

Notice of meeting and agenda



Midlothian Council

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

Date: Tuesday, 28 June 2016

Time: 14:00 - 17:00

John Blair
Director of Resources

Contact:

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Further Information:

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

Audio Recording Notice: Please note that this meeting will be recorded. The recording will be publicly available following the meeting, including publication via the internet. The Council will comply with its statutory obligations under the Data Protection Act 1998 and the Freedom of Information (Scotland) Act 2002.

1 Welcome, Introductions and Apologies

Including any apologies received from Members who are unable to attend.

2 Order of Business

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

3 Declarations 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 deputations received for consideration.

5 Minutes of Previous Meeting

5.1 Note of Meeting of Midlothian Council of 17 May 2016 (circulated) - Submitted for approval as a correct record

5.2 Note of Meeting of Midlothian Council of 8 June 2016 (circulated) - Submitted for approval as a correct record

5.3 Minutes of meetings for noting and consideration of any recommendations:

Meeting	Date of Meeting
Cabinet	19 April 2016
Planning Committee	1 March 2016
Planning Committee	19 April 2016
General Purposes Committee	23 February 2016
Appeals Committee	8 March 2016
Local Review Body	26 April 2016
Audit Committee	10 May 2016
Police and Fire and Rescue Board	23 February 2016

6 Questions to the Council Leader

No questions submitted for consideration.

7 Motions

7.1 Notice of Motion - Councillor Parry, seconded by Councillor Johnstone, received 20 June 2016

- 7.2** Notice of Motion - Councillor Milligan, seconded by Councillor Russell, received 20 June 2016

8 Public Reports

- 8.1** Appointments to Outside Bodies - Report by Director, Resources
- 8.2** Financial Strategy 2016/17 - 2021/22 - Report by Head of Finance and Integrated Service Support (to follow)
- 8.3** Implementation of the Children and Young People (Scotland) Act - Report by Director, Education, Communities and Economy **11 - 18**
- 8.4** Participation Measures and Positive Destinations - Report by Head of Education (to follow)
- 8.5** Creating a World-class Education System - Visible Learning - Report by Head of Education **19 - 26**
- 8.6** Edinburgh and South East Scotland City Deal Update - Report by Chief Executive **27 - 32**
- 8.7** Adult Care and Health Budget Setting 2016-17 - Report by Joint Director, Health and Social Care **33 - 38**
- 8.8** School Streets - Report by Head of Commercial Operations **39 - 42**
- 8.9** Ironmills Park, Dalkeith - Access Route - Report by Head of Commercial Operations **43 - 82**
- 8.10** Annual Treasury Management Report 2015-16 - Report by Head of Finance and Integrated Service Support **83 - 110**
- 8.11** General Services Capital Plan 2015-16 Final Outturn - Report by Head of Finance and Integrated Service Support **111 - 120**
- 8.12** Housing Revenue Account - Revenue and Capital Final Outturn 2015-16 and Capital Plan 2016-17 - 2018-19 Report by Head of Finance & Integrated Service S **121 - 128**
- 8.13** Financial Statements for the year ending 31 March 2016 - Report by Head of Finance and Integrated Service Support (to follow)
- 8.14** Financial Monitoring 2015-16 - General Fund Revenue - Report by Head of Finance and Integrated Service Support **129 - 150**
- 8.15** National Mining Museum of Scotland - Report by Chief Executive **151 - 158**

8.16	National Employability Fund Programmes, Funding Reduction, Impact in a Midlothian Context -Report by Head of Education	159 - 166
8.17	Prioritising Targeted Areas in the Small Grants Programme 2017-18 - Report by Director, Education, Communities and Economy	167 - 178
8.18	Historic Environment Scotland Conservation Area Regeneration Scheme - Report by Head of Communities and Economy	179 - 182
8.19	Beeslack Community High School 3G Pitch Update - Report by Director, Education, Communities and Economy.docx	183 - 186
8.20	School Session Dates for the Academic Year 2017-18 - Report by Head of Education	187 - 192
8.21	Early Learning and Childcare Admissions Policy - Report by Director, Education, Communities and Economy	193 - 196
8.22	Welfare Reform in Midlothian 2016 Update - Report by Head of Customer and Housing Services	197 - 204

9 Private Reports

THE COUNCIL IS INVITED (A) TO CONSIDER RESOLVING TO DEAL WITH THE UNDERNOTED BUSINESS IN PRIVATE IN TERMS OF PARAGRAPH (S) 1, 4 AND 6 OF PART 1 OF SCHEDULE 7A TO THE LOCAL GOVERNMENT (SCOTLAND) ACT 1973 – THE RELEVANT REPORTS AND 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

- 9.1** East of Scotland Investment Fund Arrears Update - Report by Director, Education, Communities and Economy
- 4. Information relating to any particular applicant for, or recipient or former recipient of, any financial assistance provided by the authority.
 - 6. Information relating to the financial or business affairs of any particular person (other than the authority).
- 9.2** Midlothian and Edinburgh Zero Waste Parc Capital Budget for Road and Utility Infrastructure - Report by Director, Resources
- 8. The amount of any expenditure proposed to be incurred by the authority under any particular contract for the acquisition of property or the supply of goods or services.
 - 9. Any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services.

9.3 Proposed Rosewell Community Hub - Report by Director, Resources

- 6. Information relating to the financial or business affairs of any particular person (other than the authority).

9.4 Scottish Government Regeneration Capital Grant Fund - Report by Director, Resources

- 6. Information relating to the financial or business affairs of any particular person (other than the authority).

9.5 Education Appointments Committee - Minutes of Meeting of 6 June 2016

- 1. Information relating to a particular employee, former employee or applicant to become an employee of, or a particular office holder, former office-holder or applicant to become an office-holder under, the authority.



Motion to Midlothian Council

The council notes the result of the EU Referendum of Thursday the 23rd June 2016.

Proposed

.....

Cllr Kelly Parry

Seconded

.....

Cllr Catherine Johnstone

Midlothian Council

Labour Group

Item 7.2



Midlothian Council
28 June 2016

Notice of Motion

Midlothian Council shares the nation's shock and horror at the killing of the Batley and Spen MP Jo Cox on Thursday, and endorses the sentiments of her husband that "*we all unite to fight against the hatred that killed her*".

Council agrees to write to her family on behalf of the people of Midlothian to express our deepest and heartfelt condolences.

Moved:

Councillor Derek Milligan

Seconded:

:

Councillor Margot Russell

Implementation of the Children and Young People (Scotland) Act 2014

Report by Mary Smith, Director, Education, Communities and Economy

1 Purpose of Report

To provide Council with an update on the implementation of the Children and Young People (Scotland) Act 2014.

2 Background

The Act has wide-ranging effects on services for children and young people in Midlothian. Many of the provisions have already come into force, with others coming into force in the next few months and from April 2017. Further information on the Act is available on the Scottish Government website:

<http://www.gov.scot/Topics/People/Young-People/legislation>

- 2.1** Previous papers have been submitted to Council noting the Act and advising on progress implementing its key provisions; this report provides a further update.

3 Report Implications

- 3.1 600 hours early learning and childcare for 3 and 4 year olds and entitled 2 year olds.**

Coming into force date: August 2014 and August 2015.

As previously advised, the increase in hours for 3 and 4 year olds and new entitlement for 2 year olds in August 2014, and the expansion of the entitlement criteria for 2 year olds from August 2015, were put in place on time and within budget. Delivery for vulnerable 2 year olds has been rebranded as 'A Good Time To Be 2' with a targeted social marketing campaign. As a result the number of 2 year olds taking up places has been increasing, allowing for the dip in numbers when children move on to 3 year old provision.

All three and four year old children have access to 600 hours of early learning and childcare (ELC). We have taken a flexible approach to implementing this, in response to local need. An enhanced staffing structure is now in place to support the implementation in local authority nurseries.

Additional core staff were allocated to our settings, we established a peripatetic team of Senior and Childcare Development Workers with additional staffing in our settings in the 3 key Community Planning Partnership priority areas. The Pre-5 Additional Support Needs specialist teaching team was enhanced with the provision of 3 Senior Childcare Development Workers. Our partnership settings currently offer parents and carers flexibility of access to 600 hours ELC for their children.

The current model for the provision of 600 hours ELC for 3 and 4 year olds is based on a minimum ratio of 1 adult to 10 children, which is a legislative requirement, and a ratio of 1 teacher to a maximum of 3 Childcare Development Workers. Each local authority ELC setting includes teachers, senior childcare development workers and childcare development workers. There is a small peripatetic team who provide teacher input for 3 and 4 year olds who attend partnership centres.

A Business Transformation Project to review the ELC workforce is nearing completion. The aim is to create greater flexibility of provision at less cost per place and will ensure we target resources on areas of greatest need to ensure the best outcomes. This will also ensure clear roles and responsibilities for teachers, Senior Childcare Development Workers (SCDWs) and Childcare Development Workers (CDWs), give a coherent and responsive approach to teacher access across all our settings and allow us to review the qualifications and career pathways of our ELC workforce.

Our ambition is to create an effective team who are immersed in early year's theory and best practice. They will work across 4 Learning Communities which will include local authority and partner providers. The team will respond to identified local needs. Head Teachers and Managers will continue to manage their own provisions and will work closely with the Learning Community teams. The Learning Community teams will be managed centrally.

The proposed model maintains the ratio of 1 adult to 10 children and replaces the "in ratio" teachers with additional childcare development workers and allocates responsibility for operational management to the role of the Senior Childcare Development Worker.

The proposed model expands the ELC peripatetic teaching team to provide teacher input on a more equitable basis to all pupils attending early learning and childcare provision in Midlothian.

With the proposed model each nursery will be staffed to meet capacity ensuring continuity for children and consistency and permanency of staffing for each session. Core staffing will consist of SCDWs and CDWs. It is anticipated that there will be a better retention of existing staff, increased motivation and improved job satisfaction with clarity of roles and a clearly defined progression pathway. It will also ensure Midlothian is an attractive option for skilled and passionate staff to work in. This model offers increased opportunities for career development and enhancement for the majority of ELCC staff for the first time.

The Scottish Government has reiterated its commitment to raising entitlement to free early learning and childcare further to 30 hours per week (1,140 per year) by 2021, almost doubling the current hours and affecting around 2,500 children in Midlothian. This commitment is underlined in the First Minister Nicola Sturgeon's speech to the Scottish Parliament on the 25th of May 2016:

"There is no doubt whatsoever that the expansion of childcare will be our most important infrastructure project of this parliament - it will help parents, particularly mothers, into work and it will be a transformational investment in the life chances of our children."¹

If implemented, there will be a significant impact on the Council and childcare providers across Midlothian as, depending on the model of delivery put in place, it could require a near doubling of workforce and building capacity. Large scale recruitment and training of staff (both by the Council and other childcare providers) along with extending or building new nurseries across Midlothian will need to take place, over and above that necessary to meet the increase in demand due to Shawfair and other house building programmes.

¹ <http://news.scotland.gov.uk/Speeches-Briefings/Priorities-speech-Taking-Scotland-Forward-24f8.aspx>

The Scottish Futures Trust is working with local authorities on behalf of the Scottish Government to understand the potential impact on early years' estates and working groups are evaluating the workforce requirements. No details of the cost of the commitment and the associated funding implications or the legislative timetable have been published at this stage.

Midlothian has been at the forefront of adopting flexible and innovative ways to deliver early learning and childcare, with the Woodburn Family Learning Centre opened by the Children and Young People's Minister Aileen Campbell in March 2016. The family learning centre has an integrated, early intervention approach to engage parents in their children's learning and to support parents' own adult learning opportunities.

The Scottish Government will be running six trials of early learning and childcare delivery models in preparation for the increase in provision. The trials will consider how to increase flexibility, better meet the needs of parents and children and meet local requirements. Midlothian has submitted a proposal to be one of the sites and is waiting to hear the outcome.

3.3 Named Person Legislation

Coming into force date: 31st August 2016

To improve the way services work to support children, young people and families, the Act:

- ensures that all children and young people from birth to 18 years old have access to a Named Person;
- puts in place a single planning process to support those children who require it through the Child's Plan;
- places a definition of wellbeing in legislation; and
- places duties on public bodies to coordinate the planning, design and delivery of services for children and young people with a focus on improving wellbeing outcomes, and report collectively on how they are improving those outcomes.

Wellbeing

Wellbeing training for all staff in schools, nurseries, specialist settings and partners is now in place. The interactive training sessions have challenged staff to evaluate their own practice around the values and principles of Getting it Right for Every Child (GIRFEC) and start to forward plan using the eight wellbeing indicators. The development of the e-Training module will allow staff across the council as well as third sector partners to access an appropriate level of training to meet the requirements of the legislation.

Named Person

Training has been delivered to all staff who will have Named Person responsibilities with clear guidance available, in line with national advice, as to who will fulfil the role for Midlothian children:

0-starting school	Health Visitors
Primary	Primary HTs/DHTs/PTs
Secondary	Guidance PTs
16-18 leavers	Life Long Learning and Employability
Gypsy Travellers	If children attend school, Named Person within school
If not attending school	PT EAL & Gypsy Travellers
Home Schooled	Education Team

During school holidays the Named Person Service will be delivered Children's Services.

Until the Children's Services review is concluded, Midlothian's current staged support system for assessment and planning will deliver the support required to get it right for our children.

Pilot projects to consider robust information sharing systems with partner agencies and early intervention 'Wellbeing Meetings' have been evaluated and used to inform implementation.

A single Named Person Service email address has been created, and tested successfully, to facilitate secure information sharing with NHS Lothian and Police Scotland.

SEEMiS Wellbeing Application Module

SEEMiS have delivered an operational version of the Wellbeing Module that will support the Named Person Service for Midlothian children from 31 August 2016. Training for all staff involved in delivering the Service is in place throughout June 2016, with catch up sessions planned for August.

Communication

The Scottish Government has implemented a national communication campaign to promote the Named Person Service. This national guidance is available via the Midlothian website which will also host the updated localised GIRFEC guidance.

Funding

The authority has received £170,000 for session 2016-17 to support the implementation of Named Person. It is anticipated that some of this funding will be used to provide administrative support for delivering the Service in schools.

Legal Challenge

A UK Supreme Court ruling is expected in the near future on the challenge to Named person aspect of the legislation.

3.4 Children's Rights and Children's Services Planning

Expected coming into force date: 1st April 2017

The Act introduces new duties on a range of public bodies, including local authorities, on planning and reporting. Specifically it:

- puts in place new arrangements for children's services plans that best safeguards, supports and promotes the wellbeing of children and young people in a particular area; and
- places the overarching responsibility for the development of plans for services that safeguard, support and promote the wellbeing of children and young people with local authorities and health boards.

In addition, a range of public bodies (again including local authorities) will be required to report, on a three yearly basis, on actions being taken to give better or further effect to the UN Convention of the Rights of the Child.

The Draft multi agency Children's services plan 2016-19 has been completed and is currently undergoing a stakeholder consultation before being finalised and approved through the Getting it Right for Every Midlothian Child (GIRFEMC) Board on 30 June. The Board is part of the community planning structure and includes all agencies engaged in delivering services to children and the cabinet member for Education.

The Scottish Government has issued draft guidance on these two provisions and a consultation runs until the 13th June 2016. At the time of writing a consultation response is being drawn up and work is ongoing preparing for the implementation of these provisions in the most effective manner, taking into account the requirements to publish plans and/or report upon UNCRC, Children's Services Planning, Corporate Parenting, Community Planning etc.

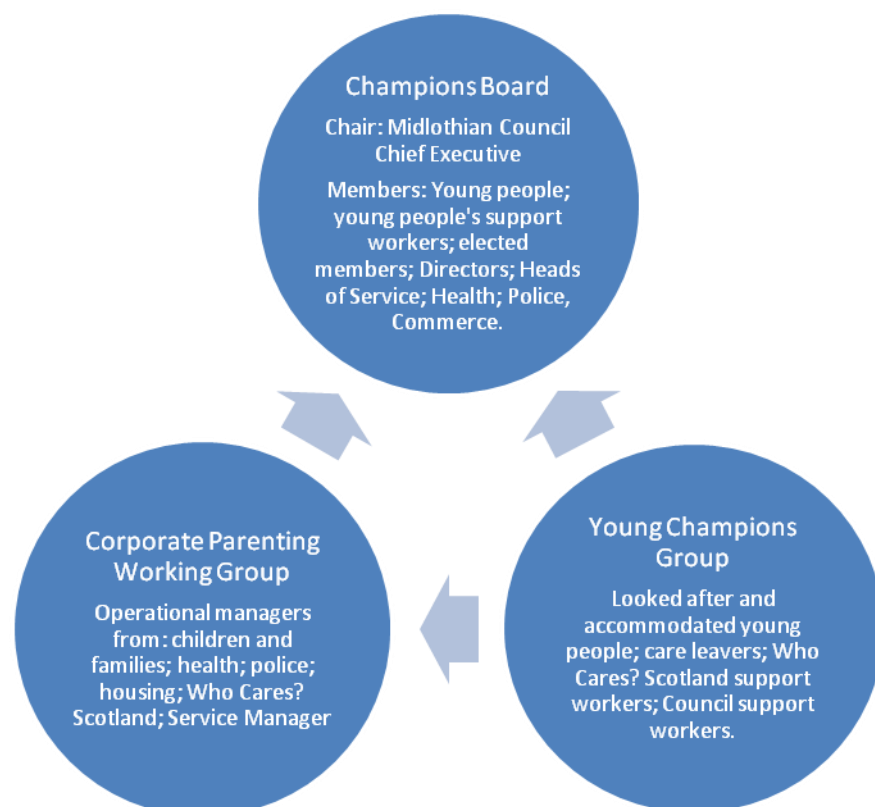
3.5 Provisions to Support Those in Care and Care-leavers

Coming into force date: 1st April 2015.

There were a number of significant changes made to the range of duties and powers that affect those in care and care-leavers. The Act:

- provides for a clear definition of Corporate Parenting, and defines the bodies to which it will apply;
- provides for additional support to be given to kinship carers in relation to their parenting role through the kinship care order and provide families in distress with access to appropriate family support;
- introduces continuing care - an entitlement to stay in a care placement up to age 21;
- extends entitlement to aftercare support from 21 to a young person's 26th birthday;
- sets the eligibility for continuing care and aftercare to 'being in care at age 16 or above'; and
- puts Scotland's Adoption Register on a statutory footing.

There has been a great deal of activity within the organisation in relation to establishing a Corporate Parent Strategy and Plan 2015-2018. We have an established Champions Board chaired by the Chief Executive which is governed by our Community Planning Partnership. The board meets quarterly and is made up of senior officers across the partnership including Health, Police Scotland and Local Commerce as well as representation from the Young Champions Group. In addition to the Young Champions Group which meets every fortnight there is the Corporate Parenting Working Group which meets 6 weekly and has an overview of the Corporate Parenting Strategy Action Plan. The organisational diagram below sets out the relationship between these groups.



Whilst Children's Services remain under review we are beginning to reshape our after care service to meet the ongoing needs and demands. We have organised our residential houses so that Lady Brae in Gorebridge now offers support to those young people aged 16-18. This is a pilot scheme to test out what level of support these young people require in order that they become competent and confident in taking the next step towards independent living. We are also looking at alternative forms of care for our older young people who struggle in a residential setting but are not yet able to live totally independently.

Midlothian Council Children's Services have recently been notified that we have been successful in being granted £193,000 Life Changes Trust funding for Corporate Parenting work. This work will allow us to focus on supporting improvements in the lives of care experienced young people aged 14-26. This will include improving participation and involvement of young people and offering training and employment opportunities for 4 care experienced young people over the next three years, in addition to ensuring that young people inform future service design and delivery.

3.6 Resource

The Scottish Government has previously stated implementation of the Act by local authorities will be fully funded and negotiations with COSLA have taken place on a number of elements of the Act.

The authority has received £170,000 for session 2016-17 to support the implementation of Named Person. It is anticipated that some of this funding will be used to provide administrative support for delivering the Service in schools.

To deliver the commitments to early years, large scale rapid recruitment and training of staff (both by the Council and other childcare providers) along with extending or building new nurseries across Midlothian will need to take place, over and above that necessary to meet the increase in demand due to Shawfair and other house building programmes.

Planning for and monitoring of the service changes is continuing to ensure the most effective use of resources and that the future years' implications are fully assessed.

3.7 Risk

The Act applies legislative requirements to the Council and as such, should the Council not meet the requirements, it could be open to legal challenge and judicial review. Ultimately, the Act gives Scottish Ministers the power to transfer certain Council's assets and responsibilities to another body should it fail to implement the provisions. It is therefore imperative that resources are made available, as and when necessary, to implement the provisions of the Act.

3.8 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☒ Getting it right for every Midlothian child
- ☒ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

3.9 Key Priorities within the Single Midlothian Plan

Implementing the Children and Young People Act is a legislative requirement of the Council and its partners and is reflected throughout the 2016/17 Single Midlothian Plan, such as the outcome “All Midlothian children and young people are being offered access to timely and appropriate support through the named person service”. The Act is underpinned by the Scottish Government’s priority for Early Years and the adoption of a preventative approach, both of which are echoed in the Single Midlothian plan.

3.10 Impact on Performance and Outcomes

The successful implementation of the Act should improve outcomes for children and young people across Midlothian, and particularly those who need additional support through the Named Person, who have a Child’s Plan or who are looked after.

3.11 Adopting a Preventative Approach

Many of the provision of the Act are preventative, such as early learning and childcare, and the named person service is intended to provide early support to families.

3.12 Involving Communities and Other Stakeholders

The Community Planning GIRFEMC Board is undertaking stakeholder consultation on the new Children’s Services plan, 2016/19 and the Act is central to the structure and content of this plan. More widely, the Council and partner organisations in Midlothian have been working together to implement the provisions of the Act. Implementing each provision involves different groups of stakeholders. As an example, parents and carers have been consulted on the implementation of the 600 hours of Early Learning and Childcare.

3.13 Ensuring Equalities

The Scottish Government undertook an EQIA process on the Act. The equality impact assessment is available here:

<http://www.scotland.gov.uk/Topics/People/Young-People/legislation/impact>

3.14 Supporting Sustainable Development

Scottish Government is committed to supporting the Act and has stated that the implementation by local authorities will be fully funded; however this will need to be closely monitored.

3.15 IT Issues

The Named Person provision will require a significant level of training to ensure all staff involved in delivering the Service are familiar with the new SEEMiS module.

In order to facilitate secure email communication all Named Persons will require corporate access and midlothian.gov.uk email accounts.

4 Summary

The Children and Young People (Scotland) Act 2014 is a significant Act that has a widespread effect on outcomes for children and young people in Midlothian, and changes the way that the Council and its partners work. To date, services have been put in place or amended in line with the requirements of the Act and work is continuing as the further provisions come into force.

5 Recommendations

Council is asked to:

- Note the Scottish Government's intention to increase the provision of free early learning and childcare to 1140 hours per year by 2021 and consider how this will be resourced;
- Note the continued work of the Council and its partners implementing and preparing for the implementation of the provisions of the Act;
- Note the named person aspect of legislation is still subject to legal proceedings;
- Note the new GIRFEMC Children's services plan will be approved at GIRFEMC board in June 2016.

3 June 2016

Report Contact:

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**Creating a World-Class Education System:
Visible Learning in Midlothian****Report by Dr Grace Vickers, Head of Education, Education, Communities
and Economy****1 Purpose of Report**

Further to the Attainment report which was presented to Council on 17th May 2016, the purpose of this report is to provide a summary of progress with Visible Learning in Midlothian Schools.

2.1 Background

The Visible Learning approach is based on the research of John Hattie (2009). It supports schools and individual teachers to examine their evidence of impact and make adjustments to their professional practice in relation to its impact on the outcomes they seek. The development of Visible Learning in Midlothian has been driven the Educational Psychology Service who have placed learning at the heart of all their work.

2.2 The Research

Almost everything in education has a positive impact; 95% of what we do works. John Hattie's driving question was 'what works best?' when it comes to raising attainment. John Hattie has carried out a meta-analysis of the research which allows us to understand the magnitude of the impact of different influences.

2.3 Translating Research into Practice

The professional learning model provided by Visible Learning^{Plus} consists of a series of workshops that provide school leaders and teachers with the knowledge and tools to engage with research and consider what works best for their pupils.

2.4 Visible Learning in Midlothian

In August 2015 all primary teachers and representative from secondary schools engaged in the Visible Learning^{Plus} Foundation Day. This day outlined the key research and messages relating to the five strands of Visible Learning; developing assessment capable learners, effective feedback, understanding impact and how it can be evaluated, the mindframes of highly effective teachers.

School leaders then engaged in a two day programme (Evidence into Action) which provided leaders with the tools to consider what is working and not working in their schools. This information provided the foundation for developing an action plan based on the findings. The Visible Learning^{Plus} programme provides a one size fits one approach with the framework of Visible Learning providing a common framework across Midlothian Schools.

In May 67 teachers from 26 schools participated in the Visible Learning into Action for Teachers programme. Over the two day programme teachers are exploring how to use evidence from their class to understand the impact they are having on our learners and what they can do to work smarter rather than harder. The programme supports teachers to examine what is working best and to make adjustments to practice in relation to its impact on the outcomes they seek for their learners. This helps us shift the focus from "what works?" to identifying "what works best?" in our classrooms.

In addition to the above, the Educational Psychology Service has engaged both support staff and newly qualified teachers in a programme of learning that compliments this. Both programmes have provided a strong model of professional learning maximising opportunities to ensure that this learning translates into practice and therefore has an impact for learners.

2.5 Action

Through the Evidence into Action programme schools have engaged in a systematic evidence gathering process within the strands of Visible Learning. This data has been used to develop baseline statements about where they are now. These have then been used to develop aspirational statements and identify focus areas that will help them to achieve their aspirations. In doing this they considered the knowledge and practice that teachers, leaders, learners and pupils need and how they will achieve this.

Most schools identified the need to start with a focus on developing assessment capable learners who can answer the three key questions of 'where am I?', 'where am I going?' and 'how will I get there?' Assessment capable learners are characterised by:

- Learning dispositions: being able to apply the effective habits of thinking and doing.
- Assessment capability: knowing where they are at, where they are going and what their next steps are.
- Understanding the learning process: having effective learning strategies and meta-cognitive skills.
- Effective feedback: seeking, receiving and acting on feedback.

The seminar on 20th June will involve four schools sharing the actions that have been taken and the impact these have had. Teachers and pupils from Roslin Primary, Lasswade Primary, Hawthornden Primary and St. David's High School will share the actions they have taken and impact this has had for pupils. This session will demonstrate how we have developed a language of learning, a culture of challenge (through growth mindset and the learning pit), pupils' ability to talk about their progress in their learning and developed pupil – teacher dialogue.

2.6 Impact

The focus on and impact of Visible Learning in Midlothian has been the focus of interest from Authorities across Scotland. In March we held a network day on which 50 colleagues from Scotland, England and Wales came together to visit six of our schools; Mayfield Nursery, Cuiken Primary, Penicuik High School, Lasswade Primary, Roslin Primary and Hawthornden Primary. This was a great opportunity for schools to get an external perspective on the impact Visible Learning is having on our learners. The feedback was overwhelmingly positive with the following themes:

- Assessment Capable Learners – pupils have a language of learning and can talk about their learning; pupils can talk about their next steps in learning; there is a clear focus on learning and pupil voice is strong.
- Effective Feedback – there has been focus on establishing relational trust and a culture of collaboration as a foundation for effective feedback.
- Know thy Impact – schools have used research and evidence across the Visible Learning framework to inform action.
- Inspired and Passionate Teachers – teachers see themselves as learners and the community of professional learning is strong in which Visible Learning provides a shared language and framework for thinking about learning and impact.

Midlothian has presented workshops at both national and international conferences. Most recently we presented at the Visible Learning World conference in London in January. In recognition of the impact of Visible Learning Midlothian has been asked to co-host the first Scottish Visible Learning Conference in November. This will be held at Murrayfield Stadium due to the numbers involved and close proximity to national and international rail/airport links.

2.7 Next Steps

- Continue to measure the impact of Visible Learning with a focus on impact for pupils.
- Continue to provide high quality Visible Learning^{Plus} professional learning for teachers and support staff.
- Continue to develop the culture of collaboration across Midlothian Schools.

3 Report Implications

3.1 Resource

The Education Leadership Teams, all Head Teachers and staff are committed to developing Visible Learning in order to improve outcomes for all learners.

3.2 Risk

Addressing inequalities by closing the attainment gap is of significant importance in order to improve the life chances of children and young people in our care.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☒ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☐ Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

3.4 Key Priorities within the Single Midlothian Plan

Girfec 5: Our people will be successful learners, confident individuals, effective contributors and responsible citizens.

3.5 Impact on Performance and Outcomes

To close the gap by improving 'attainment versus deprivation' and 'attainment for all' outcomes for children and young people.

3.6 Adopting a Preventative Approach

3.7 Involving Communities and Other Stakeholders

School will continue to engage parents in their Visible Learning improvement journey in a variety of ways. Working with colleagues in Lifelong Learning and Employability will allow us to consolidate these links.

3.8 Ensuring Equalities

The recommendations in this report should continue to promote equity of attainment for disadvantaged children and support the steps being taken towards narrowing the attainment gap by imposing duties on education authorities and the Scottish Ministers in relation to reducing pupils' inequalities of educational outcome together with a duty to report on progress.

3.9 Supporting Sustainable Development

There are no impacts arising directly from this report

3.10 IT Issues

There are no IT issues arising from this report.

4 Recommendations

Council are requested to:

- Note the progress made in the development of Visible Learning across Midlothian schools.
- To approve the continued focus on developing Visible Learning with the appropriate professional learning opportunities for staff.
- To congratulate members of the Educational Psychology Service and Education team who presented at the Visible Learning World Conference.

Date 2 June 2016

Report Contact:

Name: Dr Grace Vickers, Head of Education
julie.currie@midlothian.gov.uk

Tel No 0131 271 3719



Seminar – Visible Learning

Venue: Council Chambers, Midlothian House

Date: Monday 20 June 2016

Time: 2 pm

Present: Councillor Baxter
Councillor Bennett
Councillor Constable
Councillor Imrie
Councillor Johnstone
Councillor Milligan
Councillor Muirhead
Councillor Pottinger
Councillor Rosie
Councillor Wallace
Kenneth Lawrie, Chief Executive
Mary Smith, Director of Education, Communities and Economy
Grace Vickers, Head of Education
Sarah Philp, Principal Educational Psychologist

Apologies: Councillor de Vink

Councillor Constable welcomed the attendees and invited the Head of Education to Introduce the Seminar on Visible Learning.

1 Introduction

Item No.	Item Title	Presented by:
1.1	Introducing Visible Learning	Head of Education

Note

The Head of Education introduced the session by re-stating our vision to create a World Class Education System and the important role that Visible Learning has within this ambition for Midlothian. There has been an extensive training programme in place for schools led by the Educational Psychology Team. Today the Teachers and Pupils from Hawthornden Primary, Lasswade Primary, St. David's High School and Roslin Primary will present an outline of their Visible Learning journey by sharing their learning experiences.

The Head of Education introduced Sarah Philp, Principal Educational Psychologist.

2 Background

Item No.	Item Title	Presented by:
3.2	Visible Learning in Midlothian	Principal Educational Psychologist

Note

The Principal Educational Psychologist gave a brief background on the Visible Learning approach based on the research of John Hattie. Visible Learning's foundation is evidence based, what works best, what makes the biggest difference and what is the key information. The Visible Learning programme provides a one size fits one approach and there are five strands to Visible Learning. The session will demonstrate how in Midlothian this has developed as a language of learning, a culture of challenge (through growth mindset and the learning pit) and the pupils' ability to talk about their progress in their learning and the developed pupil – teacher dialogue. The 'Five Strands' of Visible Learning are: Assessment Capable Learners; Know the Impact; Inspired and Passionate Teachers; Effective Feedback and Visible Learning Schools.

The Principal Educational Psychologist explained that the Teachers and Pupils from the 4 Midlothian Schools would talk about their progress and how over time they have developed their own strategies in school.

Item No.	Item Title	Presented by:
3.3	Celebrating Visible Learning in our Schools	Hawthornden Primary School Lasswade Primary School St David's High School Roslin Primary School

Note

Acting Depute Head Teacher and two P4 pupils from Hawthornden Primary School demonstrated to the Seminar Culture Learning through growth mindset and the Learning Pit. The Teacher gave a brief introduction and the children enthusiastically shared their experiences in growth mindset and their experience in the Learning Pit.

Some of their comments included: *'using class discussions to support each other', 'knowing it is ok to make a mistake and to learn from this', 'not giving up – I can't do it yet' – but keep trying', 'it was ok to go into the Learning Pit', 'discussing different ideas with friends' and 'trying different strategies'.*

The culture in the classroom is that it is ok to make a mistake and learn from this. The positive challenge of Learning Pit and the different strategies that can be used.

Acting Principal Teacher and two P6 pupils from Lasswade Primary School demonstrated to the Seminar defining characteristic learners, Learning Superheroes. The Teacher explained the involvement of families to develop skills in teamwork in life and the significant shift of what makes a good learner. The pupils shared their positive experiences with the seminar on Language of Learning and Learning Superheroes.

Some of their comments included: *'practice to achieve high standards', 'ask questions – be curious', 'be imaginative and enthusiastic', set goals to achieve; 'I used to be upset when I made a mistake – now it is ok to make mistakes and learn from them', 'Learning Superhero feedback – assessing the Teacher and challenge what works well – Numeracy Natter'*

Using different strategies and enjoying learning. 'You can Improve and it is extraordinary'.

Maths Teacher and two S4 pupils from St David's High School demonstrated to the Seminar the Understanding progress and talking about Progress. The Teacher explained this was about making a change from focussing on attainment to progress and doing this in 3 ways: Time – Making Learning Visible – Communicate Learning in involving Parents. The pupils shared their experiences with the seminar on how they achieved this.

The pupils highlighted the use of grafts for tracking their progress and in using this they could see what sections required more work and what their achievements were which was very useful in revising for exams. The teacher explained this gave the pupils ownership of their learning and the introduction of Student led Parent's evenings where the pupils talked about the areas they were

struggling with and what they were good at was very positive for both parents and pupils. Also if a parent was unable to attend parent's evenings the pupils could still demonstrate their progress with them at home using their recorded progress.

The Teacher stated after 2 years there was very positive feedback on improved learning and encouraging pupils to progress and assess the information on their own learning.

Principal Teacher and two P7 pupils from Roslin Primary School demonstrated to the Seminar Pupil Teacher Dialogue. The Teacher highlighted the introduction of the Learning Council at Roslin Primary School and the improvement in pupil involvement and the positive contribution in decision making. The Teacher explained that pupils from Beeslack High School attended the Learning Council and this was a very positive experience for the pupils at Roslin Primary School, they were able to ask questions about the School and alleviate any worries they may have had in moving to High School.

The pupils explained that as part of the Learning Council they did a class observation and they were able to ask the children how they were getting on and then provide feedback to the Teacher. The Teacher explained this was very positive in giving feedback to teachers. Some of the feedback received from the pupils was: *'pupils sometimes felt they were not getting challenged', sometimes not easy and sometimes not hard enough'*.

The Class Observation assisted Teachers in looking at what could be improved and be more effective. Inspired passionate Teachers and the shift in dialogue. Listening to Pupils through their eyes.

4 Plenary

The Principal Educational Psychologist thanked each school in demonstrating the different approaches in the five stands of Visible Learning. The positive shared language of learning across Midlothian and the consistent approach to improved learning and teaching.

The Principal Educational Psychologist also highlighted to the Seminar that in recognition of the impact of Visible Learning, Midlothian has been asked to co-host the first Scottish Visible Learning Conference in November.

Councillor Constable thanked everyone for attending the Teachers and Pupils from the Schools for their very positive presentations.

Midlothian Council
Tuesday 28 June 2016

Edinburgh and South East Scotland City Region Deal Update

Report by Kenneth Lawrie, Chief Executive

1.0 Purpose of Report

- 1.1** This report provides an update on the progress towards securing from the UK and Scottish Governments a City Deal for the Edinburgh and South East Scotland region.

2.0 Background

- 2.1** Members may recall previous reports to Council on 16 December 2014, 24 March 2015 and 12 May 2015. In summary, City Deals are formal arrangements by which Government resources are awarded to a city region to drive economic growth and, through that uplift in the economy, tackle areas of poverty and deprivation within the region. These resources are primarily financial but also include financial freedom and devolved powers. City Deals were initiated by the UK Government in 2011, with around 30 having been created to date. In Scotland, where city deals are provided through both the UK and Scottish Governments, there are currently three in operation, at Glasgow, Aberdeen and Inverness.
- 2.2** Applications for city deal status are lodged by a consortium of local authorities that comprise the region. For Edinburgh and South East Scotland the relevant Councils are City of Edinburgh, East Lothian, Fife, Midlothian, Scottish Borders and West Lothian. Preparatory work on a bid for city deal status was initiated in 2014 overseen by a Council Leaders' Group, supported by the Councils' Chief Executives and relevant staff. Co-ordination is through a project management office based in the Edinburgh City Council offices, and the consortium of Councils has engaged consultancy expertise and support from EY.
- 2.3** Although it is the local authorities that submit the formal application for city deal status, the application needs to demonstrate the integral role of, and engagement with, a broad range of partners including the private sector (most notably business/commerce), the higher and further education sectors, public sector agencies and the cultural sector. Accordingly, substantial activity has taken place to establish that broad base of engagement.
- 2.4** There has been ongoing contact with the UK and Scottish Governments over the past eighteen months and, during that period initial propositions were submitted in September and December 2015, and then in April 2016. On the basis of that most recent submission there has been more detailed negotiation with UK and Scottish Governments' officials. If all of the constituent Councils agree to

continue to work towards securing a city deal for the region it is hoped that it could be secured by the end of this year or in the first quarter of 2017.

3.0 The City Region Deal Proposition: Accelerating Growth

3.1 The city deal proposition is founded upon an overall vision from which key investment interventions of a specific geographical nature emerge, supported by cross-cutting programmes of a generic nature, and devolved freedom and powers.

3.2 The Vision seeks to accelerate the rate of investment and economic performance of the region by capitalising on its world class assets through an inclusive and sustainable growth model. By growing the economy in this way there is scope to tackle issues including notable welfare disparities across the region, the lack and mis-match of skills in some employment sectors, poor connectivity in terms of both transport and digital, and the insufficient availability of affordable housing.

3.3 The **Investment Propositions** fall into four categories:

3.3.1 Innovation Hubs: the city region already has strengths in the life sciences, data technologies, low carbon, food and drink, and textiles sectors. The aim is to capitalise on these through significant investment involving the universities to use world-leading research and innovation to develop business incubation and skills development. This approach should also enable leverage in of private sector investment. Identified potential centres for these innovative hubs includes Easter Bush in Midlothian, where the new A701 relief road and A702 spur road will be an essential part of the project.

3.3.2 Strategic Growth Zones: where city deal funding could unlock development and accelerate economic growth in areas already identified as strategic development locations.

3.3.3 Low Carbon Communities: this is where city deal funding would assist in bringing forward major strategic predominantly housing allocations through provision of infrastructure and substantial levels of affordable housing. Shawfair is identified as one of these low carbon communities.

3.3.4 Regionally significant transport improvements.

3.4 The cross-cutting **Supporting Programmes** focus on employability and skills, business growth and productivity, improving digital connectivity, and low carbon investment.

3.4.1 Employability and Skills: this programme seeks to deliver a new integrated regional skills system and partnership across public and third sector agencies, education institutes and key industries so as to maximise the quality of the regional labour market.

3.4.2 Supporting **Inclusive Business Growth:** involves measures to support a wider range of businesses and entrepreneurs to innovate, internationalise and invest.

- 3.4.3 Accelerate delivery of **Digital Connectivity**: to enable access to superfast broadband, enhanced mobile and wireless coverage, connecting rural communities and empowering digital learning at primary and secondary schools.
- 3.4.4 **Low carbon investment**: an essential part of any city deal bid is a commitment to the development of a low carbon economy through such measures as creating exemplar new low carbon communities, promoting and supporting research into low carbon technologies, supporting firms in the commercial development of low carbon technologies, and moves to a 'circular' economy where re-circulating of resources can maximise resource productivity.
- 3.5 To address significant issues of concern the proposed **Regional Housing Programme** is a key element of the overall proposition; centred around the following specific interventions.
- 3.5.1 **Housing Infrastructure Fund** to deliver substantial numbers of affordable and market homes at major housing sites, with the funding mainly aimed at infrastructure constraints to development.
- 3.5.2 **Additional Affordable Housing Grant** over a ten year period to fund primarily new social rented accommodation, and giving sufficient certainty to enable leverage of private sector finance for new housing.
- 3.5.3 **Regional Land and Property Commission** would be established with a £50m site acquisition fund; operating as a group of public sector agencies to identify public sector land for the accelerated development of affordable housing.

4.0 Governance and Regional Strategy

- 4.1 The essential elements which need to be part of a city deal bid are a robust and durable governance model, and a regional economic statement/strategy. In terms of governance the current City Region Leaders' Group has put forward the proposal for a Joint Committee of the six Councils with the opportunity to appoint additional members from sectors such as business and higher education. The role of the Joint Committee would be to set strategic direction, to agree investment priorities, to oversee planning and implementation activity, and to monitor and assess level of impact of City Deal interventions. In concert with the work of the Joint Committee the Councils could also review the operation of existing statutory and non-statutory regional bodies responsible for planning, transport, housing and economic development.

5.0 The Midlothian Context

- 5.1 Members may recall that the seminar presentation on 24 May 2016 provided detail on the prospective specific projects in Midlothian and the particular benefits that would accrue to Midlothian from the cross-cutting programmes. Work on those matters is progressing towards the completion of a business case for each project, and this will be

reported separately at a later date. This current report is providing an update on progress in pursuit of a city deal for the region, and recommending governance arrangements.

6.0 Report Implications

6.1 Resources

An assessment of current potential proposals would suggest a level of city deal investment of around £2bn, with the potential to lever in up to £5bn of private and university sector investment. The model under which the city deal funding would be disbursed would need to be the product of negotiation with the UK and Scottish Governments: but it is likely that the model(s) used will inevitably require Councils to borrow to fund the investment projects and, subject to the delivery of the City Deal outcomes, these costs would be reimbursed by UK and Scottish Governments City Deal contributions at a later date. It is also certain that the constituent Councils will be required to provide a direct financial injection to the City Deal; for a £2bn city deal the Midlothian contribution would on a population pro-rata basis be about £12m, but the exact sum would be dependent on the nature and extent of projects in Midlothian. Accordingly, a key issue for each Council is the affordability of its project proposals both in terms of its own capital expenditure (and longer term additional revenue costs), and also in terms of its borrowing capacity. In respect of the Council's financial injection it is proposed that the Capital Fund be utilised for this purpose. At 31 March 2016 the available balance on the Capital Fund is £15.378m. At this time Council is recommended to earmark £12m for City Deal.

Council in May 2015 agreed a supplementary estimate of £60,000 to add to our original budget allocation of £25,000 as its contribution towards meeting the costs of preparing the city deal bid. Currently, it is expected that this funding may need to be further supplemented to cover external costs likely to be incurred for technical support and economic modelling: such additional funding is likely to be modest, but would need appropriate Members' approval.

6.2 Risk

If Midlothian were not to be part of City Deal it would miss the opportunity to benefit from UK and Scottish Government funding, and potentially put it at a disadvantage when compared with neighbouring City Deal authorities. The risk can therefore be eliminated by Midlothian continuing to commit to the City Deal bid. However, in doing so, the Council needs to be mindful of the need to assess the affordability of its contributions to the City Deal, particularly where borrowing is required in advance of City Deal funding reimbursement. This risk can be mitigated by thorough business planning and conservative assumptions on borrowing capacity and payback arrangements.

6.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☒ Community safety
- ☒ Adult health, care and housing

- ☒ Getting it right for every Midlothian child
- ☒ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

6.4 Impact on Performance and Outcomes

City Deal vision, programmes and projects are directed at achieving outcomes, many of which are common to the whole region.

6.5 Adopting a Preventative Approach

By growing the economy and tax base of the region through City Deal, it is intended that a consequence will be a lower level of requirement for welfare expenditure arising from improved economic indicators, with knock on benefits in terms of skills development and health outcomes.

6.6 Involving Communities and Other Stakeholders

In the preparation of the City Deal bid there is ongoing extensive engagement with the business/commerce sector, the further and higher education institutions, and the primary public sector agencies.

6.7 Ensuring Equalities

As this report is not proposing any new policies or strategies it has not been the subject of an equalities assessment. However, in submitting its bid for City Deal status, the consortium of the six Councils will need to demonstrate the positive impact of its proposals on minority and disadvantaged groups.

6.8 Supporting Sustainable Development

A central and integral part of the City Deal bid will be the strategy for low carbon development across the region.

6.9 IT Issues

None.

7.0 Summary

- 7.1** The six Councils that make up the geographical area of Edinburgh and South East Scotland are preparing a bid for City Deal status, to be submitted to the UK and Scottish Governments. The value of the bid is expected to be around £2bn with the potential to lever in a further £5bn from the private and university sectors. The principal aims of the City Deal are to accelerate growth of the regional economy and to tackle areas of poverty and deprivation. The interventions to achieve this are a series of programmes and projects comprising region-wide themes of skills development, digital, housing and low carbon; as well as project specific infrastructure works within each Council area. Final agreement on those projects is a matter for consideration at a later date. Negotiations with the two Governments have commenced, although a formal City Deal is only likely to be signed by the end of this calendar year at the earliest. At this present time each of the constituent Councils is being asked to note progress on the preparation of the bid and the prospective governance arrangements.

8.0 Recommendations

It is recommended that Council;

- i) notes the extent of progress made by the six constituent Councils in the preparation of a joint bid to the UK and Scottish Governments for a City Region Deal for Edinburgh and South East Scotland;
- ii) approves in principle the formation of a Joint Committee of the six Councils with an initial remit to prepare its scope of operation for further approval by the six Councils;
- iii) agrees that the Joint Committee consider the most appropriate arrangements for the preparation of a regional economic partnership strategy;
- iv) agrees the overall priorities for the City Region Deal to act as a basis for negotiation with the UK and Scottish Governments, and
- v) notes that each Council will be expected in principle to make a financial contribution towards a City Region Deal and in this respect agree to earmark £12m of the Capital Fund for City Deal.

Date: 13 June 2016

Report Contact: Ian Johnson, Head of Communities and Economy
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Background Papers: None



Council
Tuesday 28th June 2016

Adult Care and Health Budget Setting 2016-17

Report by Eibhlin McHugh, Joint Director, Health and Social Care

1. Purpose of the Report

- 1.1** The purpose of this report is to explain the new arrangements for budget setting for adult care services in light of the establishment of the Integration Joint Board. The report goes on to outline the commitments and plans for the new Social Care monies allocated to the IJB and the savings proposals to reduce expenditure in Adult Care in 2017-18.

2. Background

Integration Joint Board

- 2.1** The establishment of the Midlothian Integration Joint Board (IJB) took full effect on 1st April 2016 when this new body became responsible for the utilisation of the budgets delegated to it by Midlothian Council and NHS Lothian, a combined budget of approximately £111 million per annum.
- 2.2** The IJB is required to publish a three year Strategic Plan and determine how best to use these delegated resources to meet the health and care needs of the Midlothian population.

Allocation of Budgets to the IJB

- 2.3** While the delegation of the Council budget to the IJB has been relatively straightforward there are significant challenges in agreeing the budget from NHS Lothian. This is in part because the allocation by Scottish Government is not confirmed until June which makes clear financial planning more difficult. In addition the framework for agreeing how budgets are delegated across the four Lothian IJBs is still being determined. Whilst in theory it could be argued that Midlothian should receive a pro rata allocation on a population basis this does not reflect how services are currently used; Midlothian has a higher use of some services and a lower use of others. There is agreement across the IJBs that it is important the financial allocation process is managed in a way which ensures stability for patients.

Managing Efficiencies

- 2.4** These new arrangements raise questions about how best to manage the process for designing and agreeing measures to reduce expenditure in line with the reduction in - Local Authority grant settlements by Scottish Government. It is clearly the role of the IJB to decide how to meet the needs of the local population. This is laid out in its Strategic Plan although it must be acknowledged that in some areas this is outlined as a direction of travel rather a very specific set of plans-partially because of the continuing uncertainty of the budget available but also because much more work is required to plan in detail how to bring about the desired changes. Nevertheless it is clearly the role of the IJB rather than the Council to determine at a strategic level how services should be delivered.
- 2.5** Having delegated the Adult Care functions to the IJB, the Strategic Planning (and financial planning) for these functions is now the responsibility of the IJB. The Council will decide the totality of the budget to be allocated to the IJB for Adult Care functions, and it is clear that these budgets will be reduced from their current level in line with the overall reduction in resources available to the Council. However, the governance around the planning of the efficiencies to be applied to these budgets rests with the IJB and discussions are underway with the IJB as to how this process will be managed. Of course, on an operational level, where the Council is able to design and deliver more efficient ways of delivering services in line with Best Value and Financial Discipline it should do so if this is also in line with the IJB Strategic Plan.

Efficiencies 2016-17

- 2.6** Adult Care has, over a number years, sought and achieved significant efficiencies through redesign, re-commissioning and Best Value reviews. The savings generated between the years 2011-12 and 2015-16 totalled £3,417,078 per annum. The efficiencies being implemented within Adult Care during 2016-17 will generate a further £291,000 savings per annum.

Alongside these efficiencies Adult Care has a recovery plan to ensure it achieves financial balance, having had an underlying overspend at the end of 2015-16 of around £1m.

Proposed Efficiencies 2017-18

- 2.7** The efficiencies proposed for Adult Care in 2017-18 are:

- Review care/support packages in context of new models of care: £1,000,000
- New Complex Care Service £500,000
- Management Review in light of Integration: £55,000

Further areas which will be assessed for savings include:

- Review of Learning Disability Day Services

- Reductions in sickness absence
- Efficiencies in travel
- Reduction in the use of agency staff
- Review of Homecare provision

These planned efficiencies if delivered successfully will result in people's needs continuing to be fully met. As such they represent more efficient service delivery and therefore remain within the delegated authority of the Council.

Social Care Fund

- 2.8 Scottish Government allocated IJBs additional recurrent funding to enhance Social Care services in 2016-17. An element of this was to recognise pressures already existing with social care and also to support the costs of providing the living wage to all involved in social care. The Scottish Government was also clear that an element of this additional funding should also be used to provide 'additionality' and to support the overall redesign of social care services. In Midlothian the allocation is £3.6m.

This is a very welcome and significant increase. However there are many commitments against these new monies and this may limit the scope to undertake transformation through 'additionality'. The specific issue of funds required to implement the commitment to pay the Living Wage to all care workers in social care has entailed a great deal of detailed work with external providers and is not yet complete.

The estimates on a full year basis are as follows:

1. Review of pay and grading for Council Staff £196,000
2. Increase in National Care Home contract rates £517,000
3. Changes to role and staffing structure in Newbyres Care Home £536,000
4. Continued funding of Quality of Care services £69,000
5. Living wage including sleep over costs for care workers in social care (external providers) £940,000
6. Continued funding of hospital to home team £165,000
7. National Insurance increase (Council staff) £159,000

There are also further pressure arising from the element of the social care fund that was categorised as 'additionality' including

8. Changes to charging threshold £200,000
9. Demographic pressures (previously funded by the Council) £860,000

These are all important areas of expenditure which, without the new monies would have caused even greater pressures on the efficiency programme

required by the Council. It must be emphasised that much more work is needed with external providers regarding the cost implications of the Living Wage and in relation to the staffing structure in Newbyres so these figures are likely to change. However at this stage, on a full-year basis, this fully commits the £3.6m allocation.

This leaves no additional monies for further transformation although, due to the part-year implementation of both the Living Wage and the transformation of Newbyres in 2016-17, there should be a one off sum of approximately £504k available to help implement the Strategic Plan.

2.9 Financial Position in Health

The move to integration has included an increasingly joint approach to financial planning. The financial position in adult care - must now be considered in the context of the financial pressures facing NHS Lothian. During 2016-17 the local health service must reduce its expenditure by £1.9m on a budget of approximately £47m. This very challenging target increases the necessity for Adult Care and Health to create synergies and invest in transformation to create sustainable services for the future.

2.8 Financial Assurance

Since the last Financial Assurance update report in March 2016 budgets have been delegated to the IJB with effect from 1 April 2016. Directions regarding the use of the budgets were issued to the Council and NHS Lothian on 31 March 2016. Work continues to finalise the Health element of the budget, including the Midlothian share of pan-Lothian Services. The challenges facing both the Council and NHS Lothian going forward are detailed in this report and Financial Assurance will be an ongoing process as joint working through the IJB progresses.

3. Report Implications

3.1 Resource

There are no resource implications arising directly from this report. The report deals with the Adult Care budget in terms of the efficiencies required in 2016-17 and future years, the role of the IJB and the use of the new Social Care Fund.

3.2 Risk

Without a very robust approach to financial control there is a real risk that the service will again overspend its budget in 2016-17. The plans to reduce expenditure by £1.5m on care packages whilst continuing to meet need will undoubtedly be challenging. A further risk is that the need to meet the financial targets over the next 2-3 years will reduce the capacity to develop preventative services which are critical for the long term sustainability of health and care.

3.3 Key Priorities within the Single Midlothian Plan

Midlothian

- ☐ Early years and reducing child poverty
- ☐ Economic Growth and Business Support
- ☐ Positive destinations for young people.

The themes

- ☒ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☐ Sustainable growth
- ☒ Business transformation and Best Value
- ☐ None of the above

3.4 Impact on Performance and Outcomes

The Council can only agree changes to service delivery which are more efficient rather than a change in policy or major service redesign for which the agreement of the IJB would also be required.

3.5 Adopting a Preventative Approach

As noted in the Risk Section there is a danger that services focus on addressing immediate critical need rather than the longer term approach to prevention advocated by the Christie Report.

3.6 Involving Communities and Other Stakeholders

This report has been considered by senior managers and finance officers in Adult Care and Health.

3.7 Ensuring Equalities

There are no immediate equalities implications arising from this report

3.8 Supporting Sustainable Development

Not applicable.

3.9 IT Issues

There are no IT issues arising from this report

4 Recommendation

Council is recommended to:

- i. Note this report and the need for ongoing dialogue with the IJB about efficiencies and how these are achieved as part of the budget-setting process for 2017-18.
- ii. Agree to the provision a Council seminar to consider in more depth the respective governance responsibilities of the Council and the IJB

Date: 15 June 2016

Report Contact

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School Streets

Report by Ricky Moffat, Head of Commercial Operations

1 Purpose of Report

The purpose of this report is to advise Council of the intention to progress 'School Streets' at two Midlothian Schools subject to consultation, funding awards and the necessary legal process being completed.

This is part of a wider project promoting sustainable transport in Midlothian.

2 Background

- 2.1** 'School Streets' have recently been piloted by both City of Edinburgh Council and East Lothian Council. This initiative involves a legal order that bans most traffic from driving in the street during a specified period (generally when children are arriving at or leaving the school).
- 2.2** The ban is applied to streets where vehicles manoeuvre to drop off/pick up children and are causing an unsafe environment for pupils arriving at the school on foot or by bike.
- 2.3** It is proposed to trial 'School Streets' in Midlothian at Kings Park Primary School, Dalkeith and Lasswade Primary School, Bonnyrigg. It is acknowledged that many of Midlothian's schools have similar issues. However these schools are typical and have a prolonged record of issues around drop-off and indiscriminate parking. Police Scotland, Traffic Warden service, School Travel Plan Co-ordinator, School Staff and Parent Teacher Associations of both schools have worked tirelessly introducing many initiatives and promotions to reduce the problem with limited success.
- 2.4** Although the problems are primarily caused by too many pupils being driven to/from school, fewer than 1 in 5 pupils are driven to the school.
- 2.5** It is proposed that consultation exercises be carried out to establish whether residents, school staff, pupils and parents/carers are supportive of the initiative and in the case of Lasswade Primary School, which streets should be included in the zone.
- 2.6** Passes will be issued to residents and there will be exceptions for disabled badge holders, emergency services, badged delivery vehicles etc.

- 2.7** A letter of support has been received from Police Scotland supporting this initiative at the identified schools and is attached as Appendix A.
- 2.8** The significant risk is that parent's/carers cars park in the streets adjacent to the zones. Whilst this is likely in some capacity, there is a dispersion of vehicles round the zone and 'park and stride' options will be marketed along with this project. This will involve mapping locations and requesting that parents can park further away and walk into the zone. These locations may include local facilities and businesses car parks, subject to agreement.
- 2.9** The intention is to monitor the project for twelve months after its introduction and bring back the findings to a future Council meeting for consideration.

3 Report Implications

3.1 Resource

The funding for this project is part of a larger sustainable transport project comprising Smarter Choices Smarter Places, SESTRAN sustainable transport, Climate Challenge Fund (via RUTS), Council environmental improvement funding, and in-kind contributions comprising council staff time. The whole project has a value of £158,416 as detailed in the table below. The 'school streets' element is estimated at £21,000.

Funder	Amount
Smarter Choices Smarter Places	£79,200
SESTRAN sustainable transport	£25,000
Council environmental improvement funding	£11,500
Climate Challenge Fund (RUTS)	£22,700
In kind Contribution (council staff)	£20,000
Total	£158,400

3.2 Risk

The primary risk is a lack of appropriate enforcement, leading to vehicles continuing to drive in the streets adjacent to schools. As set out in Appendix A Police Scotland are supportive of this proposal.

Prior to considering a roll out of this initiative to other schools, comprehensive monitoring of the two schools and awareness of adjacent Council projects, will allow the deliverance of robust rationale for additional schools to be included subject to future Council consideration.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☒ Community safety
- ☐ Adult health, care and housing
- ☒ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

3.4 Key Priorities within the Single Midlothian Plan

The aims and objectives of the project are to improve safety for children arriving and leaving school and reduce car use and hence a reduction in carbon emissions.

3.5 Impact on Performance and Outcomes

The Council is committed to reducing carbon emissions and this proposal supports that aim. Further to this Midlothian Council has adopted the Scottish Government accident reduction targets for 2020. By reducing conflict at the school gate, the likelihood of a traffic accident is reduced.

3.6 Adopting a Preventative Approach

The project aims to reduce the environmental impacts of travel and in parallel promote healthy living.

3.7 Involving Communities and Other Stakeholders

Schools, parents, consultation and promotional events are all included within the scope of this project. In addition SEStran, Paths for All and local ward members are identified partners in the project

3.8 Ensuring Equalities

The project aims to help adults, children and the Midlothian community live a happier, healthier and longer life. Enabling and promoting walking, cycling and public transport use does not affect those who require to drive (for example disabled persons and residents who will be exempt from the vehicle ban in school streets).

3.9 Supporting Sustainable Development

The project will aim to offer a more sustainable form of transport use which in turn will lead to lower carbon emissions.

3.10 Digital Issues

There are no digital issues associated with this report.

4 Summary

It is proposed that Council introduce the necessary legislation and support to allow 'School Streets' to be introduced at two of the primary schools in Midlothian i.e. Kings Park Primary and Bonnyrigg Primary. This will allow restrictions to be put in place which effectively removes vehicles at the times when children will be walking to school thereby reducing the likelihood of conflict and hence the potential for accidents.

5 Recommendations

Council is asked to;

- 1) support the introduction of 'School Streets' at Kings Park Primary, Dalkeith and Lasswade Primary, Bonnyrigg.
- 2) request that the Director, Resources provide a follow up report after the twelve month period of monitoring.

6 June 2016

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Background Papers:

Midlothian Council
Tuesday 28 June 2016

Ironmills Park, Dalkeith: Access Route

Report by Ricky Moffat, Head of Commercial Operations

1 Purpose of Report

At its meeting of 23 September 2014 Council agreed to remedial works being carried out to stabilise the slope which supported a path from Cemetery Road to Ironmills Park in Dalkeith.

The purpose of this report is to advise Council on the findings of the recent consultant engineers report produced by Ironside Farrar, regarding further remedial works that are required to the access route from Cemetery Road to Ironmills Park, Dalkeith to allow the route to be re-opened and to avoid further landslips affecting adjacent property and Dalkeith cemetery. This follows on from a further significant land slippage which occurred in December 2015 and is continuing to date.

2 Background

Cause of the Current Closure of Ironmills Steps

The path and steps between Cemetery Road and Ironmills Park were closed in January 2016, following the wettest December on record in 2015, which led to a further land slippage. The access route required to be closed in the interests of public safety.

History of Site

The path and steps were initially closed as a result of a landslip on the steps, path and adjacent land in March 2013.

The route was reopened in December 2014 after land movement had ceased and the path and hand rail were reinstated. This was on a temporary basis with the path steps and the slope continuing to be monitored. The path was closed again in January 2016 due to further movement in the slope that coincided with the wettest December on record in 2015.

Unfortunately, the initial closure of this access route into the Park was followed shortly after by the permanent closure of the alternative access route via the Penicuik to Dalkeith Walkway viaduct, due to the Borders Railway works.

A map currently displayed on site provides information of alternative routes to Ironmills Park from Cemetery Road, during this period of closure.

Consequences of Closing Ironmills Steps

The closure of both routes means that the only firm surfaced access route into Ironmills Park is along Ironmills Road, which is very narrow and has no footway for some of its length.

There is however an informal access route from Lugton Brae to Ironmills Park via woodland, where the surface is beaten earth, and has steep slopes. This route is impractical for most park users and is not considered to be a suitable alternative to either the Ironmills Steps or Ironmills Road entrance.

The temporary loss of the access route via the steps also means the loss of an historical perspective, as it connects with the Memorial Bridge (Grade B listed). This is a masonry arch footbridge over the River Esk which was built one hundred years ago, as a result of Ironmills Park being gifted to the people of Dalkeith by the Duke of Buccleuch.

Council Report 2014 Recommendations

- At the Council meeting of 23 September 2014 Council considered a report Ironmills Park Dalkeith: Access Route and agreed to Option 2, which was a localised solution, with an estimated expenditure of £58,000.

The costs of localised solution works carried out to date:-

Consultants fees	£24,500
Installation of drainage at top of slope	£11,500
Steps, path and handrail repairs	£7,500
Planting and tree works	£3,550
Inspection, repair and registration of septic tank	£900
Erection of new ornamental steel gates	£3,500
Investigative ground pinning work	£900
Total to Date	£52,350

Assessing the Cause of the Landslip

The historic landslip has been regularly monitored since March 2013. There was a period between October 2014 and December 2015 when no movement or very minor movement was observed. Since January 2016 considerable and continuous movement has been evidenced. This movement is still ongoing. There are now crevasses at the top of the slope with areas having dropped by almost 4 metres and also crevasses across the slope and across the lower section of the footpath. A considerable amount of material has fallen from the cliff over a wide area from immediately below the steps to up to 50 metres down river from the steps and bridge.

A large tree at the bottom of the slope required to be felled due to its movement towards the cliff edge and due to fears of a catastrophic failure if this tree, with its reducing root plate, toppled. Half a dozen small to medium sized trees have fallen off the cliff and have had to be cleared from the river.

Consultant's Report - Brief and Findings (dated May 2016)

Ironside Farrar consultant engineers were appointed in August 2015 to re assess the slope and in particular the large tree and the risk of this possibly toppling and to provide to the Council a report outlining remediation proposals. At this time there was no movement on the slope.

The report outlines in detail the nature of the slope which has a sandstone base overlaid with clay and that both these materials are stable. However these are also overlaid with clay sands and gravels which are not stable and are at a sufficient angle that this layers stability, will always be of concern.

The report highlights that there continues to be substantial movement in the slope. It had been envisaged that the area would settle and movement would cease.

The report contains recommendations for the slope enabling the path to be re-opened. Until such time as the slope is stabilised or remediation effected, the report recommends the path remains closed in the interests of public safety.

Three options for remediation were recommended in the report:-

- 1 Localised remediation works take place by anchoring the area around the footpath with an anchoring drainage solution, or,
- 2 Wider Soil Anchoring solution which involves a much more extensive area of anchoring than the localised option with significant increased costs, or
- 3 Localised Piling Solution involving installing piles along the path edge in combination with ground anchors.

The options available to Council therefore are as follows.

- 1 Localised solution seeking to stabilise the slope adjacent to the path and steps using the platipus anchoring and drainage system in effect pinning between 100 m² to 200 m² of the ground adjacent and below the steps. In addition installing a temporary bridge and alternative path and steps.
- 2 Wider Soil Anchoring solution would involve stabilising the wider slope adjacent to the path and steps using the platipus anchoring and drainage system in effect pinning the whole area of ground adjacent and below the steps. The soil anchors are driven several metres into the ground and would include mesh to hold the loose surface materials in place.

- 3 Localised Piling Solution involving installing piles along the path edge in combination with ground anchors. It is not certain that this option is achievable due to issues with accessing the site with the necessary equipment.

3 Report Implications

3.1 Resource

The financial implications of the three options are:-

- 1 Localised solution seeking to stabilise the slope adjacent to the path and steps using the platypus anchoring system and drainage system in effect pinning up to 200 m² of the ground adjacent and below the steps at a cost of £105,000 and Install a temporary bridge and alternative path and steps at a cost of approximately £70,000.

Total estimated cost £175,000 (including path reinstatement).

- 2 Wider Soil Anchoring solution at a cost of approximately £170,000 (including path reinstatement).
- 3 Localised Piling Solution involving installing piles along the path edge in combination with ground anchors. Approximate cost £163,000 (including path reinstatement).

The following table summarises the financial implications of these options:-

	2016/17	2017/18 Thereafter
Option 1 Localised Solution		
Capital Expenditure	£175,000	£0
Revenue Cost (loan charges)	£3,062	£15,194
Option 2 Wider Soil Anchoring Solution		
Capital Expenditure	£170,000	£0
Revenue Cost (loan charges)	£2,975	£14,760
Option 3 Localised Piling Solution		
Capital Expenditure	£163,000	£0
Revenue Cost (loan charges)	£2,852	£14,152

3.2 Risk

The principle risk is to members of the public ignoring the safety notices and continuing to access Ironmills Park from Cemetery Road via the steep riverside embankments and climbing over the fencing and gates on the bridge. This risk remains for all options until works are complete.

In addition to the safety risk, it is currently inconvenient for users coming from Eskbank and the surrounding area to access Ironmills Park requiring a long detour via Eskbank Road and/or Old Edinburgh Road and then Ironmills Road.

For children in particular, this risk is compounded by the fact that the only entrance to the park is via Ironmills Road which is used by vehicles and pedestrians. This is a very narrow road with blind bends and there are stretches with no pavement, or a very narrow pavement, along its length.

If no work is carried out to address the problem of the landslip and re-opening the access route, the public safety risks will continue with the likelihood that this will have a negative impact on the public's perception of Midlothian Council.

Further substantial land slips could affect Dalkeith Cemetery and the made up ground at the top of the slope. Further slippage could also impact on the eco house and adjacent land and could affect local services i.e. electricity supply to the houses in Ironmills Park.

Option 1 Risk: Localised solution seeking to stabilise the slope adjacent to the path using the Platipus anchoring and drainage system.

This option does not remove the risk that there will be further land slippage.

However, this would secure the path and steps from the likelihood of a sudden catastrophic failure and will therefore greatly reduce the risks to users of the paths and steps.

The Consultant has suggested this has a 50% chance of being successful in the long term.

There may be occasions in the future when the path has to be closed due to further land slippage due to the nature and steepness of the slope and the path and steps are currently closed. Therefore installing a temporary bridge and path is considered prudent to cater for the current closure and possible future closure of the path and steps.

Option 2 Risk: Wider soil anchoring solution. This option would minimise the risk of any further works in the future.

Option 3 Risk: Localised Piling Solution involving installing piles along the path edge in combination with ground anchors.

This option would reduce the risk of any further works in the future but is considered to be not as robust a solution as option 2 at this time.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- Community safety
- Adult health, care and housing
- Sustainable growth

The option chosen to restore this access route will ensure suitable accessibility for all users of Ironmills Park and thus provide continued opportunities to maintain/increase the health and well being of the local community. The current diversion could mean the difference between a short walk and a car journey to access Ironmills Park.

This route provides access to Midlothian's Core Paths Network.

3.4 Impact on Performance and Outcomes

If this project is not undertaken there is a risk that this will have a negative impact on targets, e.g. walking/cycling.

However, of greater concern is the risk to property and Dalkeith cemetery in the longer term.

3.5 Adopting a Preventative Approach

Carrying out remedial works will reduce safety implications and enable pedestrian access to be restored.

The pinning work will also reduce the risk of a catastrophic failure on the slope and therefore reduce the risk of a large landslide that could affect the Cemetery and adjacent properties.

3.6 Involving Communities and Other Stakeholders

Communities and other stakeholders have been informed (and will continue to be updated as the project progresses) by:

- displaying notices on the temporary site safety fencing informing the public of the events as they have been happening – with maps showing diversion routes to Ironmills Park
- press releases
- details on the Council web page
- lettering local residents

3.7 Ensuring Equalities

If this project is not undertaken there is a risk that this will have a negative equalities impact due to the difficulty for children/disabled people to access the park for the reasons described in para 3.2.

3.8 Supporting Sustainable Development

If this project is not undertaken there is a risk that this will have a small negative impact on targets eg reduced walking/cycling.

3.9 Digital Issues

There are no IT implications arising from the proposals outlined in this report.

4 Summary

This report describes the extent of the recent landslip at the footpath access to Ironmills Park, Dalkeith and the options identified for consideration by Council to provide an access route from Dalkeith to Ironmills Park.

Option 1

The Localised remediation option with an alternative route being created with a temporary bridge which involves anchoring the area around the footpath with an anchoring drainage solution at a cost of £105,000, affecting an area of approximately 200m² would demonstrate a willingness to address this problem within the tight budget constraints the Council faces and the anchoring and drainage system proposed may well negate any further land slips affecting the cemetery which would be of major concern and significant expense. However, there are no guarantees that this will resolve the land slip issues and result in the path remaining closed.

A low cost temporary timber bridge with timber steps constructed 300 metres downstream of the existing steps and bridge would be required to ensure pedestrian access to the park.

The estimated cost of a basic bridge and steps is £70,000. Total cost of this option is £175,000.

Option 2

Wider Soil Anchoring solution which, has an estimated cost of £170,000 which has a greater degree of confidence in its success to ensure the path and steps are reopened and mitigate the risks of further land slippage affecting the Cemetery, local properties and the local electricity supply.

Option 3

Piling solution along the path at an estimated cost of £163,000.

5 Recommendations

The Council is asked to note the contents of the Consultant's Report and:

- Agree to progress Option 2, Wider soil anchoring Solutions, at a cost of £0.170 million,

- Approve the addition of £0.170million to the General Services Capital Plan in 2016/17, approve a supplementary estimate of £2,975 in 2016/17 and add £14,760 to 2017/18 revenue budget to provide for the loan charges.

10 June 2016

Report Contact:

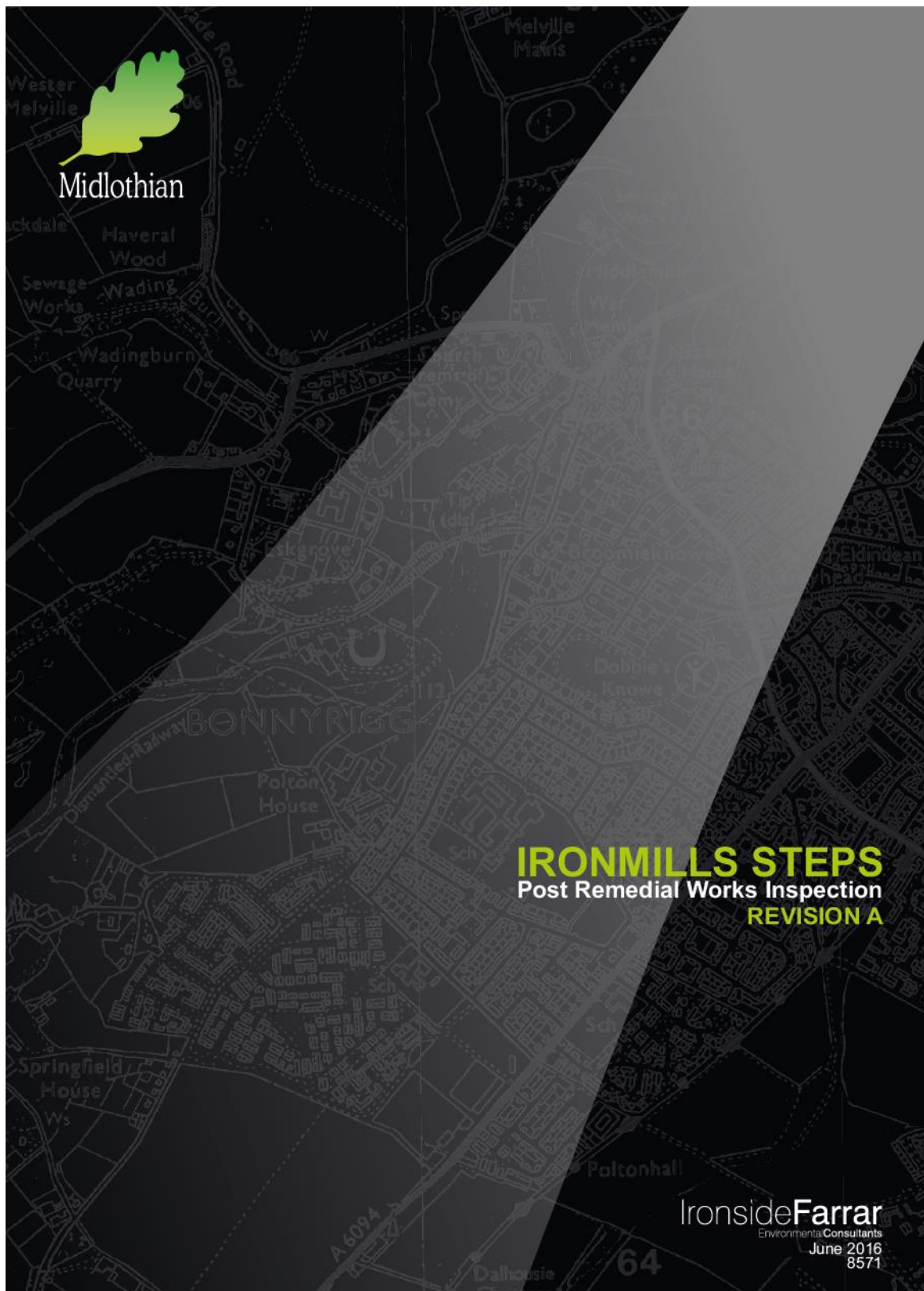
John Park Tel No 0131 561 5386

john.park@midlothian.gov.uk

Background Papers:

Appendix 1 Ironside Farrar's report on Ironmills Steps Post Remedial Works Inspection Revision A, dated May 2015

Appendix 2 Ironmills Steps - Photos showing damage caused by landslip taken on 31 May 2016



Midlothian Council

IRONMILLS STEPS
Post Remedial Works Inspections
Revision A

IronsideFarrar

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8571/MRC/ June 2016

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Figure 1 – Potential Remediation Options**Appendix 1 - Photographs**

1.0 Introduction

Post the remediation works at Ironmills Steps by Midlothian Council (MC), Ironside Farrar Ltd (IFL) has been re-appointed to provide advice relative to the current situation and any recommendations considered necessary.

The scope of works has been agreed as:

- Undertake site walkovers.
- Review current situation relative to stability of the steps.
- Provide recommendations for any works considered necessary relative to stability issues.
- Review potential for local stabilisation of the path via soil anchoring system.

2.0 Site Walkovers/ Soil Anchor Trial

Mark Chapman and Roger Clark of Ironside Farrar undertook a site walkover on 24 August 2015 to review engineering and landscape related issues in conjunction with John Park of Midlothian Council.

The walkover comprised a review of the remedial works and inspection of the steps and slope area within Council ownership.

Further walkovers were undertaken by Mark Chapman and John Park on 19th January 2016 and 15th February 2016, the latter also with Justin Venton.

A soil anchor trial was undertaken on 21st March 2016 by Holequest Ltd.

A visual inspection was undertaken by Mark Chapman, John Park, Justin Venton and Craig Rodger of Holequest (Remediation Contractor) on 23rd May 2016.

2.1 Remedial Works

Midlothian Council outlined the extent of works designed and undertaken by the Council in December 2014. These measures were in part based on the indicative recommendations for the localised stabilisation measures option included in previous Ironside Farrar reporting, modified to suit MC's considerations at the time of detailed design/ construction.

In outline, the works comprised:

- Installation of cut off drain along top bank.
- Inspection/ modifications/ repairs to existing drainage system (Drawing "Cemetery Road Dalkeith, New Drainage 2014" refers).
- Repair of ground movement to the area below the main dog leg in the steps together with new whin surfacing, timber steps and timber edging.
- Willow planting (whips) to bank areas.

2.2 Walkover 24 August 2015 - Comments and Observations

The following provides commentary on observations made during the site walkover. Photos are included in Appendix 1.

- **Remedial Works to Steps**

These works appeared to be successful and no sign of movement to the path itself was visually observable, some eight months after the works were undertaken.

- **Planting**

Extensive willow planting has been undertaken to the banks with whips. The vegetation was not noticeably established as would be anticipated given the short period since planting. MC noted that it appeared that a number of the plants look like they may not have taken although the full extent was not reviewed at the time of the walkover.

- **Existing Sycamore Tree**

No obvious sign of movement to the large sycamore tree immediately on the downhill side of the main dog leg on the steps was noted.

- **Marker Posts**

MC noted that they had reviewed the movement of the marker posts twice since the remedial works. This comprised a predominantly visual inspection, coordinated positions were more difficult to undertake due to access and vegetation issues.

A drawing showing the latest review of marker pegs was handed over to IFL. Post installation of the remedial works the following two observations were made by MC:

15.04.15 Movement noted on cliff face, visual observation only.

04.08.15 Marker 4 (some 15m away from the dog leg in the steps) movement noted approximately 0.080m.

A brief check with a pocket spirit level of the two marker posts installed at the furthest points from the path, some 30m north of the point of the dog leg identified that they were some 30mm and 40mm out of plumb on the above ground sections tilting downslope. The posts were installed vertically suggesting a degree of movement. Note that this movement had occurred at some stage since March 2014 when the pegs were installed and not necessarily post the remedial works, as the recorded monitoring by MC makes no specific reference to the observations noted above.

- **Lower Slope Area/ Rock Face**

An observation of the lower slope/ interface with steep rocks face down to the River Esk was made from the west bank of the river (closer access was not possible for H&S reasons).

Previous observations of this area had identified significant movement including:

- Wash out of the superficial materials above the rock face.
- Loss of vegetation.
- Water flows/ erosion from over ground and potentially through ground water movement.
- Formation of a cavity or hollow section parallel to the river bank above the rock face.

A review of photographs of 14.01.14 and 15.08.15 was undertaken. Although close observation was not possible, it appears from these photographs that the area was stabilising and was not noticeably worse in August 2015 than January 2014. There may have been some further loss of soil material from the central

section of the soil face immediately above the rock face since January 2014 (prior to remediation works). However vegetation was evident over a significant extent of both the exposed/ eroding soil face and at the base of the hollow area in the 2015 photographs that was not previously present.

- **Other Areas of Movement**

No other areas of significant movement were readily apparent on the site walkover. Previous areas of slippage were still evident but did not appear to have deteriorated.

2.3 Walkover 19 January 2016 – Comments and Observations

The following provides commentary on observations made during the walkover: Photos are included in Appendix 1.

- **Weather**

The walkover followed a period of some weeks of heavy rainfall followed by a freeze/ thaw cycle. (It was later understood to be the wettest December on record in the UK as a whole although no records were reviewed for Dalkeith/ Midlothian and this part of the country was not as badly impacted as many locations).

- **Steps**

Visible movement of the steps had occurred.

A crack of some 50-100mm was visible along the top edge of the return leg of the steps. This extended through the lower step itself of the bottom step before the return leg.

Movement in the earth below and parallel to the return leg of the steps had also occurred with cracking apparent. MC noted that there had been noticeable movement since their visit of the previous day.

- **Upper/ Mid Slope Areas**

Obvious movement of slope areas out with the immediate area of the steps within Council owned land were observed. This included:

- Cracking and slumping of an area of the top of slope in the vicinity of the new planting.
- Extensions to previous cracks/ areas of visible slope failure.

- **Lower Slope Area/ Rock Face**

Again, this area was viewed from the opposite bank of the River Esk. Visible and significant deterioration was noted. This included washout of soils and water running over the face of the slope over significant extents. Sands and gravels washed out of the slope had formed a pile at the river's edge/ base of rock face.

2.4 Walkover 15 February 2016 – Comments and Observation

The following provides commentary on observations made during the walkover; photos are included in Appendix 1.

- **Weather**

Previous week had been relatively dry but with heavy prolonged rainfall on Saturday 13th February followed by low temperature.

- **Steps**

Significant movement of the section of the path starting at and below the dog leg was apparent including:

- Cracks of order 500mm to 600mm at top edge of step.
- Dropping of sleepers on down slope side of path by up to 500mm.
- A number of strainers in the post and rail fence were tight due to the slope movement.
- Cracking in soils below the steps.
- Saturated clays noted near the surface in the small void under the steps. The void was held up by sleepers/ concrete edging.

- **Upper/ Mid Slope Area**

Significant movement noted in this area including:

- Slipping of soils over several metres at the crest of the slope.
- Extension both laterally and vertically to the mid slope slumping.

- **Lower Slope Area/ Rock Face**

- Ongoing of washout of soils noted with significant deposits at the base of the cliff face, some movement noted at time of walkover. Soils appeared completely saturated.
- Lateral cracks appearing above the area of washout.
- Lateral extent of washout widened along cliff face.

- **Existing Sycamore Tree**

No obvious signs of movement to tree. Given drop in path sleepers/ washout of soils noted over cliff edge it was suspected (not known) that washout of soils around the root system was occurring.

2.5 Walkover Assessment – 23rd May 2016

A walkover inspection and assessment was undertaken with Holequest (Remediation Contractor) to review the viability of remediation options, H&S issues working on the slope and other factors influencing construction works. It was noted at the time that further significant deterioration had occurred since the 15 February walkover. This included:

- A drop of several feet of the path, with maximum movement noted at the dog leg/ corner.
- Significant loss of vegetation, soils and cutting back of the slope below the path.
- Significant slumping of soils from the crown of the slope in front of the cemetery.
- Significant built up of soils and vegetation below the rock face, on the riverbank.

MC confirmed that their own more regular visits noted deterioration ongoing and on an almost weekly basis.

3.0 Potential Remediation Options

A soil anchor trial was undertaken and a number of remediation options were considered:

3.1 Soil Anchor Trial

A trial to test the potential for anchoring the path was undertaken on Monday 21st March 2016. This was undertaken by Holequest Ltd using the Platipus anchoring system. Test anchors were driven into the path at two locations to a maximum depth of approximately 5m using hand held equipment. Load tests were undertaken on the anchors.

The weather prior to the test had been mainly dry for a period of ten days/ 2 weeks coinciding with a period of high pressure.

The results of the tests indicated that it was possible to drive the anchors through the weaker superficial soils into the more competent and stable underlying clays via hand held tools together with a small compressor. The anchors penetrated the clays a sufficient depth to provide an anchor to hold the overlying loose/ sliding more granular soils.

3.2 Localised Soil Anchoring Remediation Option

As in previous reporting/ discussions, it is understood that MC may not have the funds available to stabilise the whole slope area. A localised remediation option was considered. The benefits of local stabilisation could be to:

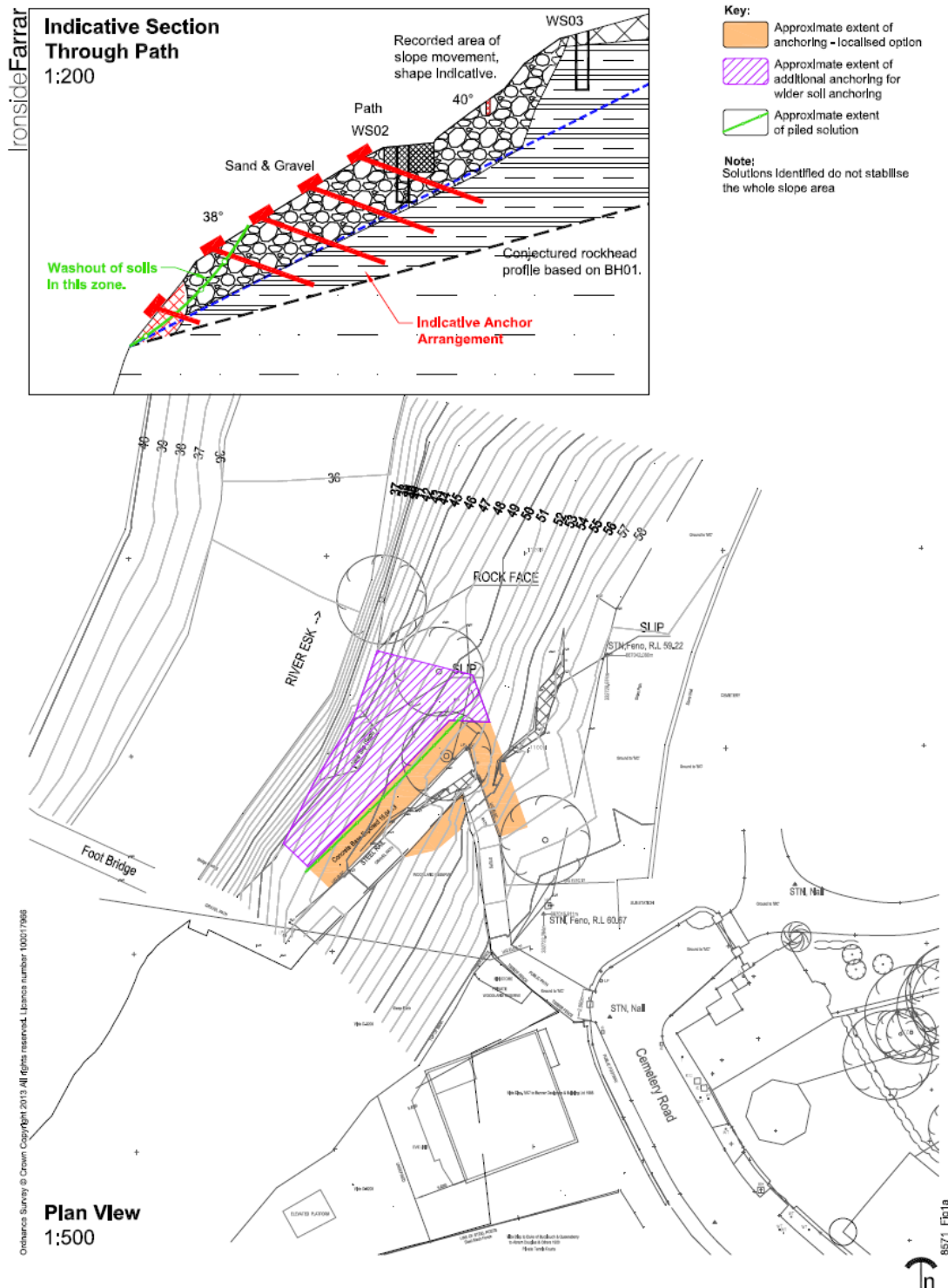
- (i) Reduce risks of any H&S issues for persons using the path if it were to re-open – i.e. help prevent large scale or catastrophic movements of the path by pinning it to the underlying competent soils and:
- (ii) Shore up local sections of the path/ slope and areas immediately above/ below/ to the side of it.

There are issues with partial stabilisation and it should be noted that if only part of the slope is stabilised, the areas around it could and probably will still move. Any extensive movement of non-stabilised slope areas could still comprise the ability to use the path in future as they could impact on the stabilised areas. Discussions with Platipus confirm previous discussions with MC in that a design cannot be indemnified for a local solution due to risks from adjacent areas.

The Platipus anchoring system also has a sister drainage option in which local drains are driven into the slope. It is considered that these would be beneficial to help with the slope drainage/ stability given the observed saturated conditions and the fact that water is a significant contributing factor to stability.

Detailed design would be required to confirm the configuration and spacing of any scheme. An outline scheme to stabilise the worst impacted area of an approximate 23m length of path by driving anchors in a grid to 3m below the path plus an additional area of 10m by 3m around the dog leg has been costed, with a sketch design provided on Figure 1:

Figure 1
Potential Remediation Options



Approximate area of Stabilisation = $23\text{m} \times 3\text{m} + 10\text{m} \times 3\text{m} = 99\text{m}^2$, say 100m^2

Budget Costs

• Mobilisation	£3,200
• Insurance	£1,650
• Welfare	£1,500
• Contractor's Supervision	£1,650
• Temporary Safety Measures	£1,000
• Surface Matting	£1,950
• Soil Anchors to 5m, 80 no. @ £395 per anchor	£31,600
• Reporting to existing footway	<u>£5,000</u>

Sub Total £47,550

• Design/ Supervision/ Attendance @ meetings and validation report @ approximately 10% of above	<u>£5,000</u>
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TOTAL **£52,550**

The above budget excludes:

- VAT
- Vegetation Clearance – Assumed by MC
- Repairs to the steps themselves (see discussion section)

Following the walkover assessment with Holequest and given the amount of deterioration noted in the two months since the last visit, it is considered that a localised option is unlikely to be effective in the medium to long term. This is because if the amount of soil washout continues at the same rate seen over the past two months below the stabilised area, this is likely to compromise the localised stabilisation works.

3.3 Wider Soil Anchoring Solution

In order to mitigate the impact of soil washout noted above, a wider solution has been considered.

The slope below the footpath would benefit from the restorative effects of an appropriately designed and installed ground anchoring scheme with associated positive drainage. However, this scheme would have to incorporate the whole of the slope below the path including the oversteep section immediately above the vertical rock face. This would require rope access specialists. In broad terms the additional cost per m^2 treated by rope access techniques would be in the order of £650.00 per m^2 + VAT, the exact area would require to be determined from the existing topography.

An initial estimate of the area of additional stabilisation would be to take the anchoring out from the corner of the steps an additional 5m (parallel to the river) and stabilise the slope/exposed soils down to the rock face.

This would add an additional 160m^2 to the localised solution above and at £650/ m^2 , this would add £105,000 to the scheme at a total budget of around £160,000 plus appropriate contingencies.

3.4 Localised Piling Solution

Having reviewed the access conditions, it was considered by Holequest that a piled solution along the path edge in combination with ground anchors may provide an appropriate retention, although it would not control the movement of the material below the piled wall that may eventually be lost in slip to the river creating a potential for a steep slope of some metres from the footpath edge. Given the temporary works required to get the drilling plant to the work location this approach may be of the order of £150,000 plus appropriate contingencies for 20m of stabilisation. It comes with the caveat that a design that suited the equipment the contractor could get to site was achievable. A benefit would be that it would hold the path firmly and prevent upwards migration of any instability due to soil loss.

Costs Excluded from Estimates

All above estimates exclude VAT, repairs to the path itself, vegetation clearance and appropriate contingencies (tentatively suggested at 20%).

General

Repair of the path should be of as lightweight construction type as possible and avoid building up significant depths of fill which would add weight to the slope. Flexible construction types such as a timber walkway that could be adjusted if a small amount of movement occurred could be considered and this could also be of benefit in the area of drop at the corner of the path to avoid building up levels. Use of a geotextile could also be considered. Some limited narrowing of the path at the critical location may be of benefit when reprofiling this key area of the steps before or after remediation.

4.0 Other Issues

4.1 Sycamore Tree

The large sycamore tree on the corner of the steps was considered during the period of this report. It appears to date that the root system had been holding together soils/ helping stability. No significant movement of the tree has been observed, however, given the movement in the steps/ soil washout it is likely that the tree was being/ would be affected by the slope movement.

The following observations were made:

- It appeared that the tree was getting undermined but it wasn't visible to what extent.
- There was considered to be a significant risk that the tree may fall. When it came into leaf there would have been larger over turning moments (forces) due to increased surface area that may increase the risk of falling, potentially balanced a little by better weather/ lower winds/ drier soils - although this is supposition.
- If the tree were to fall it will create a significant disturbance/hole in the corner of the path. This would be an H&S risk if the path were in use - say for example after installing anchors. It may also locally damage any anchors in place, depending on location of anchors, surface stabilisation system, rooting depth and extent of disturbance. Further movement of looser soils could then occur around the area of disturbance
- It required someone with specialist knowledge to look at erosion around the roots and see if they agree with the view that there is significant risk of it falling. Midlothian Council contacted a specialist to review this.

Wilson Jamison visited site and noted that the tree was at significant risk of falling/ could be taken down safely. Following this assessment, it was considered that on balance, the tree should be taken down to avoid potential future damage to the path and surrounding area. This was particularly so if an engineered solution is proposed/ the path is to be reopened but it would also avoid damage/ disturbance if no works were to occur.

Taking down the tree will also remove some weight from the slope at a key point. The root system is currently helping stabilise the slope locally and WJ noted there may be some regrowth at the base, which is considered to be beneficial as it would keep some of the root system alive. Even if the roots die, they will continue to bind the soils locally for a period of time, which would be better than the alternative if it were to fall.

It is understood that the tree was subsequently taken down during week commencing 02 May 2016.

4.2 Existing Utilities

Existing utilities and drainage runs down the steps are at risk of fracture due to the slope movement. Drainage should be inspected regularly and utilities companies (street lighting/ gas/ electricity) contacted to identify their requirements/ remedial actions.

It is understood from a meeting with MC of 19 May 2016 that a further CCTV survey of the drainage has identified that it has refractured in multiple locations. This will require to be repaired, potentially on an ongoing basis/ with flexible pipework etc. until the slope has stabilised.

5.0 Discussion & Conclusions

General

On the basis of the initial site walkover in August 2015, significant further deterioration of the slope/ steps had not visibly occurred and they appeared to have been relatively stable since the remediation works in December 2014.

However, it was evident during the second, third and subsequent walkovers that noticeable and significant movement and washout had occurred to the steps and upper/ mid/ lower slopes with MC's land ownership. The general impression was of surface slip(s) of the upper, more granular, surface deposits and the made ground at the top of the cemetery path. Movement appeared to be ongoing on a weekly basis and at the time of the last visit, the corner of the steps had dropped several feet, there was an area of significant slumping at the top of the slope near the cemetery wall/ path and significant amounts of soil washout and vegetation loss on the lower slope areas. Significant ground water was observed in the areas of washout.

Path Closure

On the basis of their own visits, MC made the decision to close the steps to the public access on 19 January 2016 and it is considered that this was the appropriate course of action given the deterioration noted.

Causes

The heavy rain and freeze/ thaw cycle will have acted to destabilise the slope. The rain will have added mass and washed out the finer particles as well as potentially create/ enhance slip planes via softening of soils. If ice had formed in the upper/ open soil faces due to cold weather, this may have increased pressure on the soils, potentially adding to movement.

It was noticeable that soils that had been washed out (visible at top and base of sandstone cliff face) and soils visible in the void under the steps appeared to be heavily saturated. This was even at the time of the test anchors after a relatively dry previous fortnight when the surface soils were relatively dry. MC commented that monitoring the drainage at the top of the slope indicated it was generally dry previously and only recorded water after a prolonged period of rainfall (December 2015). It is possible that in those heavy/ prolonged rainfall events water moves through the ground from the cemetery area and runs down the slope. This could lead to heavily saturated soils which take a long time to dry out/ movement continues over a period of time. The drainage, which is understood to have refractured after repairs, is likely to have contributed to the water ingress. Both the initial 2013 and later 2015/ 2016 movements occurred after prolonged spells of wet weather and the slope appeared more stable in drier periods.

The destabilising forces over the winter period have been greater than the stabilising remedial works and slippage/ deterioration has visibility occurred. The remedial works to date have not therefore solved the problem. Given this, it is now considered that further surface slippage will continue, especially after wet periods.

Future Performance

Whilst over time, establishment of the new vegetation may help to bind the upper soil levels together and remove/ inhibit ingress of precipitation, it is difficult to conclude that this will solve the issue. This is given that there now has been significantly more movement along slip planes, potential softening of soils and wash out of fines and new areas of movement.

As in previous reporting, it is considered that to more confidently stabilise the slope, more extensive remediation works will be required. Without these works, ongoing

slippages are likely to continue to occur necessitating closure/ extension of closure of the footpath.

Re-opening the footpath without undertaking these more significant works is not recommended unless a prolonged period of monitoring/ recorded stability/ vegetation establishment provides confidence that future slippages are unlikely or will not result in movement that could present an H&S issue.

On the basis of recent observations, this scenario is not likely to be realised in the short to medium term without intervention

With no intervention, ongoing slippages will continue to occur until such point as a natural equilibrium is reached. This will be via ongoing loss of the less competent upper layers of soils, made ground and vegetation. It is not possible to say how much should be lost or what the timescale would be but the slope is likely to be dynamic for years to come and a significant amount of soil could be lost. There is a risk that the plan area/ extent of impact continues to increase due to the progressive deterioration of the current area. This will be dependent on a number of factors including slope angle, underlying geology, precipitation and vegetation. This situation should be monitored on the ground and would benefit from a degree of additional assessment.

Areas to be monitored in the wider area would prudently include the cemetery path and wall, the edge of the cemetery and the property owned by the Goldwyres. Monitoring ideally would be both visual and more accurately via measured monitoring points. Boreholes previously installed would be usefully monitored if they could be recommissioned.

Although it has its limitations, slope stability analysis calculations could be undertaken to check factors of safety in these areas. This would include use of existing data and back analysis of actual slippages observed. It may be that completion of further boreholes would increase confidence in the assessment of ground conditions including water levels, depending on amount of available existing data and areas to be considered.

Potential Solutions

A number of possible solutions have been considered. These do not include stabilising the whole slope as it is understood that budgets are not available. Solutions include:

- Localised soil anchoring. Budget = £60,000. Not recommended as unlikely to be effective in the medium/ long term.
- Wider soil anchoring. Budget = £150,000 to £200,000 inc contingencies. Requires rope access.
- Piling Solution along Path. Budget = £150,000 to £200,000 inc contingencies. Could be extended. Dependent on confirmation of access/ plant for solutions. Soils below path likely to be lost resulting in steep slopes.

Installation of the earth anchoring system will require vegetation removal for access and to install matting to bind the upper soil surface/prevent surface erosion.

Repair of the path should be of as lightweight construction type and avoid building up significant depths of fill. Flexible construction types such as a timber walkway could be considered. Use of a geotextile could also be considered. Some limited narrowing of the path at the critical location may be of benefit.

The proposed solutions do not address the cemetery footway area.

6.0 Recommendations

On the basis of this report, the following recommendations are made:

- The footpath should not be re-opened until after remediation takes place or a significant period of no movement has occurred when the risks/ issues should be reassessed (considered unlikely as a short/ medium term scenario).
- Undertake remediation works if budgets available, consider risk assessment/ potential consequences if budgets not available.
- Repair broken drainage, may require repeated visits and use of flexible pipework if slope movement continues.
- All proposed works/ monitoring to be subject to ongoing H&S review of operatives/ operations to keep abreast of any ongoing deterioration that may impact on safety of operatives. Include RAMS (Risk Assessments and Method Statements)
- Undertake regular visual observations whilst footpath remains closed:
 - Drainage performance.
 - Any movement/ deterioration noted in path – some settlement monitoring should be completed to provide systematic record of movement.
 - Any movement noted in general slope.
 - Any significant movement in lower slip areas.
 - Vegetation establishment and any signs of distress in existing vegetation.
 - Review utilities/ fence movement.

Suggested frequency is fortnightly and after significant rainfall. Record all observations on brief, check/ tick list with any comments to provide systematic record of any changes/ observations. Settlement monitoring could be monthly and after rainfall/any significant visual indications of movement.

- Undertaken regular visual and settlement monitoring of surrounding area including cemetery footpath/ wall, adjacent cemetery areas, adjacent property.
- Ensure input from engineer on regular basis to review data and undertake inspections.
- Assess factor of safety for surrounding area using existing data, back analysis of slips and potential new SI information.

7.0 Drainage Issues

7.1 Background

A meeting was held on 1st September 2015 between Mark Chapman of Ironside Farrar, John Park of Midlothian council and Gerry Goldwyre, resident at RP9. The meeting was held at Mr Goldwyre's request to discuss drainage issues.

Mr Goldwyre is concerned with the stability of his property – he *“wanted to ensure that his property had not been compromised by the landslip, and enquire if the faulty drainage works to road drains had contributed to the landslip”*.

Mr Goldwyre asked a number of questions at the meeting and it was agreed that *“the risk factors in the final report would now be re-assessed”*. This essentially arose from Mr Goldwyre's ascertain that MC had been 15 months previously advised in writing by him that there *“may have been problems with the drainage and may have been a source of the landslip, and as such should have been checked”*.

A further meeting was held 23rd March 2016 between MC and Mr Goldwyre where it was noted:

IF would be expected to re-assess the root cause analysis (RCA) for the original slope failure in order to ensure corrective actions (CA) and preventative actions (PA) were as robust as possible. The RCA should take account of all and any information available. The assessment of the drainage failures should now be included in the RCA since these were largely overlooked during the process of CA/ PAs after the first failure.

7.2 Review of Drainage Issues

Mr Goldwyre's question is after the event and it is not always straightforward to identify *“what would we have done if we had thought/ known/ been advised differently at the time”* and what the resultant actions would then have been. However the following provides comment:

- For clarity, it is noted that the May 2014 report was concerned solely with the stability of Ironmills steps and those aspects of the immediately slope within MC ownership. It did not consider the Goldwyre's property and no access was taken to their ground.
- The initial desk study element of the report (including Table 1) comprised the first element of work undertaken and assessed factors that may potentially be contributing to the slippage issue.
- If at the time of the desk study element, Ironside Farrar had believed that there was, or might be a problem with the drainage system, it is now considered likely that the wording in the “Likelihood of being a contributing factor” column would have changed to “Medium” or “High” or “Medium to High”.
- This would probably have then resulted in a recommendation to conduct an investigation of the drainage system – potentially comprising items such as CCTV survey, tracing, excavation, capacity check etc. Any faults or subsequently identified issues considered to be of potential significance relative to slope stability would then have probably resulted in a recommendation to repair or upgrade them.
- It is understood that subsequent to the report, MC did then further investigate the drainage and make repairs/ modifications. IFL have no direct knowledge of any actual faults and repairs to the drainage as this was dealt with by MC.

-
- Beyond the desk study aspect, none of the subsequent works that Ironside Farrar undertook during the ground investigation proved definitively that faulty drainage was or was not, in fact a contributing issue. There were no visual indications on the steps during the time IFL was on site and boreholes on the steps WS02 and WS03, the latter which was fitted with a ground water monitoring installation, did not record significant ground water at that location. This does not mean though that drainage wasn't a contributing factor, simply that it was not observed by IFL to be one at the time. At the time of the initial investigation, no significant ground water levels were identified across the whole area of investigation so IFL's opinion at the time that heavy rainfall was probably a contributory factor was not confirmed by the investigation either. There was observed to be some saturated soils washed out at the base of the cliff which suggested that water had been a contributing issue, this may have possibly been due to faulty drainage allowing water into the slope or precipitation or ground water flow or some combination of these.
 - Also subsequent to the desk study element of the report discussed above, ground investigation and analysis identified, within the limits of the assessment that parts of the surface deposits in the slope were around their theoretical limit of stability in any event, irrespective of any additional influencing factors.
 - Whilst faulty drainage may potentially have been a contributory factor if it was penetrating the slope, it is considered unlikely that it was the only factor. The lateral extent of the slips in the slope, which reach up to 45m from the steps as shown on the MC's survey plan (and which visibly now extend further than that monitored at the time of the survey), is outwith the likely zone of influence of water from the faulty drainage system. Significant movement down slope of the drains would have been required for the influence from faulty drainage alone to cause movement that far along the slope and this is not observed.
 - Ongoing deterioration and movement of the slope has been observed since January 2016 subsequent to the reported repairs to the drainage system. This was after a period of heavy rainfall and one in which presumably the drainage was functioning satisfactorily. Monitoring boreholes at the top of the slope were reported by MC have water in them at this time for the first time since their installation and large amounts of saturated soils were observed to have been washed out from the base of the slope/cliff edge.
 - On the basis of the works/ observations undertaken by IFL, it is considered that the reason for the slip is a combination of a steep slope with less stable surface soils being destabilised by water after periods of heavy rainfall. The water acts to add weight to the slope and soften the ground/ create slip planes. This water is likely to be a combination of water falling on the slope itself and soaking into the ground, water falling on the area above the slope and running through the ground and potentially also from the reportedly faulty drainage, if it was in fact allowing significant water to penetrate into the ground.

Appendix 1 - Photographs

Appendix A
Site Photographs
(taken 24.08.15)

Ironside Farrar



Photo 1. Repairs to steps below "dog-leg" section.



Photo 2. New timber edging and Sycamore tree at "dog-leg" insteps.

8571_Appendix A

Appendix A
Site Photographs
(taken 24.08.15)

Inside Farrar



Photo 3. Section of slippage prior to December 2014, no deterioration noted.



Photo 4. Marker post out of plumb.

8571_Appendix A

Appendix A

Site Photographs

(taken 24.08.15)

Ironsides Farrar



Photo 5. Disturbed ground associated with new cut off drain at top of slope.



Photo 6. Upper section of steps.

8571_Appendix A

Appendix A
Site Photographs
(taken 24.08.15)

Ironside Farrar



Photo 7. New willow plant-whip.



Photo 8. New planting.

8571_Appendices

Appendix A
Site Photographs
(taken 19.01.16)

Inside Farrar



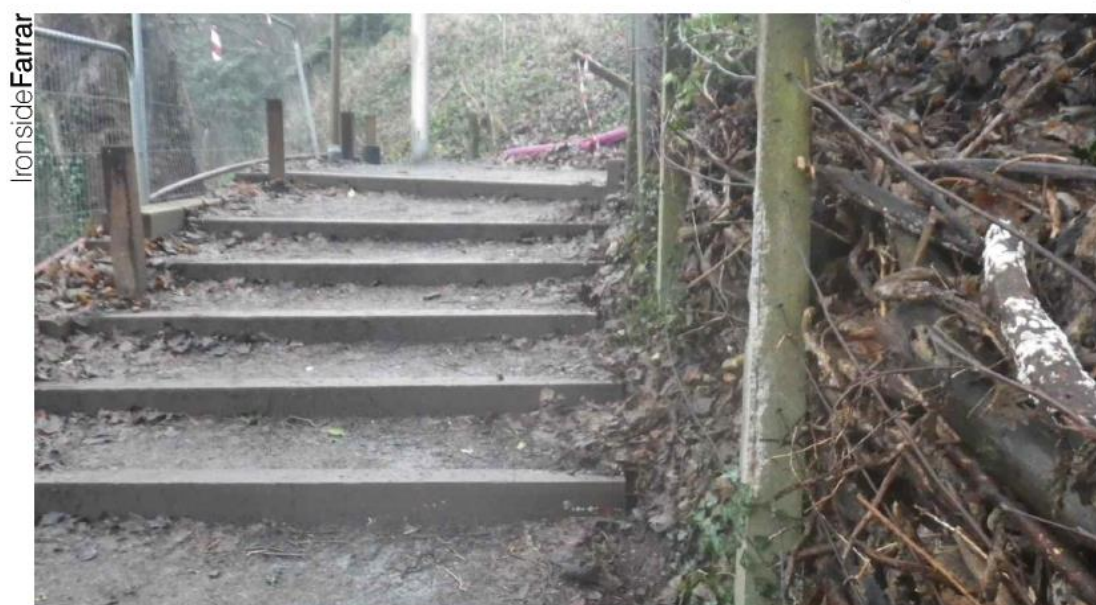
Photo 9. View at corner of steps



Photo 10. Slope slipping

8571_Appendix A

Appendix A
Site Photographs
(taken 19.01.16)



Inside Farrar

Photo 11. View up steps



8571_Appendix A

Photo 12. Area of wash out above rock face

Appendix A
Site Photographs
(taken 19.01.16)



Photo 13. Area of top of slope

Appendix A
Site Photographs
(taken 15.02.16)

Ironside Farrar



Photo 14. View down steps



Photo 15. Slope slipping

8571_AppendixA

Appendix A
Site Photographs
(taken 15.02.16)



Photo 16. View up slope



Photo 17. Area of wash out above rock face

8571_Appendix A

Appendix A
Site Photographs
(taken 15.02.16)



Photo 18. Area at top of slope

Appendix A
Site Photographs
(taken 16.04.16)

Ironside Farrar



Photo 19. View at Corner of steps (16.04.16).



Photo 20. Washout at rock face / lower slope (23.04.16).

6571_Appendix A

IRONMILLS STEPS - Photos showing damage caused by landslide taken on 31 May 2016





Annual Treasury Management Report 2015/16

Report by Head of Finance & Integrated Service Support

1. Purpose of Report

The purpose of the report is to inform members of the Treasury Management activity undertaken in 2015/16 and the year end position.

2. Background

The Council has adopted the Code of Practice for Treasury Management in Local Authorities published by the Chartered Institute of Public Finance and Accountancy and complies with its requirements which include an annual Treasury Management report on the previous financial year to be presented by 30 September in each year.

A detailed report “*Annual Treasury Management Review 2015/16*” on the activity during 2015/16 is attached as Appendix 1.

The main points arising from treasury activity in 2015/16 were:

- Two new forward starting loans of £10 million each were entered into by the Council, the first UK local authority to transact on this basis. This involves the Council committing to draw down loan funds at a later date at a fixed interest rate that is benchmarked to the current historically low borrowing environment, with minimal cost of carry and hedging against future interest rate movements and thereby represents an extremely viable alternative to traditional PWLB borrowing, adding certainty to the Council's loan portfolio;
- Total new long term borrowing taken in the year amounted to £7.249 million, £0.200 million being a £0.200 million interest free loan from Salix, and £7.049 million sourced from PWLB at the Project Rate (0.40% discount from standard PWLB rate) and thereby taking advantage of historically low PWLB rates;
- The average rate of interest paid on external debt was 3.61% in 2015/16, up from 3.59% in 2014/15;
- The average rate of return on investments was 0.79% in 2015/16, exceeding the benchmark of 0.61% for the twelfth year in succession;
- The internal loans fund rate increased marginally from 3.23% in 2014/15 (2nd lowest in mainland Scotland – see Appendix 1) to 3.28% in 2015/16, which is again expected to be one of the lowest when benchmarked against all mainland Authorities in Scotland;

- Were the internal loans fund rate to have equated to the Scottish weighted average of 4.49%, this would have generated loan charges in 2015/16 of £18.3m. The Council's actual 2015/16 loan charges for General Services and HRA were £15.2m, representing a cash saving (compared to the Scotland average) of £3.1m in 2015/16;
- No debt rescheduling was undertaken during 2015/16.

3. Report Implications

3.1. Resources

Although benefits from Treasury Management activity continue to accrue there are no direct financial implications or other resource issues arising from this report.

The loan charges associated with Capital Expenditure and Treasury Management activity during 2015/16 are reported in the Financial Monitoring 2015/16 – General Fund Revenue report elsewhere on today's agenda.

3.2. Risk

As the Council follows the requirements of CIPFA Code of Practice and the Prudential Code there are few 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.

3.3. Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☐ Sustainable growth
- ☒ Business transformation and Best Value
- ☐ None of the above

3.4 Impact on Performance and Outcomes

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.

3.5 Adopting a Preventative Approach

The proposals in this report do not directly impact on the adoption of a preventative approach.

3.6 Involving Communities and Other Stakeholders

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

3.7 Ensuring Equalities

There are no equality issues arising from this report.

3.8 Supporting Sustainable Development

There are no sustainability issues arising from this report.

3.9 IT Issues

There are no IT issues arising from this report.

4. Summary

Treasury Management activity during the year has been effective in minimising the cost of borrowing and maximising investment income within the parameters set by the strategy for the year.

5. Recommendations

It is recommended that the Council:-

- a) Note the Treasury Management Annual Report for 2015/16.

Date 31 May 2016

Report Contact:

Gary Thomson 0131 271 3230 gary.thomson@midlothian.gov.uk

Appendices:-

Appendix 1: Loans Fund Rate Comparison with other Scottish Local Authorities

Appendix 2: Annual Treasury Management Review 2015/16

Appendix 1:-

Loans Fund Rate Comparison 2014/15

Council	Loans Fund Rate
Dumfries & Galloway	3.21%
Midlothian	3.23%
East Lothian	3.36%
Shetland	3.36%
Perth & Kinross	3.46%
Orkney	3.57%
Falkirk	3.82%
Aberdeen City	3.87%
Fife	3.99%
Inverclyde	4.00%
Dundee City	4.15%
North Lanarkshire	4.25%
West Lothian	4.27%
East Renfrewshire	4.28%
South Lanarkshire	4.44%
Renfrewshire	4.46%
Aberdeenshire	4.50%
Clackmannanshire	4.51%
Stirling	4.62%
Scottish Borders	4.69%
Moray	4.71%
Glasgow City	4.72%
West Dunbartonshire	4.72%
Angus	4.78%
Highland	4.91%
East Ayrshire	4.92%
Argyll & Bute	4.93%
East Dunbartonshire	5.03%
Edinburgh City	5.13%
North Ayrshire	5.23%
South Ayrshire	5.66%
Comhairle Nan Eilean Siar	6.07%
Scottish Weighted Average	4.49%

The Loans Fund Rate combines the interest paid by the Council on money borrowed, with the interest earned by the Council on money invested, along with other charges such as internal interest allowed, premiums written off and treasury-related expenses to arrive at a weighted average “loans fund rate” figure for each authority, as noted in the final column above

Annual Treasury Management Review 2015/16

Midlothian Council

June 2016

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Annual Treasury Management Review 2015/16

Purpose

This Council is required by regulations issued under the Local Government in Scotland Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2015/16. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2015/16 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 17/02/2015)
- a mid year (minimum) treasury update report (Council 03/11/2015)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit Committee before they were reported to the full Council.

Executive Summary

During 2015/16, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Prudential and treasury indicators	2014/15 Actual £000	2015/16 Budget £000	2015/16 Actual £000
Capital expenditure:-			
General Fund	11,401	34,773	18,949
HRA	11,888	34,985	12,847
Total	23,289	69,758	31,796
Borrowing Required			
General Fund	254	9,020	200
HRA	7,554	32,303	7,106
Total	7,808	41,323	7,306
Capital Financing Requirement:-			
General Fund	103,675	112,636	99,958
HRA	150,234	183,513	154,053
Total	253,909	296,149	254,011
Gross Borrowing	-	-	-
Investments:-			
Under 1 year	55,891	55,000	68,339
Longer than 1 year	-	-	-
Total	55,891	55,000	68,339

The financial year 2015/16 continued the challenging investment environment of previous years, namely low investment returns and continuing heightened levels of counterparty risk.

With that in mind, the general strategy for any new borrowings required was to balance savings from the utilisation of short-term market money from other UK public sector bodies at rates often available at less than base rate (0.5%), with borrowing from PWLB at historically low rates, particularly at the short-medium end of the curve. This allowed longer-term borrowing to be undertaken when rates were low, whilst continued use of shorter-term borrowing within the overall portfolio continued to add value.

The Council continues to maintain an under-borrowed position, reflecting a strategy to cash-back the majority of the Council's balance sheet reserves. The Council has sought to source new long-term borrowing from PWLB, taking advantage of the historically low rates on offer and utilising the 0.40%

project rate discount, whilst maintaining an element of shorter-dated temporary borrowing on offer at less than base rate (<0.50%).

The Council also entered into two forward starting loan transactions in the last quarter of the financial year. These involve the Council legally committing now to draw down funds at a pre-defined later date, with the interest rate for these loans fixed and benchmarked competitively against current PWLB spot rates. These loans therefore offer the Council certainty for a chunk of its borrowing requirement over the forthcoming financial years with the fixed rate hedging against the Council's interest rate exposure, while minimising the cost of carry compared to traditional models of borrowing from PWLB in advance.

Prudential and treasury indicators are to be found in the main body of this report. The Head of Finance & Integrated Service Support also confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit), was not breached.

Introduction and Background

This report summarises the following:

- **Section 1:** Capital activity during the year;
- **Section 2:** Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement);
- **Section 3:** Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- **Section 4:** Treasury Management Strategy during 2015/16;
- **Section 5:** Summary of interest rate movements during 2015/16;
- **Sections 6/7:** Detailed debt activity during 2015/16;
- **Sections 8/9:** Detailed investment activity during 2015/16; and
- **Section 10:** Performance Measurement.

1. The Council's Capital Expenditure and Financing 2015/16

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

Table 1: Capital Expenditure + Financing			
	2014/15	2015/16	2015/16
	Actual	Budget	Actual
	£000	£000	£000
General Fund			
Capital Expenditure	11,401	34,773	18,949
Available Funding	11,147	25,753	18,749
Borrowing Required	254	9,020	200
HRA			
Capital Expenditure	11,888	34,985	12,847
Available Funding	4,334	2,682	5,741
Borrowing Required	7,554	32,303	7,106
General Fund and HRA			
Capital Expenditure	23,289	69,758	31,796
Available Funding	15,481	28,435	24,490
Borrowing Required	7,808	41,323	7,306

2. The Council's Overall Borrowing Need

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and what resources have been used to pay for the capital spend. It represents the 2015/16 unfinanced capital expenditure (see above table), plus prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLb] or the money markets), or utilising temporary cash resources within the Council.

Reducing the CFR – the Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Scheduled Debt Amortisation (or loans repayment), to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the minimum loan repayment each year through an additional revenue charge.

The Council's CFR for the year is shown below, and represents a key prudential indicator.

Table 2: Council's Capital Financing Requirement			
	31-Mar-15	2015/16	31-Mar-16
CFR:	Actual	Budget	Actual
	£000	£000	£000
Opening balance	£ 253,163	£ 262,164	£ 253,909
Add Borrowing Required	£ 7,808	£ 41,323	£ 7,306
Less scheduled debt amortisation	£ (7,062)	£ (7,338)	£ (7,204)
Closing balance	£ 253,909	£ 296,149	£ 254,011

Borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2014/15) plus the estimates of any additional capital financing requirement for the current (2015/16) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2015/16. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

Table 3: Council's Gross Borrowing Position			
	31-Mar-15	2015/16	31-Mar-16
	Actual	Budget	Actual
	£000	£000	£000
Gross Borrowing	£ 234,705	£ 285,000	£ 237,272
CFR	£ 253,909	£ 296,149	£ 254,011

The authorised limit – this Council has kept within its authorised external borrowing limit as shown by the table below. Once this has been set, the Council does not have the power to borrow above this level.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

Table 4: Gross Borrowing against Authorised Limit / Operational Boundary	
	2015/16
Authorised limit - borrowing	£336,676
Operational boundary - borrowing	£302,199
Maximum gross borrowing position	£245,224
Average gross borrowing position	£227,095

3. Treasury Position as at 31 March 2016

The Council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the Purpose section of this report, and through officer activity detailed in the Council's Treasury Management Practices. At the beginning and the end of 2015/16 the Council's treasury (excluding borrowing by PFI and finance leases) position was as follows:

Table 5: Treasury Position						
	31 March 2015 Principal	Rate/ Return	Average Life (Yrs)	31 March 2016 Principal	Rate/ Return	Average Life (Yrs)
Debt						
Fixed Rate Debt						
PWLB	£ 177,969	4.01%	23.18	£ 179,992	4.06%	23.77
Market	£ 41,736	0.82%	7.61	£ 37,280	0.91%	7.40
Total Fixed Rate Debt	£ 219,705	3.41%	20.24	£ 217,272	3.43%	20.65
Variable Rate Debt						
PWLB	£ -	n/a	n/a	£ -	n/a	n/a
Market	£ 15,000	4.63%	35.71	£ 15,000	4.63%	34.71
Total Variable Rate Debt	£ 15,000	4.63%	35.71	£ 15,000	4.63%	34.71
Total debt/gross borrowing	£ 234,705	3.48%	21.22	£ 237,272	3.51%	21.54
CFR	£ 253,909			£ 254,011		
Over/ (under) borrowing	£ (19,203)			£ (16,739)		
Investments						
Fixed Rate Investments						
In House	£ 50,000	0.93%	0.56	£ 54,985	0.94%	0.76
With Managers	£ -	n/a	n/a	£ -	n/a	n/a
Total Fixed Rate Investments	£ 50,000	0.93%	0.56	£ 54,985	0.94%	0.76
Variable Rate Investments						
In House	£ 5,891	0.47%	0.00	£ 13,354	0.50%	0
With Managers	£ -	n/a	n/a	£ -	n/a	n/a
Total Variable Rate Investments	£ 5,891	0.47%	0.00	£ 13,354	0.47%	0
Total Investments	£ 55,891	0.88%	0.50	£ 68,339	0.86%	0.61
Net Borrowing	£ 178,815			£ 168,933		

The maturity structure of the debt portfolio was as follows:

Table 6: Maturity Structure of Debt Portfolio						
	31-Mar-15		2015/16		31-Mar-16	
	Actual		Original Limits		Actual	
	£000	%	%		£000	%
Under 12 months	£ 41,526	18%	0%	to 50%	£ 38,909	16%
12 months to 2 years	£ 2,029	1%	0%	to 50%	£ 10,031	4%
2 years to 5 years	£ 28,502	12%	0%	to 50%	£ 26,911	11%
5 years to 10 years	£ 10,801	5%	0%	to 50%	£ 3,105	1%
10 years to 20 years	£ 52,214	22%	0%	to 50%	£ 51,633	22%
20 years to 30 years	£ 4,100	2%	0%	to 50%	£ 4,100	2%
30 years to 40 years	£ 60,700	26%	0%	to 50%	£ 60,700	26%
40 years to 50 years	£ 29,834	13%	0%	to 50%	£ 36,883	16%
50 years and above	£ 5,000	2%	0%	to 50%	£ 5,000	2%
Total	£ 234,706	100%			£ 237,272	100%

The maturity structure of the investment portfolio was as follows:

Table 7: Maturity Structure of Investment Portfolio		
	31-Mar-15	31-Mar-16
	£000	£000
Investments		
Under 1 Year	£ 55,891	£ 68,339
Over 1 Year	£ -	£ -
Total	£ 55,891	£ 68,339

The exposure to fixed and variable interest rates on debt was as follows:-

Table 8: Fixed/Variable Interest Rate Exposure of Debt Portfolio						
	31-Mar-15		2015/16		31-Mar-16	
	Actual		Original Limits		Actual	
	£000	%	%		£000	%
Fixed Interest Rate Exposure	£ 219,706	94%	0%	to 100%	£ 217,272	94%
Variable Interest Rate Exposure	£ 15,000	6%	0%	to 30%	£ 15,000	6%
Total	£ 234,706	100%			£ 232,272	100%

4. The Strategy for 2015/16

The expectation for interest rates within the treasury management strategy for 2015/16 anticipated low but rising Bank Rate, (starting in quarter 1 of 2016), and gradual rises in medium and longer term fixed borrowing rates during 2016/17. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

The actual movement in gilt yields meant that the general trend in PWLB rates during 2015/16 was an increase in rates during the first quarter followed by marked bouts of sharp volatility since July 2015 but with an overall dominant trend for rates to fall to historically low levels by the end of the year.

With that in mind, the general strategy for any new borrowings required was to balance savings from the utilisation of short-term market money from other UK public sector bodies at rates often available at less than base rate (0.5%), with borrowing from PWLB at historically low rates. This allowed longer-term borrowing to be undertaken in the middle of the financial year when rates were low, whilst continued use of shorter-term borrowing within the overall portfolio continued to add value.

5. The Economy and Interest Rates

Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2018 due to many fears including concerns that China's economic growth could be heading towards a hard landing; the potential destabilisation of some emerging market countries particularly exposed to the Chinese economic slowdown; and the continuation of the collapse in oil prices during 2015 together with continuing Eurozone growth uncertainties.

These concerns have caused sharp market volatility in equity prices during the year with corresponding impacts on bond prices and bond yields due to safe haven flows. Bank Rate, therefore, remained unchanged at 0.5% for the seventh successive year. Economic growth (GDP) in the UK surged strongly during both 2013/14 and 2014/15 to make the UK the top performing advanced economy in 2014. However, 2015 has been disappointing with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4.

The Funding for Lending Scheme, announced in July 2012, resulted in a flood of cheap credit being made available to banks which then resulted in money market investment rates falling materially. These rates continued at very low levels during 2015/16.

The sharp volatility in equity markets during the year was reflected in sharp volatility in bond yields. However, the overall dominant trend in bond yields since July 2015 has been for yields to fall to historically low levels as forecasts for inflation have repeatedly been revised downwards and expectations of increases in central rates have been pushed back. In addition, a notable trend in the year was that several central banks introduced negative interest rates as a measure to stimulate the creation of credit and hence economic growth.

The ECB had announced in January 2015 that it would undertake a full blown quantitative easing programme of purchases of Eurozone government and other bonds starting in March at €60bn per month. This put downward pressure on Eurozone bond yields. There was a further increase in this programme of QE in December 2015. The anti-austerity government in Greece, elected in January 2015 eventually agreed to implement an acceptable programme of cuts to meet EU demands after causing major fears of a breakup of the Eurozone. Nevertheless, there are continuing concerns that a Greek exit has only been delayed.

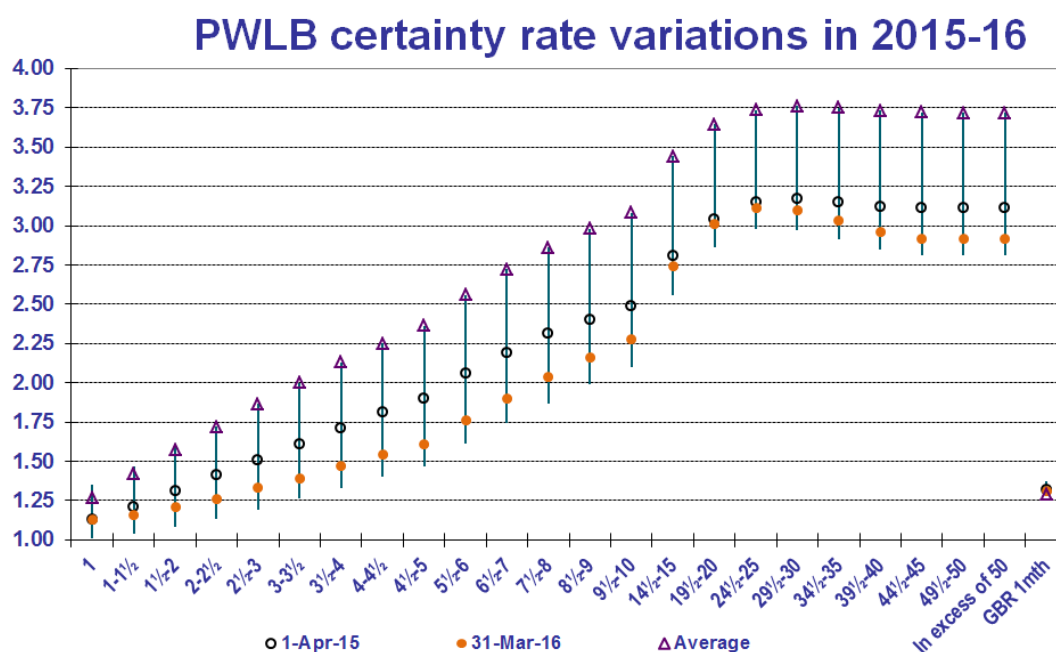
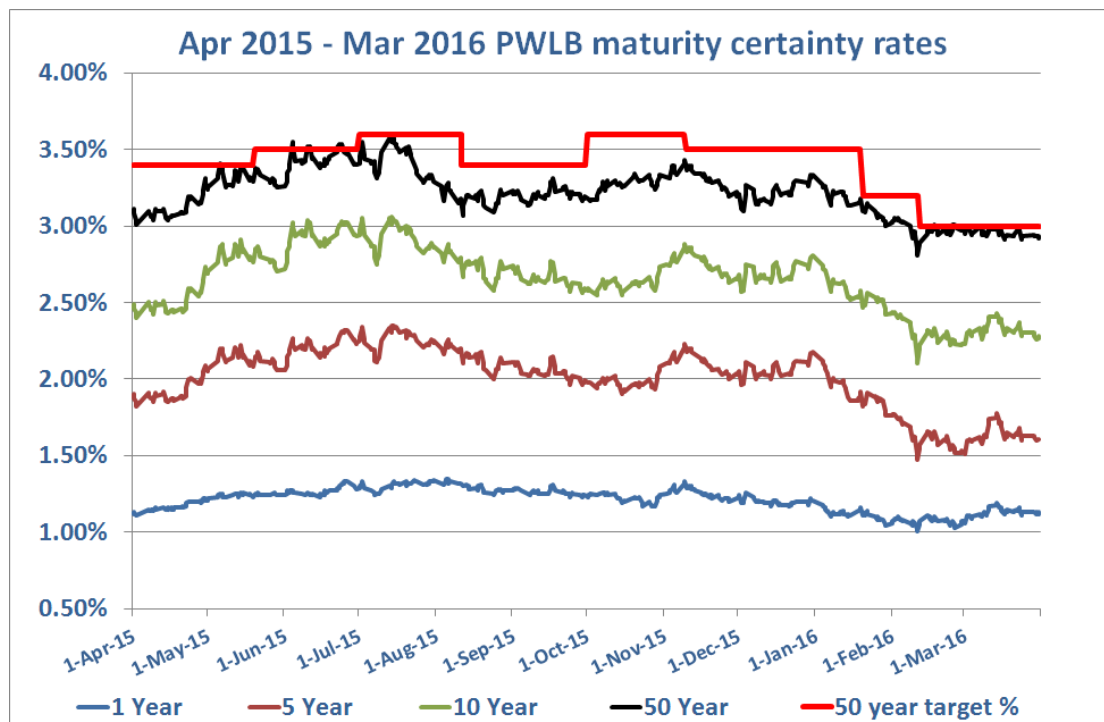
As for America, the economy has continued to grow healthily on the back of resilient consumer demand. The first increase in the central rate occurred in December 2015 since when there has been a return to caution as to the speed of further increases due to concerns around the risks to world growth.

On the international scene, concerns have increased about the slowing of the Chinese economy and also its potential vulnerability to both the bursting of a property bubble and major exposure of its banking system to bad debts. The Japanese economy has also suffered disappointing growth in this financial year despite a huge programme of quantitative easing, while two of the major emerging market economies, Russia and Brazil, are in recession. The situations in Ukraine, and in the Middle East with ISIS, have also contributed to volatility.

The UK elected a majority Conservative Government in May 2015, removing one potential concern but introducing another due to the promise of a referendum on the UK remaining part of the EU. The government maintained its tight fiscal policy stance but the more recent downturn in expectations for economic growth has made it more difficult to return the public sector net borrowing to a balanced annual position within the period of this parliament.

6. Borrowing Rates in 2015/16

PWLB borrowing rates - the graphs and table for PWLB maturity rates below show, for a selection of maturity periods, the high and low points in rates, the average rates, spreads and individual rates at the start and the end of the financial year.



	1	1-1.5	2.5-3	3.5-4	4.5-5	9.5-10	24.5-25	49.5-50	1 month variable
1/4/15	1.130%	1.210%	1.510%	1.710%	1.900%	2.490%	3.150%	3.110%	1.320%
31/3/16	1.130%	1.160%	1.330%	1.470%	1.610%	2.280%	3.110%	2.920%	1.310%
High	1.350%	1.470%	1.860%	2.120%	2.350%	3.060%	3.660%	3.580%	1.370%
Low	1.010%	1.040%	1.190%	1.330%	1.470%	2.100%	2.980%	2.810%	1.310%
Average	1.212%	1.302%	1.608%	1.814%	2.004%	2.653%	3.348%	3.216%	1.336%
Spread	0.340%	0.430%	0.670%	0.790%	0.880%	0.960%	0.680%	0.770%	0.060%
High date	05/08/2015	06/08/2015	02/07/2015	15/07/2015	14/07/2015	14/07/2015	02/07/2015	14/07/2015	30/10/2015
Low date	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016	11/02/2016	21/03/2016

Short-dated market money:- sourced from other UK public bodies, rates fluctuated throughout the year from 0.26%-0.60% for 1 to 12 month maturities.

7. Borrowing Outturn for 2015/16

New Treasury Borrowing:-

New loans were drawn to fund the net unfinanced capital expenditure and naturally maturing debt.

The loans drawn were:-

Table 9: New Loans Taken in Financial Year 2015/16						
Lender	Date Taken	Principal £000's	Interest Rate	Fixed/ Variable	Maturity Date	Term (Yrs)
PWLB	27 Aug 2015	£ 7,049	2.92%	Fixed	27 Aug 2062	47.00
Salix	02 Dec 2015	£ 200	0.00%	Fixed	01 Oct 2023	7.83
Market	Various	£213,020	0.26%-0.55%	Variable interest rate	Various	0.06-0.25
Total		£220,269				

Market loans of £173.5 million reflect an average carrying value of £26m of Temporary Borrowing drawn on average every 1.8 months. This compares against a budget assumption of new short-term market borrowing of £50.0 million at an average interest rate of 0.63%.

Medium-long term borrowing of £7.249 million compares with a budget assumption of new borrowing of £46.5 million at an average interest rate of 3.44%.

Maturing Debt:-

The following table gives details of treasury debt maturing during the year:-

Table 10: Maturing Debt in Financial Year 2015/16						
Lender	Date Repaid	Principal £000's	Interest Rate	Fixed/ Variable	Date Originally Taken	Original Term (Yrs)
PWLB	Various (Annuities)	£ 26	8.72%	Fixed	Various	59.75
PWLB	27 Aug 2015	£ 5,000	1.84%	Fixed	27 Aug 2010	5.00
Salix	1 Sep / 1 Mar	£ 36	0.00%	Fixed	02 Oct 2014	6.92
Market	Various	£212,640	0.26%-0.48%	Variable interest rate	Various	0.08-1.00
Total		£217,702				

Rescheduling:-

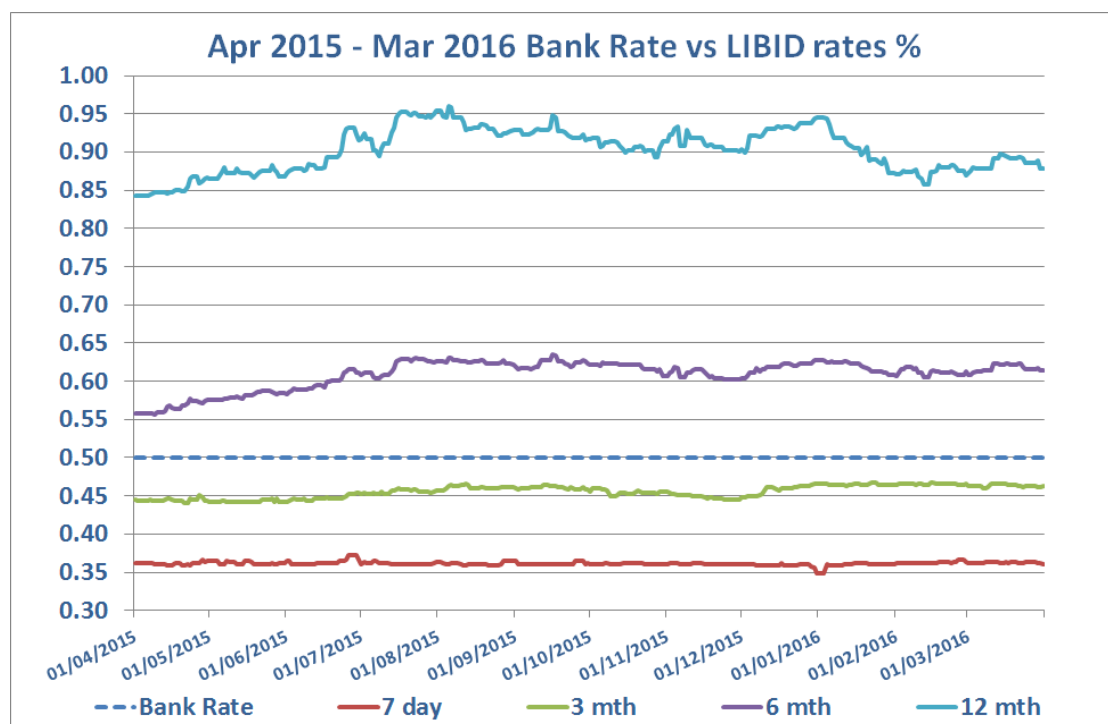
No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

Summary of debt transactions:-

The average interest rate payable on external debt increased from 3.59% to 3.61%, as a result of the repayment of low coupon PWLB loans.

8. Investment Rates in 2015/16

Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for seven years. Market expectations as to the timing of the start of monetary tightening started the year at quarter 1 2016 but then moved back to around quarter 2 2018 by the end of the year. Deposit rates remained depressed during the whole of the year, primarily due to the effects of the Funding for Lending Scheme and due to the continuing weak expectations as to when Bank Rate would start rising.



Money market fund rates started the year between 0.35%-0.45% and remained broadly unchanged, creeping slightly north towards base rate level (0.50%) towards the end of the financial year.

New products were launched by Santander in the middle of the year, with the Council taking advantage of the 1.15% payable on the 180 day notice account. Fixed Term Deposits were placed with both Bank of Scotland and Royal Bank of Scotland in the latter half of the year, to allow the balance sheet reserves to be broadly cash backed in full.

9. Investment Outturn for 2015/16

Investment Policy:-

The Council's investment policy is governed by Scottish Government Investment Regulations, which have been implemented in the annual investment strategy approved by the Council on 17/02/2015. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

Investments held by the Council:-

The Council maintained an average balance of £59.7 million of internally managed funds. The internally managed funds earned an average rate of return of 0.79%. The comparable performance indicator is the average 6-month LIBID un-compounded rate, which was 0.61%. This compares with a budget assumption of £57.8 million of internally managed funds earning an average rate of 0.96%.

Summary of investment transactions:-

The challenging investment environment saw a reduction in the level of investment returns of £82,000 compared with budget (£474,000 interest return against a budgeted assumption of £556,000).

10. Performance Measurement

One of the key requirements in the Code is the formal introduction of performance measurement relating to investments, debt and capital financing activities.

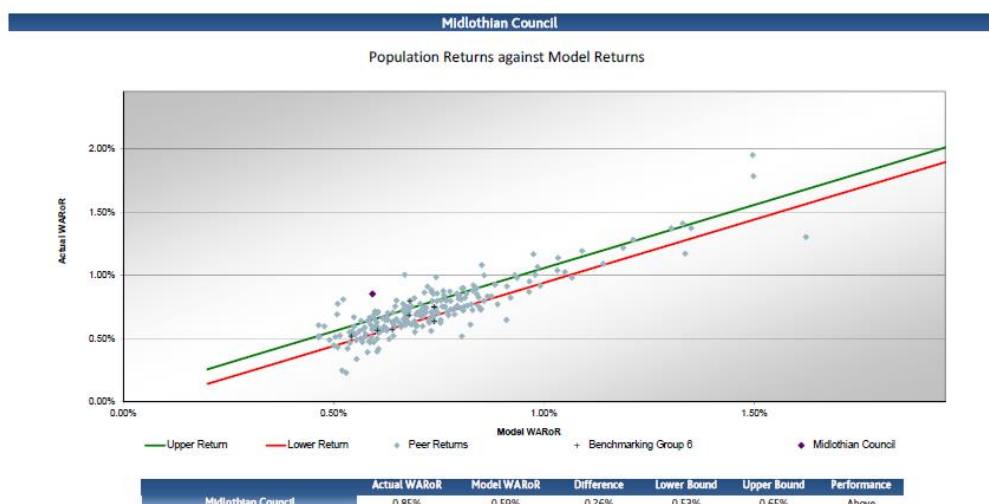
Loans Fund Rate

Combining the interest paid (earned) on external debt (investments) with charges for premiums written off and internal interest allowed into an average Loans Fund Rate, Midlothian's result of 3.23% for 2014/15 was the second lowest Loans Fund Rate amongst all mainland authorities in Scotland (see Appendix 1).

The comparative Loans Fund Rate for 2015/16, of 3.28%, is once again expected to be one of the lowest when benchmarked against all mainland authorities in Scotland (note that at present, these benchmark figures are not yet available).

Investment Benchmarking

The Council participates in the Scottish Investment Benchmarking Group set up by its Treasury Management Consultants, Capita. This service provided by Capita provides benchmarking data to authorities for reporting and monitoring purposes, by measuring the security, liquidity and yield within an individual authority portfolio. Based on the Council's investments as at 31 March 2015, the Weighted Average Rate of Return (WARoR) on investments of 0.88% against other authorities is shown in the graph below:-



** Models for 30 June 2015, 30 September 2015 and 31 December 2015 are attached as Appendix 3.*

As can be seen from the above graph, Midlothian is performing above the Capita model benchmarks (red to green lines), and is achieving one of the highest Weighted Average Rates of Return (WARoR) for the Weighted Average Credit Risk held, not only amongst peer Councils within the Benchmarking Group but also amongst the population of authorities across the UK.

Debt Performance

Whilst investment performance criteria have been well developed and universally accepted, debt performance indicators continue to be a more problematic area with the traditional average portfolio rate of interest acting as the main guide. In this respect, the relevant figures for Midlothian are incorporated in the table in Section 3.

11. Conclusion

The Council's overall cost of borrowing continues to benefit from proactive Treasury Management activity.

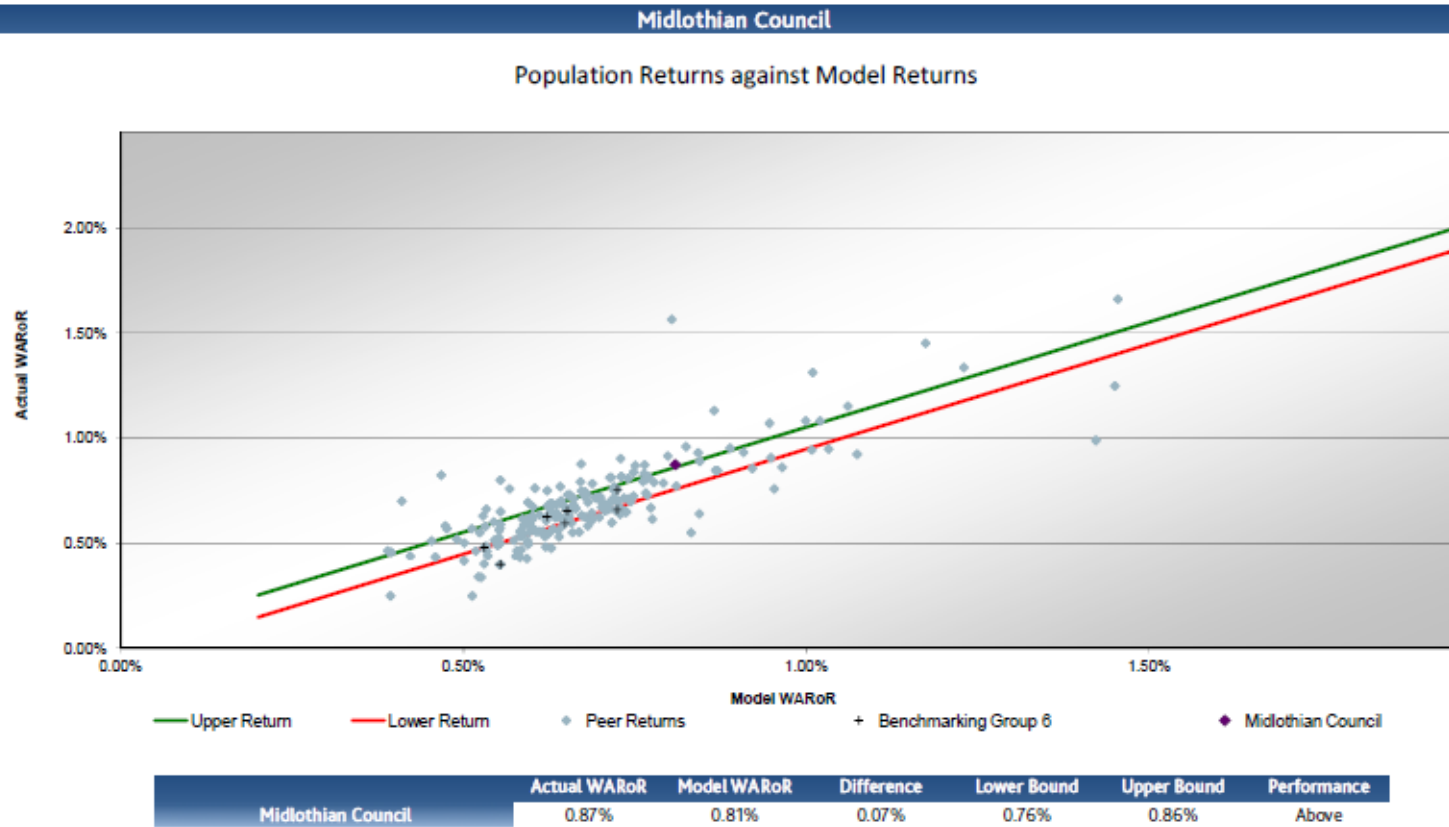
The cost of long term borrowing has been maintained by taking up opportunities to borrow from the PWLB at low interest rates whilst advantage has also been taken of the low rates available for temporary borrowing.

A better than average return on investments has been achieved for the tenth consecutive year and Midlothian continues to perform above the Sector model benchmarks and is achieving one of the highest Weighted Average Rates of Return (WARoR) for the Weighted Average Credit Risk held, not only amongst peer Councils within the Benchmarking Group but also amongst the population of authorities across the UK.

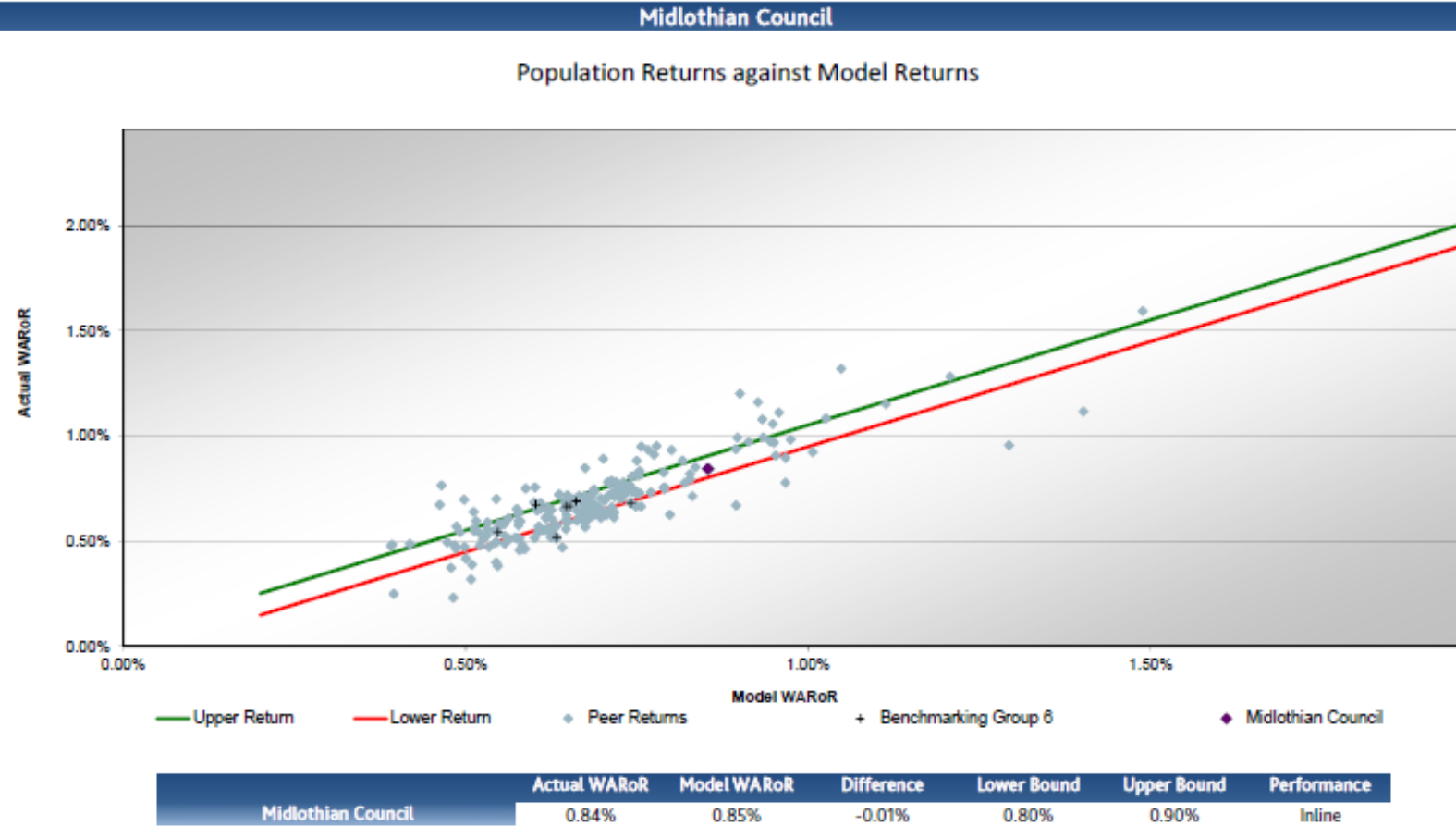
Overall Midlothian's Loans Fund Rate of 3.28% for the year is expected to be one of the lowest when benchmarked against all mainland Authorities in Scotland.

Appendix 3

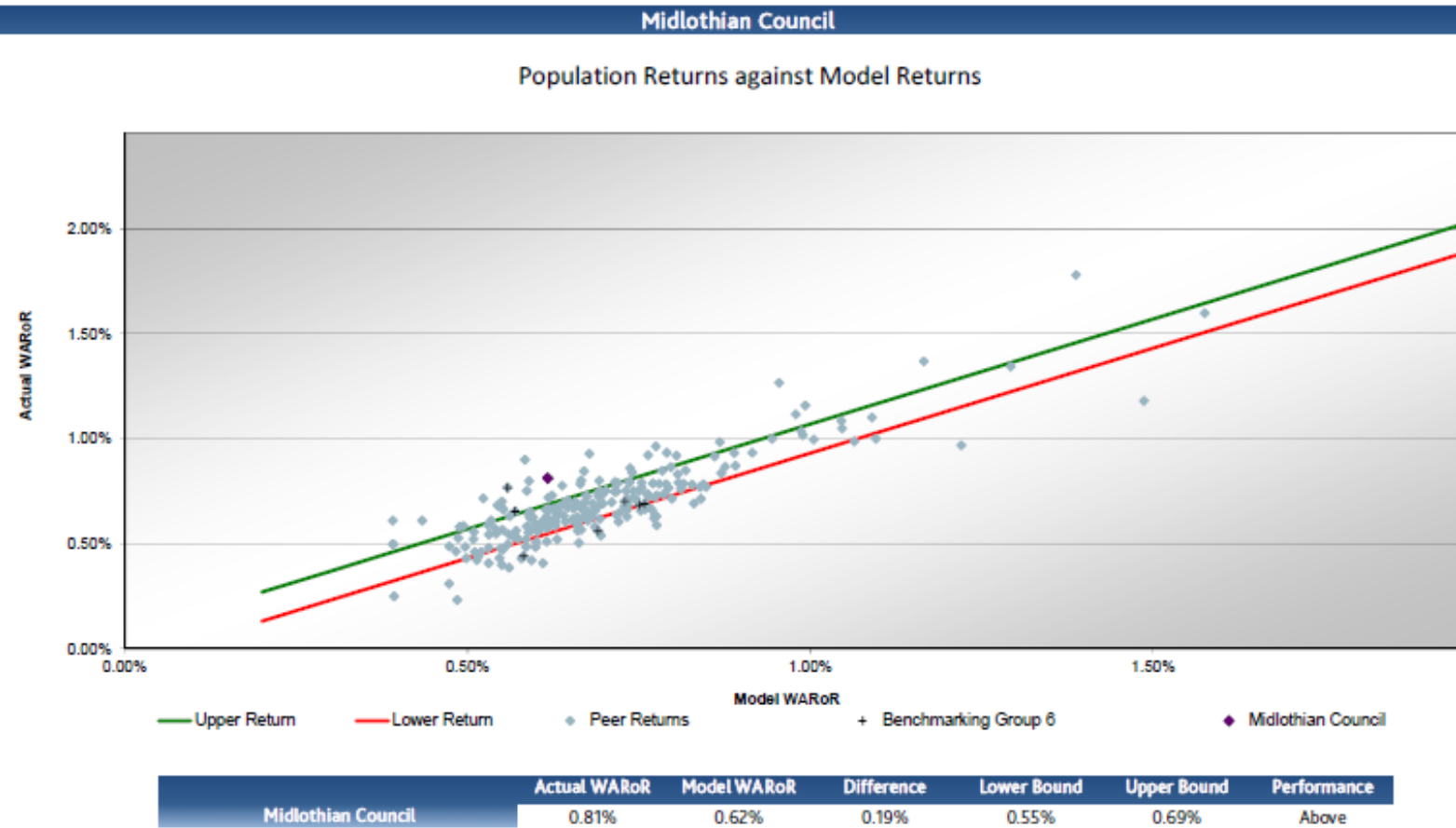
Midlothian Council Investment Portfolio return as at 30 June 2015



Midlothian Council Investment Portfolio return as at 30 September 2015



Midlothian Council Investment Portfolio return as at 31 December 2015



General Services Capital Plan 2015/16 Final Outturn

Report by Gary Fairley, Head of Finance and Integrated Service Support

1 Purpose of Report

This report presents the final outturn for 2015/16 on the General Services Capital Plan.

2 Background

2.1 Expenditure

The previous 2015/16 General Services Capital Plan was approved by Council on 8 March 2016, with an expenditure budget of £21.040 million.

After reflecting rephasing of 2015/16 budgets to/from 2016/17 as shown in Appendix 1, the final budget for the year is £18.444 million. Material rephasing of budgets are shown in tables 1 and 2 below:-

Table 1: Material rephasing of budgets from 2016/17 back to 2015/16

Project	Amount £000's	Notes	Subject to review over Summer 2016 as part of Asset Management Plan
Gorebridge North Primary School	440	Earlier start on site by contractor than anticipated	
Digital Services Projects – Various	127	Asset Management project and replacement brought forward due to number of failing \ end of life assets	Yes
Street Lighting Upgrades	122	Acceleration of 2016/17 programme due to urgent need to replace columns on A701 Edinburgh Road, Penicuik	Yes
Paradykes & Roslin Primary Schools Preparatory Works	39	Earlier than anticipated completion of tender process	
New Recycling Facility – Penicuik	33	Fees & surveys carried out as a result of issues arising from planning process	
Others	7		
Total	768		

2

Table 2: Material rephasing of budgets from 2015/16 forward to 2016/17

Project	Amount £000's	Notes	Subject to review over Summer 2016 as part of Asset Management Plan
Property Upgrades inc. Lighting/ Lightning	872	Delays to tendering process	Yes
Vehicle & Plant Replacement Programme inc. Waste Collection Vehicles	532	Review of lifespan of plant equipment with subsequent delay to retender process. Longer lead in time for number of vehicles	Yes
Newbattle Centre Preparatory Works	345	Rephasing of road access element due to delays to project from ESA10	
Purchase of 7 Eskdaill Court	285	Refit of building now to be carried out in 2016/17 with completion by end of October 2016.	
Assistive Technology	205	Reduction in equipment provided to domestic properties due to standardization of telecare model	Yes
Digital Services Projects – Various	170	Number of projects have been rescheduled due to SWAN Project and Asset Management replacement work being given priority. Implementation of Service Now (Helpdesk) and milestone payments delayed to June 2016	
Woodburn Family Learning Centre	158	Delay due to longer than anticipated design & scoping for the internal works for the shop element of the project	
Footway & Footpath Networks	122	Delays due to inclement weather and phasing of works to e.g. work around school holidays	
Website Upgrade	114	Project to go live July 2016 – majority of spend in April-June 2016	
Installation of Geogrid – Barleyknowe Lane	68	Delay to commencement of works	
Cycling, Walking & Safer Streets	53	Appointment of iBike Officers in 2016/17	
Online Payments for Schools	45	Project implementation in full in 2016/17	
20mph Limits	40	Delay to commencement of works due to investigations on existing signage/markings requiring being carried out	
Vogrie Car Park Barriers	33	Delay to tender process commencing	
Buccleuch House Ground Floor	33	Delay due to knock on impact from other EWiM projects	
Others	289		
Total	3,364		

Actual expenditure in the year was £18.872 million, giving an overspend of £0.428 million as detailed in Appendix 1. Material variances are as follows:-

Project	Rephased Project Budget 2015/16 £000's	Actual Outturn 2015/16 £000's	(Under)/ Over Spend £000's	Notes
Millerhill Access Road / Site Services	140	275	+135	Subject to separate report to Council elsewhere on today's agenda
EWiM Phase 2	661	778	+117	Report to Council to follow after conclusion of both phases of EWiM
Bright Sparks	356	472	+116	Design variances required due to complex alteration to existing building that were not originally forecast as a result of tight time constraints when setting original budget.
Cycling, Walking & Safer Streets	74	176	+102	Additional expenditure funded by additional grant income from Sustrans
EDRMS	12	70	+58	Software development more complex than envisaged resulting in higher than anticipated fees. Greater than expected number of user licences required. Purchase of additional server.
EWiM Phase 1	75	127	+52	Report to Council to follow after conclusion of both phases of EWiM
Digital Services Back Office – UPS Devices	10	32	+22	Additional controller board installed to improve business contingency provision
Food Waste Collection	526	507	-19	Project saving due to less expensive vehicles & food waste caddies
Burnbrae Primary	23	4	-19	Additional saving due to project being delivered at a competitive time in the market place
Rosewell Primary Extension	95	63	-32	Saving in overall project budget
Hopefield Primary School Demolition	164	64	-100	Insurance receipt
Others	249	245	-4	
Total	2,385	2,813	+428	

2.2 Funding

The General Services Capital Plan approved by Council on 8 March 2016 budgeted for funding of £17.656 million. After adjusting for carry-forwards, the Plan budgeted for funding of £17.655 million, as shown in Section 2.4.

Actual funding was £18.077 million, £0.421 million more than budget, with the variances relating to:-

- An increase in Scottish Government grant of £0.102 million reflecting the reduction in third party funding for Contaminated Land and Public Sector Housing Grants;
- A reduction in other Government grants of £0.020 million, reflecting a reduction in the level of expenditure for the Food Waste Collection roll-out;
- An increase of £0.189 million in other contributions received, reflecting an additional £0.103 million from Sustrans for Cycling, Walking & Safer Streets projects, £0.052 million from NHS Lothian as a payment for their share of the Loanhead hub project, £0.065 million from Sustrans towards the Newtongrange Traffic Lights / Pedestrian Crossing at the railway station, net of a reduction in funding of £0.031 million from Sustrans/Network Rail/Commonwealth Legacy Fund for Cycling, Walking & Safer Streets projects;
- An increase of £0.150 million in developer contributions applied to the plan.

2.3 Borrowing

The General Services Capital Plan approved by Council on 8 March 2016 budgeted for an in-year borrowing requirement to fund capital investment of £3.384 million.

After adjusting for carry forwards, the Plan budgeted for in-year borrowing of £0.788 million.

Actual borrowing was £0.795 million. The reduction in borrowing of £2.589 million compared with the Plan approved by Council on 8 March 2016 broadly reflects:-

- the net rephasing of expenditure/funding for the year of £2.596 million as described in Sections 2.1 and 2.2;
- the net overspend in 2015/16 of £0.428 million as described in Section 2.1; and
- the additional funding of £0.421 million as noted in Section 2.2.

2.4 Summary

A summary of the final outturn position for 2015/16 is outlined in the table below.

GENERAL SERVICES CAPITAL PLAN

2015/16	2015/16 Budget £'000	2015/16 Carry Forward £000's	2015/16 Revised Budget £'000	2015/16 Outturn £'000	2015/16 Variance £'000
EXPENDITURE					
Resources	9,665	-1,979	7,685	7,941	255
Education, Community & Economy	9,954	-142	9,812	9,772	-40
Health & Social Care	310	-222	88	85	-4
Council Transformation	1,112	-254	858	1,074	216
Total Approved Expenditure	21,040	-2,596	18,444	18,872	428
FUNDING					
Government Grants	9,654	-53	9,601	9,703	102
Receipts from Sales	2,563	0	2,563	524	-2,039
Transfer to Capital Fund	-2,563	-0	-2,563	-524	2,039
Developer Contributions	7,362	59	7,421	7,571	150
Other Contributions	640	-6	634	803	169
Total Available Funding	17,657	-1	17,656	18,077	421
Approved Borrowing Required	3,384	-2,596	788	795	7

2.5 Debt Outstanding

Council, on 4 February 2014, agreed to a maximum level of debt outstanding on the General Services Capital Plan. This was based on an outturn for 2013/14 of £114.000 million, net of the debt outstanding on any projects that are forward funded (where the Council build the asset and recover monies from e.g. developers).

The actual level of debt outstanding, based on the outturn expenditure and income outlined above, and net of any forward funded projects, is shown in the table below:-

	2015/16 Budget £'000	2015/16 Outturn £'000	2015/16 Variance £'000
Debt Outstanding at 01 April	103,675	103,675	0
Borrowing arising from Capital Plan	3,384	795	-2,589
Debt Repayments	-3,917	-3,917	0
Debt Outstanding at 31 March	103,142	100,553	-2,589
<u>less: Net Capital Expenditure on Forward Funded projects</u>			
Bilston Primary School	188	190	2
Gorebridge North Primary School	0	0	0
Paradykes Primary School	0	0	0
Debt Outstanding at 31 March exc. Forward Funded projects	102,954	100,363	-2,591
Agreed Cap	114,000	114,000	0
Headroom	11,046	13,637	2,591

As can be noted from the table above, the overall level of debt outstanding (net of forward funded projects) is projected to remain within the cap of £114.000 million set by Council, and officers will continue to review the appropriate level of cap which should be applied.

2.6 Capital Fund

The Capital Fund at the start of the financial year was £14.853 million. Capital Receipts of £0.524 million were received in the year, which have been transferred to the capital fund. This increases the balance in the Capital Fund to £15.377 million. The timing and application of these funds will be considered in a future Financial Strategy report to Council.

3 Report Implications

3.1 Resource

The in-year borrowing requirement has reduced from £3.384 million to £0.795 million, with the resultant impact on loan charges reported in the Financial Outturn 2015/16 – General Fund Revenue report presented elsewhere on today's agenda.

This reduction in borrowing in 2015/16 will also reduce the principal repayments element of the loan charges in 2016/17, and this will be reported to Council in the next Financial Strategy report to Council.

The reduction in borrowing in 2015/16 is largely due to slippage on a number of projects, with expenditure subsequently carried forward / rephased into 2016/17. As such, any saving in loan charges in 2015/16 & 2015/16 will largely be unwound in 2016/17 and 2017/18, once the capital expenditure relating to these projects is incurred.

3.2 Risk

The inherent risk in the Capital Plan is that projects will cost more than estimated thus resulting in additional borrowing. The monitoring procedures ensure that significant variations are reported at an early stage so that remedial action can be taken to mitigate this risk.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:-

- ☐ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

3.4 Impact on Performance and Outcomes

There are no issues arising directly from this report.

3.5 Adopting a Preventative Approach

There are no issues arising directly from this report.

3.6 Involving Communities and Other Stakeholders

No external consultation has taken place on this report.

3.7 Ensuring Equalities

There are no equalities issues arising directly from this report.

3.8 Supporting Sustainable Development

There are no sustainability issues arising directly from this report.

3.9 IT Issues

There are no IT implications arising from this report.

4 Recommendations

Council is asked to:-

1. Note the General Services Capital Plan outturn position for 2015/16;

Date: 15 June 2016

Report Contact: Gary Thomson Tel No 0131 271 3230
gary.thomson@midlothian.gov.uk

Background Papers:

Appendix 1 – General Services Capital Plan 2015/16 Expenditure Outturn

Appendix 1: General Services Capital Plan 2015/16 Expenditure Outturn

	Rephased				
GENERAL SERVICES CAPITAL PLAN	2015/16	2015/16	2015/16	2015/16	2015/16
2015/16 Outturn	Budget	Carry Forward	Revised Budget	Actual Outturn	Variance
	£000's	£000's	£000's	£000's	£000's
RESOURCES					
Finance & Integrated Service Support					
Front Office - Device & Interactive Asset Upgrades	375	99	474	474	0
Back Office - Anti Virus Upgrades	0	0	0	0	0
Back Office - Server Replacement	160	6	166	166	0
Back Office - UPS Devices	40	-30	10	32	22
Network Enterprise - Network Internet Connection	0	0	0	0	0
Network Enterprise - Network Assets (Power & Data)	75	-57	18	18	0
IGS - Compliance - Data Encryption	0	0	0	0	0
IGS - Compliance - PCI	0	0	0	0	0
Disaster Recovery	0	0	0	0	0
Service Desk - ITMIS Service Improvement	50	-50	0	0	0
Midlothian Website Development	5	-5	0	0	0
IT Development (Education)	0	21	21	21	0
Committee Management System	15	-3	12	12	0
Paperless Meetings	16	-16	0	0	0
Business Application Upgrades inc. mobile working	100	-39	61	61	0
Interactive White Board Replacement	0	0	0	0	0
SWAN Programme	0	0	0	0	0
Commercial Services					
Street Lighting Upgrades	646	122	768	768	0
Street Lighting LED Upgrade (Salix Funded)	200	0	200	200	0
Footway & Footpath Network Upgrades	1,000	-122	878	878	0
Road Upgrades	1,521	-24	1,497	1497	0
A6106 Lugton	30	0	30	30	0
Millerhill Access Road / Site Services	100	40	140	275	135
Zero Waste Capital Contribution	0	0	0	0	0
Beeslack High School Safer Routes to School	0	0	0	0	0
Cycling, Walking & Safer Streets Projects	127	-53	74	176	102
Ironmills Park Steps	28	-15	13	13	0
Emily Bing	13	-13	0	0	0
New recycling facility - Penicuik	1	33	34	34	0
DDA Works 2010/11	0	0	0	0	0
Waste Collection Vehicles	338	-40	298	298	0
Food Waste Collection	526	0	526	507	-19
Vehicle & Plant Replacement Programme	1,484	-492	992	992	0
Electric Vehicles - Powerpoint Installation	61	0	61	61	0
Install Geogrid - Barleyknowe Lane	102	-68	34	34	0
Bonnyrigg Skate Park	4	0	4	4	0
Newtongrange Wheeled Sports park	39	-37	2	2	0
Loanhead Memorial Park	60	-5	55	55	0
Riverside Park	26	0	26	26	0
20mph Limits	40	-40	0	0	0
Vogie Car Parking Barriers	33	-33	0	0	0
CCTV Upgrade	143	0	143	148	5
Webcasting Council, Cabinet & Committee Meetings	19	0	19	23	4
Property & Facilities	0	0	0	0	0
Stobhill Depot Upgrade	0	0	0	0	0
Property Upgrades inc. Lighting/Lightning	1,582	-872	710	710	0
Purchase of 7 Eskdaill Court, Dalkeith	700	-285	415	415	0
Primary 1-3 Free School Meals	12	-3	9	9	0
TOTAL RESOURCES	9,671	-1,979	7,691	7,941	249

	2015/16 Budget	2015/16 Carry Forward	2015/16 Revised Budget	2015/16 Actual Outturn	2015/16 Variance
EDUCATION, COMMUNITY AND ECONOMY					
Early Years	£000's	£000's	£000's	£000's	£000's
Woodburn Family Learning Centre	305	-158	147	147	0
Further Early Years Provisions	0	0	0	0	0
Primary					
Burnbrae Primary	23	0	23	4	-19
New Bilston Primary	3,162	-3	3,159	3159	0
New Gorebridge North Primary	3,421	440	3,861	3861	0
Rosewell Primary Extension	95	0	95	63	-32
Combank Primary Extension	24	-19	5	5	0
St Andrews Primary Extension	5	18	23	23	0
Newtongrange Primary Extension	30	-20	10	10	0
Paradykes & Roslin Primaries Preparatory Works	523	39	562	562	0
Paradykes Primary Replacement	0	0	0	0	0
Roslin Primary Replacement	0	0	0	0	0
Gorebridge Primary School Additional Classroom	12	0	12	13	1
Hopefield Primary School Demolition	164	0	164	64	-100
Stobhill Primary School Footpath	22	0	22	22	0
Secondary					
Lasswade High School inc. 2nd MUGA	172	1	173	173	0
Newbattle Centre Preparatory Works	1,243	-345	898	898	0
Newbattle Centre - Future Extension	0	0	0	0	0
Saltersgate Alterations	154	6	160	160	0
General					
Online Payments for Schools	45	-45	0	0	0
Bright Sparks	356	0	356	472	116
PPP1 Land Acquisition	27	-27	0	0	0
Children and Families					
Eastfield Children's Unit	3	0	3	3	0
Woodburn Children's Unit	0	0	0	0	0
Planning & Development					
Environmental Improvements	140	-9	131	131	0
Property Asset Management System	9	-6	3	3	0
Dalkeith Town Centre (TCRF??)	1	-1	0	0	0
East High Street Public Realm & Burns Monument	12	-12	0	0	0
TOTAL EDUCATION, COMMUNITY AND ECONOMY	9,948	-142	9,806	9,772	-34
HEALTH AND SOCIAL CARE					
Adult & Social Care					
Care Homes	1	0	1	0	-1
Penicuik Care Home Hub	33	0	33	30	-3
Penicuik Care Home Hub - Fit Out	0	0	0	0	0
Highbank OPH - Adaptations (Phase II)	0	0	0	0	0
Assistive Technology	260	-205	55	55	0
Travelling Peoples Site Upgrade	17	-17	0	0	0
Customer & Housing Services					
Libraries Cash Management System	-1	0	-1	-1	0
TOTAL HEALTH AND SOCIAL CARE	310	-222	88	85	-4
COUNCIL TRANSFORMATION					
Purchase to Pay	32	-21	11	11	0
Property Services Review / Mobile Working	43	0	43	32	-11
EDRMS	12	0	12	70	58
EWiM	125	-50	75	127	52
EWiM Phase 2	661	0	661	778	117
Online Housing Applications	27	-27	0	0	0
Corporate Telephony Services Upgrade	54	-9	45	45	0
Buccleuch House Ground Floor	33	-33	0	0	0
Website Upgrade	125	-114	11	11	0
TOTAL COUNCIL TRANSFORMATION	1,112	-254	858	1,074	216
GENERAL SERVICES CAPITAL PLAN TOTAL	21,040	-2,596	18,444	18,872	428

**Housing Revenue Account
Revenue and Capital Final Outturn 2015/16 and Capital Plan 2016/17 –
2018/19****Report by Gary Fairley, Head of Finance and Integrated Service Support****1 Purpose of Report**

The purpose of this report is to provide Council with:-

- The final outturn position for 2015/16 for both the Housing Revenue Account (HRA) Capital Plan and the Revenue Account;
- A revised capital plan for 2016/17 to 2018/19 reflecting the carry forwards from 2015/16.

2 Background**2.1 Revenue Account 2015/16**

The underspend reported to Council on the 9th February 16 was £0.845 million. This has increased by £0.149 million to £0.994 million, as shown in Appendix 1.

The increase in the underspend is due to:-

- lower demand for reactive repairs due to continuous capital investment in existing stock resulting in an increase of £0.108 million from £0.341 million, projected at Quarter 3, to £0.449 million;
- Other non material movements of £0.041 million.

The HRA reserve balance is £24.915 million at 31st March 2016. The longer term financial projections demonstrate that the majority of this will be required to finance existing investment commitments to 2029/30.

2.2 Capital Plan 2015/16

The revision of the Capital Plan reported to Council on 22nd September 2015 allowed for investment of £27.842 million in 2015/16 as shown in Appendix 2. £14.287 million will be required to be carried forward to 2016/17 due to:-

- Contaminated land issues and necessary remediation works on New Social Housing Phase 2 sites have resulted in delays within the programme and will result in slippage of £5.257 million;

- £0.162 million is required to be carry forward for New Social Housing Phase 1 for Solar Panel Replacements;
- Difficulties in gaining access to a number of properties to carry out works will result in slippage of the Sanitary Ware Replacement Programme of £3.754 million;
- General slippage in the SHQS Repairs Programme, Upgrades of Central Heating Systems and Energy Efficiency Programme of £3.114 million, £1.164 million and £0.264 million respectively;
- Pentland and Midfield House refurbishment works will not commence until the new financial year due to delays in obtaining House in Multiple Occupation Licences for the properties, therefore a carry forward will be required of £0.332 million and £0.039 million for the works respectively;
- Properties that previously declined Kitchen Replacements will now be revisited this will require a carry forward of £0.201 million.

A £ 0.868 million underspend was reported to Council 9th February 2016, this has decreased by £0.172 million resulting in an underspend of £0.696 million against the revised budget of £13.555 million, the decrease is due to:-

- Changes in the specification for Environmental Improvement works at McNeill Terrace have resulted in an overspend £0.123 million;
- Other non-material movements of £0.049 million.

The variations on capital expenditure and receipts including carry forwards will result in a reduction of borrowing required of £1.622 million for the year.

2.3 Capital Plan 2016/17 – 2018/19

The capital plan has been updated to reflect the revisions from 2015/16 and is detailed in Appendix 3. A fuller review of the Capital Plan to reflect the revised rental strategy and other potential investment plans will be completed over the summer and reported to Council later in the year.

3 Report Implications

3.1 Resource

There are no direct resource implications arising from this report.

3.2 Risk

The principal risks are around the issue of affordability, ensuring that the investment in new build and the existing stock can be made without having to impose unacceptable increases on weekly rents.

Whilst the HRA reserve balance is £24.915 million at 31 March 2016, the longer term financial projections demonstrate that the majority of this will be required to finance existing investment commitments.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☒ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

3.4 Impact on Performance and Outcomes

This report links to the Corporate Priority 1a. "Provide quality, affordable housing including increasing homelessness accommodation".

3.5 Adopting a Preventative Approach

There are no issues arising directly from this report.

3.6 Involving Communities and Other Stakeholders

No external consultation has taken place on this report.

3.7 Ensuring Equalities

There are no equality issues arising directly from this report.

3.8 Supporting Sustainable Development

There are no sustainability issues arising from this report.

3.9 IT Issues

There are no IT issues arising directly from this report.

4 Summary

The summarised financial performance for 2015/16 is:

- Capital Investment in the year totalled £12.859 million;
- A net undersend of £0.994 million on the Revenue Account;
- The HRA reserve at 31st March 2016 is £24.915 million.

5 Recommendations

Council is recommended to note the contents of this report.

Date 7th June 2016

Report Contact:

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Background Papers: HRA Capital Plan and Revenue Budget

MIDLOTHIAN COUNCIL

Item 8.12

HOUSING REVENUE ACCOUNT 2015/16**Appendix 1**

	Revised Budget	Final Outturn	Variation (Under)/Over
Average No of Houses	6,833	6,835	2
	£000's	£000's	£000's
Repairs and Maintenance			
General Repairs	5,537	5,088	(449)
Decant/Compensation	40	48	8
Grounds Maintenance	574	579	5
	6,151	5,715	(436)
Administration and Management	4,752	4,752	0
Loan Charges	8,276	8,142	(134)
Other Expenses	2,583	2,162	(421)
TOTAL EXPENDITURE	21,762	20,771	(991)
Rents			
Houses	(23,298)	(23,257)	41
Garages	(504)	(504)	0
Others	(504)	(548)	(44)
TOTAL RENTS	(24,306)	(24,309)	(3)
NET EXPENDITURE/(INCOME)	(2,544)	(3,538)	(994)
BALANCE BROUGHT FORWARD	(21,377)	(21,377)	0
BALANCE CARRIED FORWARD	(23,921)	(24,915)	(994)

HOUSING REVENUE ACCOUNT CAPITAL PLAN 2015/16

	Approved Budget 201516	Carry Forward to 201617	Revised Budget 201516	Final Outturn	Variation (Under)/Over
	£'000	£'000	£'000	£'000	£'000
FUNDING					
Net Receipts from Sales	2,310	0	2,310	1,843	(467)
Grants					
-Incentivising New Build	100	0	100	1,560	1,460
-Mortgage to Rent	612	0	612	218	(394)
Council Tax on Second Homes	115	0	115	150	35
Developer Contributions	1,678	0	1,678	1,970	292
Borrowing Required	23,027	14,287	8,740	7,118	(1,622)
TOTAL AVAILABLE FUNDING	27,842	14,287	13,555	12,859	(696)

APPROVED EXPENDITURE	£'000	£'000	£'000	£'000	£'000
New Build Houses Phase 1	305	162	143	143	0
New Build Houses Phase 2	12,057	5,257	6,800	6,800	0
Aids & Adaptations	473	0	473	374	(99)
Environmental Improvements - McNeill Terrace	132	0	132	280	148
Energy Assistance	499	264	235	235	0
Homelessness - Mortgage to Rent	1,164	0	1,164	419	(745)
Homelessness - Pentland House Refurbishment	341	332	9	9	0
Homelessness - Midfield House Refurbishment	40	39	1	1	0
Scottish Housing Quality Standard					
-Kitchen Replacement	313	201	112	112	0
-Upgrade Central Heating Systems	1,753	1,164	589	589	0
-Sanitary Ware Replacement Programme	4,661	3,754	907	907	0
-SHQS Repairs	6,104	3,114	2,990	2,990	0
Total Expenditure	27,842	14,287	13,555	12,859	(696)

	Proposed Budget 2016/17 £'000	Proposed Budget 2017/18 £'000	Proposed Budget 2018/19 £'000
FUNDING			
Net Receipts from Sales	1,148	0	0
Grants			
-Incentivising New Build	0	0	0
-Mortgage to Rent Subsidy	612	612	612
Council Tax on Second Homes	118	121	124
Developer Contributions	0	0	0
Borrowing Required	42,784	24,186	20,567
TOTAL AVAILABLE FUNDING	44,662	24,919	21,303

	£'000	£'000	£'000
APPROVED EXPENDITURE			
New Build Houses Phase 1	162	0	0
New Build Houses Phase 2	29,886	8,225	279
New Build Houses Phase 3	0	10,000	14,000
Aids & Adaptations	485	497	509
Energy Assistance	588	332	340
Environmental Works - McNeill Terrace	0	0	0
Homelessness - Mortgage to Rent	1,164	1,164	1,164
Homelessness - Pentland House Refurbishment	332	0	0
Homelessness - Midfield House Refurbishment	39	0	0
Scottish Housing Quality Standard			
-Upgrade Central Heating Systems	2,577	1,448	1,498
-Kitchen Replacement Programme	201	0	0
-Sanitary Ware Replacement Programme	3,754	0	0
-Future Works	5,474	3,253	3,513
Total Expenditure	44,662	24,919	21,303

Financial Monitoring 2015/16 – General Fund Revenue**Report by Gary Fairley, Head of Finance and Integrated Service Support****1 Purpose of Report**

The purpose of this report is to provide Council with information on performance against revenue budget in 2015/16 and details of the material variances.

2 Background**2.1 Budget Performance**

The detailed budget performance figures shown in appendix 1 result in a net underspend of £0.270 million which is 0.14% of the revised budget for the year.

Performance against budget has improved by £1.328 million from that reported in February for quarter 3. The most significant movements between quarters 3 and 4 are:

Pressures

- An increased cost of £0.279 million for Waste Disposal due to higher than projected tonnage collected and changing market conditions for recycle. A detailed report on this was presented to Council in February;
- An increase cost of £0.299 million for insurance due to an unusually high volume of small claims over the winter period combined with 3 new higher value employer liability claims.

Favourable Movements

- A reduction in spend allocated by the Community Care Resource Panel of £0.696 million. The budget in this area is in excess of £28 million, is demand led and can be very volatile due to individual packages of care exceeding £0.100 million in some cases;
- A reduced cost of £0.391 million for routine and weather related costs for the roads network due to weather conditions;
- One off contract costs of £0.226 million for PPP funded schools due to contract variations for insurance costs and for malicious damage;
- A reduced cost of £0.194 million relating to running schools. Budgets in this area exceed £50 million;

- Further achievement of the Employee Performance factor of £0.185 million due to vacancies being held longer than anticipated at quarter 3;
- An improvement of £0.171 million in Planning and Building Standards fee income due to an increased volume of work.

Detailed information on material variances is contained in appendix 2 which identifies each variance, explains why it happened, outlines what action is being taken to control variances and details the impact of that action.

2.2 Council Transformation Programme

Council approved utilisation of £5.868 million of General Fund Reserve to fund costs associated with the ongoing transformation programme.

At the report date £2.950 million of this has been applied with future commitments of £0.715 million identified for 2016/17 and 2017/18. This leaves £2.203 million as uncommitted.

2.3 General Fund Reserve

The balance on the General Fund as at 31 March 2016 is as follows:

	£ million	£ million
Reserve as at 1 April 2015		21.315
Less earmarked reserves utilised in 2015/16		(5.851)
General Reserve at 1 April 2015		15.464
<i>Planned movements in reserves</i>		
Planned Enhancement	2.764	
Supplementary Estimates	(0.315)	
Scottish Government Grant funding previously earmarked for specific purposes	1.339	
Council Transformation Programme Costs	(0.368)	
One-off costs of VSER	(0.376)	
Workforce Reduction Savings from VSER	0.056	
Financial Discipline	0.416	
Earmarked Budgets carried forward to 2015/16	5.579	
Borders Rail	(0.181)	
Other	(0.023)	
		8.891
Underspend per appendix 1		0.270
General Fund Balance at 31 March 2016		24.625

An element of the General Fund is earmarked for specific purposes and this is shown below:

	£ million
General Fund Balance at 31 March 2016	24.625
<i>Earmarked for specific purposes</i>	
Budgets carried forward from 2015/16 to 2016/17	(5.579)
Budgets earmarked for Council Transformation	(2.203)
Borders Rail Economic Development Opportunities	(0.069)
General Reserve at 31 March 2016	16.774

Budgets carried forward from 2015/16 to 2016/17 include ring-fenced funding from partner organisations for clearly defined pieces of work of £2.811 million, budgets provided for specific purposes where spend has slipped into 2016/17 of £1.747 million and earmarked budgets for schools in accordance with the Devolved School Management Scheme of £1.020 million.

The uncommitted General Fund Reserve at 31 March 2016 is £16.774 million. A prudent level of uncommitted reserves is seen to be between 2% and 4% of net expenditure which equates to between approximately £4 million and £8 million. The General Reserve held exceeds this level. However there may be additional one-off costs associated with service transformation and workforce reduction and the reserve may also be required as a buffer to offset any further slippage in the achievement of planned savings.

3 Report Implications

3.1 Resource

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

3.2 Risk

Section 95 of the Local Government (Scotland) Act 1973 requires all Local Authorities in Scotland to have adequate systems and controls in place to ensure the proper administration of their financial affairs.

The assessment of performance against budgets by services is underpinned by comprehensive financial management and budgetary control arrangements. These arrangements are central to the mitigation of financial risk.

Ensuring that adequate systems and controls are in place minimises the risk of significant variances arising, and where they do arise they help to ensure that they are identified and reported on and that appropriate remedial action is taken where possible. The primary purpose of this report is to provide information on historic performance, however the material variances detailed in appendix 2 highlight that the financial management and budgetary control arrangements require continual review and enhancement if financial risk is to be effectively mitigated.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☒ Business transformation and Best Value

☐ None of the above

3.4 Impact on Performance and Outcomes

The decisions taken to balance the budget will have fundamental implications for service performance and outcomes. The Council's Transformation Programme aims to minimise the impact on priority services.

3.5 Adopting a Preventative Approach

The proposals in this report do not directly impact on the adoption of a preventative approach.

3.6 Involving Communities and Other Stakeholders

No consultation was required.

3.7 Ensuring Equalities

There are no equality implications arising directly from this report.

3.8 Supporting Sustainable Development

There are no sustainability issues arising from this report.

3.9 IT Issues

There are no IT implications arising from this report.

4 Recommendations

It is recommended that Council note the contents of this report and consider the financial position in the context of the Financial Strategy for 2016/17 to 2021/22.

15th June 2016

Report Contact:

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Background Papers:

MIDLOTHIAN COUNCIL

Appendix 1

GENERAL FUND OVERVIEW 2015/16

Function	Revised Budget £	Outturn £	(Underspend) / Overspend £
Management	1,632,811.04	1,622,652.24	-10,158.80
<u>Education Communities and Economy</u>			
Childrens Services	14,862,862.38	15,558,141.77	695,279.39
Communities and Economy	4,632,655.60	4,235,041.62	-397,613.98
Education	77,653,203.09	76,957,339.90	-695,863.19
<u>Health and Social Care</u>			
Adult Social Care	36,893,876.96	37,233,574.17	339,697.21
Customer and Housing Services	12,004,063.38	12,399,717.45	395,654.07
<u>Resources</u>			
Commercial Services	15,753,033.02	15,303,862.38	-449,170.64
Finance and Integrated Service Support	12,100,276.57	12,304,504.92	204,228.35
Properties and Facilities Management	13,608,327.56	13,165,510.51	-442,817.05
Lothian Valuation Joint Board	555,551.00	560,409.00	4,858.00
Central Costs	182,919.54	594,711.00	411,791.46
Non Distributable Costs	1,338,436.05	1,408,155.23	69,719.18
GENERAL FUND SERVICES NET EXPENDITURE	191,218,016.19	191,343,620.19	125,604.00
Loan Charges	7,493,305.07	7,076,596.99	-416,708.08
Investment Income	-180,285.00	-300,475.00	-120,190.00
Council Transformation Programme savings target	-499,069.95	0.00	499,069.95
Allocations to HRA, Capital Account etc.	-4,752,287.16	-4,858,891.28	-106,604.12
	193,279,679.15	193,260,850.90	-18,828.25
less Funding:			
Scottish Government Grant	156,320,000.00	156,320,000.00	0.00
Council Tax	40,000,000.00	40,251,445.23	-251,445.23
Utilisation of Reserves	-3,040,320.85	-3,310,594.33	-270,273.48

Financial Monitoring 2015/16 – General Fund Revenue – Material Variances**Education, Communities and Economy****Children's Services**

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Residential and day education placements	Increase in requirement for both residential and secure placements and duration of secure placements continuing longer than anticipated.	591	761	786	783	This represents a 21% overspend on the Multi Agency Resource Group Budget of £3.6 million. The group continue to challenge new demand to keep costs under control and work to progress children in secure care to allow them to move to other forms of care.
Children with Disabilities	Increased expenditure on taxis and on Direct Payments.	0	95	193	235	There are an increased number of people using the direct payment method to pay for their care. Demand for use of taxis has also increased. Work is planned to investigate if there are more efficient ways of delivering transport. An improvement in the quality of information provided by Barnardos has led to better forecasting.
Family Placements	Increase in requirements for placements.	88	35	76	21	Demand led. The team are planning to implement new working practices to minimise the length of placements through a variety of methods.
Gross Overspend		679	891	1,055	1,039	
<i>Offset by:</i>						
Vacant Posts in Midlothian Residential Services	Posts held vacant due to review of residential services.	(224)	(253)	(289)	(261)	It has been possible to hold these positions vacant due to a lower number of placements. Recruitment is underway to a new structure.
Employee Vacancies and Performance Factor	Other vacancies throughout the service.	(54)	(86)	(76)	(75)	Recruitment is underway to these vacant posts.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Other non-material variances	Miscellaneous over and undespends covering the remaining areas of the Childrens Services budget.	(17)	(2)	(75)	(8)	No impact on frontline service.
Net Overspend		384	550	615	695	

Communities and Economy

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Planning Income	Reduction in projection of Planning Fees	0	0	107	15	Volume of work in the Planning team remains constant but there is a lower cash value associated with these than previously projected. Higher than forecast levels of internal fees has significantly reduced the overspend from that projected at quarter 3.
Environmental Health and Trading Standards Shared Services	The shared service arrangement with East Lothian council came to an end on 31 st March 2015.	88	88	88	89	Cost sharing with East Lothian Council no longer takes place. The 2016/17 base budget reflects current arrangements.
Economic Development	Unbudgeted expenditure for the Leader Programme.	12	12	13	12	One-off initial set-up costs in 2015/16. From 2016/17 this programme will be funded through grant income.
Gross Overspend		150	151	220	116	
<i>Offset by:</i>						
Vacancies and Performance Factor	Vacant posts and part-year vacancies are delivering the performance factor.	(217)	(243)	(227)	(188)	Recruitment to vacant posts is ongoing and service reviews are taking place which will result in a more efficient staffing establishment.
Building Standards Income	Fee income projections exceed budget due to volume of applications.	(23)	(63)	(195)	(274)	Changes to Building Regulations in October 2015 has resulted in a higher than anticipated volume of applications that prior to changes in order to allow work to proceed under the old regulations.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Landlord Registrations	Income is projected to be higher than budget.	(19)	(25)	(13)	(15)	Demand led.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Communities and Economies service budget.	50	51	12	(37)	No impact on frontline service provision.
Net Underspend		(109)	(180)	(215)	(398)	

Education

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Devolved School Budgets	There is a lack of availability of supply teachers. This has led to staff absence being covered by school management staff resulting in underspends.	0	0	0	(194)	
PPP Contracts	Insurance costs are lower than provided for in the contract which leads to a refund from the contractor.	(67)	(67)	(67)	(67)	Windfall Income.
	Assumptions regarding the rate of inflation to be applied in 2015/16 were too cautious.	(30)	(27)	(33)	(44)	This has been reflected in the 2016/17 budget.
	The unit cost of utilities used within PPP1 and PPP2 schools was lower than anticipated in the budget.	0	0	0	(168)	Changes to the cost of utilities has been reflected in the 2016/17 budget.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
	Contractual refund of funding paid to cover reparation of malicious damage that was not utilised.	0	0	0	(58)	One-off windfall income.
Vacancies and Performance Factor	Vacant posts and part year vacancies within the service are offsetting the performance factor. The Children's Services review has resulted in part year vacancies within the Pathways service.	(33) 0	(48) (18)	(16) (13)	(33) (24)	Recruitment to vacant posts is progressing. Recruitment to posts within the Pathways service has been completed.
Home to School Transport	Demand was higher than set in the budget.	0	(12)	157	(20)	The Travel Team is working to ensure that routes to school are commissioned or delivered at the most economically advantageous cost to the Council.
Service Training Budgets	The redesign of the Scottish Qualification for Headship Scheme and slippage in other training programmes.	0	0	(40)	(45)	No impact on frontline service.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Education Service budget.	2	(6)	(66)	(43)	No impact on frontline service.
Net Underspend		(128)	(178)	(78)	(696)	

Health and Social Care

Adult Social Care

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Residential Care Homes for Older People	Overspend mainly on staffing costs at Newbyres Village (£274k) due to the requirement to use locum staff and overtime to cover gaps in the rota.	223	261	291	258	<p>The overspend this year is mainly as a result of additional staff on shift cover over and above the amount allowed for in the budgeted establishment. This includes day, night and activity staff and domestic staff and is a result of the level of needs of the residents. The cost of this is around £200k. This has been partially mitigated by changes made to staffing rotas.</p> <p>Managers continue to actively manage sickness absence levels at the home and this will be maintained to ensure a sustained reduction.</p> <p>Due to staff registration requirements 10 staff were suspended and these shifts required to be covered. Management are working with the Scottish Social Services Council to get a speedy resolution.</p> <p>The formal phase of the staffing review started in February 2016. Appropriate staffing levels will be addressed as part of this to ensure that the budget reflects the staffing requirements of the home.</p>
Community Care Resource Panel	Assessed needs are currently more than budgeted. The budget is £28 million and is demand led and subject to demographic pressures. Individual packages of care are sometimes in excess of £100k per annum and as a	(362)	252	876	180	<p>The Resource Panel will continue to allocate resources where a critical or substantial need has been identified. Scrutiny of all applications is ongoing to ensure effective spend to meet assessed needs. A review of resource panel procedures is currently underway and this will ensure that robust management information systems remain in place.</p>

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
	consequence projections in this area can be volatile.					<p>Increased capacity within reablement will be used to carry out reviews of care packages.</p> <p>A change in the way that the contingency element of direct payments is accounted for has led to a one off favourable impact of £468k.</p> <p>National Minimum Wage requirements have resulted in changes to the rates that we need to pay some of our providers for overnight support which has increased expenditure by £375k. Work is ongoing to mitigate the cost of this through care package reviews.</p> <p>Two young people with learning disabilities who have complex needs require support above the normal levels that are provided in order to ensure their safety and wellbeing. Spend includes £995k for these care packages. Work is ongoing to find more sustainable solutions to these issues which will take effect from June 2016.</p>
Home Care / MERRIT	An overspend on employee costs including staff travel and overtime due to the volume of care packages being provided by the Home Care service.	207	174	190	240	The service continues to prioritise hospital discharges and will continue to maintain a track record of facilitating discharges on time. Working patterns are being reviewed to ensure that overtime and staff travel is minimised.
Non-achievement of staffing related budget	Planned budget savings from staffing reviews will be realised until either 2016/17 or 2017/18.	201	201	179	179	Timescales for reviews mean savings will not be realised as early as anticipated but are on target for 2016/17 and 2017/18.
Fieldwork Staffing	Non-achievement of performance factor and use of agency staff to cover vacancies.	109	155	98	82	There have been staffing changes within this service and also Adult Protection referrals have increased significantly. The service has faced challenges from increased demand and the implementation of Self Directed Support. Due to the demands on the service and pressures from waiting lists all posts require to be

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
						filled with agency staff being used to cover for vacancies. As this is a frontline service with essential staffing ratios the performance factor has been removed from the 2016/17 base budget.
Gross Overspend		378	1,043	1,634	939	
<i>Offset by:</i>						
Client Income	Contributions from clients towards their care packages are higher than anticipated.	(130)	(56)	(189)	(142)	No impact on frontline service.
Public Protection	Scottish Government funding provided specifically for Adult Support and Protection requirements. Some spend relevant to this funding is in the form of care packages and is met from the Resource Panel budget.	(57)	(81)	(108)	(183)	No impact on frontline service but underspend offsets care and support costs related to protection issues.
Criminal Justice	An element of the Scottish Government funding is used to fund the management and administration of this service.	(43)	0	(50)	(65)	No impact on frontline service.
Learning and Development	Spend has been constrained to counter pressures elsewhere in the service.	(36)	(102)	(99)	(145)	No impact on frontline service and offsets cost of essential cover for front-line staff with mandatory training requirements.
Cherry Road, Community Access Team and Shared Lives	Vacant Posts	68	93	(41)	(26)	These are registered services and adequate staffing levels are a requirement of the Care Inspectorate. Cherry Road supports service users with complex needs and appropriate staffing levels must be maintained. A staffing review is now complete with 2015/16 a transitional year in terms of filling posts. As this is a frontline service with essential staffing ratios the performance factor has been removed from the 2016/17 base budget.
Other non material	Miscellaneous over and	25	53	(5)	(38)	No impact on frontline service.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
variances	underspends covering the remaining areas of the Adult Social Care budget.					
Net Overspend		205	950	1,142	340	

Customer and Housing Services

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Homelessness accommodation	Refurbishment works at Pentland and Midfield House have been delayed and anticipated reuse of these properties for HMO to replace existing B&B use is expected to commence in Summer 2016. Consequently savings anticipated for 2015/16 have not been achieved.	151	209	249	323	The budget provided for an average 82 B and B places per week until 1 st August and 36 spaces thereafter once Pentland and Midfield House were available for use. Average occupancy for 2015/16 was 74 places. This is an increase of 4 places from quarter 3. Action is continually being taken to reduce this with alternative options being developed across all available tenures.
Revenues – Statutory Penalty Income	A number of prior year appeals for Non Domestic Rates have been upheld resulting in penalty income previously being anticipated not now falling due.	0	0	0	121	No Impact on frontline service.
Private Sector Leasing	Housing Benefit Shortfalls and Voids have resulted in an overspend.	0	0	60	104	This is slightly higher than last financial year and has been identified as a pressure in the 2016/17 budget. It is due to the impact of Welfare Reform on eligible costs for recovery from DWP. The PSL provider has been formally notified that the contract will not be renewed at the end of 2016 and alternative options are being pursued.
Housing Allocations	Switch Placement Costs as a result of service review.	0	0	45	53	No Impact on frontline service.
Housing Benefit	A revision to the calculation of	(53)	(53)	(133)	45	The change between q3 and q4 is wholly due to the

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Overpayment Recoveries	the bad debt provision in this area has resulted in an overspend.					change in methodology for the Bad Debt provision and has a one-off impact. An action plan is being developed to ensure that recoveries can be regularly and accurately accounted for as Welfare Reform changes are implemented.
Gross Overspend		98	156	221	646	
<i>Offset by:</i>						
Council Tax Reduction Scheme	Council Tax Benefits granted are lower than budgeted and are consistent with 2013/14 and 2014/15 positions.	(70)	(113)	(160)	(212)	Whilst the 2015/16 budget was adjusted to reflect a decreasing trend in expenditure, payments decreased further than originally anticipated. This has been reviewed further when developing the 2016/17 base budget.
Vacancies and Performance Factor	Vacant posts within the Revenues service.	0	(42)	(15)	(29)	No impact on frontline service.
Other non material variances	Miscellaneous variances covering the remaining areas of the Customer and Housing Service budget.	(3)	(17)	16	(9)	No impact on frontline service.
Net Overspend / (Underspend)		25	(16)	62	396	

Resources

Commercial Services

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Waste Disposal Charges	Movement in tonnage and price.	110	118	145	417	<p>The variance has moved significantly from that shown at quarter 3. Headline reasons for the increase include:</p> <ul style="list-style-type: none"> • Market conditions in the recycling market and unusually wet weather have combined to create issues with disposal of recyclate. A report to Council on 9th February 2016 covers this in more detail; • Improvements to the Street Cleansing service have resulted in increased waste for disposal; • Residual Household Waste tonnage has exceeded budget due to the number of new houses to be serviced.
Trade Waste	Customers are encouraged to reduce residual waste and recycle more. As recycling is charged at a lower price to customers this has led to a drop in income.	0	94	96	98	Collection costs are the same for both recyclate and residual waste.
Midfest	The festival was planned to break even but ran at a loss.	0	0	0	37	Outcomes for Midfest 2015 and proposals for 2016 were reported to Council on 17 th May 2016.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Land Services	A drop in hard landscaping income generating jobs occurred as a consequence of an inability to recruit and retain suitable staff.	30	30	35	35	A recruitment exercise has now been completed.3 seasonal staff have been retained to carry out essential health and safety work on headstones and memorials.
Gross Overspend		140	242	276	587	
<i>Offset by:</i>						
Roads Maintenance Service	Income generated exceeded budget.	0	0	0	(264)	Additional income was generated from capital and external jobs. This is one-off income.
Fuel Costs	The budget provided for an average price of £1.12 per litre. The average price per litre in 2015/16 was £0.83.	(129)	(147)	(150)	(253)	Fuel prices have been low during the recent period but are now rising again.
Staff Vacancies	Vacancies across the service exceeded the performance factor.	0	0	0	(134)	Predominantly relates to Waste Services due to changes in service provided and delays in recruiting to new posts. Partially offset by agency costs incurred.
Winter Maintenance	Whilst the winter was very cold there were fewer than normal days of severe frost or snow resulting in a saving against budget.	0	0	0	(127)	
Bus Shelters	Reactive repairs budget.	0	0	(60)	(45)	Due to the reactive nature of works spend can vary between years. This will be reviewed in detail going forward.
Street Lighting Electricity	The budget provided for an average price of 9.97 pence per kwh. The average price currently being charged is 9.09 pence per kwh.	(50)	(50)	(51)	(115)	Consumption and the prevailing price will continue to closely monitored.
Waste Vehicle Costs	Need for external hires is currently less than budget due to relatively new fleet.	0	0	(47)	(50)	Budget has been reviewed as part of 2016/17 budget development.
Other non material	Miscellaneous variances covering	0	0	0	(48)	No impact on frontline service.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
variances	the remaining areas of the service.					
Net Overspend / (Underspend)		(39)	45	(32)	(449)	

Finance and Integrated Service Support

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Mi-Future	The costs of staff in SWITCH during the year exceeded budget.	166	115	115	99	6 months budget is moved to Switch with displaced employees. The Mi-Future team continues to work towards a satisfactory resolution for each employee in SWITCH and when compared to severance costs SWITCH remains a cost effective solution. As at 31 st March 2016 26 people remained in SWITCH.
Photocopying	Actual costs of the new centralised council wide contract are greater than estimated due to higher than anticipated use.	0	0	0	66	A review of activity is underway with the immediate aim of minimising photocopying in line with EWIM principles.
Archive facility - the former Hopefield Primary School	The former Hopefield Primary School was being used as an archive and also for other storage until the fire on 17 th May. Alternative permanent storage arrangements with Iron Mountain have a cost in 2015/16 which is not budgeted.	77	77	24	38	No budget was provided as it was anticipated this facility would not be in operational use. Permanent off-site storage costs are incorporated into the 2016/17 base budget.
Central Postages	The volume and cost of postages exceeds budget.	72	90	79	80	Despite changing suppliers and securing better prices the volume and mix of postages continues to exceed budget. Work continues to address this.
Protecting Vulnerable Groups and Public	The volume of disclosure checks exceeds budget.	50	50	6	6	Work is ongoing to establish the level of retrospective checks still to be undertaken.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Sector Network disclosure checks						
Employee Performance Factor	The budgeted employee performance factor is over achieved.	25	(48)	(14)	(104)	Delays in recruitment to vacant posts have resulted in a reduction to staff costs for the year.
Bank Charges	The shift towards electronic payments has led to increased transaction costs.	16	16	19	19	A review of bank charges is underway with the aim of negotiating lower rates with service providers.
Net Overspend		406	300	229	204	

Properties and Facilities Management

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Property Costs for EWIM phase 2	Slippage in building closure timings from planned have resulted in unbudgeted costs.	0	0	0	131	Disposal of Dundas Buildings has been postponed pending determination of plans for the adjacent site. Eskdail Court and Jarnac Court are not yet fully vacated.
Property Investment Account	A fire in an Industrial Unit meant relocation of the tenant which impacted on potential rental income.	0	0	(27)	36	Costs have been partially offset by lower than budgeted levels of voids.
Bonnyrigg Leisure Centre	Security and Rates costs for the former Leisure Centre.	51	25	25	25	Demolition and building works are now complete. A partial refund of rates has been received.
Property costs for former Loanhead Social Work centre	Building is now demolished. Property costs were incurred up to handover date to demolition contractor.	8	8	8	8	One-off costs.
Gross Overspend		59	33	33	200	
<i>Offset by:</i>						
Snowsports Income	Tubing party income and consequent impact on cafe.	(90)	(90)	(127)	(137)	The new slope has generated higher than expected income and as a consequence the income target for 2016/17 was increased by £70k.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional information / Action taken
Ski Matting	Use of existing stock has led to an underspend.	0	0	(51)	(50)	On-going budget requirements will be reviewed.
Sport and Leisure Supplies	Various underspends relating to supplies and services.	0	0	0	(34)	Budgets will be reviewed as part of Financial Discipline in 2016/17.
Utilities	Energy prices are lower than budgeted.	0	0	(102)	(25)	Overall energy consumption has dropped year on year. However, a cold spring impacted on consumption. Whilst the price per Kilo Watt Hour remains low, standing charges are increasing.
Catering Staffing	Difficulty recruiting to vacancies	0	0	(95)	(102)	Efforts continue to recruit to vacant posts targeting entry level applicants where appropriate.
Catering Meal costs	Meal costs are lower than budgeted as a consequence of movements in meal numbers and also suppliers prices.	0	0	(87)	(110)	Menus are reviewed regularly to maintain economy, maximise nutritional value and minimise wastage.
Repairs on Council Buildings	Lower reactive repairs costs than budgeted.	0	0	0	(74)	Benefit is being seen, particularly from continued capital investment in the school estate. The budget in this area for 2016/17 has been reduced.
Other Catering	Income from other Catering Operations, particularly Costa Coffee at Lasswade High School, has exceeded expectation.	0	0	0	(68)	Performance in this area will be reviewed to establish if it is sustainable and targets can be increased.
Other non material variances	Miscellaneous variances covering the remaining areas of the service.	0	0	0	(43)	No impact on frontline service.
Net Underspend		(31)	(57)	(456)	(443)	

Other

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Quarter 4 £000	Additional Information / Action taken
Loan Charges	<p>Since setting the 2015/16 budget the cost of borrowing to finance the General Services Capital Plan has reduced due to:</p> <ul style="list-style-type: none"> (a) Re-phasing of projects which has allowed deferral of long-term borrowing; (b) Reduction in borrowing costs through lower than forecast interest rates; (c) Increase in projected investment returns through utilisation of higher yield investment products, in accordance with investment strategy. 	(197)	(477)	(417)	(417)	Projects that have slipped will now fall into 2016/17 so borrowing costs are only delayed.
Central Costs	Insurance costs – higher than budgeted estimated settlement	110	190	92	388	There were an unusually high volume of small claims over the winter period combined with 3 new higher

	costs for existing claims. Insurance costs – there has been an increase in premiums as a consequence of claims experience and additional coverage for a certain class of property.	72	71	71	74	value employer liability claims. Detail of all claims is reviewed and any mitigating action required will be put in place. This is reflected in future years budgets.
Transformation Savings - Procurement	A target of £350k for procurement savings was set for 2015/16 which mainly reflected slippage in targeted savings for previous years. £47k of this was achieved.	185	185	185	303	Procurement plans are currently being refreshed may identify further savings in 2016/17. Contract savings were made in 2015/16 which impact on the Capital Account and the Housing Revenue Account.
Transformation Savings - Maximising Attendance	The target of £155k was not achieved in 2015/16.	155	155	155	155	Work continues to generate savings through maximising attendance.
Transformation Savings – Income Maximisation	The Target of £75k was not achieved in 2015/16.	75	75	75	75	Progress towards efficiencies in this area will be consumed into the Delivering Excellence agenda.
Investment Income	Increased dividend income from the Council's shareholding in Lothian Buses.	0	0	(120)	(120)	This has been built into the 2016/17 base budget.
Council Tax and Community Charge Income	A continued growth in Band D equivalents results in a higher than budgeted Council Tax yield.	(230)	(250)	(250)	(251)	The continued growth in Band D equivalents will be factored into Council Tax income budgets for future years.

Midlothian Council
Tuesday 28 June 2016

National Mining Museum of Scotland

Report by Kenneth Lawrie, Chief Executive

1.0 Purpose of Report

- 1.1** This report informs Council of a request received from the Chair of the Board of the National Mining Museum of Scotland (NMMS), on behalf of the NMMS Trust for further funding from the Council under a revised service level agreement between the Council and NMMS. A copy of the letter is appended to this report.

2.0 Background

- 2.1** The Scottish Mining Museum (later renamed NMMS) opened in 1984 as a nationally registered independent museum founded to preserve Scotland's mining heritage.
- 2.2** The Museum received substantial funding from the Council and predecessor authority on an annual basis over many years: a report to Council in June 1999 noting that in the period 1991 to 1999 some £1.6m in revenue funding and almost £100,000 in capital funding had been provided. At that meeting in June 1999 the Council confirmed a further revenue grant to the Museum in 1999/2000 of £126,195, but also agreed that the Museum be encouraged to secure support funding elsewhere.
- 2.3** In December 2008, Council considered a further report proposing withdrawal of Council grant funding from the Museum in order to secure efficiency savings. Council agreed to do so from 1 July 2009 in order to allow the Museum some "breathing space" in order to seek alternative funding. Council also agreed to continue to lobby for national funding support for the Museum, and that Elected Members also lobby their respective political parties for national funding support for the Museum.
- 2.4** In March 2009 Scottish Government confirmed £1.32m of funding over the following three financial years. In November 2009, in response to representation received from the Museum, Council approved a "one-off grant" of £20,000 to the Museum so that it could meet its obligations pending decisions on alternative grant funding.
- 2.5** In August 2014 the Council considered a request for further funding from NMMS amounting to £40,000 per annum for the two financial years of 2014/15 and 2015/16. In its assessment Council noted that

Scottish Government were intending (and subsequently confirmed) the same level of funding, that being additional to its basic grant of £370,000 pa. The Council decided on 14 August 2014:

- “ (a) *To approve a funding contribution of £40,000 to the National Mining Museum of Scotland in each of the financial years 2014/15 and 2015/16;*
- (b) *To approve a supplementing estimate of £40,000 in 2014/15 to meet the funding contribution for 2014/15;*
- (c) *That the release of these funds be conditional upon continuing appropriate levels of funding being provided by the Scottish Government, and the Council Leader and the Chief Executive being satisfied that appropriate conditions were agreed with NMMS to ensure proper accountability and scrutiny of the Council's contributions, including the conditions referred to in the bullet points above, and*
- (d) *That further reports, as required, be submitted to the Council.”*

2.6 Subsequent to this decision a formal service level agreement between the Council and NMMS covering the period to 31 March 2016 was signed on 29 January 2015.

3.0 Current Position

3.1 The letter from the Chair of the NMMS Board, as referred to above, requests that Council funding of £40,000 be continued for each of the next two financial years, along with revisions to the service level agreement. The letter provides a justification for the request.

3.2 The letter also notes that Scottish Government has confirmed its level of financial support for 2016/17 will be at the same level as for 2015/16, meaning that the additional £40,000 funding will remain.

4.0 Assessment

4.1 In considering this report it would be reasonable to consider the terms on which the Council's funding was agreed in August 2014, and the extent to which they have been met. The release of Council funds was conditional upon continuing appropriate levels of funding being provided by Scottish Government. This has been the case. If the Council were minded to accede to this further request, it is relevant to note that Scottish Government has so far only confirmed to maintain its contribution for the next financial year. A decision by Scottish Government on whether this level of funding will be maintained for a second year will presumably be made towards the end of the current calendar year. The release of Council funds was also conditional on appropriate conditions to ensure proper accountability and scrutiny of the Council's contributions including conditions referred to in (c) above, and which comprise:

- i) a partnership agreement between NMMS and the Council;
- ii) voting representation on the Board;
- iii) clarity as to the intended use of the Council funding; and
- iv) transparent and open financial reporting arrangements with appropriate opportunity for scrutiny by the Council.

- 4.2** Items i) and ii) were implemented, and the monitoring of the NMMS accounts indicates that the use of funds has been appropriate in furthering the aims of maintaining and developing the Museum as a significant local and national attraction. In summary therefore it is reasonable to conclude that the Council's financial contributions over the past two years have been properly used and accounted for.
- 4.3** The report to Council in August 2014 noted that, if financial support were agreed for 2014/15 and 2015/16, thereafter there could be a review of the matter, particularly in the light of the impact of the opening of the Borders Rail Line. This current request is a timely prompt and opportunity to undertake a review.
- 4.4** NMMS has experienced some significant positive changes in the past year. After a period when the previous Director was absent for an extensive amount of time before resigning, a new Chief Executive Officer was appointed in August 2015. The new Chief Executive has introduced new energy into the work of the Museum and has provided clear strategic direction, essentially in the form of the new Strategic Plan 2015-18, which was approved by the Board in December 2015. The Board itself has filled vacant places with new trustees from a range of backgrounds and is now fully up to its complement. Therefore, whilst indicators such as visitor numbers, income and levels of educational activity are not yet on a steady upward trend, there can be every expectation that these recent developments at NMMS have set the right context for such indicators to improve.
- 4.5** One of the key aims of NMMS is to exploit the opportunities provided by the opening of the Borders Rail Line. Although opened in September 2015, it is only in 2016 that it will experience its first 'Summer season' of visitors and tourists. The Museum is preparing to maximise this opportunity, but will need the confidence of sufficient financial support in order to do so. As has previously been expected, the likelihood is that increased numbers of visitors and income from the railway will enable NMMS to gain more financial viability. The NMMS Strategic Plan identifies a range of projects to improve the offer at the Museum. Some or all of these could be eligible for funding from the Borders Rail Line Blueprint fund of £10million.
- 4.6** The additions and amendments to the service level agreement being proposed by the Chair of NMMS in his letter can all be regarded as positive in focusing on priorities which closely align with those of the Council. Within that context it would be beneficial for Council officers to liaise with the NMMS Chief Executive on details, particularly in relation

to education, tourism development and the Borders Railway to ensure that such alignment of priorities is optimised, and that opportunities for advanced funding are being realised.

5.0 Report Implications

- 5.1** If agreed, the financial costs to the Council would total £40,000 for the financial year 2016/17. The Council could consider funding of a lesser amount. There would be no notable human resource implications. Whatever level of costs are agreed, there is no provision in the budget to meet these costs and therefore the 2016/17 contribution will require approval of a supplementary estimate funded from reserves.

The financial projections for NMMS suggest that without funding support the Museum will have difficulty operating as solvent within the next three years. The expectation is that the Museum's Strategic Plan 2015-18 will provide the basis for increased visitor numbers and income in that period.

5.2 Risk

If the NMMS does not receive sufficient funding to remain in operation, and has to close, Midlothian would lose a major national tourism centre, and Scotland would lose one of its major national museums. In addition to the consequent loss of visitors and tourist income, Midlothian would also lose a centre which has preserved and presented mining heritage related to an industry which has been such an important part of the County's past.

5.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☒ Getting it right for every Midlothian child
- ☒ Improving opportunities in Midlothian
- ☐ Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

5.4 Impact on Performance and Outcomes

The continued operation and development of NMMS supports the maintenance of a strong tourism sector in Midlothian as well as providing an education and awareness raising of local and national heritage opportunity for local schools and communities.

5.5 Adopting a Preventative Approach

The provision of funding to fill a shortfall in the finances of NMMS will assist in preventing potential closure of the museum.

5.6 Involving Communities and Other Stakeholders

Not specifically relevant to this report.

5.7 Ensuring Equalities

A screening approach to the assessment of equalities impact notes that the most likely affected minority group which would be affected by closure of NMMS would be children of school age. This potential adverse impact can be reduced or avoided through further funding of NMMS.

5.8 Supporting Sustainable Development

Not directly relevant to this report.

5.9 IT Issues

None.

6.0 Summary

- 6.1** When the Council approved a two year funding package for NMMS in August 2014 it was in expectation that during that period the economic impact of the new Borders Rail Line would provide for assured financial sustainability. Whilst that has not happened it is reasonable to expect that the recent activity at NMMS in terms of the appointment of a new Chief Executive Officer, the filling of vacancies on the Board, and the new Strategic Plan 2015-18, will yield positive benefits in terms of increased visitor numbers and income, such that it will be in a more secure financial position. Accordingly, and having regard to the major educational, community and tourist/visitor value of this unique centre of the mining heritage of both Midlothian and Scotland, it would be beneficial to Midlothian for the Council to agree to additional funding of £40,000 for 2016/17 subject to a revised service level agreement; and to review potential further funding towards the end of the next financial year.

7.0 Recommendations

It is recommended that Council;

- i) approves a funding contribution of £40,000 to the National Mining Museum of Scotland for financial year 2016/17;
- ii) approves a supplementary estimate of £40,000 in 2016/17 to meet the funding contribution for 2016/17;
- iii) agrees that release of these funds be conditional upon continuing appropriate levels of funding being provided by the Scottish Government;
- iv) agrees that release of these funds be conditional on the terms of the current service level agreement remaining in place subject to updating, and the inclusion of the additional clauses proposed in the letter dated 22 February 2016 from the Chair of the NMMS Board to the Council's Chief Executive as may be amplified and/or amended to fully align with Council priorities; and
- v) shall receive, as may be required, further reports on these matters.

Date: 9 June 2016

Report Contact: Ian Johnson, Head of Communities and Economy
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ian.johnson@midlothian.gov.uk

Background Papers: Service Level Agreement between Midlothian Council
and NMMS dated 29 January 2015

APPENDIX



Kenneth Lawrie
Chief Executive
Midlothian Council
Buccleuch Street
Dalkeith
EH22 4QN

MIDLOTHIAN COUNCIL
EXECUTIVE SERVICES

25 FEB 2016

22nd February 2016

Dear Kenneth

Service Level Agreement – NMMST 2016/17

I am writing to you on behalf of the National Mining Museum Scotland Trust to thank Midlothian Council for their financial support over the last 2 years of £40,000 per annum under the terms of the Service Level Agreement. This funding has been greatly appreciated by the Trust Board and has contributed to many successful initiatives that have enhanced the Museum's and Midlothian communities' profile and contributed to the wider economy of the area.

We have recently had confirmation from the Scottish Government that their grant aid for the financial year 2016/17 has been approved and maintained at the same level as for 2015/16. This grant aid will allow the museum to plan substantively for the year ahead and to look for other potential sources of funding to sustain and enhance our financial position. With the current financial year almost at an end we are requesting that the financial support from Midlothian Council be continued and a new Service Level Agreement put in place that outlines the priorities and desired outcomes for both the Museum and the Council.

I attach a copy of the Museum's Strategic Plan approved by the Board of Trustees in December 2015. This plan outlines aspirations for the museum relating to capital development as well as revenue expenditure priorities for the next three years. There is no doubt that NMMST plays a significant role in addressing priorities that feature in the Council's Community Plan and that are reflected in NMMST's strategic plan; these include overarching themes such as education, supporting the heritage and identity of Midlothian and its communities, contributing to the role of tourism in the area and consequently economic regeneration.

Specifically, I would suggest that a new Service Agreement should include the following key priorities as highlighted below:

- Contribute to the tourism offer in Midlothian and develop a better understanding of the visitor profile;
- Develop comprehensive education provision for children, young people and adults that support the Curriculum for Excellence, accreditation and positive destinations;
- Develop capital redevelopment opportunities within the Lady Victoria Colliery that widen the visitor experience and broaden the understanding of the heritage of the coal mining industry and mining communities;
- Contribute to the heritage and profile of Newtongrange and by extension, Midlothian;

National Mining Museum Scotland Lady Victoria Colliery Newtongrange Midlothian EH22 4QN
www.nationalminingmuseum.com email enquiries@nationalminingmuseum.com
tel: 0131 663 7519 Fax: 0131 654 1618 Registered Charity No. SCO03227

- Exploit the Borders Railway link to attract new audiences to Midlothian as a destination for tourists;
- Contribute to developments within the cultural sector in Midlothian;
- Investigate any opportunities which may arise from Midlothian's twinning arrangements with European towns.

Finally, I would confirm my and the Board's view that having Council representation on the Board of Trustees of the Museum has been very helpful. Since joining, Ian Johnson has made a significant contribution to the Board's work which is much appreciated, and we would hope that this relationship will continue in the future. NMMS is keen to sustain a strong working relationship with Midlothian Council. A revised Service Level Agreement, and ongoing commitment from Midlothian Council to fund NMMS over the next 2 years at the current level would help secure this important strategic relationship.

I look forward to hearing from you.

Yours



Rt Hon Henry B McLeish

Chairman

**National Employability Fund Programmes
Funding Reduction, Impact in a Midlothian Context****Report by Director of Education, Communities and Economy****1 Purpose of Report**

The purpose of this report is to explain the changes in employability programme funding and the implications for Midlothian. This along with historical income targets has created a funding gap within Lifelong Learning and Employability. There will be a direct reduction in the number of young people and adults achieving a positive destination. The report will put forward potential options to mitigate some of the impact.

2 Background

- 2.1** The budget pressures on the Scottish Government have resulted in various reductions to programmes either through the withdrawal of staff or a reduction in the funding available to run programmes. Competition for the reduced resources has also increased. Following an estimated 87% budget cut by the UK government in the first year of devolved employability services in Scotland, Scottish Ministers have stepped in to provide up to £20 million in additional funding, to replace the UK Government's Work Choice and Work Programme schemes. This trebles the funding being made available to exercise new devolved powers on employability from 1 April 2017.

Aspects of employability support, benefits and sanctions will become a devolved matter for Scottish Government, funding to operate these programmes has been reduced. Informally through the national Employability Conference we were informed that the principles and values behind the programmes would be more inclusive and that there would be a likelihood of three year commissioning for these services. This would take the form of partnership cluster bids not one for each local authority but described as optimum package areas. The newly devolved programmes require to be operational by April 2017.

The Skill Development Scotland Employability Fund has been reduced by 40% nationally due to the funding settlement. This has traditionally funded programmes where a trainee allowance is paid over a 13 week period where work is carried out to increase qualifications, work skills and secure a positive destination. Over recent years the time period for working with trainees has reduced from 26 weeks to 13 weeks. This reflects the reduction in funding over time.

In addition, the national team for Developing Young Workforce (DYW), secondments have been brought to an early conclusion this is another indication of reduced funding. We have had DYW funding over the last two years, the DYW programme is a seven year intervention however we do not know if further funding will be received for 16/17 and beyond.

2.2 Implications for Midlothian

The reduction in available employability funding for 16/17 has a direct impact on the services and programmes we can offer within Midlothian through the Lifelong Learning and Employability Service. This will reduce the number of opportunities for those at risk of a negative destination both young people and adults.

For the local authority area of Midlothian there were 221 employability fund places for 14/15, this was reduced to 214 for 15/16 and 124 for 16/17. At the contract award co-decision meeting for 16/17 these places were awarded to a variety of third, public and private sector providers. Lifelong Learning and Employability had 70 places in 15/16 for Midlothian and 35 for East Lothian, for 16/17 they have been awarded 0 places for Midlothian and 8 for East Lothian. The places for Further Education Colleges in our case Edinburgh College and SRUC (previously Oatridge College) have been ring fenced.

At the time of writing this report the providers who have successfully secured a contract to deliver for Midlothian have not been publically released; they are likely to be a mixture of local and Edinburgh based third and private providers.

2.3 Summary of Feedback of Approaches for Other Local Authorities

Six local authorities have provided feedback on their approaches and to employability; these were East Renfrewshire, North Lanarkshire, Clackmannanshire, West Dunbartonshire, Aberdeenshire and Scottish Borders. They all provide a consistent message regarding the advantages of local authorities having a key role in the co ordination of the employability pipeline along with a key delivery role. The benefits are avoidance of duplication, co-ordination of partnership working and a focus on those with multiple barriers being supported across the pipeline over a number of years. Local authorities can commit to the long term support required to provide consistency of contact and development. The relationship formed over a sustained period of time between the service user and the key worker is fundamental to increasing the chances of achieving a sustained positive outcome. Employability staff within local authorities are uniquely placed to maximise the supply and demand side of employability through the links the council has with small and larger businesses and other public sector providers, including the opportunities provided through community benefit clauses.

The City Deal and inter-authority working provides a unique opportunity for Midlothian employability services to take advantage of these funding streams to grow and ensure a very localised approach within Midlothian. However we also need to ensure we take advantage of regionalisation to support local people to have a broader range of supported employability across the region but localised support especially in the early stages of the pipeline are crucial to success.

2.4 Historical Financial Income Targets from Contracts

When Midlothian Training Services started bidding for contracts approximately 20 years ago an income target was incorporated in to the budget. This income target was aligned with expenditure to run programmes such as management costs, staffing and trainee allowances. Over the years there has been a significant reduction from approximately 25 to 10 members of staff equating to a reduction of 60%. However the income budget for the service was not reduced accordingly. The financial position was managed on annual basis according to the priorities of that time and the levels of income generated.

Through the service review we have merged youth and adult services linked to contracts and direct employability support which means that this aspect of the LLE service has been reduced to 10 staff members. These staff deliver individual support, delivery of employability programmes for schools and referral agencies; support both adults and young people to achieve positive outcomes.

In order to manage and realign income targets over the last two financial years the service management team have reduced actual and budgeted expenditure to offset the unachievable income targets. This has bridged the budget gap internally by £207,000.

The strategic plan for 16/17 was to identify further savings and use these to permanently reduce the income target to a realistic goal for the funding contracts available. However due to the loss of the main contract and the delay in being able to put in cluster bids for the new devolved programmes this will now not be a realistic strategy.

2.6 Service Delivery in 2016/17

The LLE service in 2016/17 is required to maximise the opportunities available, and to date they have been successful in securing the Modern Apprenticeship Contract for 16/17 to the value of £85,000. We have also received the Scottish Employment Recruitment Incentive (SERI) fund places. Approval for the European Social Fund (ESF) programme application has been received which aims to support 900 unemployed people facing multiple barriers over 20 months. The majority of the ESF programme will be procured. In addition to this we will build on the employability fund places already allocated for East Lothian. These achievements will help to mitigate to a degree the extent of the impact on positive destinations.

To increase mitigation of those at risk of a negative destination, we can continue to deliver a variety of programmes from the current staffing structure without the trainee allowance component.

3 Report Implications

3.1 Resource

In order to address the financial gap we have looked at the income and expenditure across the entire LLE service.

The following steps have been implemented to reduce the financial gap:

- Prior to the actions described in section 2.4 the income target across LLE was £743,000.
- Therefore the current budget and income target for 16/17 is £536,000 across LLE.
- The maximum level of confirmed income for 16/17 is £157,000.
- After a further review of expenditure budgets, we can carry out a further realignment and deliver an additional reduction of £147,000 through reducing budgets linked to trainee allowances, stationary, programme delivery, specialist equipment and other supplies and service across the full LLE service.
- Single year 16/17 income generation and re-profiling of DYW funding which equates to £70,400 (details attached in Appendix One).

- The income target of £536,000 for LLE is projected to be unachievable in 16/17 due the combination of the historic income targets and the reduction in employability fund contracts. LLE have a predicted overspend of £162,000 for 16/17. An income target review will take place for the as part of the development 17/18 budget.
- This table summarises the actions described so far:

Income Target 16/17	Confirmed Income 16/17	Additional reduction in expenditure across LLE	Single Year income	Projected Overspend
£536,000	£157,000	£147,000	£70,400	£162,000

3.2 Risk

We need to mitigate risks which are financial however there is also a high risk of negative impact on local people who experience multiple barriers to securing employment; many of these are from protected characteristic groups. The reduction in the level of support available and the decrease in locally accessible provision will compound the affect on those most vulnerable. Those most likely to be affect will live in the priority target areas and have additional needs for example, care experienced young people, adults with physical and or learning disabilities, people with mental health issues and those recovering from and drug and alcohol misuse or those with experience of the criminal justice system.

Young people leaving school are an increased risk of a negative destination as there will be less employability fund trainee places then last year. These have been reduced by 42% locally and in real terms means that there will be 90 less young people on paid local trainee programmes. Within the report we attempt to reduce this risk by offering 25 young people a place on a paid trainee programme funded by re-profiling DYW funding.

If we do not reduce the income targets and plan to increase income generation targets there will be a significant risk of the LLE budget being overspent in 16/17. The recommendations set out within this report reduce the level of unplanned for financial risk.

Over the next year there will be new opportunities to attract funding through the revised employability programmes, there is a risk that these will not be maximised if the LLE service is not in a position to take advantage of these. The actions outlined to increase income for 16/17 will reduce this risk along with active participation in the City Deal and the national employability network.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☒ Adult health, care and housing
- ☒ Getting it right for every Midlothian child
- ☒ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

3.4 Key Priorities within the Single Midlothian Plan

Directly relates to improving positive destinations for adults and young people as well as developing the young workforce.

3.5 Impact on Performance and Outcomes

This work has a direct impact on positive destination for both adults and young people.

3.5 Adopting a Preventative Approach

The mitigation activities will support those both young people and adults at risk of a negative destination to secure a positive outcome

3.6 Involving Communities and Other Stakeholders

None currently, if some of the mitigation actions agreed then DYW would need to be informed due to funding implications.

3.7 Ensuring Equalities

An EQIA has not been completed as this report does not recommend a policy change. However as outlined in the risk section it is likely that the greatest impact will be felt by those in the target priority areas, who have complex needs and face the greatest inequalities due to the reduction in employability support available locally.

The report enables support to be offered to an additional 25 young people who are at risk of negative destinations; previous participants have been from protected characteristic groups for example those with care experience.

As the national changes will be developed over this forthcoming financial year it is important to influence the plans in order to take into account the needs of Midlothian residents and work to reduce the inequality gap through increased access to jobs/income, opportunities and qualifications. Retaining a contract delivery arm of the LLE service means we can rapidly respond to forthcoming opportunities and support those who are most vulnerable within Midlothian.

3.8 Supporting Sustainable Development

3.9 IT Issues

None

4 Summary

This report presents the current changes in devolved employability programmes, highlights the potential impact on equality groups due to the reduction in funding. In addition it indicates that there is a predicted overspend of £162,000 for 16/17 and the need to review income targets for 17/18.

5 Recommendations

Council is recommended to:

- Note that the income target of £536,000 for LLE is projected to be unachievable in 16/17 due to the combination of the historic income targets and the reduction in employability fund contracts. LLE have a predicted overspend of £162,000 for 16/17. An income target review will take place as part of the development 17/18 budget; including the resolution of the predicted overspend in 16/17.
- Recognise the continued negative impact of funding and service reductions for those in equality groups.

- Agree to the funding and delivery of a paid trainee programme for 25 young people by realigning the DYW funding from the Further Education widening access programme to direct delivery of the trainee programme.
- Support the LLE service to undertake the mitigating actions to support those at risk of a negative destination and reduce the funding gap.
- Forward the report to Council and raise awareness of the associated issues through COSLA and other mechanisms.

Updated 08 June 2016

Report Contact:

Annette Lang, Education Manager, LL&E

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Appendix One

One Year Mitigation Table

Proposal Title	Description	Income	Recurring income or just for 16/17
DYW Mapping of Science Park Opportunities	Mapping of existing opportunities and key contacts within science park LLE deliver and dedicated existing member of staff to complete mapping.	£25,000	Only for 16/17 there may be additional DYW income for 16/17
Employability paid trainee programme funded through reprioritisation of widening access programme funded by DYW	Use funding to run a 12 week paid trainee programme for 25 young people	25 Participants Costs: Training Allowances – 25 x £55.00 x 12 Weeks = £16,500 Travel based on standard travel costs of £3.00 per day – 25 x £15.00 x 12 Weeks = £4,500 PPE Costs – 25 x £40.00 = £1,000 Material Cost– based on £120.00 per person x 25 = £3,000 £0	Only 16/17 no income generated but mitigates against negative destinations
Explore vocational school/workshop and target 8/10 young people who would normally wish to leave after 4 th year – funding follows young person	Explore vocational school workshop (similar to the Inverclyde Model) aimed at those who would leave school after 4 th year into a negative destination.	Target 8/10 yp Approx £3,200 x 8 = £25,600 through claiming allowance for staying on at school and the funding following the young person.	Pilot could be annual if successful
Run industry based courses for businesses or other providers Safety Construction Certificates, A1 SQA assessors training	Run within existing staff costs as staff are contracted to work occasional weekends and evenings	£5,000	Annual if successful

Increase vocational evening/day and weekend classes	Use existing staff to increase offer so no additional staffing costs	£433.50 per course (half full fee half concessions 12 people 8 week course £2,000 income target many will be concessions payment or could use ILAs	Annual if successful
ICT training and work with young people/adults training to other sectors within MC	ICT training and work with young people/adults training to other sectors within MC	£100 per person 20 people £2,000	Annual if successful
Vocational Training to Schools	Trade and industry related vocational opportunities for pupils during the school timetable.	£10,800	Annual if successful
Total One Year Mitigation		£70,400	

Prioritising Targeted Areas in the Small Grants Programme 2017/18

Report by Mary Smith, Director, Education, Communities and Economy

1 Purpose of Report

The purpose of this report is for elected members to consider and approve options for weighting the Council's Small Grants Programme assessment criteria to benefit the targeted areas of Mayfield/Easthouses, Gorebridge and Woodburn/Dalkeith, as requested at the Council meeting of the 15 December 2015.

2 Background

2.1 In June 2014 the Council approved a set of recommendations following a review of Council grants as part of the wider review of Services to Communities. The review was prompted by a need to create a consistent and transparent approach that would achieve financial savings.

2.2 The Council approved a new set of criteria and separate funding streams for the Small Grants Programme. This criteria and supplementary guidance is available in **appendix 1** of this report.

2.3 The Small Grants Programme is made up of four separate funding streams. The Programme can issue grants between £100 and £3000. Each stream has an allocated budget, approved criteria, and designated grant stream lead. The grant streams are;

- i) Poverty
- ii) Developing Communities
- iii) Employability, Learning, and Training
- iv) Health and Physical Activity

2.4 On the 15 December 2015 the Council agreed that Officers will “set out a system for weighting scoring to benefit the targeted areas of Mayfield, Gorebridge and Dalkeith in the 2017/18 and beyond grants round”. Options for consideration are detailed in section 3.3 below.

3 Report Implications

3.1 Resource

The approved allocated budget of the Small Grants Programme is £150,000 per year for a three year period (2015-18). The report approved by Council in

2014 recommended the following allocation for each of the grants streams;

Grant Stream 2017/18	Budget
Developing Communities	40,000
Poverty	40,000
Community Councils	10,000
Gala Days*	-
Employability, Learning and Training	20,000
Health and Physical Activity	40,000
Total	150,000

**The allocation and administration of Gala days will be transferred to the Resources Directorate for 16/17, as agreed at the Council meeting on the 15 December 2015.*

3.2 Allocation by Targeted Area

The three targeted areas make up 29% of Midlothian's population and the allocation for the Small Grants Programme in 2016/17, not including projects that have a Midlothian wide remit, was 31%. Of the overall grant allocation £42,222 was allocated for Midlothian wide projects, £33,173 to targeted areas and £74,604 for non targeted areas. For a full breakdown of the funding allocation for targeted areas see **appendix 2**.

3.3 Proposal

The Single Midlothian Plan (SMP) has directly informed the criteria used to assess the Small Grant applications.

Option 1

The Poverty small grant stream has for the last two years been undersubscribed. From an annual budget of £40,000 only one unsuccessful application was received in 2015/16 and for 2016/17 seven applications were received totalling £16,725, of which £15,725 was awarded.

In order to address the SMP's top three priorities of closing the outcome gap in health, learning, and economic circumstances and to support the agreed SMP approaches of improving access to local services and focusing resources on the three priority areas, it is recommended that the £40,000 poverty stream is allocated exclusively for work in the three priority areas. If this is approved, the Communities Team will work with local organisation to co-produce projects that will help close the gap in outcomes in these areas. If an external funding opportunity arises for match funding in the priority areas, such as the Scottish Governments Community Choices Fund¹, the Council is requested to grant permission to proceed on this basis.

Option 2

To weight all of the small grants streams in favour of the targeted areas, introduce a new scoring criterion that allows a 5% weighting across all streams for projects in these areas.

If approved both options would be evaluated and reported at the end of the funding cycle.

¹ Community Choices is the newly announced £2 Million grant which is the Governments approach for participatory budgeting.

4 Risk

The Review of Council Grants has been risk assessed and these risks are included in the Council's Risk Register. The Small Grants Programme provides financial support to a wide range of local organisations, which provide community activities across the county. For example youth and children's work prevents costs associated with anti- social behaviour; older people self help groups prevent escalating costs associated with hospital admissions and care home admissions. The risk to the Council is that loss of these organisations and their activities may increase other costs for the public sector.

The risks for these small organisations include losing part-time staff, reduction in volunteers, closure, increased pressure to fundraise from other sources, and loss of external funding levered in through match funding.

The Small Grants Programme helps to mitigate against some of these risks. Grants are carefully monitored to ensure compliance, and are subject to internal scrutiny to ensure they meet the requirements of Following the Public Pound Guidance.

There are risks associated with weighting scoring to benefit the targeted areas. Weighting scoring may disadvantage communities in other geographical areas. Allocating the poverty stream to the targeted areas will exclude other groups who support people in poverty from accessing the small grants. Not weighting the scoring to targeted areas also carries risk, as it would be inconsistent with the new priorities in the Single Midlothian Plan (SMP) to reduce inequalities of outcomes in the targeted areas. A further risk would be that it would make it harder to get match funding from other funders who often prioritise funding for areas of high deprivation.

5 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☒ Community safety
- ☒ Adult health, care and housing
- ☒ Getting it right for every Midlothian child
- ☒ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☒ Business transformation and Best Value
- ☐ None of the above

5.1 Impact on Performance and Outcomes

The Small Grants Programme has criteria for each grant stream to ensure the stated outcomes are achieved. The existing monitoring processes help ensure that the allocation of small grants will support the outcomes identified in the SMP.

5.2 Adopting a Preventative Approach

The Council is committed in policy to supporting communities to do more for themselves to prevent demand for public service interventions escalating. These small community managed groups are examples of this policy in practice. Prevention is a key part of the criteria for all grant streams. All applications were carefully assessed by the scoring panels against this criterion.

5.3 Involving Communities and Other Stakeholders

Initially the review of Council Grants used a co-production approach with the Third Sector. The criteria and processes in the Small Grants Programme have been informed by this process. Midlothian Voluntary Action undertook a support role as part of the Small Grants Programme for 2016/17. A survey was issued to all grant recipients so they could identify administrative improvements to the Small Grants Programme. In 2016/17, as in 2015/16, the Small Grants Programme was promoted across the county through publicity across a variety of media. Information on how to apply was widely disseminated and drop-in advice sessions for applicants' were held in Dalkeith and Penicuik during the day and evening.

5.4 Ensuring Equalities

A full Equality Impact Assessment (EQIA) was undertaken as part of the Councils review of grants in 2014. The approved EQIA recommendations are now embedded in the three year small grants programme. The grants panels carefully assess the applications against the Councils equality duties. The funded organisations are required to monitor equalities and take positive action to promote access for equality groups.

The option of using the poverty funding stream for the targeted areas and weighting scoring in the other funding streams provides evidence of Positive Action under the Equalities Act (2010). This is because Midlothian Community Planning Partnership decided to add Poverty as an additional Protected Characteristic.

5.5 Supporting Sustainable Development

The Small Grants Programme funding will help sustain the Third Sector in Midlothian. With reductions in statutory funding, the Third Sector has an increasingly important role in developing communities, reducing inequalities, and addressing social isolation.

6 Summary

6.1 The Small Grants Programme is a key part of the overall Council's contribution to Third Sector organisations and supports the priorities of the SMP.

Whilst there has been some consideration given to area targeting by the grant panels, there is a view that this could be more formalised with a weighting of scoring towards applications from these areas in future funding allocations, as detailed in section 3.4.

In addition it is considered that removing the small grants poverty stream, which has been undersubscribed, and allocating this to a ring fenced fund for targeted areas where decision's could be devolved to local organisations and residents would be consistent with agreed SMP policy of prioritising these communities. There may also be an opportunity to secure external match funding.

7 Recommendations

7.1 There are a number of options for Council to consider and approve:

- i) **Option 1**, allocate the poverty stream to the targeted areas in the 2017/18 grant round and beyond, using a co-produced decision making process, and permit this stream to be used to apply for external match funding; or,

- ii) **Option 2**, introduce a new scoring criterion that allows a 5% weighting across all streams for projects in targeted areas.
- iii) **Option 3**, approve both option 2 and 3.

Date 16 May 2016

Report Contact:
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Appendix



Small Grants
Guidance and Criteria

Appendix 2



2016/17 Grants
analysis targeted are



Guidance and Criteria

Midlothian Council Small Grants Fund

Midlothian Council Small Grants Fund is now open for applications for local projects aimed at improving the quality of life of people living in Midlothian communities. A community can either mean a local area, or a group of people who are united by a common issue.

Applications are welcome from community groups, charities or social enterprises. In order to apply you must be constituted and have a bank account. If you are a new group you will need a statement of purpose and a bank account in the name of the group. No new applications will be accepted from public sector organisations.

You can apply for a small grant of up to £3000 on a Small Grant application form for a one year project. Applications can be made to more than one grant stream but must be for different things as duplicate applications will not be considered.

There are four separate types of funding and the criteria for the different streams are detailed below.

Developing Communities Fund

Criteria for Funding

The work that you are doing must meet one or more of these criteria to qualify for funding:

- Local people and/or groups are supported to work together to be more involved in their community
- Local people and/or groups are supported to work together to improve their community
- Community groups, charities, and social enterprises are supported to be involved in Community Planning
- Communities are supported to become safer and more economically active

Your project should improve the quality of life of local people and support them to be involved in their community. This might be through things like:

- Organising training so that people can learn things or develop new skills
- Holding an event or a series of events
- Buying materials or equipment
- Promoting tourism
- Paying for a worker
- Encouraging people to volunteer
- Paying volunteer expenses
- Carrying out consultation with people
- Cultural activity like arts, drama, or music
- Activities that improve local neighbourhoods

Employability, Learning and Training Fund

Criteria for Funding

Your project should support people to take part in learning, training or secure work. Activities might include things like:

- Local people seeking work are supported to find a job
- People are supported to gain confidence and develop new skills relating to jobs
- People are supported to volunteer to build up skills for the work place
- People are supported to gain qualifications and certificates
- People are supported to get a place at college or a place of further study
- Local learning and development opportunities are provided for young people and adults

Health and Physical Activities Fund

Criteria for Funding

The work that you are doing must meet one or more of these criteria to qualify for funding:

- People's Health and Wellbeing is improved by taking part in Physical Activity
- People are supported to lead a more Healthy Lifestyle (this covers both Physical Health and Mental Health and Wellbeing)

Your project should improve the quality of life, Health and Wellbeing of local people. This could be through:

- Health promotion activity
- Promoting active leisure or travel
- Developing group activities
- Encouraging sporting activity or starting a sports club
- Promoting access to the countryside and encouraging physical activity such as walking, cycling, or running

Poverty Fund

Criteria for Funding

Your project should support people in vulnerable households to manage their finances better, and/or provide support to people in debt or financial crisis. Activities might include things like:

- Supporting people to deal with fuel poverty
- Supporting people to deal with food poverty
- Helping people to deal with the impact of welfare reform
- Promoting social inclusion
- Supporting financial inclusion
- Supporting people to deal with debt
- Supporting families to deal with poverty which affects children
- Advice, guidance, assistance, and representation in accessing welfare benefits

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- Representation and support at appeals
- Activities that prevent people experiencing poverty

The following information will apply to applications to **all** grant streams.

Eligible and Ineligible Activities

The funding can be used for things like

- Paying staff
- Volunteer expenses
- Running costs
- Start up costs for new projects
- Developing business plans
- Governance costs
- Buying equipment

There are some activities that are not eligible for grant funding. It cannot be used to

- Repair buildings
- Provide personal clothing for groups or organisations
- Support people in religious activity
- Pay for religious services, education, or prayer groups
- To buy religious publications
- Pay for material that is designed to support political activity or a political party

A Good Application

To keep things fair, award decisions are solely based on information provided in your application, but you can provide supporting evidence like research or evidence of consultation with partners and the people who will benefit from your Project.

A strong application will include:

- A demonstration of the need or demand for your project
- Clarity about who, and how many people, will benefit from your project
- Clarity about outcomes, activities that will support their achievement, and how you will measure and evaluate these
- A commitment to working alongside people to develop and deliver services and to provide them with the skills and knowledge to do this
- Links to key partners from Midlothian third and public sectors
- Activity that helps people to avoid more serious difficulties in their lives
- Ease of access to services for local people or the removal of barriers to accessing services
- Clear costing and timescales
- Details of how the funding will supplement funding or resources from other sources

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Decisions on Applications

Your application will be considered by the scoring panels. You will find out by the end of December 2015 if your application has been successful.

Further Support

Please contact the following for further information or advice about applying to a particular grant stream.

Developing Communities Fund Grant

Stephen Bermingham 0131 271 3338 stephen.bermingham@midlothian.gov.uk

Employability, Learning and Training Fund Grant

Karen McGowan 0131 271 5697 karen.mcgowan@midlothian.gov.uk

Health and Physical Activity Fund Grant

Tony Malone 0131 561 6501 tony.malone@midlothian.gov.uk

Poverty Fund Grant

Stephen Bermingham 0131 271 3338 stephen.bermingham@midlothian.gov.uk

Midlothian Voluntary Action can provide advice and support on making an application and they run training courses and awareness raising sessions. If you are a local group looking for support or advice with your application please contact lesley.kelly@mvacvs.org.uk 0131 6639471

Small Grants Programme Allocation 2016/17

Grant Stream Allocation £ Allocation %

Item 8.17

Developing Communities

Gorebridge	£	4,300.00	9%
Dalkeith	£	5,350.00	11%
Mayfield & Easthouses	£	-	0%
Non Targeted Areas	£	31,577.14	63%
Midlothian Wide	£	9,170.00	18%
TOTAL	£	50,397.14	

Employability, Learning and Training

Gorebridge	£	4,300.00	21%
Dalkeith	£	2,904.00	14%
Mayfield & Easthouses	£	-	0%
Non Targeted Areas	£	10,845.00	54%
Midlothian Wide	£	2,020.00	10%
TOTAL	£	20,069.00	

Poverty

Gorebridge	£	-	0%
Dalkeith	£	1,269.00	8%
Mayfield & Easthouses	£	2,725.00	17%
Non Targeted Areas	£	-	0%
Midlothian Wide	£	11,730.48	75%
TOTAL	£	15,724.48	

Health and Physical Activity

Gorebridge	£	3,500.00	8%
Dalkeith	£	3,166.78	7%
Mayfield & Easthouses	£	809.65	2%
Non Targeted Areas	£	18,344.00	41%
Midlothian Wide	£	18,501.58	42%
TOTAL	£	44,322.01	

Community Councils

Gorebridge	£	300.00	3%
Dalkeith	£	1,250.00	13%
Mayfield & Easthouses	£	300.00	3%
Non Targeted Areas	£	7,171.77	73%
Midlothian Wide	£	800.00	8%
TOTAL	£	9,821.77	

Gala Days

Gorebridge	£	1,333.00	14%
Dalkeith	£	833.00	9%
Mayfield & Easthouses	£	833.00	9%
Non Targeted Areas	£	6,666.00	69%
Midlothian Wide	£	-	0%
TOTAL	£	9,665.00	

COMBINED GRANT STREAMS

Gorebridge	£	13,733.00	9%
Dalkeith	£	14,772.78	10%
Mayfield & Easthouses	£	4,667.65	3%
Non Targeted Areas	£	74,603.91	50%
Midlothian Wide	£	42,222.06	28%
TOTAL	£	149,999.40	

TARGETED AREA EXCLUDING MIDLOTHIAN WIDE

Targeted Areas	£33,173.43	31%
Non Targeted Area	£107,777.34	69%

Notes

Mayfield & Easthouses groups **did not apply** for any money under DC or ELT streams

Gorebridge groups **did not apply** for any money under Poverty stream

Poverty stream 100% of money was allocated to Midlothian wide or targeted areas

Historic Environment Scotland: Conservation Area Regeneration Scheme**Report by Ian Johnson, Head of Communities and Economy****1.0 Purpose of Report**

- 1.1 This report informs Council of the latest round of funding announced by Historic Environment Scotland (HES) under its scheme to promote regeneration of conservation areas; and recommends that this Council submits a bid for funding of a scheme at Penicuik town centre.

2.0 Background

- 2.1 The Conservation Area Regeneration Scheme (CARS) funding programme was established in 2005 to provide financial assistance for area-based regeneration and conservation initiatives to the historic environment with the responsibility for its administration and delivery devolved to grantees.

Funding is provided over a 5 year period and can be used to fund:

- a repairs programme for priority projects;
- a small grants scheme – eg for homeowners or retailers;
- community engagement through training opportunities in traditional skills and through education programmes;
- training opportunities for traditional craftspeople;
- public realm conservation and restoration; and
- administration costs including the appointment of a dedicated project officer.

Applications may be submitted by local authorities; national park authorities; community groups and other organisations experienced in delivering multi funded projects with priority given to those working in partnership with their local authority.

- 2.2 This latest round of funding (Round 7) has a total budget of £10m and will run from either 1 April 2017 or 1 April 2018 (subject to confirmation by HES) until 31 March 2022. Applications for funding under this round are to be submitted to HES by 31 August 2016.
- 2.3 Midlothian Council has benefitted from substantial levels of CARS funding in previous rounds for Dalkeith (2009 to 2014) and Gorebridge (2013 to 2018), this latter scheme being at an advanced stage of implementation.

3.0 Potential Candidate Areas in Midlothian

- 3.1 There are two particular considerations that need to influence the choice of area on which to submit a bid for CARS funding. The first is to ensure the bid closely aligns with the assessment criteria which HES will use in its consideration of bids: the second is to assess the bid which will provide the greatest benefit to Midlothian and its communities.

- 3.2** The primary document used by HES in the assessment of bids is the Scottish Government's Regeneration Strategy: Achieving a Sustainable Future (December 2011). That Strategy states the need to promote and secure successful and sustainable communities, economically, physically and socially. It specifically refers to support for town centres to ensure they are functioning, well maintained assets that develop and support the needs of their residents, businesses and visitors. It also highlights the role that Business Improvement Districts can play in encouraging continuous investment in town centres. In its summary of outcomes the Strategy refers to:
- putting communities first;
 - considers the physical, social and economic elements together;
 - focuses on the quality of places;
 - accounts for wider economic strategies;
 - strong leadership; and
 - effective partnership working.
- 3.3** It is evident from this context that CARS schemes are most likely to be at their most effective in promoting town centre regeneration and, as a consequence, funding bids for town centre conservation areas are more likely to be successful. Of the 21 designated conservation areas in Midlothian, four cover to some degree town centres, these being those at Dalkeith, Gorebridge, Newtongrange and Penicuik. As Dalkeith and Gorebridge have been the recipients of CARS funding from previous rounds, it would be appropriate to examine the merits of Newtongrange and Penicuik.
- 3.4** The designated conservation area at Newtongrange includes the National Mining Museum and environs, as well as a section of the original street pattern of houses (First to Fourth Streets) built to accommodate workers at the nearby former colliery. It does not include much of what could be generally regarded as Newtongrange town centre along Main Street. This in itself is not a conclusive reason to dismiss the area from a CARS funding bid, but it would need associated additional funding streams to be secured to provide the comprehensive approach that would be needed. In this respect the timing is perhaps rather early for a bid. With the advent of the Borders Railway and other emerging changes on sites in the town centre there may well be new funding opportunities arising over the next 12 to 18 months to support an overall scheme of town centre regeneration, of which a future round of CARS would be a component part.
- 3.5** At Penicuik the most recent substantial town centre redevelopment was in the 1980s, although further plans were drafted in 1997, yet not implemented. The size of the town and its fairly well defined town centre area provides opportunity to implement a scheme of works to buildings and public realm which would have a significant economic impact on the town with related benefits to the community of Penicuik. A particularly significant advantage is the positive vote in May 2015 to establish a Business Improvement District in the town centre, thereby demonstrating the commitment of local businesses to improvement of the retail/commercial centre of the town. An initial survey of the area shows that there is substantial potential to renovate and repair traditional buildings, improve the appearance of new buildings, secure the renovation and longer term future of significant buildings such as the Town Hall and the former Co-op building, and to make step-change improvements to the streetscape and public realm. A successful bid could also be a catalyst for seeking additional funding from the Heritage Lottery Fund's Townscape Heritage programme.

4.0 Report Implications

4.1 Resources

Previous experience of the CARS schemes at Dalkeith and Gorebridge showed that for bids to be successful, some element of Council funding is required. In the case of Gorebridge a total Council contribution of £50,000 over five years is being provided as part of an overall programme budget of some £800,000. At this stage it is not possible to determine the likely level of Council contribution required for a bid under the current CARS round; that would need formal approval either by Cabinet or Council once a fully costed application had been prepared ready for submission.

4.2 Risk

If the Council does not submit a bid under this round of CARS it loses the opportunity to draw in additional funding to upgrade one of Midlothian's town centre conservation areas, and the physical, economic and community benefits that would be achieved.

4.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☒ Community safety
- ☒ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

4.4 Key Priorities within the Single Midlothian Plan

Investment in comprehensive improvement of town centres in Midlothian directly addresses economic inequalities.

4.5 Impact on Performance and Outcomes

No direct impact arising from this project.

4.6 Adopting a Preventative Approach

Investment in town centres can arrest and reverse their decline.

4.7 Involving Communities and Other Stakeholders

In compiling a successful bid, the applicant Council will need to demonstrate prior genuine engagement with local groups and the community and show that they are an integral part of the bid.

4.8 Ensuring Equalities

As part of the bid to HES the application will need to include an equalities impact assessment.

4.9 Supporting Sustainable Development

Vibrant and vital town centres which are well connected by public transport are contributors to a more sustainable economic and physical environment.

4.10 IT Issues

None.

5.0 Summary

- 5.1** The town centres of Dalkeith and Gorebridge and by extension their wider hinterlands have gained tangible benefits from CARS funding. It would therefore clearly be in the interests of Midlothian to submit a further application to HES under the current round of funding. That would require detailed work over many weeks to prepare a robust bid, and would need to include Council funding as part of the bid. From a review of the potential candidates, Penicuik provides the strongest case and the best chance of a successful bid for funding in what is normally a particularly oversubscribed HES budget.

6.0 Recommendations

It is recommended that Council;

- i) authorises preparation of a bid to Historic Environment Scotland for Conservation Area Regeneration Scheme Round 7 funding for a scheme at Penicuik; and
- ii) instructs that the completed bid application be submitted for Cabinet or Council approval prior to submission to Historic Environment Scotland.

Date: 3 June 2016

Report Contact: Ian Johnson, Head of Communities and Economy
telephone: 0131 271 3460
ian.johnson@midlothian.gov.uk

Background Papers: None

Midlothian Council
28 June 2016

Update Report on progress with new football pitch at Beeslack Community High School

Report by Dr Mary Smith, Director, Education, Communities and Economy

1 Purpose of Report

Following the approval at Council on 25 June 2013 to bid for funds for a new 3G pitch at Beeslack Community High School, bearing in mind the implications of the land arrangements that would need to be in place, this report provides an update on the progress with the plans for an externally funded 3G community pitch at Beeslack Community High School, Penicuik.

2 Background

- 2.1** In June 2013, the Council report on the new Football Pitch for Beeslack Community High outlined that Penicuik is home to several football clubs and groups and practically all of them have recently come together to form an all-embracing organisation called the Penicuik Athletic Community Football Club (PACFC). The organisation is keen to increase the number of playing members especially in the youth section and it believes a dedicated playing hub and training centre is necessary for the realisation of their aspirations. Penicuik is also home to the 2nd Battalion the Royal Regiment of Scotland based at Glencorse Barracks and over the years very strong relations have been forged between the barracks and the local community. The local schools, notably Beeslack High and Mauricewood Primary schools, have played a significant part in this. The Barracks currently has a number of facilities but some of these would benefit from augmentation.
- 2.2** Beeslack already provides an extensive community programme of Educational, Leisure and Sporting activities used each week by over 2000 users (from the Armed Forces and the local community). However the existing pitch is a poor quality shale surface that is not fit for purpose and consequently pupils have to go to other facilities outwith the school premises for some physical education activities. A new fit for purpose pitch would provide much needed sports / physical education facilities for pupils of both Beeslack High and Mauricewood Primary schools, additional and easily accessible facilities for the 2nd Battalion and a new playing and training hub for the Penicuik Athletic Community Football Club (PACFC).

- 2.3** This report provides an update on the anticipated costs of providing the pitch which totals £400,000 and the funding secured which totals £384,462. This is made up of five main funding sources as outlined in the second table below:

Beeslack 3G Project	Pre Estimate	Tender
Construction Works	£302,075	
Fencing	£40,000	
Goal Posts and Nets	£4,000	
Goal Storage	£3,700	
Anticipated tender	£349,775	
Fees	£30,360	
Project Contingencies	£20,000	
Project Total Cost	£400,135	

Beeslack 3G Project	Funding	Update position
Army Covenant Grant	£200,000	Awarded in April 2014. Funds will be released when a contractor has been secured and the work commenced
Penicuik Athletic Youth Football Club	£25,000	Grant Awarded to the PYAFC. Funds will be released when project is launched
Beeslack CHS	£25,750	Secured in the school budget
Sport Scotland	£66,250	Awarded
Beeslack Community	48,712	Secured in the school community budget
Midlothian Council Shortfall	18,750	Education Service agreed to cover this shortfall on 16th March 2015
	£384,462	

Costs have increased due to several reasons:

- Further refinements to the brief have been advised by Sport Scotland. These are five sets of goal posts/nets and storage of the goals when not in use which requires increased pitch area and fencing.
- Fencing costs were not included in the original cost estimate, these are approximately £40,000.
- The current cost forecast is £380,135 and allowing for 5% contingency this indicates a total development cost of £400,000.

This is a significant increase and exceeds the budget. Tenders are due back in two weeks and the returned tender prices will be reviewed and savings identified if necessary to bring the project back within budget.

3 Report Implications

3.1 Resource

The table above notes the funding sources including the additional other costs which total £47,700. £225,000 will be released at the point of project commencement and the Education Service has set aside £18,750 to cover the original projected shortfall.

3.2 Risk

This project currently depends on MLC leasing / committing the land for up to 10 years from June 2013. If this or any other aspect of the multi-agency collaboration falls through, the project's future would be in serious jeopardy. The headteacher chairs the steering group for the project and is in continuous discussions with various stakeholders to ensure this risk is mitigated as much as possible.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☒ Adult health, care and housing
- ☒ Getting it right for every Midlothian child
- ☒ Improving opportunities in Midlothian
- ☐ Sustainable growth
- ☒ Business transformation and Best Value
- ☐ None of the above

3.4 Impact on Performance and Outcomes

Both the proposed funding and use of this facility are examples of the Council working with other organisations and the wider community to obtain new resources and optimise the use of existing ones. This promotes the Council's position on different models of service delivery and contributes to desired outcomes for best value, co-production, community cohesion and health & wellbeing.

3.5 Adopting a Preventative Approach

Well documented evidence clearly shows a strong link between engaging young people in sports and reduced youth crime levels and anti-social behaviour. Providing facilities both for the school and the Athletic Club will make a significant contribution to engaging the area's young people.

The facility will also provide added opportunities for other age groups to engage in physical activities in support of the Council's promotion of active and healthier lifestyles, thereby contributing to the prevention of some health-related conditions.

3.6 Involving Communities and Other Stakeholders

Numerous discussions have taken place with members of the local and regional armed forces, community groups, local councillors, sportscotland and officers within the Council. Both the funding and the running/maintenance of the facility will be through adopting a co-productive approach.

All key stakeholders believe that this project will further enhance community cohesion by promoting and supporting the integration of Armed Service Families into wider community organisations and activities.

3.7 Ensuring Equalities

The facilities will be DDA compliant and will be open to all sections of the community.

3.8 Supporting Sustainable Development

Construction will comply with the required environmental standards.

3.9 IT Issues

There are no IT implications.

4 Recommendations

Council are requested to

- a) Note the contents of the report, including the funding sources.
- b) Note the progress to date.

08 June 2016

Report Contact: Sandra Banks

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E-mail: Sandra.banks@midlothian.gov.uk

Background Papers:

Council report of 25 June 2013: Opportunity for new football pitch at Beeslack Community High School.

School Session Dates for the Academic Year 2017/18**Report by Grace Vickers, Head of Education, Education, Communities & Economy****1 Introduction**

This paper refers to the setting of school session dates for the academic year 2017/18.

2 Background

Midlothian Council has recommended that the session dates for Midlothian schools be synchronised with our neighbouring council areas in particular with the City of Edinburgh Council, bearing in mind some differences in local holidays.

Council Officers have sought to align school session dates more closely with neighbouring local authorities, mainly Edinburgh and East Lothian. For school session 2017/18 Edinburgh and East Lothian have set their return date as Monday 14th August 2017. If Midlothian were to set the same return date it would result in 14 teacher days in August 2017 and 199 working days in the 2016/17 teacher leave year. Within the parameters set by the Scottish Negotiating Committee for Teachers (SNCT) teachers cannot work more or less than 195 days in the leave year. The implication of this for school session dates is that the number of teaching days in August cannot vary from year to year if they are to comply with the SNCT Handbook.

Following significant discussion on this matter at the Midlothian Negotiating Committee for Teachers (MNCT) the management side wrote to SNCT requesting them to determine if there are exceptions or developments which would permit more than 195 days for teachers to fall within the teacher leave year.

The response from the SNCT Joint Secretary has reiterated the relevant section from the SNCT Handbook “that the leave year for teachers and music instructors *“shall run from 1 September in any year until 31 August the following year” (Part 2, paragraph 5.1) and the working year “shall consist of 195 days of which 190 will coincide with the school year for pupils with the remaining 5 days being worked by the individual teachers on duties as planned by the Council” (Part 2, paragraph 3.5).*”

The letter further confirms that in the leave year teachers cannot work more or less than 195 days and that the Council should work within the parameters set by SNCT. In other words, the leave year in 2017-18 must comply with the Handbook, (Appendix 2).

In procedural terms, if Midlothian Council does not accept the advice of the Joint Secretaries, the next step is to refer the matter to the Joint Chairs for determination. At the meeting of Cabinet on 31 May 2016 it was decided that this course of action would be pursued and the outcome reflected in the setting of school session dates for 2018/19 and future years.

The setting of school session dates for 2017/18 is required imminently so time does not permit this course of action to be pursued for the 2017/18 school session. It was therefore proposed and agreed by Cabinet that the first day of the 2017/18 school session, in line with the SNCT handbook, will be Friday, 18 August 2017.

In agreement with the Joint Secretaries two possible options for 2017/18 session dates for Midlothian schools were drawn up for the purpose of consultation with staff and parents. These dates coincide with those of Edinburgh and East Lothian on the timing of the October, Christmas and Easter breaks and on the last day of the school session which will be Friday 29 June 2018. Both Edinburgh and East Lothian will have a full week break for staff and pupils in February 2018. The Midlothian break will take place in the same week in February however, due to the limitations of the session start date, a full week break for both staff and pupils cannot be accommodated.

Option A which had previously been tabled at MNCT gives pupils a break of two days and gives staff one day in service and a one day break. Option B gives pupils a break of one week and gives staff two days in service and a break of three days. In order to accommodate this option, the Spring holiday on 16 April and the May Day holiday on 7 May would be relinquished.

A survey of parents and staff was carried out on both these options. A total of 415 responses were received with 76.6% of respondents expressing a preference for option B, with the longer February break and no May Day holiday for staff.

On 7th June 2016, the Teachers' side of the MNCT raised an issue concerning the proposed removal of May Day as a holiday for teachers and stated that were Midlothian to make this a working day for teachers then they could not agree option B. Accordingly, in order to agree session dates for 2017/18 by the end of the current school session, the only possible course of action is to propose to Council to approve option A, with the shorter February break. The proposed scheme of school session dates for 2017/18 is attached to this report as Appendix1.

Midlothian will commence the 2017/18 academic session four days later than Edinburgh, with a start date of Friday 18th August and will have a February break of two days for pupils and a break of one day for staff. Edinburgh and East Lothian will have a full week break for both staff and pupils in February 2018. This break will take place in the same week in February in all three authorities.

The school session dates proposed for 2017/18 coincide across the three authorities on the timing of the October, Christmas and Easter breaks and on the last day of the school session which will be Friday 29 June 2018.

Both Management and Unions recognise that this outcome will disappoint staff and parents who responded positively to having a longer February break in 2017/18. Midlothian intends to undertake further consultation in the near future with the intention of achieving fuller alignment of school session dates for 2018/19 and future years.

In addition we propose to refer to SNCT Chairs, the matter of the May day holiday and the issue of permitting more or less than 195 working days for teachers to fall within the teacher leave year for determination in the setting of school session dates for 2018/19 and future years in order to determine whether we can align more closely with neighbouring local authorities.

3 Report Implications

3.1 Resource

There are no human resource implications associated with this report.

3.2 Risk

By aligning with neighbouring authorities risk implications are mitigated with regard to pupil attendance at school.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☐ Sustainable growth
- ☐ Business transformation and Best Value
- ☒ None of the above

3.4 Impact on Performance and Outcomes

Session dates have been designed to maximise attendance by minimising the number of broken weeks for staff and pupils.

3.5 Adopting a Preventative Approach

Not applicable.

3.6 Involving Communities and Other Stakeholders

Consultation has been undertaken with teaching unions, schools and parents and efforts have been made to synchronise session dates with the City of Edinburgh Council as far as possible.

3.7 Ensuring Equalities

The proposed report will have a neutral effect on equalities groups.

3.8 Supporting Sustainable Development

This proposal takes into account the need to deliver an educational service across Midlothian which anticipates and acknowledges the needs and views of stakeholders.

3.9 IT Issues

There are no IT issues arising from this report.

4 Recommendation

Council is recommended:

- To agree the school session dates for 2017/18 as set out in the attached appendix;
- To authorise officers to refer the matter of permitting more or less than 195 working days for teachers to fall within the teacher leave year to the Joint Chairs of SNCT for determination in the setting of school session dates for 2018/19 and future years in order to align with neighbouring local authorities.
- To refer the matter of the May Day holiday to the Joint Chairs of the SNCT for determination of school session dates for 2018/19 and future years.

07 June 2016

Report Contact: Sandra Banks

Tel No: 0131 271 2737

E-mail: sandra.banks@midlothian.gov.uk

Background Papers:

Appendix 1 - School Session Dates 2017/18

Appendix 2 - Failure to Agree Letter

MIDLOTHIAN COUNCIL

EDUCATION, COMMUNITIES AND ECONOMY

PROPOSED DAY SCHOOL SESSION DATES 2017 / 18

TERM 1	Staff Resume	Friday **	18	August	2017
	Pupils Resume	Tuesday	22	August	2017
	Autumn Holiday	Friday	15	September	2017
		Monday	18	September	2017
	All Resume	Tuesday	19	September	2017
Mid Term	All Break	Friday	13	October	2017
	All Resume	Monday	23	October	2017
	Term Ends	Friday	22	December	2017
TERM 2	Staff Resume	Monday*	8	January	2018
	Pupils Resume	Tuesday	9	January	2018
Mid Term	Pupils Break	Wednesday	14	February	2018
	Staff Break	Thursday*	15	February	2018
	All Resume	Monday	19	February	2018
	Term Ends	Thursday	29	March	2018
	<i>Good Friday</i>	<i>30th March</i>			
TERM 3	<i>Easter Monday</i>	<i>2nd April</i>			
	All Resume	Tuesday	17	April	2018
	May Day	Monday	7	May	2018
	All Resume	Tuesday	8	May	2018
	Victoria Day	Monday*	21	May	2018
	Pupils Resume	Tuesday	22	May	2018
	Term Ends	Friday	29	June	2018

*** Staff In Service Days:** Friday 18th & Monday 21st August 2017,
Monday 8th January 2018,
Thursday 15th February 2018,
Monday 21st May 2018.

Dawn Farquhar
Jim Glen
MNCT Joint Secretaries

Ref: DM/EN
16 May 2016
dmorrice@eis.org.uk

Dear Dawn and Jim,

Your letter of 19 April has been discussed by the Employers' Side Joint Secretary and Teachers' Side Joint Secretary.

In procedural terms determination would lie with the Joint Chairs or full SNCT. The Joint Secretaries are able to provide initial advice which, if you do not accept, will be referred to the Joint Chairs.

You will be aware from the Handbook that the leave year for teachers and music instructors *"shall run from 1 September in any year until 31 August the following year"* (Part 2, paragraph 5.1) and the working year *"shall consist of 195 days of which 190 will coincide with the school year for pupils with the remaining 5 days being worked by the individual teachers on duties as planned by the Council"* (Part 2, paragraph 3.5).

In the leave year teachers cannot work more or less than 195 days. You have to work within the parameters set by SNCT. In other words, the leave year in 2017-18 must comply with the Handbook.

Yours sincerely

Drew Morrice
Joint Secretary

Midlothian Council
Tuesday 28 June 2016

Early Learning and Childcare Admissions Policy

Report by Mary Smith, Director, Education, Communities and Economy

1. Purpose of Report

This paper up-dates Council on the outcome of a Motion to Council passed at Council in August 2011 in relation to catchment areas for nursery pupils.

The report outlines the current admissions policy for Early Learning and Childcare (ELC) in Midlothian following the implementation of the Children and Young People (Scotland) Act 2014 and requests that Council notes the progress to date.

2. Background

In August 2011, a Notice of Motion was raised by Councillor Imrie, countersigned by Councillor Boyes, to Midlothian Council. The minute of the Council meeting records the agreed motion:

Midlothian Council now believes that the time is right to review the arrangements with an amendment to provide that nursery provision be made on primary school catchment areas.

Midlothian Council recognises that it cannot do it alone and therefore calls upon COSLA to enter into discussions with Midlothian Council to examine arrangements so that nursery provision is allocated on primary school catchment areas, which would allow this issue to be debated at a national level and thereafter presented to the Scottish Government"

Accordingly the Director of Education and Children's Services wrote to the Chief Executive of COSLA on 8 November 2011 requesting that COSLA enter into discussions with the Scottish Government to examine the existing arrangements for the admission of pupils into nursery provision.

The minute of the Council meeting on 28 February 2012 notes:
COSLA responded on 13 February 2012 advising that COSLA had taken soundings from various Councils on this matter and did not feel that there is an underlying concern and that there did not appear to be local government wide support to examine arrangements for admission of pupils into nursery provision.

The Council decision was that *a further report providing details on a scheme of allocating primary school catchment areas for nursery provision be submitted to Council, prior to requesting COSLA to pilot such a scheme in Midlothian.*

(Action: Director, Education and Children's Services).

A further report has not been submitted to Council from that period. However the entire landscape and legislation in relation to nursery provision has changed significantly since that date with the increase to 600 hours of ELC and the introduction of an entitlement for certain 2 year olds.

3. Legislation and Policy

Under section 47(1) of the Children and Young People (Scotland) Act 2014¹, *an education authority must secure that the mandatory amount of early learning and childcare is made available for each eligible pre- school child belonging to its area.*

Education Scotland advise:

“The 2014 Act requires [Local Authorities] to ‘make arrangements’ for ensuring that parents receive their entitlement to free [Early Learning and Childcare]. There is no requirement for this to include catchments and this is not covered in legislation. Indeed, the 2014 act requires [Local Authorities] to operate with a high level of flexibility to meet parental demands.”

In addition, they advise:

“...the difference (in law) lies in the fact that children not yet at primary school are ENTITLED to receive education; whereas, from the age of five years old (with some exceptions) are REQUIRED to receive education. The former is covered now by the Children and Young People Act 2014; the latter, by the [Education (Scotland)] 1980 Act.”

Midlothian Council Policy guidelines (Admission to Early Learning and Childcare for 3 and 4 year old children within schools and classes²) 11th revision, as approved by Cabinet on 17th November 2015, are quite clear that there are no catchment areas in relation to nursery places and this is in line with national policy.

Catchment areas and denominational status do not apply to Early Learning and Childcare provisions. Applications may be accepted for children aged two and over. The application form will inform parents that attendance at an Early Learning and Childcare provision does not guarantee a place in primary one at the same school. Children have an entitlement to Early Learning and Childcare and, should a place be unavailable in their preferred Early Learning and Childcare provision, Midlothian will try to identify a place within an alternative provision.

4. Flexibility

Scottish Government is committed to raising the entitlement to ELC to 30 hrs per week by 2021 (1140 hours per annum). This will affect almost 2,500 children in Midlothian.

Under section 52 of the Act³ local authorities must support families through the provision of an early learning and childcare service which is flexible enough to allow parents an appropriate degree of choice when deciding how to access the service.

Currently flexibility lies within a range of services: Partnership centres, voluntary sector nurseries, private nurseries and childminders – flexibility is one of the core expectations of the Scottish Government and this

¹ <http://www.legislation.gov.uk/asp/2014/8/section/47/enacted>

²

http://www.midlothian.gov.uk/download/downloads/id/6302/11_admission_to_early_learning_and_childcare_11th_rev

³ <http://www.legislation.gov.uk/asp/2014/8/section/52/enacted>

encompasses the choice of provider and a choice of hours, much of which is provided currently by non-Council ELC providers.

Where it is in the best interests of the child, shared placements between two ELC settings can be arranged.

The Council will work closely with these providers to establish a sustainable model of delivery that ensures the long-term viability of providers, flexibility, choice to parents and additional capacity.

There is a “soft start option” in Midlothian Council provisions, where twenty minute drop off and pick up windows are operated, allowing parents and carers flexibility to accommodate arrangements for their other children.

It should be noted that “entitlement” to ELC in Midlothian follows the child, allowing parents/carers to pick the setting and provider (Council, Partnership centres, voluntary sector nurseries etc.) that best suits their needs and circumstances.

5. Consultation

Extensive consultation was undertaken in preparation for the expansion to 600 hours of ELC in 2014, including survey monkey questionnaires, roadshows and focus groups. In 2015 further consultation was carried out with parents/carers. As a result of that extensive consultation the pattern of attendance for children was changed. In 2016 consultation was undertaken for the revisions to the Early Years staffing model for ELC provision and further consultation will take place on preparations for the implementation of the increase to 1140 hours.

6. Report Implications

6.1 Resource

There are no capital, revenue or resource implications in retaining the existing policy.

6.2 Risk

Where there is pressure on places at a particular provision there may be challenge from parents seeking to place their children at that setting. However Midlothian provides capacity for all its eligible children across the authority in a range of settings, in accordance with its legislative requirements.

6.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☒ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☐ Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

6.4 Key Priorities within the Single Midlothian Plan

Getting it Right for Every Midlothian Child (GIRFEMC) 1: Children in their early years and their families are being supported to be healthy, to learn and to be resilient

GIRFEMC 4: Children and young people are supported to be healthy, happy and reach their potential

GIRFEMC 5: Inequalities in learning outcomes have reduced.

6.5 Impact on Performance and Outcomes

The preventative and early intervention nature of early years provision has an impact, in the short, medium and long term, on outcomes for children and on a wide range of performance measures, for example those measured as part of reducing inequalities in learning outcomes.

6.6 Adopting a Preventative Approach

High quality Early Learning and Childcare ensures Midlothian's children have the best possible start in life.

6.7 Involving Communities and Other Stakeholders

Consultation with parents and carers was carried out and their views used to shape the delivery model for the expansion to 600 hours, and providers from all strands were included in discussions around the delivery model. This will be repeated to ensure that our provisions meet the new Scottish Government requirement of 1140 hours by 2020/21.

6.8 Ensuring Equalities

The Scottish Government undertook an EQIA process on the Act. The equality impact assessment is available here:

<http://www.scotland.gov.uk/Topics/People/Young-People/legislation/impact>

6.9 Supporting Sustainable Development

There are no sustainable development implications in retaining the existing policy.

6.10 IT Issues

There are no IT issues implications in retaining the existing policy.

7 Recommendations

It is therefore recommended that Council:

7.1 Notes the developments in Early Learning and Childcare since the original motion in 2011;

7.2 Notes the current admissions policy for Early Learning and Childcare in Midlothian following the implementation of the Children and Young People (Scotland) Act 2014 and notes the progress to date.

28 June 2016

Report Contact:

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Welfare Reform in Midlothian 2016 update.**Report by Eibhlin McHugh, Joint Director, Health & Social Care****1 Purpose of Report**

This report provides an update to Council on the Welfare Reform measures which continue to roll out from the original changes introduced across a range of state benefits that have impacted widely on individual households from April, 2013 and the Welfare Reform and Work Bill which received Royal Assent on 17 March 2016.

There have been three main elements to the Welfare Reform changes implemented. Transitions have involved the replacement of existing benefits by another benefit; there have also been a number of reductions in benefit entitlements; and the localisation of some benefits.

2 Employment Support Allowance (ESA)

In 2008, ESA was introduced to replace Incapacity Benefit (IB) as the benefit for people unable to work due to ill health. Since 2008 all new claims and the migration of benefit for existing IB claimants took place.

The aim of the reform was to encourage more people who were viewed as unable to work because of ill health/disability to seek work, and to offer more support to those able to work or able to prepare for work.

The migration process concluded in March 2014. Many of the people transferred over onto ESA are now being reviewed and invited to attend medical assessments. The disputes process and entitlement to benefits while disputing their ESA have changed making this process complex and confusing for claimants.

3 Under Occupancy Charge (Bedroom Tax)

Introduced from April, 2013, the central principle of the under-occupation charge (Bedroom Tax) is that any working age household deemed to be under-occupying their home based on the UK Government's size criteria now received Housing Benefit based on the size of the property they "need" rather than the property they occupy.

Any household deemed to have more bedrooms than they require loses a proportion of their Housing Benefit for the eligible rent, set initially at 14% for one extra bedroom and 25% for two or more extra bedrooms.

Discretionary Housing Payments (DHP), were not originally about the Under Occupancy charge (bedroom tax) but for housing need or hardship more generally for those on Housing Benefit, including the cost of landlord deposits and removal costs. DHP is available to tenants where their Housing Benefit does not cover all the rent they have to pay. DHP is designed to support

tenants facing specific challenges in meeting rent, including costs relating to disability, and tenants whose Housing Benefit has been reduced, now including those affected by the under-occupancy charge (Bedroom Tax).

In Midlothian, the funding awards for 2016/17 in the DWP allocation for Discretionary Housing Payment (DHP) and the Scottish Government additional allocation has been awarded to fully mitigate the effects to households affected by the Under Occupancy charge (bedroom tax).

4 Benefits Cap

Prior to the introduction of Universal Credit, the Benefit Cap has been applied to the combined income a household receives from Job Seeker's Allowance, Employment and Support Allowance, Housing Benefit, Child Benefit, Child Tax Credit and Carer's Allowance.

The Benefit Cap was implemented in July, 2013, which restricted the total amount of benefit to £500.00 per week for couples or single parents and £350.00 per week for single people. Approximately 50 claimants in Midlothian have been affected and had their entitlement to housing benefit reduced. Claimants have been signposted to DWP for advice on finding work.

A further phase of Benefit Cap is due to be introduced in Autumn 2016. DWP have provided bandwidths of customers affected by the change in the benefit caps and the Council will shortly run a scan to identify those claims affected and notify those households affected.

A subsequent follow up scan will be completed late in summer with capping activity taking place in the Autumn. Exemptions for those in receipt of Carers Allowance and Guardians Allowance will be introduced via DWP regulations before the amended cap comes in to force. There are concerns around how caps will be applied to those in receipt of Universal Credit and also how DHP will work for these customers.

5 Personal Independence Payment (PIP)

PIP replaces Disability Living Allowance (DLA) for eligible working age people aged 16 to 64 years. Access to PIP is through the daily living and/or mobility activities test assessment as claimants have to score a certain number of points on tests of their ability to carry out activities relating to daily life and mobility. The new criteria and scoring system reduce eligibility and will be likely to have a negative effect in particular on people with social communication disabilities such as Autism / Asperger's Syndrome and on people with long term recurring mental health conditions .

From October, 2013 a range of DLA claimants were invited to claim for PIP and from October, 2015 through to December, 2017 the remaining DLA claimants are being invited to make a claim for PIP. The estimated Midlothian residents to be invited to claim PIP from DLA is approximately 3400. All new claims are for PIP since June, 2013.

6 Scottish Welfare Fund

The Council took on responsibility for administering the Scottish Welfare Fund (SWF) in Midlothian. The Scottish Welfare Fund has 2 purposes, similar to the former Crisis Loans and Community Care Grants respectively.

- To provide a safety net in times of disaster or emergency when there is an immediate threat to a household's health and safety.
- To enable independent living, or enable continued independent living, preventing the need for institutional care.

No significant issues have arisen in the operation of the scheme or our ability to process grant applications within the specified timescales, as these are treated as the priority over other work. The payment procedures are working well with crisis grants originally paid in food vouchers and cash now paid in cash only to avoid stigmatising claimants, and community care grants paid out mainly by MARC providing household goods to a specified value. The SWF 2016/17 allocation awarded to Midlothian included an uplift based on previous years spend and deprivation index.

7 Universal Credit

Universal Credit (UC) was introduced in Midlothian for newly unemployed single claimants, with or without housing costs, in Dalkeith and Penicuik Jobcentres from 27 April 2015.

Claimants apply online for this benefit which is paid as a single monthly payment, in arrears. Universal Credit is a single benefit which applies to people of working age for new claimants.

Universal Credit has replaced most means tested benefits and the tax credit system aiming to bring together a range of working- age benefits into a single, streamlined payment. Universal Credit has been designed to encourage people to manage their money differently and take responsibility for more elements of their household expenditure.

Although Universal Credit is administered directly by the Department for Work & Pensions (DWP), Midlothian Council continues to administer Housing Benefit (HB) on behalf of DWP for the local authority and Housing Associations, and Local Housing Allowance for private sector landlords. The Council's Revenues Services and has been responsible for implementing changes and charges locally and continues to administer these legacy HB cases and also provides assistance for Universal Credit claimants.

A Delivery Partnership Agreement was entered into with DWP to ensure that UC claimants can readily obtain the support they need to access UC support services and move close to and into work where possible. A Data Sharing Agreement was included within these arrangements. Partnership working between agencies has involved providing services to claimants with complex needs.

The full Universal Credit service is being rolled out nationally from May, 2016 for all types of claimants until June, 2018. The UC Programme are working on plans for closure of gateways for legacy benefits as UC rolls out and for migration of those remaining claimants on legacy benefits once the digital rollout is complete for all of Great Britain, planned for 2018.

While the need for local authorities to administer Housing Benefit for working age people will progressively reduce this uncertainty does not lend itself to effectively support any subsequent workforce planning and planned reductions in staffing resource arising from anticipated increases in UC claim volumes. Local authorities need to plan for the future and consider the implication for staff administering Housing Benefit. Forecasted reductions in HB caseloads in terms of timelines in particular are very difficult to achieve at a time when DWP's administration grant to local authorities is already reducing.

8 Council Tax Reduction

It should be noted that UC claim volumes in Midlothian are currently lower than projected which makes it difficult to provide a meaningful assessment of the future impacts that UC are likely to have on assessments of Council Tax Reduction, which Revenues Services continue to administer. A projected 1052 UC claimants were expected by 31 March, 2016, while 82 have actual housing costs claims at 31 May, 2016.

When a claimant makes a claim for Universal Credit they are asked by their work coach in the local Jobcentre whether they have a Council Tax liability. If the UC claimant advises their work coach that they do not have Council Tax liability, or they do not give their consent to the DWP to share their Universal Credit information with Midlothian Council, then the DWP will not notify Midlothian Council of the Universal Credit award.

This delay in notifying Midlothian Council places pressure on collections but with lower than expected claim numbers it is not yet a significant issue.

9 Temporary Accommodation

In light of the funding gap which has emerged between local authority statutory homelessness responsibilities in Scotland and reduced benefits entitlement as part of the UK Government's welfare changes, the Private Sector Leasing scheme which the Council has contracted with Orchard & Shipman is no longer financially viable. The costs are no longer covered by full benefit entitlements which has resulted in a Homelessness budget overspend of £60,000 in 2015/16 and the same value is projected for 2016/17.

Consequently, the contractor has been given notice in accordance with the contract requirements that the contract is to be terminated in November, 2016.

Housing Services are presently reconfiguring our housing stock profile to meet the needs of the client group, to replace the present 220 PSL properties with stock transferred from permanent lets to temporary accommodation and also reviewing the potential direct lets between the Council with private landlords based on Local Housing Allowance rates.

10 Social Rent Cap

The Local Housing Allowance will apply as a rent cap to all new social rented tenancies from April, 2017. This means that the Council and Registered Social Landlords cannot charge a rent exceeding these values from that date for the respective size of household and the relevant size of housing. Analysis of the stock indicates there will be a limited impact on mainstream council tenancies but there will be an effect on homeless temporary accommodation and supported accommodation which will be factored into service budget setting.

11 Supported Accommodation

DWP have announced a one year postponement of the application to the Local Housing Allowance cap to supported accommodation to allow consideration of appropriate protections.

12 Devolution of Social Security Benefits

Following agreement on the Fiscal Framework underpinning the devolution of powers in the Scotland Bill, the Scottish Government has announced the setting up of a Scottish benefits agency in relation to the governance of the Scottish social security system. Further details on the operations are expected in due course.

13 Report Implications

13.1 Resource

It was originally reported to Council in May 2013 that Welfare Reform will place pressure on the Council's financial resources. Council approved funding of a Fixed Term Arrears Officer and Fixed Term Revenues Officer, these posts have been further extended to March 2018 at an annual cost of £29,641 and £23,082 respectively to mitigate work plan risks, this will be funded from money previously set aside in reserves for Welfare Reform.

13.2 Rent Arrears

In projecting rental income effects from Universal Credit, the available evidence from the universal credit areas is that the move to one monthly payment direct to these claimants results in a significant increase in rent arrears as tenants in social housing struggle to adjust. As previously reported to Council, the Housing Revenue Account Financial Model has been updated to reflect the anticipated increase in rent arrears of £1.5 million per annum.

13.3 Risk

There is no change in the financial risks that may impact Midlothian Council as the benefit system is complex and there are financial capability concerns that vulnerable people have in managing money. Consequently, the estimated financial impact of the Under Occupancy Charge and potential Universal Credit introduction was revised upwards.

13.4 Policy

13.4.1 Strategy

There is no change in the strategic approaches guiding Midlothian Council's response to Welfare Reform, which is to mitigate against the impact of the effects within the capability and resources of the Council and its partners.

- Preventative Approach – While there is an inevitability that some of the responses will be reactive wherever possible opportunities will continue to be sought to take a proactive approach to prevent crisis intervention
- Co-ordinated Service Provision – Opportunities to co-ordinate service provision continue so people can receive information and advice from as wide a range of professionals as possible.
- Build individuals own / community capacity – Consistent with co-production approach work takes a capacity building approach where possible.
- Protecting Financial Position of Midlothian Council – Welfare Reform creates a financial exposure to Midlothian Council. Actions continue to be taken to mitigate this exposure where possible.

In order to ensure a co-ordinated approach to mitigating the continued effects of Welfare Reform, the Council is reconvening its Welfare Reform Group.

13.4.2 Consultation

Consultation continues to be carried out with stakeholders drawn from the Community Planning Partnership, managers within the council, with COSLA, with local and national third sector agencies.

A DWP Operational group of Council Teams and Partners established a framework of support for all Midlothian citizens before, during and after the implementation of Universal Credit. The Council, DWP and key partners have provided "Universal Support Delivered Locally" to

- Provide customers with digital advice and inclusion options
- Budgeting advice
- Support and training
- Employability Initiatives and support for those moving into work and up skilling

Actions continue to be led by the Council and the Midlothian Financial Inclusion Network (MFIN) partnership to inform and support people about sources for those in hardship, such as foodbanks, Scottish Welfare Fund, Welfare Rights, Credit Unions and budgeting advice.

13.4.3 Equalities

At an individual level welfare reform impacts many people in the main equalities groups, including those affected by poverty which Midlothian Council recognised as a further protected characteristic grouping. Making additional support available to equalities groups to mitigate the impact of welfare reform is therefore consistent with council policy.

13.4.4 Sustainability

The sustainability of the Housing Revenue Account Capital Plan in the long term is at risk if mitigating actions are not undertaken to offset the effects of Welfare Reform on the level of arrears. The loss of benefits from the effects of the Welfare Reform Act and the changes in housing benefit will have a negative effect on the local economy. There is a risk that unsustainable demands may be placed on the council in respect to addition costs associated with Welfare Reform and reduced income from the current and proposed benefit changes. The actions outlined in this report seek to mitigate these risks.

13.4.5 IT Issues

No IT impacts at present.

14 Recommendations

Council is recommended to:

- Note the work done to date related to Welfare Reform legislative changes;
- Note the respective Benefits Cap and Social Rent Cap changes scheduled for implementation by the end of the current Financial Year;
- Agree the potential direct lets between the Council with private landlords to replace provision of the PSL contract of 250 units.

Date: 6 June, 2016

Report Contact:

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