

## Corporate Solutions Performance Report Quarter Three 2022/23

Quarter 3 (October - December 2022) was a challenging quarter for Corporate Solutions as it continues to support post-pandemic recovery, manage spend against in-year budget and present options to balance future years' budgets and progress a range of transformation projects. The main challenges for this quarter continue to be achieving and maintaining financial sustainability against increasing external pressures.

### Challenges and risks

#### Financial position

The 2022/23 budget, approved on 15 February 2022, was reliant on £10.283 million of one off funding measures. The projected budget gap for 2023/24 is over £14m rising to over £26m by 2027/28. All through Quarter 3 Financial Services and the Council's Corporate Management Team have been working with the Business Transformation Steering Group to consider a range of measures to reduce this gap.

Inflation as well as rising energy costs are affecting the construction industry in Scotland and the UK is currently experiencing unprecedented adverse market conditions, leading to significant rises in tender prices for a wide range of materials. There is evidence that inflation of between 10% and 15% beyond BCIS predictions is affecting projects. The pandemic has also accelerated financial challenges, and the growth from being the fastest growing local authority in Scotland places significant pressure on Midlothian to be able to deliver services to its citizens.

In order to respond to all of these pressures, a range of reprioritisation activity has taken place in Quarter 3, with a reprioritised Capital Plan to be presented to Council in Quarter 4, and options to review what services are delivered and how they are delivered as part of the savings measures to reduce the funding gap.

#### National Care Service

The estimated funding gap for the next three financial years does not include the associated costs of the Scottish Government's National Care Services (Scotland) Bill. If enacted, the bill would have fundamental implications for the community and for Local Government itself. The wide reaching changes in the bill aim to deliver a National Care Service by the end of the parliamentary term, which will impact on all aspects of the work of the Corporate Solutions team, including financial implications, in both revenue and capital, our asset base, our workforce, governance and legal arrangements and our digital infrastructure and platforms. It will require an immediate focus for the foreseeable future and this will inevitably have implications for other priority work at a time of continued resource constraint.

#### Cost of Living Crisis

Midlothian's citizens are facing significant financial challenges. The impact on households is already being noted across the UK with 87% of adults reporting an increase in their cost of living in April 2022 ([Office for National Statistics; Francis-Devine et al, 2022](#)). The UK is currently facing an unprecedented storm of increasing prices, bills and tax. The 40 year high inflation rate of 9% is the main driver of the cost of living crisis which has outstripped wage and benefit increases. The price rises will impact low-income households the hardest as a larger proportion of their bills are on energy and food. The Resolution Foundation estimates an extra 1.3 million people will fall into absolute poverty in 2023, including 500,000 children.

As our citizens feel the impact of the Cost of Living Crisis, they will seek additional support from public services; in particular local authorities. To respond to this emerging crisis, the Council established a Cost of Living Task Force last year, which is chaired by the Council Leader and meets fortnightly.

In Quarter 3, the Council established two 'Warm and Well' hubs in the Lasswade and Newbattle libraries, as safe and warm spaces that all Midlothian citizens can access. The hubs provide free hot food and drinks, the opportunity to socialise with others and access free wifi to work, study, as well as enjoy books, jigsaws and games.

The Revenues Team is also reporting that the requests for funding remain consistently high, with over £238k awarded from the Scottish Welfare Fund and 1743 applications for Crisis Grants. These figures are similar to those seen in Quarter 2 and demonstrate the significant challenge faced by our communities.

### **Risks**

The Council's Strategic Risk Profile is presented to Audit Committee quarterly, retrospectively. For Quarter 3, the most critical risks to the Council were Financial Sustainability, Climate Change and the Change Programme. Corporate Solutions is key to the delivery of mitigating actions to these risks; through the development of the strategic plan and associated Medium Term Financial Strategy, and driving forward the Council's transformation programme to derive change and redesign services.

## **Transformation**

***Corporate Solutions will “deliver forward looking services fit for a modern 21st Century organisation and put the citizen at the centre of Service Redesign”.***

Corporate Solutions encompasses Finance, Human Resources, Digital, Customer and Communication Services, Legal & Governance and Corporate Resources.

The Council's transformation programme is centred on the route map and its nine drivers for change. Corporate Solutions has a particular focus on the delivery and acceleration of the Capital Programme, delivering digital first and hybrid working. The redesign of services and the changes to build back better are predicated on the overarching principle that in delivering services, whether commissioned internally or externally, we will keep our communities, our employees and our environment safe, at the same time as meeting our commitment to being carbon neutral by 2030.

As a strategic partner, NESTA, the UK's innovation agency for social good are, through their people powered results team, supporting us to pioneer new approaches to achieving change and innovation. These approaches are smarter, faster, more collaborative and more inclusive of citizens and people working at the front line. This work recognises that people who are closest to services are the experts in

both their own experience and the community they live in, but often don't have enough influence over transformation efforts.

The key activity which underpins this work and which the service is focused on includes:

- Securing continued financial sustainability and maintaining strong financial management across the Council through the delivery of the Council's **Medium Term Financial Strategy (MTFS)** incorporating Capital Strategy and Capital Investment plans, Reserves Strategy and Treasury Management Strategy;
- Nurturing a highly motivated and effective workforce through the delivery of the **Workforce Strategy** and the development of Service Workforce Plans;
- Digital first and embracing data insight and analytics by developing and implementing a refreshed **Digital Strategy** and Digital Learning Strategy;
- A refresh of the **Customer Services Strategy** and implementation of the online payments and services (CSP) platform;
- A refreshed **Procurement Strategy** and Contract Delivery Plan.

## Medium Term Financial Strategy (MTFS)

The core objective of the MTFS is to secure the Council's financial sustainability during an ongoing period of financial constraint coupled with acute service demand pressures and increasing customer expectations.

The MTFS is not only about balancing the budgets, it provides a means to ensure as far as possible that the limited resources available to the Council are targeted on delivery of improved outcomes, particularly against the key priorities of:

- Reducing the gap in learning outcomes
- Reducing the gap in health outcomes
- Reducing the gap in economic circumstances
- Reducing Midlothian carbon emission to net zero by 2030

## Achievements

- Presentation to Council of a full suite of financial monitoring reports for Quarter 2 to promote sound financial governance.
- Development of a detailed Medium Term Financial Strategy with particular focus on 23/24 base budget and Local Government Finance Settlement.
- The finance team continue to provide in-depth financial input to key revenue and capital projects embedded in the Medium Term Financial Strategy.
- Resources continue to be prioritised to process Scottish Welfare Fund applications as soon as these are received. This has meant that processing times for change in circumstances for benefit applications etc. are currently experiencing some delay as noted later in the report. However continuous improvement has been made from Q1 (69 days) to Q3 (35 days) reducing processing times for new benefit claims. Processing times for change of circumstances has also improved from 17 days in Q2 to 12 days in Q3.

- In this quarter £238,444 was awarded from the Scottish Welfare Fund. 1,743 applications were received for crisis grants of which 881 met the criteria and resulted in payments of £96,470. We currently have no facility to report on the reasons our customers are not qualifying for a grant but common reasons include: Crisis grant applications have exceeded the maximum amount allowed in a period (which is 3 applications in a year) and customers do not meet the set criteria for the award.
- Community Care Grant applications totalled 364 of which 128 payments were made totalling £141,974.

## **Workforce Strategy**

The purpose of the Workforce Strategy is to ensure that the Council continues to have a workforce that is able to deliver positive outcomes for the people of Midlothian. It sets out an approach to supporting, developing and reshaping the workforce now and in the future in response to changes as a consequence of national and/or local issues. It is underpinned by the Council's values and vision.

The Workforce Strategy is an important tool to outline the organisation's approach to articulating how workforce issues will be managed and ensures the Council has the people and skills to manage change and deliver services effectively and efficiently.

### **Achievements**

- Our Employment and Reward and Business Applications teams successfully implemented the Local Government Worker pay award and associated backdated payments.
- Continuation of a rolling programme of Wellness@Midlothian initiatives to ensure we continue to support the wellbeing of our staff.
- First phase of hybrid working staff survey was conducted this quarter, 1,000 staff members took part which provided valuable insights into staff wellbeing whilst working from home/in the community or office based.
- A new HR strategic lead joined this quarter, providing strategic HR leadership to the organisation and leading the HR team to provide services to colleagues across the Council.
- As part of transformational activities, the Human Resources Business Partners continue to contribute a significant amount of resource working with services supporting various service reviews. Work also continues with services on various employee relations cases across the council supporting managers and providing guidance in relation to council policies. The team in conjunction with communications developed recruitment documentation for LGW job adverts, designed to promote what Midlothian has to offer as an employer.
- We continue to track our gender pay gaps and employee turnover rates. Turnover varies through the year. Consideration of the levels of turnover across services, locations and particular groups of employees helps to inform workforce planning and resourcing. Aside from 2020/21 where staff turnover was 5.9%, the turnover rate has been consistent the last 3 years between 9-10.5%. Turnover rate over the last few quarters has been static between 2.4 and 3.6%. Rate for Q3 2.4%.

## **Digital Strategy and Digital Learning Strategy**

Supported by the appointment of SOCITIM Advisory (Society for innovation, technology and modernisation) as a strategic partner and led by the Digital First Board, work progressed to deliver an ambitious new digital strategy, **Digital Midlothian 2021-2023**, “Empowering People, Enabling Growth”. Aimed at improving the way services are delivered to Midlothian citizens, the strategy sets out how local outcomes will be improved by delivering digital services to digitally connected communities.

Among the aims set out in the new strategy are plans to:

- Refresh the council’s approach to customer service, focussing on ‘digital first’, while making sure alternatives remain in place for those who need them
- Have a council website that meets customer needs , enabling customers to request and pay for services online and to log in to see their interactions
- Implement an update service, so that customers contacting the council online can receive follow up text messages or emails
- Look at opportunities to automate and better integrate processes so that staff can focus on the things that matter most to customers
- Enable people to stay independent and healthy for longer by using data and technology
- Introduce bookable online and face-to-face appointments so that customers don’t have to waste time queuing or travelling and to help the council reduce costs
- Review and improve online engagement with customers, including online consultations, communications and social media
- Promote Midlothian as a digital destination, creating an environment that attracts leading digital businesses to the area and supporting the innovation of start-ups
- Cultivate digital skills in our communities, ensuring that young people have access to the technology and support that they need to improve educational outcomes and to prepare them with the skills they need for the future
- Reduce digital exclusion and empower learners of all ages, enabling online access and supporting them to develop digital skills
- Support Midlothian to achieve high speed connectivity, smart infrastructure and resilient cyber defences

## Achievements

- Continued progression of the Digital Services Strategy ensuring the Council has the capacity and skills to take forward the associated investment and delivery of plans.
- **Hybrid Working/Office refresh:** A further 500 mobile phones have been migrated to new platforms to allow better integration with O365 plans. Thousands of laptop and PC’s have been upgraded to the latest Windows 10 version. The Council agreed the move to hybrid governance meetings in December 2022. Work is underway to have this implemented for Quarter 4.
- **Target Operating Model:** A new structure was agreed to strengthen the core staffing of Digital Services by Council and CMT. The Digital Client Services Manager and Cyber Security and Information Governance Manager posts have been created and appointed to.
- **Education strategy:** New Web Filtering software has been successfully piloted in schools. A new Wi-Fi network for Chromebooks and iPads has been introduced. A 3<sup>rd</sup> party Wi-Fi audit for schools has taken place and the actions are being implemented to improve coverage and capacity.
- **Digital enabled projects:** a number of business applications have been upgraded this quarter including Mosaic, TotalMobile, OpenRevenues, Civiapay, Civia Automation and Committee

Management System which continue to improve customer and staff experience. As part of the leave and time recording project, staff annual leave and flexitime recording for phase 1 (Etarmis users) migrated over to ITRENT, the councils HR payroll system, in December. Using our payroll system to record leave will result in more efficient payroll and annual leave year end processes with the benefit of having staff information on one system.

- **Cyber Security resilience:** A Cyber Incident Response partner has been established to provide incident management and forensic support. A number of phishing exercises on staff have been completed, a new cyber training platform has been purchased.

## Customer Service Strategy

The Customer Service Strategy defines the key drivers that will enable Midlothian Council to deliver a high level of service to our communities. It outlines the commitment to provide choice to the customer in the way services are accessed and provided. This includes innovation, partnership working and optimising the use of technology within resource constraints. The strategy will help us to change the way we deliver services utilising the latest technologies and linking to national frameworks.

As one of the fastest growing areas in Scotland, the Council cannot support more customers using the current resources, systems and processes. This means that the adoption of digital and automated processes will be key to continuing to provide a seamless customer journey, satisfying enquiries at the first point of contact and meeting increased demand.

Customer self-service and new automated processes can help deliver some key services without customers dealing directly with a member of staff and could truly transform the way the Council deliver services. Increasing the pace of digital transformation, particularly in front-facing customer services, will be a service and corporate priority.

### Achievements

- Customer Service Platform (CSP) - the Registrars module went live this quarter. This means that customers can now request and pay for replacement birth, death and marriage certificates online, at a time that is more convenient to them; and reduces the demand on the team through introducing this self-service functionality. Other modules in progress are missed bins, assisted collections, additional recycling containers, bulky uplifts and Subject Access Requests. These are all in either design, configuration, build or test phases. The core build for the customer feedback module is complete with final build refinements being progressed.
- The work programme CSP was reviewed during Quarter 3, with a further 20 modules identified for implementation in the first half of 2023. These include civic licence applications and environmental health service requests. CSP is crucial to the way the Council transforms the customer experience through redesigning key services that will improve the end to end customer journey.
- December saw the launch of two 'Warm and Well' Hubs in Lasswade and Newbattle libraries, providing free soup and hot drinks plus access to all other library resources such as free wifi, books and information.
- Library Services remain busy with the majority of activities and events, which had been suspended due to COVID, having resumed. Book Week Scotland 2022 saw 51 events take place across libraries with almost 2000 people attending. Gorebridge Library has been selected as one of the first in

Scotland to host a 'Lend and Mend Hub' as part of a trailblazing pilot project managed by the Scottish Library and Information Council. The hub, which is funded by the John Lewis Partnership £1m Circular Future Fund will help the local community and wider to repair, reuse and upcycle everyday items. Issue figures have recovered and surpassed this for the same period in 2019-20 with an increase in Q3 of nearly 10% for physical and virtual issues.

- There continues to be a steady volumes of calls via our Contact Centre, as well as webforms and social media and the contact centre have dealt with 9000 emails this quarter. Call handling performance has improved slightly with 64% of calls answered in Q3 compared to 62% in Q1 and Q2. Rate of call abandonment has remained consistent with no change from Q1 at 6%.

## **Procurement Strategy**

The procurement function has a central role in supporting the Council to achieve its strategic priorities within a constrained financial envelope. Procurement allows the Council to repurpose its spending power to drive our key strategic priorities and to secure the best possible value and outcomes for Midlothian. Effective procurement can maximise the value of every pound spent in terms of jobs, skills and supply chain opportunities in the local community. We will aim to address economic, social and environmental considerations at all stages of the procurement cycle within the rules of open, fair and transparent competition.

The Procurement team, in conjunction with Economic Development, have developed a Small and Medium Enterprise (SME) Strategy to support and assist local businesses to win contracts fairly and transparently in a competitive market. We will further develop our collaborative and commercial relationships with key partners as part of our strategic category management approach, to deliver the best possible outcomes for the citizens of Midlothian.

## **Achievements**

- Work continues on the development of the SME/Procurement strategy. The team have reviewed and streamlined the non-competitive action process, the request for procurement and developed a non-regulated procurement process and new contract database. The team are working to implement a review of the procurement arrangement across the Council including continuing to explore options for joint working with neighbouring councils, populating and maintenance of the new contract database.
- The team continues to utilise framework agreements with Scotland Excel and Procurement for Housing (amongst others) which not only provides an easier route to market but also delivers value for money.
- A range of high value/complex contracts continue to be awarded and key activities include overhaul of Contract Database and City Deal participation. A follow up review of upcoming expiring contracts within Health and Social Care began in Q2 and is in early stages. The review will look for opportunities to extend services, and consolidate opportunities for efficiency.
- Progress being made for consultation on a new procurement structure, designed to increase the capacity and capability in this area.
- The Annual Procurement Report 2021/22 was presented to Council in December 2022.

## **Growing Council**

Midlothian is projected to have the highest percentage change in population size of all mainland council areas in Scotland. From 2018 to 2028, the population of Midlothian is projected to increase from 91,340 to 103,945. This is an increase of 13.8%, which is in contrast to a projected increase of 1.8% for Scotland as a whole, with a 40.9% increase in older people over 75. In addition, Midlothian has 10 zones which falls into the most deprived areas giving a local share of 8.7% living in the most deprived areas in Scotland.

This growth creates the opportunity to meet the housing need with 25% of new homes being built in the affordable housing bracket, in addition to the expansion in Council house building. This construction will directly support employment and will see a steady increase in the value of Council Tax income received over time.

To ensure Midlothian is 'building back better', this investment is also creating new jobs, apprenticeship opportunities, opportunities for businesses and communities and families hard-hit by the impact of COVID-19. These new opportunities help lead the way out of the pandemic and towards a better future for Midlothian.

Midlothian's approved Capital Strategy sets out the infrastructure required to meet those demographic pressures and includes the financial contributions Midlothian will make to the Edinburgh and South East Scotland City Region Deal. Encompassing five main themes the City Region Deal will bring significant investment across the regions with total investment of circa £1.3 billion across:

- Research, Development and Innovation: £751 million
- Integrated Regional Employability and Skills: £25 million
- Transport: £156 million
- Culture: £45 million
- Housing: £313 million

Through the Data Driven Innovation strand the Deal will leverage existing world-class research institutes and commercialisation facilities in order that Easter Bush becomes a global location of Agritech excellence. The Easter Bush project includes significant investment in transport infrastructure along the A701/2 transport corridor. In addition, by improving on-site infrastructure at Easter Bush and transport infrastructure, The University of Edinburgh expects commercial partners will be able to co-locate at scale to commercialise Agritech breakthroughs.

The Capital Investment Strategy sits centrally within the Council's future planning activities and in doing so has to reflect the demands of Council services to ensure positive outcomes are achieved in the right place, at the right time for the maximum benefit to Midlothian. The extensive capital programme, totalling £0.8bn, delivers new schools, a record investment in council housing, improved community infrastructure, investment in the local transport network and in innovative developments such as the new low carbon heat network in Shawfair. In light of the challenging financial landscape the Capital Programme has been subject to a review and a reprioritised plan will be considered by Council in Quarter 4.



### Quarter 3 - Corporate Solutions-



**Quarterly Reporting Corporate Solutions PIs - Off Target**

Code & Title	Gauge	Value	Target	Next Update Due	Last Update	History
<b>CORPS.MPI.04</b> % of invoices paid within 30 days of invoice receipt (Corporate Soluti...		94.9%	95.0%	01 Apr 2023	Q3 2022/23	
<b>CORPS.P.3.4b</b> All recovery overpayments - as a % of all HB overpayment debt		4%	10%	01 Apr 2023	Q3 2022/23	
<b>CR.CC.2</b> % of contact centre calls answered within 60 seconds		64%	90%	01 Feb 2023	Q3 2022/23	
<b>CR.CC.4</b> % of contact centre calls abandoned		6%	5%	01 Feb 2023	Q3 2022/23	
<b>CSE.LPI.03</b> Average processing time for new claims (internally calculated)		35 days	25 days	01 Jan 2023	Q3 2022/23	
<b>CSE.LPI.04</b> Average processing time for change of circumstances (internally calculat...		12 days	8 days	01 Jan 2023	Q3 2022/23	
<b>CORPS.MPI.01</b> Performance against revenue budget		£23.524m	£23.425m	01 Apr 2023	Q3 2022/23	
<b>CORPS.MPI.05</b> % of Service PIs that are on target/ have reached their target.		78.57%	90%	01 Apr 2023	Q3 2022/23	
<b>CORP8</b> Corporate Indicator - Percentage of invoices sampled and paid within 30 day...		92.1%	95.0%	01 Apr 2023	Q3 2022/23	
<b>CORPS.SPSO.05.1</b> Percentage of complaints at stage 1 complete within 5 working ...		92.86%	95%	01 Apr 2023	Q3 2022/23	

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