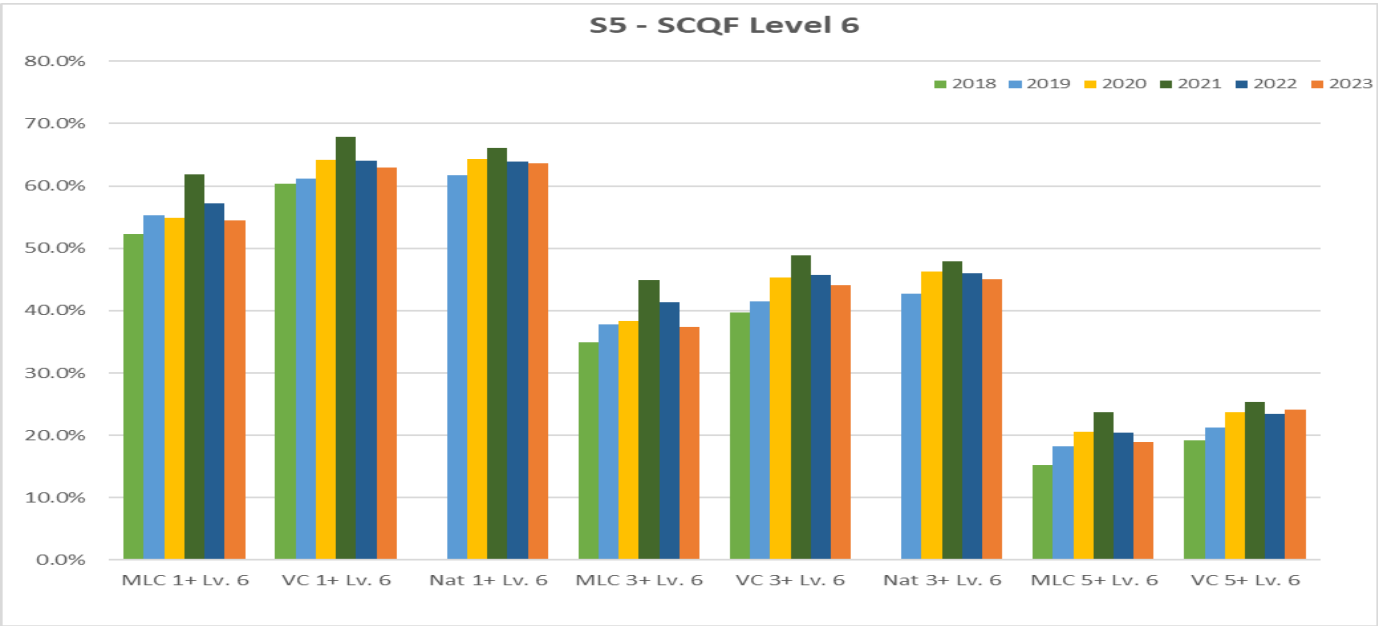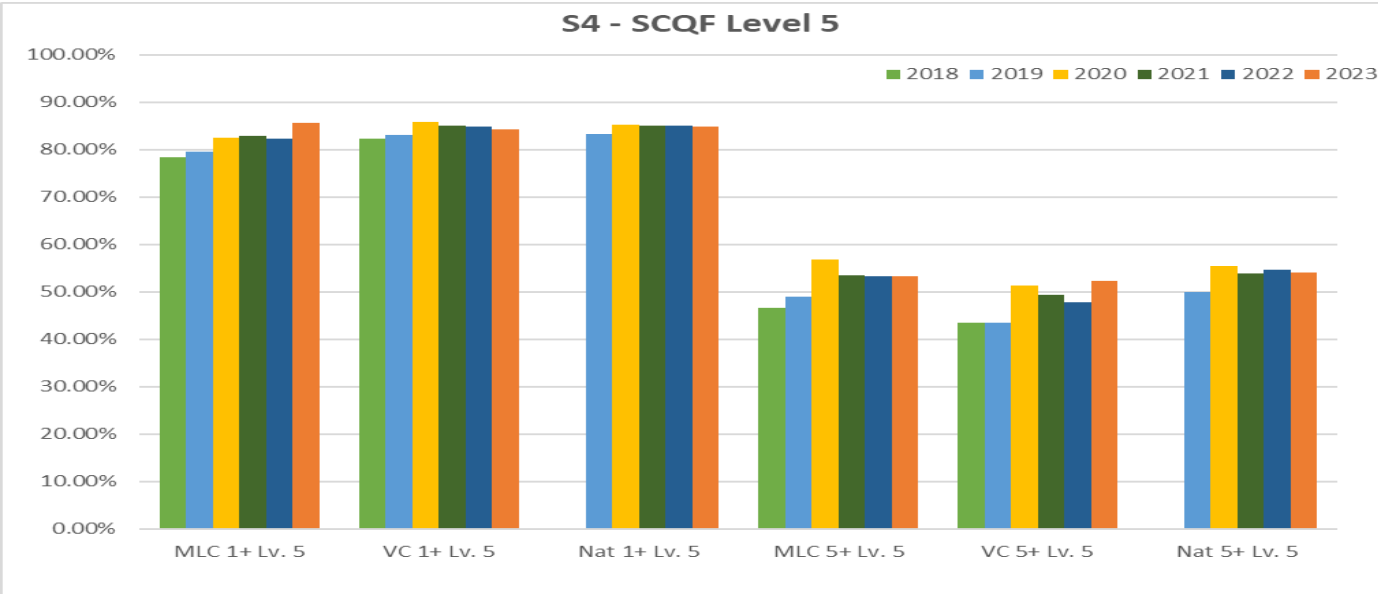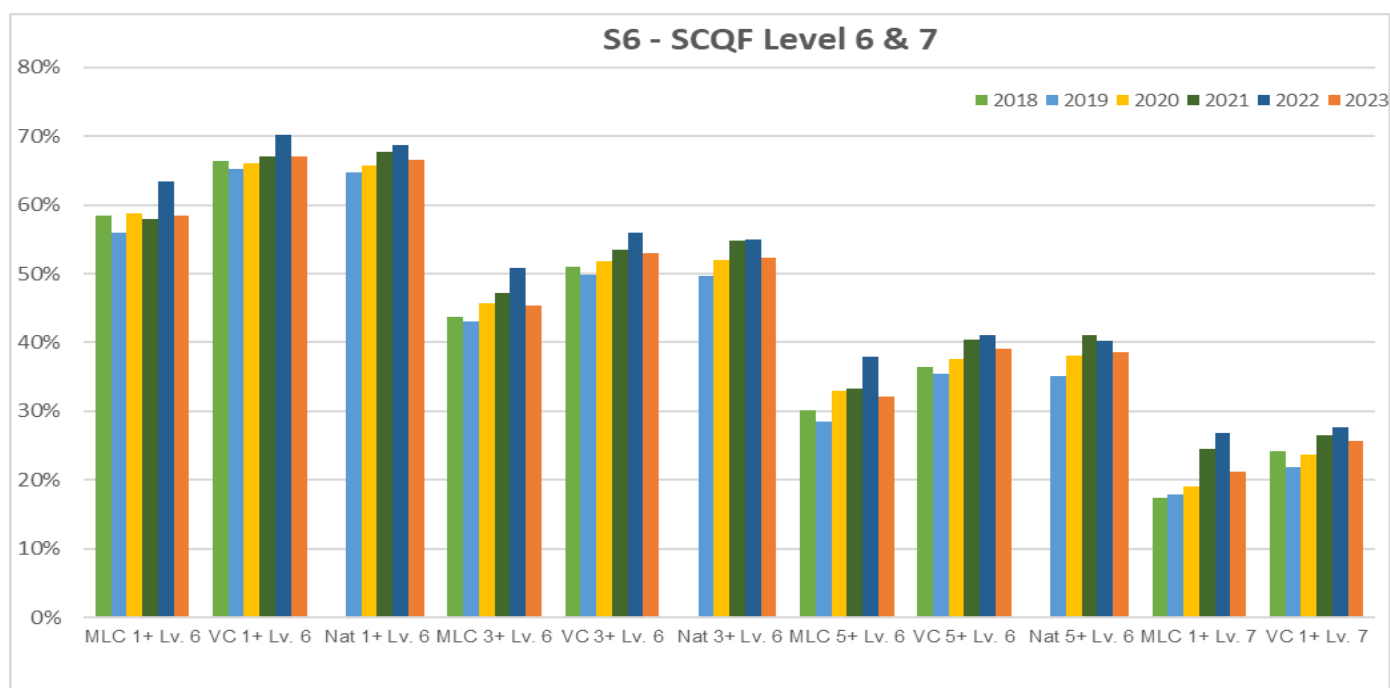
Table 12 – Breadth and Depth[a] of all candidates in S4, 2018-2023

		2018	2019	2020	2021	2022	2023	Diff to 22	Diff to Mid Ave.	Diff to VC Ave.
1 or more awards at Level 5	Midlothian	78.37%	79.45%	82.40%	82.90%	82.23%	85.53%	3.30%	6.62%	2.89%
	Virtual Comparator	82.30%	82.99%	85.76%	85.03%	84.80%	84.20%	-0.60%		
5 or more awards at Level 5	Midlothian	46.56%	48.91%	56.72%	53.37%	53.21%	53.34%	0.13%	5.61%	9.93%
	Virtual Comparator	43.38%	43.43%	51.38%	49.33%	47.84%	52.28%	4.44%		

Table 13 – Breadth and Depth of all candidates in S5, 2018-2023

		2018	2019	2020	2021	2022	2023	Diff to 22	Diff to Mid Ave.	Diff to VC Ave.
1 or more awards at Level 6	Midlothian	52.3%	55.3%	54.8%	61.9%	57.2%	54.45%	-2.72%	0.66%	-6.31%
	Virtual Comparator	60.3%	61.2%	64.1%	67.8%	64.0%	62.89%	-1.12%		
3 or more awards at Level 6	Midlothian	35.0%	37.8%	38.3%	45.0%	41.3%	37.32%	-3.97%	0.93%	-3.29%
	Virtual Comparator	39.8%	41.5%	45.3%	48.9%	45.7%	44.11%	-1.56%		
5 or more awards at Level 6	Midlothian	15.3%	18.2%	20.6%	23.8%	20.4%	18.95%	-1.44%	2.20%	-1.31%
	Virtual Comparator	19.3%	21.3%	23.7%	25.4%	23.4%	24.08%	0.68%		

Table 14 – Breadth and Depth of all candidates in S6, 2018-2023

		2018	2019	2020	2021	2022	2023	Diff to 22	Diff to Mid Ave.	Diff to VC Ave.
1 or more awards at Level 6	Midlothian	58.4%	56.0%	58.9%	57.9%	63.4%	58.49%	-4.88%	1.27%	-7.39%
	Virtual Comparator	66.4%	65.3%	66.2%	67.1%	70.2%	67.14%	-3.09%		
3 or more awards at Level 6	Midlothian	43.7%	43.0%	45.7%	47.3%	50.9%	45.30%	-5.56%	1.95%	-5.11%
	Virtual Comparator	51.0%	49.8%	51.8%	53.5%	56.0%	52.99%	-2.97%		
5 or more awards at Level 6	Midlothian	30.1%	28.5%	33.0%	33.3%	37.9%	32.11%	-5.83%	2.81%	-3.80%
	Virtual Comparator	36.4%	35.5%	37.7%	40.4%	41.1%	39.03%	-2.04%		
1 or more awards at Level 7	Midlothian	17.4%	18.0%	19.0%	24.5%	26.8%	21.17%	-5.67%	3.51%	-1.86%
	Virtual Comparator	24.2%	21.9%	23.7%	26.6%	27.6%	25.69%	-1.94%		

Source: Insight update (September 2023)

[a] Breadth and Depth shows the number of awards per SCQF Level, which has been attained by all candidates. Note that all award providers contribute to this SCQF measure, as do D grades in SQA courses.

Trend performance
- For S4, the percentage of all pupils attaining 1 or more awards at SCQF level 5 increased from last year by 3.30% to the highest level in 6 years, with the rate now 6.62% higher than pre-pandemic levels. For 5+ awards at level 5 there was a slight increase from the 2021/22 figure, with it now being 5.61% higher than pre-pandemic levels.
- For S5, there was a reduction in attainment in all three key measures compared to last year, but all show an increase versus the pre-pandemic levels. 1+ awards at level 6 was down 2.72% and 3+ awards decreasing by 3.97%.
- For S6 in 2022/23 all four key measures were lower than the previous year, with over 5% reduction in 3+ and 5+ awards at level 6, and 1+ awards at level 7. Despite this there was an increase in all measures from the pre-pandemic averages.

Comparator performance
- In S4 the performance in 1+ and 5+ awards at level 5 in 2022/23 was higher than the virtual comparator and the pre-pandemic figures. For 5+ awards the 2022/23 rate was 9.93% higher than the virtual comparator pre-pandemic average.
- In S5 attainment all three key measures were lower than the Virtual comparator in 2022/23. It was 8.4% lower for 1+ awards, 6.8% lower at 3+ awards and 5.1% lower at level 6. The attainment for all measures was also lower than the pre-pandemic virtual comparator averages.
- For all measures at S6 the attainment was below the Virtual comparator in 2022/23. Attainment was also lower than the pre-pandemic averages.

Annual Procurement Report 2022/23

Report by Kevin Anderson, Executive Director, Place

Report for Information

1 Recommendations

The Council is asked to:

i.   note the Annual Procurement Report on regulated procurements during 2022/23 to be published on the Council's website; and

ii.   note the current and planned strategy development and transformation activity for 2023/24.

2   Purpose of Report/Executive Summary

This report presents the Annual Procurement Report on regulated procurements during 2022/23 prior to being published on the Council's website, alongside information on planned and future procurement activity.

Date 22 November 2023

Report Contact:
Alan Turpie, Legal and Governance Manager.

alan.turpie@midlothian.gov.uk

3   Main Report

Annual Procurement Report

3.1   Where a public organisation is required to prepare a procurement strategy or review an existing one, for example, and if it has an estimated value of regulated procurement spend of £5 million or more (excluding VAT) in a financial year, it must also publish an annual procurement report.

3.2   The annual procurement report should be relevant and proportionate, providing transparency of its purchasing activities. The annual report monitors the authority's regulated procurement activities against delivery of its procurement strategy. This Annual Procurement Report for the 2022-2023 financial year is attached as Appendix B to this report.

3.3   The Procurement Reform (Scotland) Act 2014 lists the minimum requirements that the Annual Procurement Report must contain:

1. a summary of the regulated procurements that have been completed during the period of the report;

2. a review of whether those procurements complied with the Council's procurement strategy;

3. to the extent that any regulated procurements did not comply, a statement of how the authority intends to ensure that future procurements do comply;

4. a summary of any community benefits requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report;

5. a summary of any steps taken to facilitate the involvement of supported businesses during the year covered by the report;

6. a summary of regulated procurements the authority expects to award in the next two financial years;

7. such other information as the Scottish Ministers may specify.

The Midlothian Council Annual Procurement Report 2022/23 complies with the above statutory requirements.

Strategy development and transformation

3.4   Procurement is recognised as a strategic enabler to transformation and is a key theme within the Council's Transformation Blueprint (Theme 1 – Follow the Money). This theme takes a closer look at contract management, commissioning and further developing local supply chains. The Council's current Procurement Strategy has been extended to 2024 and work is ongoing to refresh the strategy to take into account these key areas of focus.

3.5 In early 2023, a dedicated resource was identified as part of the Building Maintenance Service (BMS) Transformation Programme. A review of the BMS procurement pipeline was carried out, and a number of contracts were identified for refresh and retendering; to provide better value for money and enable procurement through lots to offer local businesses opportunities to tender for contracts. This work is supported by Economic Development, delivering local 'Meet the Buyer' events and providing advice and support to build capacity within local businesses.

3.6 As part of the Blueprint, focussed work has commenced within Health and Social Care, reviewing the commissioning process and identifying where contracts should be retendered to achieve efficiencies in service delivery and resourcing. This work is ongoing and progress is reported through the Business Transformation Steering Group.

3.7 Progressive procurement of goods and services is one of the five pillars of Community Wealth Building. As an anchor organisation, the Council holds significant spending power which needs to be adapted to recirculate wealth locally and enable local employment and promote socio-economic gains for Midlothian. The Council is currently developing a Community Wealth Building Strategy to ensure that advantage is harnessed for its communities. This will be reported back to Council in 2024.

3.8 Midlothian is part of the Edinburgh and South East of Scotland City Region Deal (ESESCRD), where a collective approach to Community Benefits is being developed. A new community benefits portal was launched in 2023 to enable more qualitative community engagement on anticipated contract benefits for all public sector bodies within the Deal. The Council's benefits schedule is being reviewed to explore options for more activities to tackle poverty and inequality, and it is anticipated that the revised Community Benefits process will be presented in 2024 for approval and adoption.

4 Report Implications (Resource, Digital and Risk)

4.1 Resource
There are no resource implications arising from this report.

4.2 Digital
There are no digital implications arising from this report.

4.3 Risk
There are no risk implications arising from this report.

4.4 Ensuring Equalities (if required a separate IIA must be completed)
This report does not recommend any change to policy or practice and therefore does not require an Equalities Impact Assessment.

4.5 Additional Report Implications
See Appendix A

Appendices

Appendix A – Additional Report Implications
Appendix B – Annual Procurement Report

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan
Not applicable

A.2 Key Drivers for Change
Key drivers addressed in this report:

☐ Holistic Working
☐ Hub and Spoke
☐ Modern
☒ Sustainable
☒ Transformational
☐ Preventative
☐ Asset-based
☐ Continuous Improvement
☐ One size fits one
☐ None of the above

A.3 Key Delivery Streams
Key delivery streams addressed in this report:

☐ One Council Working with you, for you
☐ Preventative and Sustainable
☐ Efficient and Modern
☒ Innovative and Ambitious
☐ None of the above

A.4 Delivering Best Value
The report does not directly impact on Delivering Best Value

A.5 Involving Communities and Other Stakeholders
Relevant colleagues and stakeholders have been consulted in the development of the Annual Procurement Report

A.6 Impact on Performance and Outcomes
The report does not directly impact on Midlothian Council's performance and outcomes

A.7 Adopting a Preventative Approach
Not applicable

A.8 Supporting Sustainable Development
Not applicable

APPENDIX B

Annual Procurement Report

Midlothian Council Annual Procurement Report

(1st April 2022 – 31st March 2023)

Contents

- Introduction
- Summary of Regulated Procurement
- Review of Regulated Procurement Compliance
- Community Benefit Summary
- Supported Business Summary
- Future Regulated Procurements Summary
- Review of Midlothian's Procurement Strategy 2018 – 2023
- Appendix 1: Regulated Procurements Completed (1st April 2022 – 31st March 2023)
- Appendix 2: Regulated Procurement Forward Plan (1st April 2023 – 31st March 2025)

Introduction

The Procurement Reform (Scotland) Act 2014 requires any public contracting authority such as Midlothian Council that is required to publish a procurement strategy also to prepare and publish an annual procurement report on all regulated procurement activities.

The annual procurement report is intended to:

1. Aid visibility of procurement activities
2. Be a mechanism for conveying how the Council is meeting legislative requirements; and
3. Outline how the Council's procurement activity is contributing to the delivery of its broader aims and objectives.

Section 18(2) of the Procurement Reform (Scotland) Act 2014 details the minimum content of the annual procurement report:

- A summary of regulated procurements completed during the year
- A review of whether those procurements complied with the authority's procurement strategy
- Where any procurements did not comply, a statement of how the authority intends to ensure future regulated procurements do comply
- A summary of community benefit requirements imposed as part of the regulated procurement that were fulfilled during the year
- A summary of any steps taken to facilitate involvement of supported businesses
- A summary of regulated procurements the authority expects to commence in the next 2 financial years

This procurement report will review Midlothian's Procurement Strategy 2018-2023 and evaluate the organisation's procurement activity and further supports Midlothian Council's commitment to transparency within its procurement activity.

Summary of Regulated Procurements

Section 18(2) of the Procurement Reform (Scotland) Act 2014 requires organisations to include "a summary of the regulated procurements that have been completed during the year covered by the report".

Regulated procurement refers to any procurement above £50,000 for goods and services or £2,000,000 for works. A regulated procurement is completed when the award notice is published or where the procurement process otherwise comes to an end. Regulated procurements can refer to new contracts and framework agreements but also to mini-competitions and call-offs from existing framework agreements.

The principle of transparency requires an organisation to approach its public procurements in an open and inclusive manner.

During the period of this annual procurement report (1st April 2022 – 31st March 2023) Midlothian Council carried out the regulated Procurements found in Appendix 1 and provides a high level summary which includes:

1. The date of award
2. The name of the supplier(s)
3. Title of contract
4. Estimated value of contract/framework
5. Contract start date
6. Contract end date

Review of Regulated Procurement Compliance

Section 17 of the Act requires all regulated procurements to be carried out in line with the organisation's procurement strategy. Section 18(2) states that an annual procurement report must include a "a review of whether those procurements complied with the authority's procurement strategy" and "the extent to which any regulated procurements did not comply, and a statement detailing how the organisation will ensure that future regulated procurements do comply".

Prior to the commencement of any regulated procurement exercise a commodity strategy is developed. Commodity strategies are reviewed as part of the governance procedures. This involves a review by the project team and various members of management to ensure commodity strategies reflect and adhere to the values and principles set out in the overall procurement strategy. Commodity strategies reflect Midlothian Council's procurement strategy and ensure that the procurement exercise follow a journey that embeds our organisation's principles, values and objectives.

This methodology aims to ensure that all regulated procurements align with the Procurement Strategy. Furthermore, our approach to strategic procurement in this way maximises the added value potential in each and every procurement exercise.

Following the appointment of a new team lead earlier in the year, a review into the templates used for pre-procurement strategies and post-procurement recommendation reports will be undertaken. We continually strive to strengthen and develop our internal governance and recognise that strategy development is crucial in the creation of our contracts and frameworks.

To ensure suppliers (locally and nationally) are paid timeously the Council is committed to paying all suppliers within 30 days. Prompt payment clauses requiring a 30 day payment term are embedded within our contractual terms and conditions. Suppliers are required to apply the same terms and conditions with their subcontractors who are supporting and delivering the council contract. During the reporting period 2022/23 the Council paid 90% of invoices within agreed timescales. The Council has also instigated an increased programme of e-invoicing which will assist in ensuring the timeous payment of contractors.

The combined strategy development and procurement processes in place ensured that all regulated procurements were undertaken in compliance with the legal and procedural framework, and as a result in compliance with our overarching Procurement Strategy.

Community Benefit Summary

Section 18(2) of the Procurement Reform (Scotland) act states that it is mandatory for the annual procurement report to include a summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report.

Section 25 of the Procurement Reform (Scotland) Act 2014 mandates that all contracting authorities must consider whether to impose community benefit requirements as part of the procurement when the estimated contract value is greater than or equal to £4,000,000. However, community benefits are a key objective of the Council's Procurement Strategy 2018-2023 meaning all appropriate procurements must consider community benefits during the commodity strategy stage.

Incorporating community benefits into our procurement activity recognises that we contribute to the delivery of social and environmental benefits. Suppliers are required to make a community benefits submission as part of their overall tender submission. Community benefits secured through the procurement process are recorded and monitored over the lifetime of the contract. This is currently recorded on the Cenefits software system.

Key community benefit outcomes secured during the reporting period include:

- Targeted recruitment and training eg. jobs, training, work experience, job shadowing opportunities, apprenticeships for young persons and unemployed individuals
- Community Consultation, engagement and strengthening community relations
- Sponsorship of local organisations

Supported Businesses Summary

Section 18(2) of the Procurement Reform (Scotland) Act 2014 requires organisations to include a summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the year covered by the report.

Supported Businesses make an important contribution to the Scottish economy, through the goods and services they deliver, but also by providing meaningful employment, training and social support for those who otherwise may be excluded from the workplace.

The council's procurement manual instructs that consideration be given to inclusion of supported businesses in all regulated procurements. In addition, the procurement page on the Council's intranet site includes details of supported businesses who currently have contracts with Scottish Government and Scotland Excel.

During the reporting period 2022/23 there were no regulated Midlothian procurements awarded to supported business. The reason for this is that the goods, services or works associated with the awarded contracts over the reporting period are not currently provided by existing supported businesses.

Future Regulated Procurements Summary

Section 18(2) of the Procurement Reform (Scotland) Act 2014 states that is mandatory that the annual procurement report must include a summary of the regulated procurements the authority expects to commence in the two financial years following the end of the reporting period.

Acting in a transparent and proportionate manner is an effective way by which an organisation can encourage competition and achieve better value for money in its procurements. It promotes wider participation in the public procurement process and this information will give notice to suppliers of future opportunities.

Future regulated procurements have been identified via the following means:

1. Current contracts on the council's contract register that will expire and need to be extended or re-let over the next two years.
2. New procurements identified via future work plans provided by Council service teams.

A full list of anticipated procurements in the next two years can be seen in Appendix 2.

Review of Midlothian's Procurement Strategy 2018 – 2023

Midlothian's 2018-2023 strategy consisted of 3 main themes;

1. Economic – Supporting the local economy
2. Social - Deliver safe, quality and innovative services that meet citizens' needs
3. Commercial Efficiency and Contract & Supplier Management – Securing best value for money

Economic

The Procurement Team has published a Local/SME Procurement Strategy in conjunction with Economic Development colleagues. The two teams continue to work in partnership to limit any barriers or obstacles which would have been preventing local businesses from participating in Council contracts.

Without question, this area can be developed considerably but in the last 2 years, limited resource within the Procurement Team has prevented progress and minimised opportunity for growth.

Social

The Cenefits system was implemented as a means of recording Community Benefits (CBs). This was a partial success in that the system offers a clean way of recording/tracking CBs. However, resource remains a challenge from both Council and Supplier side in relation to the execution of the CB. Midlothian are actively exploring alternative solutions.

Community Benefits are included in every competitive procurement as standard. As are Key Performance Indicators and Service Level Agreements where appropriate and proportionate.

Commercial Efficiency and Contract & Supplier Management

The Procurement Team continue to work closely with Scotland Excel, Scottish Procurement (Scottish Government) and Crown Commercial Services to establish best value for money solutions. In addition, cross Council collaborations remain in place for certain contracts.

The team is currently split into 3 Categories;

1. People and Partnerships
2. Construction & Commercial Operations
3. Corporate

It is unlikely however that a full Category Management approach to these areas can be credibly claimed. The nature of the work has resulted in reactive methodologies as opposed to the proactive approach Category Management requires. A further procurement officer has been recruited to assist in the redevelopment of the Council's Building Maintenance Service. There is an ongoing proposal to recruit additional procurement officers and potentially to change the structure from 3 to 4 Categories which should be more manageable.

The review of the 2018 – 2023 Strategy was considered at the meeting of Midlothian Council on 21 March 2023 when the Council agreed to continue the Strategy until 31 March 2024 when it would be subject to further review.

Appendix 1

Compliant Regulated Procurements Overview between 1ˢᵗ April 2022 to 31ˢᵗ March 2023

Ref	Project Name	Description	Supplier	Contract Value	PCS Award Date	PCS Award Ref	Contract Start Date	Contract End date
NCA/22/14	Family Support including Befriending & Hosting	Family Support including Befriending & Hosting	Safe Families for Children Scotland	£240,000			01/04/2022	31/03/2024
NCA/22/53	Community Food Support	Community Reheatable Food Support for Families	British Red Cross	£52,009.75			23/01/2023	20/03/2023
NCA/23/06	Chair/Consultant of the EMPPC	Chair Consultant for Public Protection Committee	KM Public Protection Ltd	£67,200			10/04/23	06/04/25
MID/22/11	Bonnyrigg Community Hospital Garden Work Placements	Supervised Work Placements for Clients completing CPO's	Edinburgh Cyrenians	£63,980			01/04/22	31/03/23
MID/22/17	Implementation of Medication Assistant Treatment	Implementation of Medication Assistant Treatment	MELD	£240,000			01/11/2022	31/10/25
MID/22/14	Advocacy & Consultation Services	Advocacy Support for Adults	CAPS Independent Advocacy	£221,295.46			01/04/22	31/03/24
MID/22/12	Arrest Referral Service	Arrest Referral Service	Change Grow Live	£72,672.50			01/04/22	31/03/24
MID/20/03	Additional Community MH Support for People in Crisis & Distress	Additional provider staffing resource	Penumbra	£150,000			01/04/22	31/03/23

Ref	Project Name	Description	Supplier	Contract Value	PCS Award Date	PCS Award Ref	Contract Start Date	Contract End date
MID/22/7	CivicaPay Renewal	Provision and annual support of application	Civica UK Ltd	£240,000.00	Single Supplier Framework	Single Supplier Framework	30/04/2022	30/04/2027
MID/22/20	Digital Services Vulnerability Scanning Software	External Vulnerability Scanning Software	Softcat PLC	£132,371.00	05/05/2022	MAY447667	05/05/2022	04/05/2023
MID/22/40	Firewall Licensing and Support	This procurement is to renew licencing and support on our firewalls	Softcat PLC	£119,528.00	04/08/2023	AUG455544	17/05/2022	16/05/2025
NCA/22/21	Home Delivery of Feminine Hygiene Products	Home delivery of period products to support the Scottish Government's initiativ	Hey Girls	£100,000.00	04/08/2023	AUG455555	01/06/2022	01/06/2023
MID/22/10	Insurance Tender Lot 7	LOT 7 Fidelity Guarantee	Maven Public Sector	£5,500,000.00	05/07/2022	JUL453215	01/07/2022	30/06/2025
MID/22/10	Insurance Tender Lot 1	LOT 1 Property Damage & Business Interruption including Money and Specified Property Insured	Zurich Municipal	£5,500,000.00	05/07/2022	JUL453215	01/07/2022	30/06/2025
MID/22/10	Insurance Tender Lot 2	LOT 2 Computers	Zurich Municipal	£5,500,000.00	05/07/2022	JUL453215	01/07/2022	30/06/2025
MID/22/10	Insurance Tender Lot 3	LOT 3 Casualty including Employers' Liability/Public & Products Liability/Libel &	Zurich Municipal	£5,500,000.00	05/07/2022	JUL453215	01/07/2022	30/06/2025

Ref	Project Name	Description	Supplier	Contract Value	PCS Award Date	PCS Award Ref	Contract Start Date	Contract End date
		Slander/Officials Indemnity						
MID/22/10	Insurance Tender Lot 4	LOT 4 Motor Fleet & Leased Car Scheme	Zurich Municipal	£5,500,000.00	05/07/2022	**JUL453215**	01/07/2022	30/06/2025
MID/22/10	Insurance Tender Lot 5	LOT 5 Contractors All Risks/Own Plant/Hired-in Plant	Zurich Municipal	£5,500,000.00	05/07/2022	**JUL453215**	01/07/2022	30/06/2025
MID/22/10	Insurance Tender Lot 6	LOT 6 Group Personal Accident/Travel and School Journey Insurance	Zurich Municipal	£5,500,000.00	05/07/2022	**JUL453215**	01/07/2022	30/06/2025
MID/22/10	Insurance Tender Lot 8	LOT 8 Professional indemnity	Zurich Municipal	£5,500,000.00	05/07/2022	**JUL453215**	01/07/2022	30/06/2025
MID/22/49	Mid & Fairfield House CISCO Switches	Require to replace existing network switches in Midlothian House and Fairfield House due to current hardware being end of life	Computacentre (UK) Ltd	£70,000.00	04/08/2022	**AUG455554**	20/07/2022	19/07/2025
MID/22/107	Supply & Distribution of Milk	Supply & Distribution of Milk	Muller UK and Ireland LLP T/A Muller Milk & Ingredients	£654,679.03	Direct Award	Direct Award	07/03/2023	28/02/2026
MID/22/102 (SP-19-035)	Postal Services Lot 1 - One Stop Shop - Physical, hybrid, scheduled/bulk	Postal Services	Royal Mail Group plc	£129,491.00 per annum	Direct Award	Direct Award	10/03/2023	30/07/2025

Ref	Project Name	Description	Supplier	Contract Value	PCS Award Date	PCS Award Ref	Contract Start Date	Contract End date
	(print and post) and digital mail							
MID/22/39	Ski-Matting	Supply and Delivery of Ski Matting to Midlothian Snow Sports Centre at Hillend.	Skitech Systems	£409,560.00	22/03/2023	**MAR474315**	20/03/2023	19/03/2026
MID/22/93	AV Equipment for Schools	Audio Visual Equipment	AVMI Kinly Ltd	£1,300,000.00	02/03/23	**FEB471225**	31/03/2023	31/03/2024
MID/23/15	Homecare Management & Rostering System	Provision of a Homecare Management & Rostering System.	The Access Group	£223,225.08	27/03/23	**MAR474734**	01/04/2023	31/03/2026
MID/23/34 (0322)	Fresh Meats, Cooked Meats and Fresh Fish Lot 1: Fresh & Prepared Meat Products Lot 2: Cooked Meats Lot 3: Fresh Fish Lot 4: Specialised Products	To appoint a Contractor for the supply and distribution of fresh meats, cooked meats and fresh fish.	Lot 1: Campbell Brothers Ltd Lot 2: Brake Bros Lot 4: Campbell Brothers Ltd	£372,000 over 4 years	Direct Award	Direct Award	01/04/2023	31/03/2027
MID/23/23	Vehicle Telematics	The provision of vehicle tracking / telematics.	UK Telematics Ltd	£86,175.00	02/05/23	**MAY477592**	28/04/2023	27/04/2026
MID/23/18	Commvault Backup Hardware Replacement	Backup hardware replacement for Corporate and Education networks.	Softcat Plc	£183,031.79	29/06/2023	**JUN482323**	01/06/2023	01/06/2028

Ref	Project Name	Description	Supplier	Contract Value	PCS Award Date	PCS Award Ref	Contract Start Date	Contract End date
MID/23/46	Telephony System for Contact Centre	The purchase of a telephony system predominantly for the Contact Centre but also other areas of the Council including Housing, Registrars, Revenues & Benefits and Digital Service	Netcall Technology Ltd	£162,956.00	30/06/2023	**JUN482490**	20/06/2023	19/06/2026
MID/23/16	Swimming Pool Chemicals	Supply and delivery of Swimming Pool Chemicals	Complete Pool Controls Ltd	£104,000.00	13/07/23	MAY47815	17/07/2023	16/07/2026
MID/23/44	Library Management System	End to end library management system	Civica UK Ltd	£193,209.00	21/09/23	**SEP488850**	19/09/2023	31/12/2028
MID/23/45	The Provision of Physiotherapy Services	Provision and management of a physiotherapy service for MLC	Midlothian Physiotherapy LLP	£173,448.24	07/11/23	**JUL483942**	06/11/2023	05/11/2025
MID/23/84	Sophos Anti Virus	Anti Virus software	ComputaCenter	£76,000.00	10/11/2023	**NOV492349**	10/11/2023	10/11/2026
MID/23/83	Roundabout and Vehicle Advertising	Consultation for use of advertising space around MLC	CP Media	£0.00	N/A Direct Awrad	N/A Direct Award	01/12/2023	30/11/2028

Ref	Project Name	Description	Supplier	Contract Value	PCS Award Date	PCS Award Ref	Contract Start Date	Contract End date (including extensions)
NCA/22/22	Architects, Dalkeith Centre Stage 2 Masterplan	Stage 2 Regeneration Masterplan for Dalkeith Town Centre, building on work undertaken in 2016.	Reiach and Hall Architects	£52,846.00	24/05/2022	MAY449216	01/03/2022	30/09/2022
MID/22/22	Purchase of Two Ride on Mowers	Purchase of Two Ride on Mowers	Fairways (GM) Ltd	£67,800.00	25/05/2022	MAY449393		
MID/21/56	Provision of Gas Audit Services in Domestic and Commercial Properties	Provision of Gas Audit Services in Domestic and Commercial Properties	MFH Service Quality Management Ltd	£153,093.76	31/05/2022	MAY450041	06/06/2022	05/06/2026
MID/22/37	Garden Waste Disposal	Disposal of kerbside collected garden waste, garden waste collected at the two Household Recycling Centres, and from Garden waste collected by the Council's Landscape Services	Forth Resource Management	£510,000.00	02/06/2022	JUN450256	01/07/2022	30/06/2025
MID/22/41	Supply of Windows and Fire Doors	Supply of Windows and Doors to meet statutory requirements for SHQS and EESSH.	Sovereign Group Ltd	£6,990,080.00	22/06/2022	JUN451996	06/06/2022	06/05/2025

MID/21/54	Supply of a Planer with Ongoing Maintenance	Supply of a Planer with Ongoing Maintenance.	Writgen Ltd	£341,976.00	05/07/2022	JUL453168		
MID/22/57	Supply and Installation of Street Lighting to Various Locations	Supply and Installation of Street Lighting to Various Locations	Lightways Contractors Limited	£3,500,000.00	14/11/2022	NOV464259	14/11/2022	13/11/2027
MID/22/98	Supply of 4 Ride on Mowers	Supply of 4 Ride on Mowers	Thomas Sheriff & Co. Ltd	£135,012.00	28/11/2022	NOV465387		
MID/22/99	Purchase of 3 Ride on Mower Scags	Purchase of 3 Ride on Mower Scags	Fraser C Robb	£54,435.18	28/11/2022	NOV465393		
MID/22/89	Wheeled Excavator with Pothole Attachment	Wheeled Excavator with Pothole Attachment	Scot JCB	£191,000.00	29/11/2022	NOV465526		
MID/22/90	Hotbox Gritter Vehicle	Supply and delivery of a universal 18t, 4x2 HGV truck with bodies for gritting and 'hot box' tar storage	DAF Trucks Ltd	£174,473.60	23/12/2022	DEC467755		
MID/21/43	Contract One Civils Utilities and Minor Works Destination Hillend	Tendering for a civils contractor for the provision of upgrade and alteration works to the A702 Trunk Road junction with the existing Hillend Access Road, the widening of the existing private road	Robertson Construction Group Ltd	£4,504,095.35	02/02/2023	FEB470179		

		network and creation of two new car parks.						

Appendix 2

Compliant Regulated Procurements Pipeline (between 1ˢᵗ April 2023 – 31ˢᵗ March 2025)

Ref	Project Name	Description	New/extension/ Relet	Estimated Value	Expected Publication Date	Expected Award Date	Expected Contract Start Date
MID/XX/XX	Primrose Lodge – 4 Units & 2 Respite Units	Services for People with Profound & Multiple Learning Disabilities	New	£3,200,000	01/04/2024	01/07/2024	01/10/2024
MID/XX/XX	Day Services LD Framework	Learning Disabilities Day Services Support	New	TBC - High Value / Complex	01/10/2024	15/12/2024	01/02/2025
MID/23/66	Phase 1 – A2D Telecare Alarm Equipment	Transition of Analogue to Digital Equipment Purchase	New	£250,000	01/01/2024	01/01/2024	01/01/2024
MID/XX/XX	Phase 2 – A2D Telecare Alarm Equipment	Transition of Analogue to Digital Equipment Purchase	New	£750,000	01/04/2024	01/04/2024	01/04/2024
NCA/XX/XX	Phase 3 – A2D Telecare Alarm Equipment	Installation of Analogue to Digital Equipment	New	£300,000	01/07/2024	01/07/2024	01/07/2024
MID/XX/XX	Advocacy Services Framework	Advocacy & Advice Services for Adults with Disability	New	£350,000	01/10/2024	01/12/2024	01/02/2025
MID/XX/XX	Learning Disability Care & Support Services	Adoption of Scotland Excel Framework Contract	New	£16,500,000	01/06/2024	01/06/2024	01/06/2024

Ref	Project Name	Description	New/extension/Relet	Estimated Value	Expected Publication Date	Expected Award Date	Expected Contract Start Date
MID/XX/XX	EY Befriending Service & Therapeutic Family Work	Recommissioning of Early Years Befriending & Therapeutic Family Support Service	New	£320,000	01/06/2024	01/08/2024	09/01/2024
MID/XX/XX	ELC Partnership Centres Framework	Early Learning & Childcare Nursery Provision	New	£56,000,000	01/04/2024	01/06/2024	01/09/2024
MID/XX/XX	Schools Poverty & Attainment Framework	PEF funded therapeutic. Mental health support, and counselling services for young people.	New	£200,000	01/03/2024	01/06/2024	01/09/2024
MID/XX/XX	School Counselling Service	Recommissioning of Counselling Support for Young Persons within Schools	New	£1,500,000	01/04/2025	01/06/2025	17/09/2025
NCA/22/50	YP Gym Disability Support	Gym Disability Support for Children	New	£129,375	21/12/2023	21/12/2023	01/01/2024
NCA/23/11	Afterschool Disability Support Service	Disability Care & Services for Children out with school hours	New	£600,000	15/12/2023	15/12/2023	01/01/2024
MID/22/103	Homeless Youth Prevention & Support Service	Accommodation support for Young People under age 18.	New	£190,000	18/10/2023	30/11/2023	01/02/2024

Ref	Project Name	Description	New/extension/ Relet	Estimated Value	Expected Publication Date	Expected Award Date	Expected Contract Start Date
MID/23/78	Housing Support Services for Midlothian	Lot 1 – Temporary Homeless Accommodation Management, Lot 2 – Tenancy Support, Lot 3 – Housing First.	New	£15,000,000	04/01/2024	04/03/2024	01/04/2024

Ref	Project Name	Description	New/extension/ Relet	Estimated Value	Expected Publication Date	Expected Award Date	Expected Contract Start Date
MID/23/xx	Coin, Cash & Cheque Collection (Audit)		NEW				
MID/23/xx	Merchant Requiring Services		NEW				
MID/23/xx	Parents-Booking.com		NEW				
MID/23/xx	Link Treasury Solution Ltd - Service Concessions		NEW				
MID/23/xx	Neighbourhood Services		NEW	Budget TBC			
TBC	Rental of Chip & Pin machines		NEW	£6,000 per annum	May 24	Jun 24	Jul 24

	for leisure services.						
MID/23/xx	Home to School Transport System	Home to school transport system	NEW	£6000000			
MID/17/36	Home to School coach and mini bus service to Midlothian Council	Coach and minibus service	Relet	£6000000	17/05/2024	01/07/2024	31/07/2024
MID/19/19	Janitorial Products		Relet	£400000	06/08/2024	20/09/2024	20/10/2024
NCA/21/1	Website Hosting and Maintenance		Relet	£68000	24/12/2023	07/02/2024	08/03/2024
MID/22/93	AV Equipment for Schools		Relet	£1300000	16/01/2024	01/03/2024	31/03/2024
NCA/21/70	Health and Safety Online Management System Support and Maintenance		Extension	£54000	26/03/2024	10/05/2024	09/06/2024
MID/18/43	Cashless Catering System for Schools		Extension	£225000	30/03/2024	14/05/2024	13/06/2024
MID/20/63	Managed Print Service		Relet	TBC	16/04/2024	31/05/2024	30/06/2024
MID/21/09	Early Years & Childcare and		Extension	£150000	16/04/2024	31/05/2024	30/06/2024

Ref	Project Name		New/extension/Relet	Estimated Value	Expected Publication Date	Expected Award Date	Expected Contract Start Date
	Childcare Training						
SP-19-020	Mobile Client Device Framework		Relet	TBC	01/06/2024	16/07/2024	15/08/2024
NCA/21/16	Annual Licence for Auditing / Quality System		Relet	TBC	17/06/2024	01/08/2024	31/08/2024
NCA/19/38	Licensing & Annual Support of HR/Payroll System		Relet	£459000	17/06/2024	01/08/2024	31/08/2024
NCA/19/43	Servelec Mosaic Hosted Services		Extension	£1042000	17/06/2024	01/08/2024	31/08/2024
NCA/19/40	Idox Uniform Hosted Services		Relet	£973000	17/07/2024	31/08/2024	30/09/2024
MID/21/05	Employee Wellbeing Services		Extension	£115000	17/07/2024	31/08/2024	30/09/2024
ELC-20-2339	Maintenance of CDT & Science Equipment		Extension	TBC	16/09/2024	31/10/2024	30/11/2024

Ref	Project Name	Description	New/extension/Relet	Estimated Value	Expected Publication Date	Expected Award Date	Expected Contract Start Date
MID/22/44	Supply and Fit Tyres for Cars, Vans and Trucks	Supply and Fit Tyres for Cars, Vans & Trucks		£104,917.26		17/04/2023	17/04/2023

Ref	Project Name	Description	New/extension/Relet	Estimated Value	Expected Publication Date	Expected Award Date	Expected Contract Start Date
MID/22/105	Framework for Remedial Damp Works	Framework for Remedial Damp Works		£2,000,000.00		27/04/2023	05/10/2023
MID/23/38	Supply of Fire Doors to Midlothian Council	Supply of Fire Doors to Midlothian Council		£750,000.00	10/05/2023	02/10/2023	02/10/2023
MID/21/15	Kings Park Extension & Refurbishment Project – Architectural Services	Kings Park Extension & Refurbishment – Project Architectural Services	New	£341,000.00		09/06/2023	
	Woodburn PS Extension & ALTS – Architectural Services	Woodburn PS Extension & ALTS – Architectural Services	New	£143,400.00		09/06/2023	
MID/21/19	Kings Park Extension & Refurbishment Project – Engineering Services	Kings Park Extension & Refurbishment Project – Engineering Services	New	£89,808.00		09/06/2023	
	Kings Park Extension & Refurbishment Project – M&E Services	Kings Park Extension & Refurbishment Project – M&E Services	New	£111,600.00		09/06/2023	

Ref	Project Name	Description	New/extension/Relet	Estimated Value	Expected Publication Date	Expected Award Date	Expected Contract Start Date
	Beeslack High School Replacement Project – Project Management Services	Beeslack High School Replacement Project – Project Management Services	New	£4,189,960.00		12/06/2023	
MID/23/43	Window Cleaning Services to Midlothian Council	Window Cleaning Services to Midlothian Council	Relet	£60,000.00	16/06/2023	02/10/2023	
NCA/23/13	Purchase of Lining Machine	Lining/screed truck for white line operations	New	£155,797.00		20/06/2023	
MID/23/49	Portacabin Woodburn Primary School	Hire of a portacabin for Woodburn Primary School for a period of 70 weeks.	New	£144,017.20		23/06/2023	
	Mayfield and St Lukes PS Campus	Project management consultancy required for Mayfield and St Lukes PS Campus which are being merged into the new Mayfield Community Campus	New	£2,563,117.30		17/07/2023	

Ref	Project Name	Description	New/extension/ Relet	Estimated Value	Expected Publication Date	Expected Award Date	Expected Contract Start Date
MID/23/33	Facilities Management	Facilities Management of Council Assets	Relet	£10,000,000.00	01/11/2023		
	Framework for Horticultural Supplies	Framework for Horticultural Supplies	Relet	£330,469.00	31/07/2024	30/09/2024	01/11/2024
	Framework Additional Resources for Winter Maintenance	Framework Additional Resources for Winter Maintenance	Relet	£400,000.00	tbc	tbc	tbc
	Supply of Windows & Doors	Supply of Window & Doors	Relet	£6,060,990.00	06/03/2024	06/05/2024	06/06/2024
	Bulky Waste Disposal Contract	Bulky Waste Disposal Contract	Relet	£8,000,000.00	23/03/2024	23/05/2024	23/06/2024
	Supply of Kitchens	Supply of Kitchens	Relet	£1,425,000.00	23/06/2024	23/05/2024	23/06/2024

Rosewell to Auchendinny NCN 196 Pathway Upgrade

Report by Kevin Anderson, Executive Director Place

Report for Noting

1 Recommendations

Council is recommended to note:

i. the significant numbers of responses to the public consultation; and

ii. the decision of Cabinet at its meeting of 28 November 2023 to approve the upgrade of the Rosewell to Auchendinny NCN 196 Pathway.

2 Purpose of Report/Executive Summary

The report is to update Council on the outcome of the public consultation and next steps to progress the upgrade of the Rosewell to Auchendinny NCN 196 Pathway.

Date: 6 December 2023
Report Contact: Derek Oliver, Chief Officer Place
Email: Derek.Oliver@midlothian.gov.uk

3   Main Report

3.1   At it's meeting of 27 June 2023, Council considered a [report](#) on the resurfacing options of the Rosewell to Auchendinny NCN 196 Pathway and agreed to proceed to progress to public consultation. Council requested a report to be brought back on the outcome and next steps following the consultation.

3.2   An online public consultation was launched on 8 August 2023 and closed on 5 September 2023. This was hosted on the council's consultation portal. The consultation sought views on three options proposed by officers and alternative solutions put forward by respondents which could include do nothing.

3.3   Consultation responses were analysed and presented to Cabinet for consideration and approval at its meeting of 28 November 2023. The full [report](#) to Cabinet is published online.

3.4   Cabinet considered the findings from the consultation, the officer analysis, the options for the upgrade and agreed to proceed with using "Flexipave" materials at an approximate grant funded expenditure cost of up to £590,000, to provide a safer and more user accessible path, at no additional cost to the Council.

4   Report Implications (Resource, Digital and Risk)

4.1   Resource

The capital cost of the project is £550,000 with Cycling, Walking, and Safer Routes (CWSR) grant funding of £369k allocated to the project of which £8k has been spent on design. Additional top up funding of £221k will be required in 2024-25 from either CWSR, Sustrans or UK Shared Prosperity Fund. If the £369k fund is not spent in the current financial year it must be returned to Transport Scotland CWSR fund.

4.2   Digital

There are no Digital Services issues associated with any aspect of this project.

4.3   Risk

If the project does not go ahead or is delayed the £369k CWSR grant will be lost and returned to Transport Scotland. There may be accident claims against the council for failure to maintain a pathway.

4.4   Ensuring Equalities (if required a separate IIA must be completed)

The project aims to address equality-related comments from the public relating to poor access quality of the existing infrastructure. The pathway is a key connector for various user groups, including many users from protected user groups.

4.5   Additional Report Implications

Appendix A – Report implication

APPENDIX A – Report Implications

A.1   Key Priorities within the Single Midlothian Plan
The path promotes active travel which supports delivery of heath inequality outcomes and achieving net zero by 2030.

A.2   Key Drivers for Change
Key drivers addressed in this report:

☒ Holistic Working
☐ Hub and Spoke
☐ Modern
☒ Sustainable
☐ Transformational
☒ Preventative
☒ Asset-based
☒ Continuous Improvement
☒ One size fits one
☐ None of the above

A.3   Key Delivery Streams

Key delivery streams addressed in this report:
☒ One Council Working with you, for you
☒ Preventative and Sustainable
☐ Efficient and Modern
☒ Innovative and Ambitious
☐ None of the above

A.4   Delivering Best Value
The recommended solution is not the cheapest but is the best value option that allows access to and use of the path by the widest group of users.

A.5   Involving Communities and Other Stakeholders
The path is well used by the community for various purposes such as walking, running, cycling, horse riding etc. There were 752 responses to the online consultation which indicates a significant community interest in the path.

A.6   Impact on Performance and Outcomes

Installing an improved path surface will encourage more active travel and leisure activity which will benefit health and wellbeing outcomes.

A.7   Adopting a Preventative Approach
Installing an improved path surface will encourage more active travel and leisure activity which will benefit health and wellbeing.

A.8 **Supporting Sustainable Development**
The proposed pathway is constructed from materials that will allow water drainage to tree roots. Provides an accessible route to allow movement between communities with use of a vehicle.