

Notice of Meeting and Agenda



Midlothian Council

Venue: Virtual Meeting,

Date: Tuesday, 25 August 2020

Time: 11:00

Executive Director : Place

Contact:

Clerk Name: Verona MacDonald

Clerk Telephone: 0131 271 3160

Clerk Email: verona.macdonald@midlothian.gov.uk

Further Information:

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

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1 Welcome, Introductions and Apologies

2 Order of Business

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

3 Declaration of Interest

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

4 Deputations

None

5 Minutes

Minutes of Previous Meetings

Minutes of Midlothian Council of 16 June 2020 submitted for approval as a correct record and Minutes of Meetings for approval, noting, information and consideration of any recommendations contained therein (as per Minute Volume)

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6 Questions to the Council Leader

None

7 Motions

None

8 Public Reports

- | | | |
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| 8.1 | MIJB Membership - Report by Executive Director Place | 7 - 10 |
| 8.2 | Audit Committee Annual Report 2019-20 | 11 - 19 |
| 8.3 | Counter Fraud Policy and Strategy - Report by Chief Internal Auditor | 20 - 29 |
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(A) TO CONSIDER RESOLVING TO DEAL WITH THE UNDERNOTED BUSINESS IN PRIVATE IN TERMS OF PARAGRAPHS 6, 8, 9 AND 10 OF PART 1 OF SCHEDULE 7A TO THE LOCAL GOVERNMENT (SCOTLAND) ACT 1973 - THE RELEVANT REPORTS ARE THEREFORE NOT FOR PUBLICATION; AND
(B) TO NOTE THAT NOTWITHSTANDING ANY SUCH RESOLUTION, INFORMATION MAY STILL REQUIRE TO BE RELEASED UNDER THE FREEDOM OF INFORMATION (SCOTLAND) ACT 2002 OR THE ENVIRONMENTAL INFORMATION REGULATIONS 2004.

9 Private Reports

9.1	The Potential Benefits of Joint Working with Scottish Borders Council (to follow)
9.2	Procurement of a Customer Services e-Platform - Report by Executive Director Place

- 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.
- 10. The identity of the authority (as well as of any other person, by virtue of paragraph 6 above) as the person offering any particular tender for a contract for the supply of goods or services.

9.3 Lothian Buses Limited - Review - Report by Executive Director Place

- 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.
- 10. The identity of the authority (as well as of any other person, by virtue of paragraph 6 above) as the person offering any particular tender for a contract for the supply of goods or services.

9.4 Millerhill Low Carbon District Heating Project - Report by Executive Director Place

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

10 Date of Next Meeting

The next meeting will be held on 6 October 2020

Midlothian Council Minute Volume



**Presented to the Meeting
of Midlothian Council
on Tuesday, 25 August 2020**

1 Minutes of Meetings submitted for Approval

Midlothian Council 16 June 2020 3 - 16

2 Minutes of Meetings submitted for Consideration

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

Planning Committee 25 February 2020 17 - 22

Audit Committee 10 March 2020 23 - 30

3 Minutes of Meetings submitted for Information

Approved Minutes of Outside Organisations to which Council appoints representatives

No Minutes submitted for information

Midlothian Integrated Joint Board - Membership**Report by Executive Director Place****Report for Decision****1 Recommendation**

The Council is invited to re-appoint the undernoted members to the Midlothian Integrated Joint Board for the period from 30 September 2020 until the next scheduled Local Government Elections on 5 May 2022:

- Councillor Johnstone – Voting member
- Councillor Winchester – Voting member
- Councillor Milligan – Voting member
- Councillor Muirhead – Voting member
- Councillor Lay-Douglas – Proxy member.

2 Purpose of Report/Executive Summary

This report invites the Council to formally re-appoint the four Midlothian Council voting members and one of the Council's proxy members of the Midlothian Integrated Joint Board with effect from 30 September 2020 until the next scheduled Local Government Elections in May 2022.

Date: 30 July 2020

Report Contact:

Mike Broadway, Democratic Services

mike.broadway@midlothian.gov.uk

0131 271 3160

3 Background

3.1 On 23 May 2017, the Council agreed the following appointments to Midlothian Integrated Joint Board:

- Councillor Johnstone – Voting member
- Councillor Winchester – Voting member
- Councillor Milligan – Voting member
- Councillor Muirhead – Voting member
- Councillor Lay-Douglas – Proxy member

Each appointment was for a period of three years and in terms of the appointment each member could be re-appointed for a further term of office. It should be noted that three further Councillors were subsequently also appointed as proxy members. These appointments are not due to expire are not therefore included in this report

3.2 In the normal course of events, this matter would have been considered at a full meeting of the Council prior to 22 May 2020. However, following the suspension of Council meetings agreed by the Group Leaders on 16 March 2020, this proved not to be possible and authority was therefore sought in terms of Standing Order 19.2 to re-appoint the existing members on the same basis as currently stands from 23 May 2020 to 30 September 2020 to ensure that the Council continued to be represented on the Midlothian Integrated Joint Board.

3.3 This decision was noted by the Group Leaders at their meeting on 25 May 2020 and subsequently reported to Council on 16 June 2020 as part of the report detailed decisions taken by the Chief Executive in accordance with Standing Order 19.2 since the last meeting of the Council in February 2020.

4 Report Implications (Resource, Digital and Risk)

4.1 Resource

None

4.2 Digital

None

4.3 Risk

Should the appointments of the Voting members not be extended beyond 30 September 2020, Midlothian Council will be effectively disenfranchised in terms of the Midlothian Integrated Joint Board and elected members will be unable to take part in the decision making process of that body. This report ensures that members will continue to act as decision makers.

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

This report does not recommend any change to policy or practice and therefore does not require an Equalities Impact Assessment.

4.4 Additional Report Implications

See Appendix A

Appendices

Appendix A – Additional Report Implications

Appendix B – Background information/Links

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Not applicable

A.2 Key Drivers for Change

Key drivers addressed in this report:

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

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

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

A.4 Delivering Best Value

The report does not directly impact on Delivering Best Value.

A.5 Involving Communities and Other Stakeholders

The report does not directly relate to involving communities

A.6 Impact on Performance and Outcomes

There is no negative impact on Performance and Outcomes

A.7 Adopting a Preventative Approach

Not applicable

A.8 Supporting Sustainable Development

Not applicable

APPENDIX B

Background Papers/Resource Links –

Report dated 11 May 2017 entitled “Midlothian Integration Joint Board – Appointment of Voting Members and Vice-Chair”

Report dated 4 June 2020 entitled “Standing Order 19.2 Decisions”

Audit Committee Annual Report 2019/20**Report by Chair of Audit Committee****Report for Noting****1 Recommendations**

The Council is asked to consider the performance of its Audit Committee and its assurances to the Council as set out in the Audit Committee Annual Report 2019/20 (Appendix 1).

2 Purpose of Report/Executive Summary

The purpose of this report is to provide all Members of Midlothian Council with the Audit Committee Annual Report 2019/20 that sets out how the Audit Committee has fulfilled its remit and provides assurances to the Council.

It is important that the Council's Audit Committee fully complies with best practice guidance on Audit Committees to ensure it can demonstrate its effectiveness as a scrutiny body as a foundation for sound corporate governance of the Council.

The Audit Committee Annual Report 2019/20, which is appended to this report as Appendix 1 for consideration, is intended both to provide assurance to full Council and to identify areas of improvement which are designed to enhance the Audit Committee's effectiveness as a scrutiny body. Midlothian Council continues to adopt this best practice.

Date 17 July 2020**Report Contact:**

Jill Stacey Tel No
jill.stacey@midlothian.gov.uk

3 Background

- 3.1** It is important that the Council's Audit Committee fully complies with best practice guidance on Audit Committees to ensure it can demonstrate its effectiveness as a scrutiny body as a foundation for sound corporate governance for the Council.
- 3.2** The Chartered Institute of Public Finance and Accountancy (CIPFA) issued an updated guidance note Audit Committees Practical Guidance for Local Authorities and Police 2018 Edition (hereinafter referred to as CIPFA Audit Committees Guidance). It incorporates CIPFA's Position Statement: Audit Committees in Local Authorities and Police which sets out CIPFA's view of the role and functions of an Audit Committee. The CIPFA Audit Committees Guidance includes the production of an annual report on the performance of the Audit Committee against its remit for submission to the Council.

4 Audit Committee Annual Report 2019/20 and Self-Assessments

- 4.1** The Audit Committee Annual Report 2019/20, which is appended to this report as Appendix 1 for consideration, is intended both to provide assurance to full Council and to identify areas of improvement which are designed to enhance the Audit Committee's effectiveness as a scrutiny body. Midlothian Council continues to adopt this best practice.
- 4.2** The Audit Committee carried out self-assessments of Compliance with the Good Practice Principles Checklist and Evaluation of Effectiveness Toolkit from the CIPFA Audit Committees Guidance during an Informal Session on 10 March 2020 facilitated by the Chief Internal Auditor. The Audit Committee at its meeting on 22 June 2020 agreed these self-assessments and approved their Annual Report 2019/20 for presentation to Council.
- 4.3** The outcome of the self-assessments was a medium degree of performance against the good practice principles and a medium degree of effectiveness. Improvements were identified focussing on skills and knowledge competency to fulfil role. In summary these are:
- Check schedule of meetings for 2020/21 to ensure the sequencing of all three Treasury Management reports presentation prior to Council to enable the Audit Committee to effectively fulfil its role;
 - Utilise the CIPFA Skills and Knowledge toolkit;
 - Obtain feedback on its performance from a range of Directors and others who interact with the Committee;
 - Review and scrutinise the Risk Management Policy and Strategy on a regular basis; and
 - Understand the effectiveness of Committees fulfilling their remits on which the Audit Committee places reliance, for example Council monitoring progress of Best Value Action Plan.

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

5.1 Resource

The Council has provided support and resources to the Audit Committee throughout the year including a Democratic Services Officer as the Minute secretary.

In terms of accountability and independence to ensure conformance with the Public Sector Internal Audit Standards (PSIAS), the Chief Internal Auditor reports functionally to the Audit Committee as outlined within the Internal Audit Charter. The Chief Internal Auditor facilitated the annual self-assessment process and the prepared the Audit Committee Annual Report on behalf of the Chair.

5.2 Digital

There are no digital implications arising from this report.

5.3 Risk

The role of the Audit Committee includes the high level oversight of the effectiveness of the Council's systems of internal financial control, internal control and governance, including risk management.

There is a risk that the Audit Committee does not fully comply with best practice guidance thus limiting its effectiveness as a scrutiny body as a foundation for sound corporate governance. The completion of the annual self-assessment and identification of improvement actions as evidenced through this Annual Report will mitigate this risk.

5.4 Ensuring Equalities

This report does not relate to a new or revised policy, service or budget change, which affects people (the public or staff), so an Integrated Impact Assessment (IIA) is not an applicable consideration.

5.5 Additional Report Implications (See Appendix A)

APPENDIX A – Additional Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Although this report does not relate directly to the key priorities within the Single Midlothian Plan to which Midlothian Council and its Community Planning Partners have made a commitment (Reducing the gap in economic circumstances; Reducing the gap in learning outcomes; Reducing the gap in health outcomes; and Reducing the impact of climate change), good governance is important to enable Midlothian Council to deliver its key priorities in support of achieving the Council's objectives.

A.2 Key Drivers for Change

Key drivers addressed in this report:

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

Midlothian Council is committed to creating a great place to grow supported by the 9 drivers for change. Self-assessment of the Audit Committee utilising best practice toolkits underpins its own continuous improvement to ensure that modern and sustainable governance arrangements are in place.

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

- ☒ One Council Working with you, for you
- ☒ Preventative and Sustainable
- ☒ Efficient and Modern
- ☒ Innovative and Ambitious

A.4 Delivering Best Value

Self-assessment of the Audit Committee utilising best practice toolkits underpins its own continuous improvement to enhance its effectiveness as a scrutiny body as a foundation for sound corporate governance of the Council, thus supporting the delivery of the Council's best value duties.

A.5 Involving Communities and Other Stakeholders

The Audit Committee in fulfilling its governance role acts as a bridge between the Council and other stakeholders.

A.6 Impact on Performance and Outcomes

The members of the Audit Committee have reflected on the performance and outcomes against the remit of the Committee through the completion of annual self-assessments. The identification of improvement actions as evidenced through the Audit Committee Annual Report are designed to enhance its effectiveness as a scrutiny body as a foundation for sound corporate governance of the Council.

A.7 Adopting a Preventative Approach

Assurances received by the Audit Committee from Management, Internal Audit and External Audit set out the assessment of prevention and detection internal controls and governance arrangements.

A.8 Supporting Sustainable Development

This report does not relate directly to supporting sustainable development. Good governance is important to enable Midlothian Council to achieve its objectives.

**MIDLOTHIAN COUNCIL
AUDIT COMMITTEE
ANNUAL REPORT FROM THE CHAIRMAN – 2019/20**

Item 8.2

This annual report has been prepared to inform the Midlothian Council of the work carried out by the Council's Audit Committee during the financial year. The content and presentation of this report meets the requirements of the CIPFA Audit Committees Practical Guidance for Local Authorities and Police 2018 Edition (hereinafter referred to as CIPFA Audit Committees Guidance) to report to full Council on a regular basis on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.

Meetings

The Audit Committee has met 6 times during the financial year which included meetings on 28 May, 24 June, 24 September, 3 December 2019, 28 January and 10 March 2020 to consider reports pertinent to the audit cycle and its terms of reference.

The Audit Committee is a key component of Midlothian Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. The purpose of the audit committee is to provide independent assurance to elected members of the adequacy of the risk management framework and the internal control environment. It provides independent review of Midlothian Council's governance, risk management and control frameworks, and oversees the financial reporting and annual governance processes. It oversees internal and external audit, helping to ensure efficient and effective assurance arrangements are in place.

The Audit Committee scrutinised the Annual Report and Accounts of the Council at appropriate times in accordance with its terms of reference, which also includes the promotion of good governance, and financial and ethical standards. The Audit Committee also reviewed the Annual Governance Statement in order to assess whether it properly reflects the risk environment and whether the content is consistent with its evaluation of the internal controls and governance arrangements based on evidence received during the year.

The Audit Committee approved the terms of reference for Internal Audit (Internal Audit Charter) and the Internal Audit Strategy and Annual Plan. It considered Internal Audit's reports which set out executive summaries of findings, audit opinions, good practice and recommendations associated with each assurance review, as well as other work. It monitored the implementation of agreed actions through receipt of two reports during the year from Internal Audit to ensure that audit recommendations had been fully implemented to its satisfaction. It monitored Internal Audit's performance including progress against annual plan, conformance with Public Sector Internal Audit Standards (PSIAS), and quality assurance and improvement plan (QAIP) within Internal Audit mid-term performance and annual assurance reports, and considered the statutory annual audit opinion within the Internal Audit Annual Assurance Report.

The Audit Committee has reviewed the External Audit Strategy and Plan Overview for Midlothian Council, considered External Audit reports including the annual report to Members and the Controller of Audit on the annual audit of the Council, reviewed the main issues arising from the External Audit of the Council's statutory accounts, and monitored the implementation of agreed actions arising.

The Audit Committee considered the effectiveness of the risk management process throughout the Council through the receipt of periodic reports from the Risk Manager during the year on corporate risks and mitigations and the appropriate challenge of Senior Management to ensure that the most significant risks are being identified, evaluated and managed.

The Audit Committee considered the adequacy and effectiveness of the Council's counter fraud arrangements by way of an annual report which set out the counter fraud activity and outcomes, and received assurances from Auditors on fraud risks and counter fraud controls.

The Audit Committee is the body responsible for scrutiny of the treasury management strategy, mid-term and annual performance reports prior to their presentation to Council for approval. The sequencing of reports presentation was applied during the year with the exception of the mid-term performance report which was considered by Audit Committee after its presentation to Council. The schedule of meetings for 2020 needs to be considered to ensure the sequencing of all three treasury management reports presentation to enable the Audit Committee to effectively fulfil its role on scrutiny of treasury management, in response to a previous Internal Audit recommendation.

The minutes of Audit Committee meetings were presented for approval by the Council, and any exceptional items or recommendations were referred to the Council in accordance with the remit.

Membership

The Membership of the Audit Committee is part of the approved Midlothian Council's Standing Orders (amended June 2017) namely being six Members of the Council and two non-voting members appointed from an external source. Two of the six Elected Members on the Audit Committee are in the Cabinet (Committee with executive decision-making powers). However, this is considered as difficult to avoid in a small Council and the Audit Committee operates with an independent Chair and independent member to ensure adequate independence and challenge. The two non-voting external members were appointed from the community following a recruitment and selection process carried out during 2017. This enhances the robustness and independence of the Audit Committee's role in the scrutiny process of internal controls and governance.

The Committee membership during the year included Mr M Ramsay (Chair), Councillors K Baird (to 12 March 2020), A Hardie, D Milligan, J Muirhead, K Parry and P Smail, and Mr P De Vink.

The attendance by each member at the Committee meetings throughout the year was as follows:

Member	28 May 2019	24 June 2019	24 September 2019	3 December 2019	28 January 2020	10 March 2020
Mr M Ramsay (Chair)	√	√	√	√		√
Cllr K Baird						
Cllr A Hardie	√	√	√	√	√	√
Cllr D Milligan	√	√	√	√	√	√
Cllr J Muirhead	√	√	√	√	√	√
Cllr K Parry		√				
Cllr P Smail		√	√	√	√	√
Mr P De Vink	√	√	√		√	
Cllr D Alexander (substitute)	√		√	√	√	√
Cllr C Cassidy (substitute)	√	√	√	√	√	√

Every meeting of the Audit Committee in 2019/20 was quorate (i.e. at least three elected members present). At the one meeting when Mr M Ramsay was unavailable, Cllr P Smail was Chair of the meeting following approval by the Committee. Substitutes attended as indicated.

All other individuals who attended the meetings are recognised as being "In Attendance" only. The Chief Executive, Directors, Chief Officer Corporate Solutions (Section 95 Officer), External Audit (EY), and Internal Audit attend all Audit Committee meetings, and other senior officers also routinely attend Audit Committee meetings. The Council has provided support and resources to the Audit Committee throughout the year including a Democratic Services Officer as the Minute secretary.

Skills and Knowledge

Given the wider corporate governance remit of Audit Committees within local government and the topics now covered by the external and internal audit functions, it is noteworthy that there is a range of skills, knowledge and experience that Audit Committee members bring to the committee, not limited to financial and business management. This enhances the quality of scrutiny and discussion of reports at the meetings. No one committee member would be expected to be expert in all areas.

Self-Assessment of the Committee

The annual self-assessment was carried out by members of the Audit Committee on 10 March 2020 during an Informal Session facilitated by the Chief Internal Auditor using the Good Practice Principles Checklist and Evaluation of Effectiveness Toolkit from the CIPFA Audit Committees Guidance. This was useful for Members to ensure the Committee can demonstrate its effectiveness as a scrutiny body as a foundation for sound corporate governance of the Council.

The outcome of the self-assessments was a medium degree of performance against the good practice principles and a medium degree of effectiveness. Improvements were identified focussing on skills and knowledge competency to fulfil role. In summary these are:

- Check schedule of meetings for 2020/21 to ensure the sequencing of all three Treasury Management reports presentation prior to Council to enable the Audit Committee to effectively fulfil its role;
- Utilise the CIPFA Skills and Knowledge toolkit;
- Obtain feedback on its performance from a range of Directors and others who interact with the Committee;
- Review and scrutinise the Risk Management Policy and Strategy on a regular basis; and
- Understand the effectiveness of Committees fulfilling their remits on which the Audit Committee places reliance, for example Council monitoring progress of Best Value Action Plan.

Assurance Statement to the Council

The Audit Committee provides the following assurance to the Council:

- The Council has received the Minutes of the Audit Committee throughout the year.
- The Audit Committee has operated in accordance with its agreed terms of reference, covering the themes of Governance, Risk and Control, Internal Audit, External Audit, Financial Reporting, and Accountability Arrangements, and accordingly conforms to the Audit Committee principles within the CIPFA Position Statement for Audit Committees. The application in practice of the Audit Committee's treasury management scrutiny role needs further refinement i.e. to ensure the sequencing of all three treasury management reports presentation to enable the Audit Committee to effectively fulfil its role on scrutiny of treasury management, in response to a previous Internal Audit recommendation.
- It focused entirely on matters of risk management, internal control and governance, giving specialist advice to the Council on the value of the audit process, on the integrity of financial reporting and on governance arrangements, and acted as a bridge between the Council and other stakeholders. It did this through material it received from Internal Audit, External Audit, other Audit bodies, and assurances from Management relevant to audit cycle of reporting.
- The Audit Committee will review the unaudited Annual Accounts 2019/20 of the Council at its additional virtual meeting on 18 August 2020, having not received them as originally expected for consideration at its virtual meeting on 22 June 2020, though received them by email on 30 June 2020. Specifically, this is to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements. It reviewed the draft Annual Governance Statement at its meeting on 22 June 2020 to consider whether it properly reflects the risk environment and supporting assurances and approved it for

inclusion within the unaudited accounts. It will review the final audited accounts at its meeting on 29 September 2020 alongside the External Audit report on their annual audit 2019/20, to consider whether there are concerns arising from the audit that need to be brought to the attention of the Council, in order to decide whether to recommend to the Council that they be adopted.

- The Audit Committee has reflected on its performance during the year, and has agreed areas of improvements to enable it to fulfil its scrutiny and challenge role and to enhance its effectiveness.

Recommendation of the Terms of Reference for the Audit Committee for the coming year

The Council in August 2019 approved amendments to the Terms of Reference for the Audit Committee in response to recommendations made in the previous year's annual report from the Committee, to ensure they continue to be relevant to the local government operating environment and best practice and to explicitly address all the core areas identified in CIPFA's Position Statement. It is noted that these approved amendments are not yet formally reflected in the Council's Scheme of Administration, which is under review and update for approval, nor on the committee management system CMIS.

Mike Ramsay
Chairman of Audit Committee
17 July 2020

Counter Fraud Policy and Strategy**Report by Jill Stacey, Chief Internal Auditor****Report for Decision****1 Recommendations**

Approve the revised Counter Fraud Policy Statement (Appendix 1) and Counter Fraud Strategy (Appendix 2), and approve the proposal to have 2 FTE Corporate Fraud Officers to deliver the revised Counter Fraud Strategy which requires additional resources.

2 Purpose of Report/Executive Summary

The purpose of the report is to seek Council approval to the revised Counter Fraud Policy Statement and Strategy for Midlothian Council which have been endorsed by the Audit Committee on 22 June 2020 during its consideration of the Counter Fraud Annual Report 2019/20.

The Counter Fraud Annual Report 2019/20 stated the relevance of conducting a review of counter fraud management arrangements in place and to make improvements in light of the significant fraud investigations that have occurred within Midlothian Council in recent years, noting that these have aspects that are still ongoing.

The conclusion of the review included a refresh to the corporate policy and strategy for tackling fraud.

Having robust fraud prevention and investigation arrangements in place contributes to safeguarding the Council's financial resources, for delivery of services, as part of protecting the public purse. A focus on enhancing fraud prevention and detection to improve Midlothian Council's resilience to the risk of fraud, theft, corruption and crime, and ensure these are embedded preventative practices are specific changes associated with the proposed Counter Fraud Strategy.

Date 4 August 2020**Report Contact:**

Jill Stacey Tel No
jill.stacey@midlothian.gov.uk

3 Background

- 3.1** The Counter Fraud Annual Report 2019/20, that was considered by the Audit Committee on 22 June 2020, stated the relevance of conducting a review of counter fraud management arrangements in place and to make improvements in light of the significant fraud investigations that have occurred within Midlothian Council in recent years, noting that these have aspects that are still ongoing.
- 3.2** The conclusion of the review, stated within the Counter Fraud Annual Report 2019/20, included a refresh to the corporate policy and strategy for tackling fraud. A revised Counter Fraud Policy Statement (Appendix 1) and Counter Fraud Strategy (Appendix 2), which have been endorsed by the Audit Committee on 22 June 2020, is included for full Council approval.
- 3.3** The new Senior Leadership Structure provides the ideal opportunity for re-establishing a counter fraud culture which is fundamental to ensuring an effective response to fraud, theft, corruption or crime. The leadership part played by Corporate Management and Operational Management is key to establishing counter fraud behaviours within the organisation, its partners, suppliers and customers.

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

4.1 Resource

The Counter Fraud Annual Report 2019/20 stated the actual corporate fraud resources deployed during 2019/20 was 455 days, broadly equivalent to 2.1 FTE i.e. utilising the two Fraud & Audit Officers full time and greater than planned management and supervision by the Principal Internal Auditor and the Chief Internal Auditor. This was higher than the current approved establishment which is 50% of each of the two Fraud & Audit Officers (1 FTE Corporate Fraud Team), who are Accredited Counter Fraud Specialist officers. A total savings value of £103,164 on other corporate fraud enquiries and total savings of £83,088 on the National Fraud Initiative 2018/2019 have been identified during 2019/20 arising from Corporate Fraud Team activity, as stated within the Counter Fraud Annual Report 2019/20 which was presented to the Audit Committee on 22 June 2020.

The new counter fraud policy and strategy with a focus on prevention will require more fraud staff resources than is within the current approved establishment. The proposal to have 2 FTE Corporate Fraud Officers, an addition of 1 FTE staff resource, was endorsed by the Audit Committee on 22 June 2020. The other 50% of each of the two Fraud & Audit Officers (1 FTE Audit resource) would need to be retained to deliver planned Internal Audit activity approved by the Audit Committee in March 2020. The additional resource costs, estimated in the region of £45k, arising from enhanced fraud risk mitigation within the Council will need to be funded through a supplementary estimate. A Service Review is being undertaken in collaboration with HR to formally establish the 2 FTE Corporate Fraud Officers posts and 1 FTE Audit resource in place of the two Fraud & Audit Officers.

Savings will continue to be identified arising from Corporate Fraud Team activity, which will be stated within the Counter Fraud Annual Reports presented to the Audit Committee.

4.2 Digital

None.

4.3 Risk

The Council is committed to minimising the risk of loss due to fraud, theft, corruption or crime and to taking appropriate action against those who attempt to defraud the Council, whether from within the authority or from outside.

The Counter Fraud Policy Statement (Appendix 1) sets out the roles and responsibilities for the prevention, detection and investigation of fraud. The Counter Fraud Strategy (Appendix 2) provides a shift in approach to focus on enhancing fraud prevention and detection to improve Midlothian Council's resilience to the risk of fraud. The work undertaken by the Corporate Fraud Team in collaboration with other Services is designed to reduce the fraud risks within the Council.

4.4 Ensuring Equalities

An Integrated Impact Assessment (IIA) Form has been completed with the conclusion that undertaking a Combined Impact Assessment was not necessary as the policy/proposal has little relevance to equality, negligible impact on the economy, and no impact on the environment. The revised Counter Fraud Policy and Strategy set out enhancements to internal Management arrangements though it is anticipated that there will be minimal impact on internal staff only; there is no change to the Whistleblowing external-facing arrangements.

4.5 Additional Report Implications (See Appendix A)

APPENDIX A – Additional Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Although this report does not relate directly to the key priorities within the Single Midlothian Plan (Reducing the gap in economic circumstances; Reducing the gap in learning outcomes; Reducing the gap in health outcomes; and Reducing the impact of climate change) by preventing and detecting fraud, additional resources might be available to support the Council's objectives. Any loss of funds due to fraud, theft, corruption or crime might impact on the ability of Midlothian Council to achieve its key priorities.

A.2 Key Drivers for Change

Key drivers addressed in this report:

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

Midlothian Council is committed to creating a great place to grow supported by the 9 drivers for change. Implementing the 9 drivers for change in practice is applicable to the Council's arrangements for tackling fraud as set out in the Counter Fraud Policy Statement (Appendix 1) and Counter Fraud Strategy (Appendix 2). The shift to the key drivers for change is an intrinsic part of the proposed change in approach and culture for the Council for tackling fraud and corruption. For example:

- (a) The formal establishment of an Integrity Group with a Terms of Reference (approved by the Audit Committee on 22 June 2020) shifting to more holistic working in multi-disciplinary forums to tackle fraud in a consistent and collaborative way across the Council;
- (b) A focus on enhancing fraud prevention and detection to improve Midlothian Council's resilience to the risk of fraud, theft, corruption, and crime and ensure these are embedded preventative practices;
- (c) Applying the minimum standard within the CIPFA Code of Practice on 'Managing the Risk of Fraud and Corruption (2014)' for counter fraud policy, strategy and other practices, and adopting the CIPFA Counter Fraud Maturity Model as a means of self-assessment moving forward will enable continuous improvement to be evaluated, managed and evidenced; and
- (d) Use of a blend of toolkits such as fraud vulnerability assessments and e-learning packages that can be tailored to specific Services.

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

- ☒ One Council Working with you, for you
- ☒ Preventative and Sustainable
- ☒ Efficient and Modern
- ☒ Innovative and Ambitious

A.4 Delivering Best Value

Having robust fraud prevention and investigation arrangements in place contributes to safeguarding the Council's financial resources, for delivery of services, as part of protecting the public purse. The proposed Counter Fraud Strategy states the Council will measure progress against the CIPFA Counter Fraud Maturity Model as a self-assessment approach to continuous improvement in order to continuous improvement to be evaluated, managed and evidenced demonstrate best value in the use of resources.

A.5 Involving Communities and Other Stakeholders

Ensuring awareness of the Whistleblowing facility to report areas of concern is important in the approach to tackling fraud. The facility has been promoted in recent years and is being utilised, as stated in the Counter Fraud Annual Report 2019/20 that reported outcomes of corporate fraud activity, some of which arose from whistleblowing received from staff, those within communities or other stakeholders.

A.6 Impact on Performance and Outcomes

The primary responsibility for the prevention, detection and investigation of fraud rests with Management, supported by the Corporate Fraud team. Internal Audit provides advice and independent assurance on the effectiveness of processes put in place by Management. The Findings and Recommendations from Internal Audit and Corporate Fraud work which are presented to the Audit Committee during the year assists the Council in maintaining and / or enhancing fraud prevention and detection controls.

A.7 Adopting a Preventative Approach

Having robust fraud prevention and investigation arrangements in place contributes to safeguarding the Council's financial resources, for delivery of services, as part of protecting the public purse. A focus on enhancing fraud prevention and detection to improve Midlothian Council's resilience to the risk of fraud, theft, corruption and crime, and ensure these are embedded preventative practices are specific changes associated with the proposed Counter Fraud Strategy.

A.8 Supporting Sustainable Development

None.

COUNTER FRAUD POLICY STATEMENT

Introduction

The size and nature of the services provided by Midlothian Council (MLC), as with other large organisations, puts the Council at risk of loss due to fraud, theft or corruption. The aim of this policy is to communicate why effective and robust counter fraud arrangements should be in place to ensure the Council's ongoing resilience to the threats of fraud and corruption. This policy will be supported by the Counter Fraud Strategy, which describes the approach that will be adopted by MLC to tackle fraud, to ensure that MLC, nor its stakeholders, are exposed to an unknown, unmanaged or unacceptable degree of fraud risk by protecting themselves in an appropriate way.

Tackling fraud is an integral part of protecting public finances. The harm caused by fraud, however, is not just financial. Fraud damages local people and communities, damages the Council's reputation and undermines trust in public services. Every pound lost through fraud cannot be spent on providing and delivering quality services that people rely on and which they pay their taxes to get, therefore it is important to have a strong counter-fraud culture and effective counter-fraud measures embedded within its business processes and governance arrangements.

The changing and increasingly complex environment in which the Council operates, and the complexity of policies, procedures, processes, systems, customer interfaces, legislative requirements, partnerships and joint working arrangements and relationships with other organisations that enable the Council to deliver its services, is happening against a backdrop of depressed economic activity in which the fraud risk tends to increase.

Management are committed to minimising fraud risk and at the same time taking appropriate actions against those who attempt to defraud the Council, whether from within the authority or from outside. Refinements to the Council's approach to tackling fraud include a focus on enhanced fraud prevention and detection to improve its resilience to fraud.

Roles and responsibilities

There is an expectation and obligation that all individuals and organisations associated with the Council will act with honesty and integrity, are aware of and adhere to the procedures and practices in place to prevent fraud, theft or corruption when performing their roles, and utilise the whistleblowing process online to report any concerns. The Council will continue to support its people to develop the appropriate skills and competencies so as to enable them to tackle fraud effectively, with a focus on enhanced fraud prevention and detection tools and management arrangements.

Corporate Management Team (CMT)

CMT will act as counter fraud champions, tackling fraud from the top down, allocating sufficient resources proportionate to the level of fraud risk to ensure that income is maximised and assets are safeguarded, and fostering a strong counter fraud culture.

Senior Management

Senior management will: identify fraud and corruption risks; ensure that they understand and apply the counter fraud policy requirements within their own service provision procedures and practices to embed counter fraud in the Council's culture and working practices; take action to prevent, detect and investigate fraud; periodically highlight to staff the importance of behaving with integrity; support internal and external audits; and carry out a periodic review of the efficacy of their counter fraud arrangements.

Chief Officer Corporate Solutions

The Chief Officer Corporate Solutions is designated by Council as the officer responsible for the administration of the Council's financial affairs in terms of Section 95 of the Local Government (Scotland) Act 1973.

Integrity Group

The Integrity Group will support the Management across the Council with counter fraud management by: overseeing the review of the counter fraud policy framework in line with best practice; highlighting emerging fraud and corruption risks, threats, vulnerabilities; agreeing fraud and corruption mitigation actions; raising awareness of bribery, fraud and corruption in the Council as a method of prevention; meeting during the course of fraud investigations with the aim to take corrective action, minimise losses and help prevent further frauds; and coordinating with Serious Organised Crime (SOC) Group.

Corporate Fraud Team

The Corporate Fraud Team will support the counter fraud management by: supporting the Integrity Group; leading on the implementation of identified improvement actions; carrying out fraud vulnerability assessments with Service Managers; monitoring that the fraud prevention, detection and investigation processes and procedures are followed; offering advice, guidance, training and support; and conducting fraud investigations.

Internal Audit

Internal Audit will review the effectiveness of controls put in place by Management to manage the risk of fraud. Full details of its roles are set out in the Internal Audit Charter.

Audit Committee

The Audit Committee will oversee the adequacy and effectiveness of the Council's internal controls, review the assessment of fraud risks and monitor the counter fraud strategy, actions and resources.

Elected Members

Elected Members need to be aware of and adhere to the procedures and practices in place to prevent fraud, theft or corruption when performing their roles, and support the Public to utilise the whistleblowing process online to report any concerns.

Counter Fraud process

Tackling fraud is not a one-off exercise; it is a continuous process across all parts of the Council because the service delivery processes it underpins are continuous. Tackling fraud is an integral part of good governance within the Council and demonstrates effective financial stewardship and strong public financial management.

Reporting

Reporting will include an annual report by the Integrity Group to CMT and the Audit Committee on the corporate fraud activity and outcomes. The Annual Governance Statement to CMT and the Audit Committee will include a statement on the efficacy of counter fraud arrangements.

Budget

One of the five key principles in the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption is to provide resources to implement the strategy. The two previous years indicates resources of at least 2.0 FTE Corporate Fraud Officers in conducting fraud investigations. The refocus from a reactive to a proactive strategy on prevention and detection will require the equivalent corporate fraud resources. Any additional costs within Services arising from enhanced counter fraud risk mitigation will have to be considered and prioritised against other pressures in the revenue budget.

Quality Assurance

This policy will be subject to document control, version control, be reviewed at least annually, and be revised to reflect changes in legislation, counter fraud best practice, and significant changes in corporate governance.

Review

Counter Fraud policies and procedures will be reviewed on a regular basis to ensure their continued relevance and effectiveness.

COUNTER FRAUD STRATEGY

The size and nature of the Council's services, as with other large organisations, puts the Council at risk of loss due to fraud, theft or corruption. Management are committed to minimising this risk and at the same time taking appropriate action against those who attempt to defraud the Council, whether from within the authority or from outside. Refinements to the Council's approach to tackling fraud include a focus on enhancing fraud prevention and detection to improve its resilience to the threat of fraud and corruption.

The Council's strategy, which is based upon the national counter fraud standard CIPFA's Code of Practice on 'Managing the Risk of Fraud and Corruption' published in December 2014, is built around the following:

Counter fraud and corruption culture

The Council expects its employees and elected members to act within the law and the high standards of integrity, honesty and openness, which are reflected in the Council's Code of Conduct internal codes, rules and procedures. The Council also expects that all outside individuals and organisations, including service users, partners, suppliers, and contractors will act to the same standards.

Plans and policies

Service specific plans, policies, procedures, processes and guidelines must contain detailed information on how to prevent or reduce the Council's vulnerability to fraud, theft or corruption as part of their Service provision to ensure that income is maximised and assets are safeguarded.

The Integrity Group, chaired by the Executive Director Place and supported by the Chief Internal Auditor and the Corporate Fraud team, must oversee the review and update of associated policies, procedures and guidelines across the Council by the responsible owner. The CIPFA Counter Fraud guidance states as a minimum the policy framework should include: Counter Fraud Policy; Whistleblowing Policy; Anti Money Laundering Policy; Anti-Bribery & Corruption Policy; Gifts & Hospitality Policy and register; Conflict of Interest Policy and register; Codes of Conduct and Ethics; Information Security Policy; and Cyber Security Policy.

Deter and detect

The Council will focus on enhanced fraud prevention and detection in accordance with the Scottish Government's cross sector counter fraud strategy 'Protecting Public Resources in Scotland: The strategic approach of fighting fraud, bribery and corruption' launched in June 2015 and measure progress against the CIPFA Counter Fraud Maturity Model.

Management will continuously monitor and review the internal control systems which include financial regulations, scheme of delegation, standing orders, data security, codes of conduct, protocols, practices, guidelines and training, to ensure that fraud prevention and detection procedures are effective and robust, and that risk mitigating actions are in place.

In addition Management will continue to identify those areas, existing or new, which are vulnerable to fraud, theft or corruption and will use a standard assessment method to assess the effectiveness of the controls in place. The Corporate Fraud team will assist Service Managers to make those fraud vulnerability assessments and to carry out annual reviews. The Corporate Fraud Annual Plan will include compliance testing to check the efficacy of internal controls. Service Managers must co-operate with compliance checks and ensure that vulnerabilities within processes are addressed.

A proactive approach to fraud detection will be followed, including enhanced use of techniques such as data matching and intelligence sharing with partner organisations within the provisions of the General Data Protection Regulations. Positive publicity about the successful detection or prevention of a fraud will play a key part in deterring others.

The Council will continue to work with other organisations to manage its fraud risks and share best practice through participation in counter fraud forums at local and national levels. This will include the Scottish Local Authorities Investigators Group (SLAIG) and the NHS's Counter Fraud Service (CFS). There will be further joint working in countering fraud in particular in response to the risks from organised crime which can commit fraud across the public sector, embedding the principles of the "Letting Our Communities Flourish" strategy. The Council will continue to participate in the National Fraud Initiative (NFI) in Scotland as active detection and prosecution of fraudsters is a vital deterrent to others contemplating defrauding the public purse.

Training and awareness

To have effective counter fraud, theft or corruption controls the Council recognises that it must provide awareness and training programmes for counter fraud prevention and detection techniques. General fraud awareness for all members of staff will mainly be done through the use of E Learning modules and will focus on the key message that compliance with Council policies, processes and procedures are designed to keep employees and the organisation safe. More specific training and case studies, based on fraud vulnerability assessments, will be targeted to appropriate Service Managers and their staff.

In its communications with employees and elected members the Council will incorporate the key message that internal control systems to counter fraud, theft or corruption are designed both to safeguard assets and to protect their integrity if challenged.

In the Council's dealings with outside individuals and organisations it will ensure that they are aware of the Council's stance towards tackling fraud, theft or corruption. The Council will encourage the reporting of suspected fraud, theft or corruption through confidential reporting or whistleblowing arrangements to the Corporate Fraud team and reassure those who fear reprisals that it will protect their rights.

Action

All actual or suspected cases of fraud, theft or corruption should be reported to the Corporate Fraud team (anonymously if desired) by email CounterFraud@midlothian.gov.uk or telephone 0131 271 3572 / 3573 or via the Council's website "[Report/ Fraud, corruption and whistleblowing](#)". The Corporate Fraud team will conduct fraud investigations in accordance with legislation and standard operating procedures. The Integrity Group will meet during the course of fraud investigations with the aim to take corrective action, minimise losses and help prevent further frauds.

Investigations

Anyone suspected of fraudulent behaviour will be treated fairly and courteously within the principles of Article 6 and Article 8 of the Human Rights Act 1998. All investigations will be strictly confidential and intelligence or evidence will be gathered to a standard that would be admissible in court and held securely. Investigators will not carry out directed surveillance without proper authorisation as detailed in Regulation of Investigatory Powers (Scotland) Act 2000 and the Council's code of practice.

Where initial investigations identify evidence of criminality, the matter will be reported to Police Scotland and the Council will co-operate fully with any Police investigation.

Where investigations reveal evidence of fraudulent or dishonest behaviour, corrupt practice or theft by a member of staff, appropriate steps will be taken including disciplinary action in accordance with the HR policies.

Steps will also be taken to recover losses resulting from fraud, theft or corruption including the recovery of assets and money, which may involve joint working with public sector partners.

Monitoring and Review

Internal Audit will continue to review the efficacy of counter fraud internal controls put in place by Management and provide independent assurance over fraud risk management, strategy and activities.

The Audit Committee will oversee the adequacy and effectiveness of the Council's systems of internal financial control and framework of internal control through scrutiny of annual reports on the assessment of fraud risks and the monitoring of the counter fraud strategy, actions and resources.

This strategy will be reviewed annually.

Schedule of Meeting Dates for the remainder of 2020
Report by Executive Director Place**Report for Decision****1 Recommendation**

Council is invited to confirm the current schedule of meeting dates for the remainder of 2020 (Appendix B) and in doing so:- (a) consider whether all of the scheduled meetings are to proceed and (b) note that digital by default is at the core of the Midlothian Route Map Through and Out of the Crisis and the decision taken in June 2020 that virtual meetings will continue.

2 Purpose of Report/Executive Summary

This report advises of the schedule of meeting dates approved by the Council in October 2018 (with small amendments made thereafter) in respect of the remainder of 2020 and asks the Council to consider, in light of the Covid-19 pandemic whether it wishes to continue with the approved schedule.

Date: 21 July 2020**Report Contact:****Verona MacDonald, Democratic Services Team Leader**Verona.macdonald@midlothian.gov.uk

0131 271 3161

3 Background

- 3.1** The Council at its meeting on 2 October 2018 approved a schedule of meetings up until the end of 2020. Small amendments in terms of changes of dates and times have been made since then.
- 3.2** Members will be aware of the decision taken on 16 March 2020 to suspend the schedule of meetings due to the Covid-19 pandemic. Since that date only meetings which had to take place due to a need to transact business, namely the Planning and Audit Committees and Council, have taken place albeit on different dates from those approved in October 2018. The 3 meetings were virtual.
- 3.3** Members are therefore requested to confirm that the full schedule of meetings for the remainder of 2020 (as per Appendix B) shall re-commence.
- 3.4** There is a requirement for an additional meeting of the Performance, Review and Scrutiny Committee in December, to permit scrutiny and consideration of the quarterly performance reports. Wednesday 9 December is suggested.

4 Report Implications (Resource, Digital and Risk)

4.1 Resource

None

4.2 Digital

None

4.3 Risk

Key decisions are likely to be required and without a schedule of meetings the Council may be unable to fulfil its obligations.

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

This report does not recommend any change to policy or practice and therefore does not require an Equalities Impact Assessment.

4.4 Additional Report Implications

See Appendix A

Appendices

Appendix A – Additional Report Implications

Appendix B – Background information/Links

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Not applicable

A.2 Key Drivers for Change

Key drivers addressed in this report:

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

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

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

A.4 Delivering Best Value

The report does not directly impact on Delivering Best Value but the absence of a schedule of meetings may result in delays in the ability to carry out proper scrutiny.

A.5 Involving Communities and Other Stakeholders

The report does not directly relate to involving communities

A.6 Impact on Performance and Outcomes

The absence of a schedule of meetings may impact on Midlothian Council's performance and outcomes

A.7 Adopting a Preventative Approach

Not applicable

A.8 Supporting Sustainable Development

Not applicable

APPENDIX B

Background Papers/Resource Links – Report dated 12 September 2018 entitled “Short Life Working Group Schedule of Meeting Dates 2019 and 2020”

Schedule of Meetings for the remainder of 2020 –

August 2020	Thursday 27	14.00	Midlothian Integration Joint Board
	Monday 31	11.00	Police and Fire and Rescue Board
	Monday 31	14.00	Planning Site Visits
September 2020	Tuesday 1	10.00	General Purposes
	Tuesday 1	13.00	Planning
	Tuesday 8	11.00	Cabinet
	Thursday 10	14.00	Special Midlothian Integration Joint Board
	Monday 14	11.00	Business Transformation Steering Board
	Tuesday 15	10.00	Local Review Body Site Visits
	Tuesday 15	13.00	Local Review Body
	Tuesday 22	10.00	Petitions
	Tuesday 22	11.00	Performance, Review and Scrutiny
	Tuesday 29	11.00	Audit
	Tuesday 29	14.30	JCG
October 2020	Tuesday 6	11.00	Midlothian Council
	Thursday 8	14.00	Midlothian Integration Joint Board
	Monday 12	14.00	Planning Site Visits
	Tuesday 13	10.00	General Purposes
	Tuesday 13	13.00	Planning
	Tuesday 20	11.00	Cabinet
	Monday 26	11.00	Business Transformation Steering Group
	Tuesday 27	10.00	Local Review Body Site Visits
	Tuesday 27	13.00	Local Review Body
November 2020	Tuesday 3	10.00	Petitions
	Tuesday 3	11.00	Performance, Review and Scrutiny
	Monday 9	11.00	Police and Fire and Rescue Board
	Tuesday 10	14.30	JCG
	Thursday 12	14.00	Midlothian IJB Development Workshop
	Tuesday 17	11.00	Midlothian Council
	Monday 23	14.00	Planning Site Visits
	Tuesday 24	10.00	General Purposes
	Tuesday 24	13.00	Planning
	Monday 30	10.00	Local Review Body Site Visits
	Monday 30	13.00	Local Review Body
December 2020	Tuesday 1	11.00	Cabinet
	Monday 7	11.00	Business Transformation Steering Group
	Tuesday 8	11.00	Audit
	Tuesday 8	14.30	JCG
	Wednesday 9	11.00	Performance, Review and Scrutiny
	Thursday 10	14.00	Midlothian Integration Joint Board
	Tuesday 15	11.00	Midlothian Council

Proposed Schedule of Meeting Dates for 2021/2022**Report by Executive Director Place****Report for Decision****1 Recommendation**

The Council is invited to consider and approve the schedule of meeting dates for 2021 and 2022 as shown at **Appendix B**.

2 Purpose of Report/Executive Summary

This report invites the Council to approve a schedule of meeting dates for the calendar years 2021 and 2022 up until the next Local Government Elections scheduled for May 2022.

Date: 23 July 2020

Report Contact:

Mike Broadway, Democratic Services

mike.broadway@midlothian.gov.uk

0131 271 3160

3 Background

- 3.1** The Council currently operates on a six weekly cycle of meetings with breaks incorporated for the summer recess, Christmas/New Year and wherever possible school holidays.
- 3.2** The proposed schedule of meetings for 2021 and 2022 is shown at **Appendix B**.
- 3.3** Members are reminded that a review of the Council's Governance arrangements is pending and should there be any change as a result of this work a further report would be brought to Council.
- 3.4** Members are also reminded that the facility also exists under Standing Orders for special meetings to be called if and when required.
- 3.5** Other issues Members may wish to take into account in considering the proposed schedule of meetings are:-
- Digital by default is at the core of the Midlothian Route Map Through and Out of the Crisis, so meetings should continue to be held virtually wherever possible;
 - Arrangements for the access of the public and press to virtual meetings;
 - The success of the adoption of amended start times, where applicable and whether Members would wish to continue with them;
 - The use of days other than a Tuesday for meetings, eg Police, Fire and Rescue Board, Local Review Body;
 - The need for meetings such as BTSG during the summer recess.

4 Report Implications (Resource, Digital and Risk)

4.1 Resource

None

4.2 Digital

None

4.3 Risk

The availability of the schedule of meeting dates contributes to the mitigation of risk by:

- facilitating forward planning for meetings;
- contributing to the governance framework which allows the Council to conduct its business; and
- providing a timetable to which officers can work to ensure that reports are submitted timeously.

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

This report does not recommend any change to policy or practice and therefore does not require an Equalities Impact Assessment.

4.4 Additional Report Implications

See Appendix A

Appendices

Appendix A – Additional Report Implications

Appendix B – Background information/Links

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Not applicable

A.2 Key Drivers for Change

Key drivers addressed in this report:

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

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

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

A.4 Delivering Best Value

The report does not directly impact on Delivering Best Value but the absence of a schedule of meetings may result in delays in the ability to carry out proper scrutiny.

A.5 Involving Communities and Other Stakeholders

The report does not directly relate to involving communities

A.6 Impact on Performance and Outcomes

The absence of a schedule of meetings may impact on Midlothian Council's performance and outcomes

A.7 Adopting a Preventative Approach

Not applicable

A.8 Supporting Sustainable Development

Not applicable

APPENDIX B

Background Papers/Resource Links – Report dated 12 September 2018 entitled “Short Life Working Group Schedule of Meeting Dates 2019 and 2020”

Proposed Schedule of Meetings Dates for 2021 and 2022

January 2021

Monday 11	10.00	Combined Local Review Body and Planning Site Visits
Monday 11	13.00	Local Review Body
Tuesday 12	10.00	General Purposes Committee
Tuesday 12	13.00	Planning Committee
Thursday 14	14.00	Midlothian Integration Joint Board Development Workshop
Tuesday 19	11.00	Cabinet
Monday 25	11.00	Business Transformation Steering Group
Tuesday 26	11.00	Audit Committee

February 2021

Tuesday 2	10.00	Petitions Committee
Tuesday 2	11.00	Performance, Review and Scrutiny Committee
Tuesday 2	14.30	JCG
Tuesday 9	11.00	Midlothian Council
Thursday 11	14.00	Midlothian Integration Joint Board
Monday 15	11.00	Police and Fire and Rescue Board
Tuesday 16	10.00	Local Review Body Site Visits
Tuesday 16	13.00	Local Review Body
Monday 22	10.00	Planning Site Visits
Tuesday 23	10.00	General Purposes Committee
Tuesday 23	13.00	Planning Committee

March 2021

Tuesday 2	11.00	Cabinet
Thursday 4	14.00	Midlothian Integration Joint Board Audit & Risk Committee
Monday 8	11.00	Business Transformation Steering Group
Tuesday 9	11.00	Audit Committee

Thursday 11	14.00	Special Midlothian Integration Joint Board
Tuesday 16	10.00	Petitions Committee
Tuesday 16	11.00	Performance, Review and Scrutiny Committee
Tuesday 16	14.30	JCG
Tuesday 23	11.00	Midlothian Council
Tuesday 30	10.00	Local Review Body Site Visits
Tuesday 30	13.00	Local Review Body

April 2021

Monday 5	10.00	Planning Site Visits
Tuesday 6	10.00	General Purposes Committee
Tuesday 6	13.00	Planning Committee
Thursday 8	14.00	Midlothian Integration Joint Board
Tuesday 13	11.00	Cabinet
Monday 26	11.00	Business Transformation Steering Group
Tuesday 27	10.00	Petitions Committee
Tuesday 27	11.00	Performance, Review and Scrutiny Committee

May 2021

Tuesday 4	11.00	Audit Committee
Tuesday 4	14.30	JCG
Tuesday 11	11.00	Midlothian Council
Thursday 13	14.00	Midlothian Integration Joint Board Development Workshop
Monday 17	10.00	Combined Local Review Body and Planning Site Visits
Monday 17	13.00	Local Review Body
Tuesday 18	10.00	General Purposes Committee
Tuesday 18	13.00	Planning Committee
Tuesday 25	11.00	Cabinet
Monday 31	11.00	Police and Fire and Rescue Board

June 2021

Thursday 3	14.00	Midlothian Integration Joint Board Audit & Risk Committee
Monday 7	11.00	Business Transformation Steering Group
Tuesday 8	10.00	Petitions Committee
Tuesday 8	13.00	Performance, Review and Scrutiny Committee

Thursday 10	14.00	Midlothian Integration Joint Board
Monday 14	10.00	Combined Local Review Body and Planning Site Visits
Monday 14	13.00	Local Review Body
Tuesday 15	10.00	General Purposes Committee
Tuesday 15	13.00	Planning Committee
Tuesday 22	11.00	Audit Committee
Tuesday 22	14.30	JCG
Tuesday 29	11.00	Midlothian Council

July

SUMMER RECESS

August 2021

Tuesday 24	11.00	Midlothian Council
Thursday 26	14.00	Midlothian Integration Joint Board
Monday 30	11.00	Police and Fire and Rescue Board
Monday 30	14.00	Planning Site Visits
Tuesday 31	10.00	General Purposes Committee
Tuesday 31	13.00	Planning Committee

September 2021

Thursday 2	14.00	Midlothian Integration Joint Board Audit & Risk Committee
Monday 6	11.00	Business Transformation Steering Group
Tuesday 7	11.00	Cabinet
Thursday 9	14.00	Special Midlothian Integration Joint Board
Tuesday 14	10.00	Local Review Body Site Visits
Tuesday 14	13.00	Local Review Body
Tuesday 21	10.00	Petitions Committee
Tuesday 21	11.00	Performance, Review and Scrutiny Committee
Tuesday 28	11.00	Audit Committee
Tuesday 28	14.30	JCG

October 2021

Tuesday 5	11.00	Midlothian Council
Monday 11	10.00	Planning Site Visits

Tuesday 12	10.00	General Purposes Committee
Tuesday 12	13.00	Planning Committee
Thursday 14	14.00	Midlothian Integration Joint Board
Monday 18	11.00	Business Transformation Steering Group
Tuesday 19	11.00	Cabinet
Tuesday 26	10.00	Local Review Body Site Visits
Tuesday 26	13.00	Local Review Body

November 2021

Tuesday 2	10.00	Petitions Committee
Tuesday 2	11.00	Performance, Review and Scrutiny Committee
Monday 8	11.00	Police and Fire and Rescue Board
Tuesday 9	14.30	JCG
Thursday 11	14.00	Midlothian Integration Joint Board Development Workshop
Tuesday 16	11.00	Midlothian Council
Monday 22	10.00	Planning Site Visits
Tuesday 23	10.00	General Purposes Committee
Tuesday 23	13.00	Planning Committee
Monday 29	11.00	Business Transformation Steering Group
Tuesday 30	11.00	Cabinet

December 2021

Thursday 2	14.00	Midlothian Integration Joint Board Audit & Risk Committee
Monday 6	10.00	Local Review Body Site Visits
Monday 6	13.00	Local Review Body
Tuesday 7	11.00	Audit Committee
Tuesday 7	14.30	JCG
Thursday 9	14.00	Midlothian Integration Joint Board
Monday 13	10.00	Petitions Committee
Monday 13	11.00	Performance, Review and Scrutiny Committee
Tuesday 14	11.00	Midlothian Council

January 2022

Monday 10	10.00	Combined Local Review Body and Planning Site Visits
Monday 10	13.00	Local Review Body

Tuesday 11	10.00	General Purposes Committee
Tuesday 11	13.00	Planning Committee
Tuesday 18	11.00	Cabinet
Monday 24	11.00	Business Transformation Steering Group
Tuesday 25	11.00	Audit Committee

February 2022

Tuesday 1	10.00	Petitions Committee
Tuesday 1	11.00	Performance, Review and Scrutiny Committee
Tuesday 8	14.30	JCG
Tuesday 15	11.00	Midlothian Council
Monday 21	11.00	Police and Fire and Rescue Board
Tuesday 22	10.00	Local Review Body Site Visits
Tuesday 22	13.00	Local Review Body

March 2022

Tuesday 1	11.00	Audit Committee
Monday 7	11.00	Business Transformation Steering Group
Tuesday 8	11.00	Cabinet
Monday 14	10.00	Planning Site Visits
Tuesday 15	10.00	General Purposes Committee
Tuesday 15	13.00	Planning Committee
Tuesday 22	11.00	Performance, Review and Scrutiny Committee
Tuesday 22	14.30	JCG
Tuesday 29	11.00	Midlothian Council



Meeting of Group Leaders

Date	Time	Venue
11 August 2020	11.00 am	Via MS Teams

Present:

Councillor Milligan	Councillor Johnstone
Councillor Smail	

In attendance:

Dr Grace Vickers, Chief Executive	Kevin Anderson, Executive Director Place
Alan Turpie, Legal Services Manager	Verona MacDonald, Democratic Services Team Leader

1. Wave 2 Resilience Preparations – Update by Chief Executive

The Chief Executive explained the meeting had been arranged to discuss resilience planning should there be a further national, local or any future “lockdown”. She referred to the meeting of Group Leaders on 16 March 2020 where critical service delivery and governance arrangements were approved and noted it would be useful to agree in advance of any further lockdown the governance arrangements required. She then shared and spoke to a powerpoint presentation she had prepared – Wave 2 Resilience Preparations.

Following discussion, the following were agreed in the event of a “lockdown” –

- (a) Noted the Scottish Government had not yet advised in relation to whether the provisions of the Coronavirus (Scotland) Act (including in relation to the holding of meetings) will be extended beyond 30 September;

- (b) Agreed Standing Order 19.2 be utilised as the decision-making process in the event of time critical emergency decisions
- (c) Agreed the full meetings cycle will proceed by way of virtual meetings with officers ensuring only matters which require a decision are included on agendas;
- (d) Agreed the weekly Group Leader meetings will re-commence, as will the offer by the Chief Executive to meet individually with the 3 political parties on a weekly basis (excluding the week of full Council meetings);
- (e) Agreed to recommend to Council that a Seminar be held, ideally during September or early October, to discuss winter planning and emergency food should this be required in light of the pandemic;
- (f) Agreed that a Note of this meeting be included on the agenda for the Council meeting on 25 August 2020.

The meeting concluded at 12.00 noon

Wave 2 Resilience Preparations Update for Group Leaders

11 August 2020



Overview

- Purpose of the meeting
- Route Map through and out of the crisis approved by Council in June 2020
- Resilience update in the event of a local, second wave or any future “lockdown”
- Governance arrangements required in the event of a local, second wave or any future “lockdown”

Purpose of the meeting

The purpose of today's meeting is to discuss arrangements which will be required in the event of a local, second wave or future "lockdown".

Route Map through and out of the crisis approved by Council in June 2020

- The Route Map was approved at Council in June 2020:
<https://www.midlothian.gov.uk/>
- We are currently in Phase 3 with Schools returning for staff yesterday (10 August 2020) and for pupils from 12 August 2020.
- There is no sign yet of moving to Phase 4 but indicative dates have been shared by Scottish Government in relation to additional service restarts.
- We are being vigilant particularly with the events reported in Aberdeen

Resilience update in the event of a local, second wave or any future “lockdown”

- In the event of a local “lockdown” or second wave “lockdown”, it is proposed to implement the phase required from the 4 phases of Midlothian Route Map <https://www.midlothian.gov.uk/> depending on the gravity of the “lockdown” and advice received from Public Health and the Scottish Government. It may be that we are required to go back to the Emergency Phase should any outbreak be severe enough for us to be required to do so. The four phases are:
 - Emergency Phase: In the event of “lockdown” we may need to revert back to this phase which was initially implemented at 15:30pm on 20th March 2020. This phase meant that we were only delivering critical services as agreed on 16 March 2020
 - Phase 1: In line with the route map with further guidance as directed by Public Health or Scottish Government
 - Phase 2: In line with the route map with further guidance as directed by Public Health or Scottish Government
 - Phase 3: This is the phase we are currently in
 - Phase 4: This phase has not yet been implemented as we are still in phase 3

It is proposed that we would then - as part of our recovery out of a local, wave 2 or any future “lockdown” - follow the remaining phases in forward motion when it is safe to do so, following Public Health and Scottish Government advice.

Governance arrangements required in the event of a local, second wave or any further “lockdown”

On 16 March 2020, we agreed to implement Standing Order 19.2 as the decision-making process, do we wish to utilise this again in the event of time critical emergency decisions or do we wish a different mechanism?

Given we now have virtual meetings in place, I propose in the event of “lockdown” that we continue with the virtual meetings cycle for Council, Cabinet, PRS, etc.

In the event of “lockdown” that we also update Group Leaders every Tuesday on progress as we did during the months of March – June and offer weekly updates to each of the Political groups if groups would find this useful.

**Council House Building Programme
Progress Update August 2020**

Report by Kevin Anderson, Executive Director Place

Report for Noting

1 Recommendations

Council is recommended to:

- a) Note the content of this report and the progress made on Phases 2 to 4.
- b) Note the new sites proposed to complete Phase 3 and Phase 4
- c) Note the proposals to acquire houses from private developers
- d) Note the projected costs/budget expenditure appended to this report

2 Purpose of Report

To update the Council on the status of the social housing programme on approved sites and proposed new sites for building programme and other initiatives for the target delivery.

Date 14 August 2020

Report Contact: Greg Vettraino, Capital Contracts Manager

Email: greg.vettrainmo@midlothian.gov.uk

Tel: 0131 561 5254

3 Housing Building Programme and Planned Works

3.1 Council Housing Programme – Phase 1 & 2 Sites

Phase 1 provided 864 additional houses within Midlothian over a period of 7 years with a total budget of £108,700,000 and this is now complete.

Phase 2 targeted providing a further 412 additional homes within Midlothian.

With a budget of £77,121,000 funded from the Housing Revenue Capital Account enhanced with Scottish Government grant funding, current analysis now indicates an updated figure of 488 homes being deliverable under the Phase 2 budget.

A total of 297 of these homes have already been constructed from the Phase 2 Budget as set out below

Completed Phase 2 Sites

Ref	Location	Number of Units	Cumulative
2	Woodburn Ct, Dalkeith	14	14
37	Pentland Way, Penicuik	62	76
9	Craigiefield, Penicuik	17	93
18	Eastfield Drive, Penicuik	17	110
42	Jackson St, Penicuik	14	124
60	Edgefield Road, Loanhead	41	165
SITES COUNTING TOWARDS 1000 UNIT TARGET - IN ORDER OF COMPLETION			
51a	Stobhill Road, Gorebridge	37	37
51b	Stobhill Road, Gorebridge	32	69
108	Polton St, Bonnyrigg	18	87
41	Complex Care, Penicuik	12	99
119	Millers, Shawfair	23	122
23	Woodburn Terrace, Dalkeith	10	132
		TOTAL	165+132=297

The remaining 191 homes to be constructed from the remaining Phase 2 budget comprise the following:

Ref	Location	Number of Units	Cumulative
115	Castlelaw Terrace, Bilston	8	8
47	Kirkhill Rd, Penicuik	21	29
134	Paradykes /Barratts, Loanhead	21	50
110	Clerk St, Loanhead	28	78
144	Barratts, Roslyn	13	91

39	Crichton Ave, Pithead	10	101
118	Bellway - Danderhall, Shawfair	47	148
117	Cockpen Terrace (Hopefield Yard), Bonnyrigg	16	164
146	Bellway - Wester Cowden, Dalkeith	27	191

3.2 Council Housing Programme - Phase 3 & 4 Sites

Phase 3 & 4 funding combined comprises £136,258,000 (£42,208,000 for Phase 3 and £94,050,000 for Phase 4). Current projections are targeting a potential further 745 additional homes within Midlothian.

It should be noted that the exact number of sites and homes will be subject to some variation as the project evolves, sites are confirmed or rejected and procurement initiatives progress and designs develop but the planned sites are as set out below.

Ref	Location	Number of Units	Cumulative	Phase
147	Rosewell (Stewart Milne/Millers)	25	25	3
C450	Buccleuch St (excludes Retail units), Dalkeith	10	35	3
128	Mac&Mic, Shawfair	48	83	3
140	Dalhousie Mains - Springfield, Bonnyrigg	70	153	3
122	Former Co-op site, Bonnyrigg	21	174	3
116	Newmills Road (former Dalkeith HS), Dalkeith	92	266	4
51c	Stobhill Road, Gorebridge	25	291	4
131	Burnbrae Rd Hopefield - Coop, Hopefield	20	311	4
53	Morris Road, Newtongrange	79	390	4
109	Conifer Road, Mayfield	72	462	4
130 (1)	Newbattle HS (Phase 1), Newtongrange	70	532	4
C398/114	Dundas Highbank (Extra Care) St Marys, Bonnyrigg	31	563	4
32/34	Newbyres, Gorebridge	75	638	4
112	High St (depot)(Phase 1), Bonnyrigg	40	678	4
130 (2)	Newbattle HS (Phase 2), Newtongrange	0	678	4
tbc	Newton Church Road, Danderhall	12	690	4
46	Mauricewood /Deanburn Affordable Housing (Cala), Penicuik	55	745	4

The total of Phase 2, 3 & 4 homes is currently estimated at 1233, comprising 488 from Phase 2 budget and 745 from the Phase 3&4 budgets.

Progress during 2020 continues with 125 homes currently being constructed on site with a further 462 homes planned to commence before the end of 2020. Of these, four sites are procured in contract with a developer (procuring the affordable element), which in addition with the already completed site for 23 units in Shawfair – provides 131

homes. It is hoped that further ongoing negotiations with developers regarding several sites may add to this.

Overall programme status for sites not yet completed is as set out below:

Currently on site or to commence in 2020:

Ref	Location	Currently on site	Starting in 2020	Start on site
115	Castlelaw Terrace, Bilston	8		n/a
47	Kirkhill Rd, Penicuik	21		n/a
134	Paradykes /Barratts, Loanhead	21		n/a
110	Clerk St, Loanhead	28		n/a
144	Barratts, Roslyn		13	Jan-20
39	Crichton Ave, Pithead		10	Jul-20
118	Bellway - Danderhall, Shawfair	47		Jan-20
117	Cockpen Terrace (Hopefield Yard), Bonnyrigg		16	Oct-20
146	Bellway - Wester Cowden, Dalkeith		27	Oct-20
tbc	Rosewell (Stewart Milne/Millers), Rosewell		25	tbc
C450-Site 26	Buccleuch St (excludes Retail units), Dalkeith		10	Dec-20
128	Mac&Mic, Shawfair		48	Oct-20
140	Dalhousie Mains - Springfield, Bonnyrigg		70	Sep-20
116	Newmills Road (former Dalkeith HS), Dalkeith		92	Nov-20
53	Morris Road, Newtongrange		79	Sep-20
109	Conifer Road, Mayfield		72	Dec-20
	Total 587	125	462	

Sites to commence after 2020:

Ref	Location	Estimated Units	Cumulative	Site Start	Site Finish
122	Former Co-op site, Bonnyrigg	21	21	Q2 2021	Q2 2022
51c	Stobhill Road, Gorebridge	25	46	Q1 2021	Q1 2022
131	Burnbrae Rd Hopefield - Coop, Hopefield	20	66	Q2 2021	Q4 2022
130 (1)	Newbattle HS (Phase 1), Newtongrange	70	136	Q2 2021	Q4 2022
C398/114	Dundas Highbank (Extra Care) St Marys, Bonnyrigg	31	167	tbc	tbc
32/34	Newbyres, Gorebridge	75	242	Q2 2021	Q4 2022
112	High St (depot)(Phase 1), Bonnyrigg	40	282	tbc	tbc
130 (2)	Newbattle HS (Phase 2), Newtongrange	0	282	n/a	n/a
tbc	Newton Church Road, Danderhall	12	294	tbc	tbc
46	Mauricewood /Deanburn Affordable Housing (Cala), Penicuik	55	349	tbc	tbc
tbc	Shawfair (Barratts)	33	382	tbc	tbc
121	Stobhill Depot (Phase 2), Gorebridge	0	382	tbc	tbc

142	Shawfair, Danderhall (Stewart Milne)	28	410	tbc	tbc
145	Auchendinny, Penicuik (Stewart Milne)	98	508	tbc	tbc
143	Bilston Phase 2 (Taylor Wimpey)	50	558	tbc	tbc
6/24/25	D'Arcy Road, Mayfield	50	608	tbc	tbc

Specific Site updates:

- Site 26 – 32/38 Buccleuch Street, Dalkeith – delivering 10 homes. Demolition of existing building completed. Likely site start in December 2020.
- Site 32/34 Newbyres – delivering 75 homes - delayed due to ongoing IMT requests for further ground gas testing and monitoring requirements outwith the control of Midlothian Council. It is intended that recent design solution proposals will allow commencement of works on site in 2021.
- Site 51C Stobhill – 49 homes – full Design Team appointed. Site start anticipated in 2021.
- Site 109 Conifer Road, Mayfield – 72 homes –held up due to Scottish Water infrastructure capacity issues which outwith Council control – now resolved – and ground remedials solution in place – the revised date of commencement is late 2020.
- Site 116 Newmills Road, Dalkeith – 92 homes comprising 40 extra care flats and 8 extra care bungalows together with 44 new homes for rent. Contractor appointed under two stage tendering with enabling works (not requiring planning) starting on site earliest November 2020. Main works to follow on. Budget for this project has increased from £17.162m to £18.817m (due to S75 costs, provision of Electrical Charging units and provision of fire suppression systems).
- Site 114 Old Dundas/St Marys PS site – Intermediate Care Facility and Day Care centre, plus 30 Extra care homes planned on combined site – currently under design development – demolition scheduled to commence asap after St Marys relocation to new Hopefield PS, but delayed due to possible use of Primary School as a result of Covid-19 requirements, along with a possible additional floor on to the initial proposed design. Site Investigations will follow – main works now expected to start on site expected mid 2021.
- Site 117 Hopefield Yard, Bonnyrigg – 16 homes Site start anticipated October 2020
- Site 122 81 High Street, Bonnyrigg – delivering 20 homes – demolition completed. Site investigation to follow on. Start on site envisaged June 2021
- Site 128 Shawfair, delivering 48 homes under a design & build contract arrangement with MacTaggart & Mickel – site start to be confirmed but anticipated Autumn 2020
- Site 130 Phase 1 Old Newbattle HS site – delivering 75 homes – still at early design stage – only just appointed remainder of Design Team - likely start on site Summer 2021
- Site 131 Hopefield, Burnbrae, Bonnyrigg - retail unit plus planned 20 homes – commencement on site expected March 2021

- Site 140 Dalhousie Mains, Bonnyrigg - delivering 70 homes under a design & build contract arrangement with Springfield Homes – site start to be confirmed but anticipated mid-2020
- Site 450 Buccleuch Street, Dalkeith – 10 houses plus 2 retail units – delayed as a result of possible residential in lieu of retail on the ground floor. Likely site start early 2021.

It is anticipated that the bulk of the larger sites listed above will be procured via a two-stage tender process with a Design and Build procurement method. The benefits of this are

- 1) Reduced tendering costs – making it more attractive to the marketplace – gaining greater interest and more competition/better value
- 2) The introduction of the contractor at an earlier stage in the design process using a collaborative approach addressing technical challenges and speedier programme delivery.

The procurement solution will however be assessed for each site to ensure the most suitable method is adopted. In some instances directly procured Design Teams acting for the Council may develop the design sufficiently to issue design & build tender documents based on a developed design but transferring risk to the contractor with bills for pricing to allow suitable post contract management. Utilisation of the Scotland Excel (SXL) Housing Framework is also being explored. A site will be chosen to pilot this as an alternative delivery solution (Bonnyrigg High St, Co-op site). In addition, where it may be deemed more suitable, smaller sites or sites that may involve refurbishment could potentially be tendered via traditional bills of quantities and tender pricing.

NOTE: It should be noted that a masterplan is proposed for the former Newbattle High School site (Site 130 **Phase 2**) to identify the options for a mix of tenures on this site in addition to 75 new council housing units (**Site 130 Phase 1**). This will be co-ordinated with the Learning Estates Strategy. A mixed tenure housing solution provides a more sustainable approach to place making.

3.3 Sites for development following Council building closures

- Site 121 Stobhill Depot affordable provision (50 homes) - any plans for this site are currently on hold until review of Stobhill Masterplan is completed.
- Site 112 High Street (Garage), Bonnyrigg (40 homes) – requires a new depot/garage to be completed before becoming available.
- Site 114 (St Mary's Primary School), Bonnyrigg (30 homes) - referred to above. Note possible requirement to retain the Primary School for learning space as a result of COVID impacts.

3.4 Proposed Affordable Housing Provision from External Developers

As noted above it is proposed to either enter into land purchase/Design & Build contracts with these developers or purchase completed houses from external developers as a procurement route to achieve completed homes as soon as possible.

Sites with Developers for completed home purchases (turn-key) or Land Purchase/Building D & B Contracts are located at:

Sites progressing 2020

- Site 118 Danderhall, Shawfair – Bellway (47 homes)
- Site 128 Shawfair - Mactaggart and Mickel (48 homes)
- Site 134 Paradykes Loanhead – Barratt Homes (21 homes)
- Site 140 Dalhousie Mains, Bonnyrigg – Springfield (70 homes)
- Site 144 Roslin – Barratt (13 homes)

Future potential sites (tbc)

- Site 146 Wester Cowden, Dalkeith – Bellway (27 homes)
- Site TBC Shawfair – Barratt (33 homes)
- Site TBC Shawfair – Stewart Milne (28 homes)
- Site TBC Auchendinny – Avant Homes (units tbc)
- Site TBC Penicuik – Cala (units tbc)

Zero Carbon

In compliance with the Council's Climate Emergency Declaration , the design briefs have been amended to target a Zero Carbon approach and we are currently pursuing a requirement to meet Passivhaus standards, an internationally standard to achieve low and Zero Carbon design and construction requirements and also address fuel poverty as heating demand is minimised. All projected costs for future developments include an allowance of 6% to accommodate this.

3.6 Grant Funding

Officers continue to pursue available grant monies to assist in land purchases/construction of Council housing in Midlothian. More detail on grant funding is available in Midlothian's Strategic Housing Investment Plan. Regular meetings with the Scottish Government are undertaken to update the programme and ensure spend is maximised.

The level of grant funding opportunities within the Housing Programme (July 2020) is currently at £15.093m.

The Scottish Government have advised that the 2020/2021 funding limit for the East of Scotland currently stands at £9.809m with the Council's projected funding at £7.908m.

4 Report Implications

4.1 Resource

All the costs of employing the necessary members of staff are included in the project budgets.

4.2 Digital

Building Information Modelling is being utilised to deliver the projects. Models exist for the generic house types and flat types. It is proposed that these models will be used for the completion of all Phases. Additional technology has been adopted for Site 116 Newmills Road allowing 3-dimensional “fly through” of the site and buildings thus allowing staff and public a better understanding of how the completed development will look. This has already been presented at a recent Planning Public Consultation which was well received by the public.

4.3 Risk

The current projection for completed homes from construction sites (both developer and Council contracts), on or before May 2022, currently totals 865 (excluding any buy-backs), a shortfall of 135 units on the Council's 1000 unit target. The Newbyres development has been held in abeyance for over two years due to IMT requirements/gas/remediation measures and the current forecast is that only 40 of the 75 unit site will be completed pre May 2022. Approaches have been made to a number of developers to investigate purchasing more homes however the Covid 19 situation has resulted in many of the developer staff involved being placed on furlough and there has been little progress as a result. The focus in the next few months will be on addressing this. Whilst every effort is being made to achieve it, there is a clear risk that the 1000 unit target will not be achieved. Delays caused by the Scottish Water Capacity issues/ Ground Remedials/ site availability and Covid 19 outbreak have been the main issues. The risk of failure to achieve the Council's target of 1,000 homes by March 2022 due to lack of available sites and availability timescales is being mitigated as much as possible by the proposed purchase of sites, the purchase of completed houses from Developers and open market acquisitions. While there is a clear recognition that there will be a delay in starting and completing projects in the current five year programme and speculation about medium and long term impacts of the pandemic including the implications for the design of infrastructure we have progressed a quick review rather than a complete redraft to be able to progress this work through making changes to the Capital programme including Housing and to take advantage of off the shelf opportunities or second hand purchases directed at meeting recovery objectives and supporting economic activity.

Covid-19

In general the sites under construction or about to commence have all been affected directly by the shutdown. Social distancing measures have not had as significant impact on programmes as first thought (one contractor advising a 5 week slippage on an 18 month programme).

Further easing of the restrictions which could reduce impact on the overall programme also need to be considered however there remains a risk of further spikes and potential shut downs.

No financial adjustment has been given to any housing contractor as a result of the shutdown or social distancing measures as the Council contracts did not accommodate any such action. Whilst there is extensive legal debate in the industry regarding this, the Council's stance remains unchanged until such time as any case law or similar suggests otherwise. With the regard to cost impact on future tendered contracts as a result of social distancing measures, the current economic recession is expected to reflect lower pricing in the market place and as such these should be self-cancelling to a large degree.

Pre-construction activities during the shutdown were mitigated as Council construction staff continued to work remotely with their design team consultants to progress these projects as much as possible. Some delays due to inability to progress site enabling works or investigations and consultant staff on furlough did have impact on some projects.

The Planning Department have however advised that applications may take longer to process with an approx. timescale of 4 months for new applications.

A brief update on the impact of Covid on current active projects as advised by contractors is below.

- Site no 47 – Kirkhill Road – delay due to the shutdown – 13 weeks lockdown. Thereafter the soft start progress was impacted by the social distancing and slow return from subcontractor and suppliers from furlough. At this moment of time contractor is not able to provide an accurate assessment of that impact on actual completion dates.
- Site no 134 – Paradykes/Barratt – 6 weeks for social distancing, 13 weeks due to the lockdown.
- Site no 110 – Clerk Street – delay due to the shutdown – 13 weeks lockdown. Thereafter the soft start progress was impacted by the social distancing and slow return from subcontractor and suppliers from furlough, at this moment of time contractor is not able to provide accurate assessment of that impact on actual completion dates.
- Site no 144 – Roslyn/Barratt – 6 weeks for social distancing, 13 weeks due to the lockdown.
- Site no 39 – Crichton Avenue – 13 weeks delay in start due to the lockdown and an estimated further 4-6 weeks due to the social distancing measures
- Site no 118 – Danderhall/Bellway – there is no delay in completion dates even with 13 weeks of lockdown, contractor reduced time gap between 4 phases to achieve planned completion dates.
- Site no 117 – Cockpen Terrace – still in design stage so any delays to social distancing measures are not possible to assess at the moment

- Site no 146 – Wester Cowden/Bellway – works not started. Delay of 13 weeks due to the lockdown. Any delays to social distancing measures are not possible to assess at the moment.
- Site no 53 – Morris Road – at the moment only enabling works/water diversion are carried out on site, Covid -19 impact on programme is 14 weeks due to the lockdown. Social distancing is not affecting this work.

4.4 Ensuring Equalities

An Equalities Impact Assessment was completed for Midlothian Council's Strategic Housing Investment Plan 2020/21 – 2024/25. This document, which is updated annually, sets out all new affordable housing investment plans in Midlothian (including assessing need and demand for housing including specialist housing provision).

4.5 Additional Report Implications

See Appendix A

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Themes addressed in this report:

- Adult Health Care and Housing
- Sustainable Growth

A.2 Key drivers addressed in this report:

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

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

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

A.4 Delivering Best Value

There is a need for housing investment and the solutions detailed in the report gain Best Value for Midlothian Council on the basis of technical capability and cost.

A.5 Involving Communities and Other Stakeholders

Consultations internally and externally continue to be carried out with all appropriate stakeholders ensuring input/comment on the proposed layouts / house types and mix. This will be undertaken for the additional sites.

A.6 Impact on Performance and Outcomes

The proposed works support the Council's Local Housing Strategy and accord with Midlothian Council's Corporate Priorities.

A.7 Adopting a Preventative Approach

Reviewing and utilising different procurement options in order to promote early delivery.

A.8 Supporting Sustainable Development

The new build housing programme will comply with all current building regulations and follows best practice in line with the Council's policies on the environment.

In compliance with the Council's Climate Emergency Declaration, the design brief has been amended to target a Zero Carbon approach and we are currently pursuing a requirement to meet Passivhaus standards, an international standard to achieve low and Zero Carbon design and construction requirements and also address fuel poverty issue as heating demand is minimised. All projected costs for future developments include an allowance of 6% to accommodate this.

Future involvement of Building Maintenance and other stakeholders in any of these initiatives is fundamental to their success and the merits of each site will be addressed.

**Housing Revenue Account
Revenue Budget and Capital Plan 2020/21****Report by Gary Fairley, Chief Officer Corporate Solutions.****Report for Decision****1 Recommendations**

Council is recommend to:-

- Approve a provision in the HRA Capital Plan of £16 million together with associated funding, as detailed in appendix C, to support the purchase of 100 off-market new build units in 2020/21;
- Approve the utilisation of £1.847 million from HRA to mitigate costs that cannot be charged to the capital account for SHQS Capital works;
- Otherwise Note the contents of this report.

2 Purpose of Report/Executive Summary

The purpose of this report is to provide Council with a summary of expenditure and income to 6th July 2020 for the Capital Plan and a projected outturn for both the Housing Revenue Account (HRA) and Capital Plan for 2020/21.

The summarised financial performance for 2020/21 is:

- Capital Investment in the year totalling £62.288 million;
- A net underspend of £2.007 million on the Revenue Account;
- An reduction in the projected HRA reserve at 31st March 2021 of £6.151 million.

Date 11th August 2020**Report Contact:**

Name Lisa Young Tel No 0131-271-3111

lisa.young@midlothian.gov.uk

3 Background

3.1.1 Capital Plan 2020/21

The capital plan provides for significant investment over the remainder of the financial year which will contribute to economic recovery and specifically support both the housing and construction sectors.

An evaluation of the funding to support the purchase of properties from developers (as previously approved by Council) to address housing need and support economic recovery has determined that, in the current financial climate, it is preferable to utilise HRA funds directly rather than financing through additional prudential borrowing. This in part reflects the lower returns available for investment and that PWLB borrowing rates remain at historic lows. After incorporating an element of Scottish Government grant support it is anticipated that the purchase of 100 new build units in 2020/21 will require a net investment of £10.300 million;

As a result of COVID 19 and in accordance with the Accounting Code of Practice costs which would have been charged by Building Maintenance to the HRA capital account in respect of the SHQS works cannot be accounted for as capital expenditure. Accordingly to mitigate the impact on the General Fund the utilisation of £1.847 million is recommended;

The Capital Plan Budget has been revised to reflect the current profile of spend as shown in appendix 1. There are no current Mortgage to Rent Cases resulting in an underspend of £0.224 million, offset by Government subsidy of £0.114 million.

3.2 Revenue Account 2020/21

For 2020/21 there is currently a projected underspend of £2.007 million against budget, as shown in appendix 2. This is due to:-

- The costs to support the upgrade of the Capital Housing System of £0.284 million also reported to Council as a separate item on today's agenda;
- An increase in agency procurement staff costs to support the delivery of the capital and revenue works programmes resulting in unbudgeted costs of £0.086 million.

Offset by:-

- Re-phasing of the Capital Plan due to both general and COVID-19 delay's which will result in lower debt charges of £2.002 million;
- Re-profile of Housing Stock in line with Housing Update Cost report resulting in higher level of rental income received against budget of £0.353 million.

The HRA reserve balance is therefore projected decrease by £6.151 million during the year . The longer-term financial projections

demonstrate that the majority of the HRA reserve will be required to finance existing investment commitments to 2035/36. However a more comprehensive review of the long term HRA financial strategy is underway and will be 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 Digital

There are no direct digital implications arising from this report.

3.3 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. This is mitigated by the adoption of a long term financial strategy and modelling which demonstrates that existing investment commitments are sustainable.

3.4 Ensuring Equalities

There are no equality issues arising directly from this report.

3.5 Additional Resource Implications

See Appendix A.

Appendices

Appendix A – Additional Resource Implications

Appendix B – Background Information

Appendix C - Capital Plan 2020/21

Appendix D – Revenue Account 2020/21

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Not applicable

A.2 Key Drivers for Change

Key drivers addressed in this report:

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

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

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

A.4 Delivering Best Value

The report does not directly impact on Delivering Best Value.

A.5 Involving Communities and Other Stakeholders

The report does not directly relate to involving communities.

A.6 Impact on Performance and Outcomes

The report does not directly impact on Midlothian Council's performance and outcomes.

A.7 Adopting a Preventative Approach

The report does not directly relate to adopting a preventative approach.

A.8 Supporting Sustainable Development

The report does not directly relate to supporting sustainable development.

APPENDIX B

Background Papers/Resource Links

HRA Capital Plan and Revenue Budget enclosed

HOUSING REVENUE ACCOUNT CAPITAL PLAN 2020/21

	Revised Budget £'000	Actuals to Date £'000	Projected Outturn £'000	Variation (Under)/Over £'000
FUNDING				
Grants				
- Incentivising New Build	3,465	0	3,465	0
- Incentivising New Build - Direct Purchase	5,700	0	5,700	0
- Mortgage to Rent	114	0	0	(114)
- Buy Backs Funding	680	0	680	0
Council Tax on Second Homes	74	0	74	0
Developer Contributions	0	0	0	0
Utilisation of HRA Reserve	10,300	0	10,300	0
Borrowing Requirement	52,479	508	52,369	(110)
TOTAL AVAILABLE FUNDING	72,812	508	72,588	(224)

	£'000	£'000	£'000	£'000
APPROVED EXPENDITURE				
New Build Houses Phase 1	78	0	78	0
New Build Houses Phase 2	11,741	156	11,741	0
New Build Houses Phase 3	27,504	66	27,504	0
New Build Direct Purchase	16,000	0	16,000	0
Buy Backs	2,856	246	2,856	0
Aids & Adaptations	300	8	300	0
Homelessness - Mortgage to Rent	224	0	0	(224)
Homelessness - Temporary Accommodation Provision	484	6	484	0
Scottish Housing Quality Standard	0			
-Upgrade Central Heating Systems	900	6	900	0
-SHQS Repairs	2,425	20	2,425	0
TOTAL EXPENDITURE	62,512	508	62,288	(224)

MIDLOTHIAN COUNCIL

Appendix D

HOUSING REVENUE ACCOUNT 2020/21

	Revised Budget	Projected Outturn	Variation (Under)/Over
Average No of Houses	7,088	7,119	31
	£000's	£000's	£000's
Repairs and Maintenance			
General Repairs	6,401	6,330	(71)
Decant/Compensation	84	50	(34)
Grounds Maintenance	699	744	45
	7,184	7,124	(60)
Administration and Management	5,141	5,150	9
Loan Charges	12,904	10,902	(2,002)
Other Expenses	2,649	3,062	413
TOTAL EXPENDITURE	27,878	26,238	(1,640)
Rents			
Houses	30,248	30,601	(353)
Garages	608	618	(10)
Others	1,011	1,015	(4)
TOTAL RENTS	31,867	32,234	(367)
NET EXPENDITURE/(INCOME)	(3,989)	(5,996)	(2,007)
HRA RESERVE			
To meet general fund costs	1,847	1,847	0
To fund capital expenditure	10,300	10,300	0
BALANCE BROUGHT FORWARD	(44,396)	(44,396)	0
BALANCE CARRIED FORWARD	(36,238)	(38,245)	(2,007)

Annual Treasury Management Report 2019/20**Report by Gary Fairley, Chief Officer Corporate Solutions****Report for Noting****1 Recommendations**

It is recommended that the Council

- a) note the Treasury Management Annual Report for 2019/20.

2 Purpose of Report/Executive Summary

The purpose of the report is to inform members of the Treasury Management activity undertaken in 2019/20 and the year-end position.

Date: 4 August 2020**Report Contact:****Gary Thomson, Senior Accountant****gary.thomson@midlothian.gov.uk****0131-271-3230**

3 Background

The main points arising from treasury activity in 2019/20 were:

- Total new long term borrowing taken in the year amounted to £50.000 million, comprising the following:-
 - Two £10.000 million maturity loans from PWLB, both drawn on 25 September 2019, with loan tenors of 20 years and 50 years respectively, and at interest rates of 1.76% and 1.68% respectively;
 - Two £15.000 million maturity loans from PWLB, both drawn on 12 March 2020, with loan tenors of 39.5 years and 48.5 years respectively, and at interest rates of 2.36% and 2.32% respectively;
- Total long term borrowing maturing in the year amounted to £9.201 million, comprising the following:-
 - One £8.400 million Maturity Loan with PWLB matured on 14 December 2019 (original tenor 8 years at an interest rate of 2.77%), refinanced by the PWLB borrowing undertaken on 25 September 2019;
 - £0.037 million of PWLB Annuities of various tenors and interest rates;
 - £0.633 million of Annuity and EIP loans from Deutsche Pfandbrief bank, and £0.131 million of Salix interest free loans.
- Three new long term investments were placed, which continue the strategy of cash backing the Council's reserves, as follows:-
 - £10.000 million placed on deposit with Rushmoor Borough Council, for an 18 month period at an interest rate of 1.15%, deposit date 22 July 2019 and maturity date 22 January 2021;
 - £15.000 million placed on deposit with Wokingham Borough Council, for a 36 month period at an interest rate of 1.60%, deposit date 25 March 2020 and maturity date 24 March 2023;
 - £15.000 million placed on deposit with Medway Council, for a 24 month period at an interest rate of 1.80%, deposit date 30 March 2020 and maturity date 30 March 2022;
- The average rate of interest paid on external debt was 3.44% in 2019/20, down from 3.62% in 2018/19 and reflecting the historically low interest rates secured on longer-term PWLB borrowing in 2019/20;
- The average rate of return on investments was 1.15% in 2019/20, exceeding the benchmark of 0.80% for the sixteenth year in succession;
- The pooled internal loans fund rate for General Fund and HRA decreased from 3.12% in 2018/19 (4th lowest in mainland Scotland – see Appendix 1) to 2.95% in 2019/20, which is again

expected to be one of the lowest when benchmarked against all mainland Authorities in Scotland;

- Were the pooled internal loans fund rate to have equated to the Scottish weighted average of 3.81%, this would have generated loan charges in 2019/20 of £19.0 million. The Council's actual 2019/20 loan charges for General Services and HRA were £16.4 million, representing a cash saving (compared to the Scotland average) of £2.6 million in 2019/20;
- The appointment of interest between HRA and General Fund was changed in 2017/18, with the HRA charged interest at the weighted average interest rate on the Council's long-term debt, removing interest rate risk for the HRA to support the long-term rent setting strategy. The interest charged to the General Fund provides support to the Council's medium term financial strategy and capital plans. This methodology was retained in 2019/20.
- No debt rescheduling was undertaken during 2019/20.

A detailed report "*Annual Treasury Management Review 2019/20*" on the activity during 2019/20 is attached as Appendix 2.

The Treasury Portfolio at the start and end of the financial year is shown in Tables 1 and 2 below.

Table 1: Loan Portfolio at 1 April 2019 and 31 March 2020

Loan Type	Principal Outstanding 1 Apr 2019 £000's	Principal Outstanding 31 Mar 2020 £000's	Movement £000's
PWLB Annuity	674	637	-37
PWLB Maturity	187,224	228,824	+41,600
LOBO	20,000	20,000	0
Forward Starting Loans	19,464	18,831	-633
Temporary Market Loans	9,000	0	-9,000
Salix Loans	916	785	-131
Total Loans	237,279	269,077	+31,798

Table 2: Investment Portfolio 1 April 2018 and 31 March 2019

Investment Type	Principal Outstanding 1 Apr 2019 £000's	Principal Outstanding 31 Mar 2020 £000's	Movement £000's
Bank Call Accounts	0	11,476	+11,476
Money Market Funds	9,767	14,901	+5,134
Bank Notice Accounts	49,985	14,985	-35,000
Bank Fixed Term Deposit Accounts	0	30,000	+30,000
Other Local Authorities	15,000	40,000	+25,000
Total Investments	74,752	111,363	+36,611

4. Other Issues

The Code recommends that Treasury reports are presented to and scrutinised by Audit Committee in advance of being considered by Council.

The report is being presented to Audit Committee on 22 June 2020 and to Council at the next meeting of Council thereafter, and will be updated to reflect any comments that the Audit Committee have.

5 Report Implications (Resource, Digital and Risk)

5.1 Resource

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.

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 2019/20 are reported in the Financial Monitoring 2019/20 – General Fund Revenue report elsewhere on today's agenda.

5.2 Digital

None.

5.3 Risk

As the Council follows the requirements of CIPFA Code of Practice and the Prudential Code this minimises the risks involved in Treasury Management activities place. For those risks that do exist there are robust and effective controls in place to further mitigate the level of risks. These include further written Treasury Management Practices, which define the responsibilities of all staff involved.

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

This report does not recommend any change to policy or practice and therefore does not require an Equalities Impact Assessment.

5.5 Additional Report Implications

See Appendix A

Appendices:-

Appendix 1: Loans Fund Rate Comparison with other Scottish Local Authorities
Appendix 2: Annual Treasury Management Review 2019/20

Appendix 3: Investment Benchmarking Analysis 2019/20

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Not applicable

A.2 Key Drivers for Change

Key drivers addressed in this report:

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

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

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

A.4 Delivering Best Value

The report does not directly impact on Delivering Best Value.

A.5 Involving Communities and Other Stakeholders

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

A.6 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.

A.7 Adopting a Preventative Approach

Not applicable.

A.8 Supporting Sustainable Development

Not applicable.

Appendix 1:-

Loans Fund Pooled Rate Comparison 2018/19

Authority	2018/19
West Dunbartonshire	2.770%
Dumfries & Galloway	3.050%
Perth & Kinross	3.055%
Midlothian	3.120%
Aberdeenshire	3.270%
East Lothian	3.270%
North Lanarkshire	3.540%
Inverclyde	3.650%
Fife	3.670%
Dundee City	3.695%
East Dunbartonshire	3.720%
Falkirk	3.740%
Argyll & Bute	3.800%
Aberdeen City	3.820%
West Lothian	3.860%
East Renfrewshire	3.880%
South Lanarkshire	3.940%
Glasgow City	4.000%
Highland	4.010%
South Ayrshire	4.010%
North Ayrshire	4.090%
Scottish Borders	4.100%
Renfrewshire	4.110%
East Ayrshire	4.150%
Stirling	4.160%
Moray	4.190%
Angus	4.350%
Edinburgh City	4.660%
Clackmannanshire	4.915%

The Pooled 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.

Appendix 2

Annual Treasury Management Review 2019/20

Midlothian Council
June 2020

Contents

- 1 The Council's Capital Expenditure and Financing 2019/20
- 2 The Council's overall borrowing need
- 3 Treasury Position as at 31 March 2020
- 4 The Strategy for 2019/20
- 5 The Economy and Interest Rates
- 6 Borrowing Rates in 2019/20
- 7 Borrowing Outturn for 2019/20
- 8 Investment Rates in 2019/20
- 9 Investment Outturn for 2019/20
- 10 Performance Measurement
- 11 Conclusion

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 2019/20. 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 2019/20 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 12/02/2019);
- a mid-year, (minimum), treasury update report (Council 12/11/2019);
- 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 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 are reported to the full Council.

1. The Council's Capital Expenditure and Financing 2019/20

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			
	2018/19	2019/20	2019/20
	Actual	Budget	Actual
	£000	£000	£000
General Fund			
Capital Expenditure	18,209	45,373	30,978
Available Funding	18,045	25,051	26,062
Borrowing Required	164	20,322	4,916
HRA			
Capital Expenditure	14,718	54,519	24,936
Available Funding	11,086	5,507	11,951
Borrowing Required	3,632	49,012	12,985
General Fund and HRA			
Capital Expenditure	32,927	99,892	55,914
Available Funding	29,131	30,558	38,013
Borrowing Required	3,796	69,334	17,901

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 2019/20 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			
CFR:	31-Mar-19	2019/20	31-Mar-20
	Actual	Budget	Actual
	£000	£000	£000
Opening balance	£ 280,214	£ 284,964	£ 274,582
Add Borrowing Required	£ 3,797	£ 69,334	£ 17,900
Less scheduled debt amortisation	£ (9,429)	£ (8,241)	£ (9,098)
Closing balance	£ 274,582	£ 325,196	£ 283,384

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 (2018/19) plus the estimates of any additional capital financing requirement for the current (2019/20) and next three 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 2019/20. The table below highlights the Council's gross borrowing position against the CFR (excluding PFI schemes). The Council has complied with this prudential indicator.

Table 3: Council's Gross Borrowing Position			
	31-Mar-19	2019/20	31-Mar-20
	Actual	Budget	Actual
	£000	£000	£000
Gross Borrowing	£ 237,279	£ 290,770	£ 269,077
CFR	£ 274,582	£ 325,196	£ 283,384

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	
	2019/20
Authorised limit - borrowing	£524,349
Operational boundary - borrowing	£346,056
Maximum gross borrowing position	£248,652
Average gross borrowing position	£234,727

3. Treasury Position as at 31 March 2020

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 2019/20 the Council's treasury (excluding borrowing by PFI and finance leases) position was as follows:

Table 5: Treasury Position						
	31 March 2019 Principal	Rate/ Return	Average Life (Yrs)	31 March 2020 Principal	Rate/ Return	Average Life (Yrs)
Debt						
Fixed Rate Debt						
PWLB	£ 187,899	3.75%	27.27	£ 229,462	3.43%	30.27
Market	£ 34,380	2.32%	23.20	£ 24,616	2.89%	30.70
Total Fixed Rate Debt	£ 222,279	3.53%	26.64	£ 254,078	3.38%	30.31
Variable Rate Debt						
PWLB	£ -	n/a	n/a	£ -	n/a	n/a
Market	£ 15,000	4.63%	31.71	£ 15,000	4.63%	31.71
Total Variable Rate Debt	£ 15,000	4.63%	32.71	£ 15,000	4.63%	32.71
Total debt/gross borrowing	£ 237,279	3.47%	27.02	£ 269,078	3.47%	30.45
CFR	£ 274,879			£ 283,384		
Over/ (under) borrowing	£ (37,600)			£ (14,306)		
Investments						
Fixed Rate Investments						
In House	£ 15,000	1.70%	1.0000	£ 70,000	1.43%	1.71
With Managers	£ -	n/a	n/a	£ -	n/a	n/a
Total Fixed Rate Investments	£ 15,000	1.70%	1.00	£ 70,000	1.43%	1.71
Variable Rate Investments						
In House	£ 59,751	0.96%	0.41	£ 26,378	0.59%	0.18
With Managers	£ -	n/a	n/a	£ -	n/a	n/a
Total Variable Rate Investments	£ 59,751	0.96%	0.41	£ 26,378	0.59%	0.18
Total Investments	£ 74,751	1.11%	0.53	£ 96,378	1.20%	1.29
Net Borrowing	£ 162,528			£ 172,700		

The maturity structure of the debt portfolio was as follows:

Table 6: Maturity Structure of Debt Portfolio						
	31-Mar-19		2019/20	31-Mar-20		
	Actual		Original Limits	Actual		
	£000	%	%	£000	%	
Under 12 months	£ 18,263	8%	0% to 50%	£ 9,230	3%	
12 months to 2 years	£ 9,266	4%	0% to 50%	£ 1,490	1%	
2 years to 5 years	£ 3,827	2%	0% to 50%	£ 3,720	1%	
5 years to 10 years	£ 5,509	2%	0% to 50%	£ 14,560	5%	
10 years to 20 years	£ 62,653	26%	0% to 50%	£ 63,229	23%	
20 years to 30 years	£ 15,179	6%	0% to 50%	£ 14,265	5%	
30 years to 40 years	£ 75,534	32%	0% to 50%	£ 90,534	34%	
40 years to 50 years	£ 42,048	18%	0% to 50%	£ 67,049	25%	
50 years and above	£ 5,000	2%	0% to 50%	£ 5,000	2%	
Total	£ 237,279	100%		£ 269,077	100%	

The maturity structure of the investment portfolio was as follows:

Table 7: Maturity Structure of Investment Portfolio		
	31-Mar-19	31-Mar-20
	£000	£000
Investments		
Under 1 Year	£ 74,751	£ 81,363
Over 1 Year	£ -	£ 30,000
Total	£ 74,751	£ 111,363

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-19		2019/20	31-Mar-20		
	Actual		Original Limits	Actual		
	£000	%	%	£000	%	
Fixed Interest Rate Exposure	£222,279	92%	0% to 100%	£ 254,077	94%	
Variable Interest Rate Exposure	£ 15,000	6%	0% to 30%	£ 15,000	6%	
Total	£ 237,279	98%		£ 269,077	100%	

4. The Strategy for 2019/20

During 2019-20, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure.

A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.

Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. the Chief Officer, Corporate Solutions therefore monitored interest rates in financial markets and adopted a pragmatic strategy to take new long term borrowings based on the low interest rate environment and the Council's capital plans over the current and forthcoming financial years.

Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2019/20 and the two subsequent financial years.

Link Asset Services Interest Rate View 5.8.19											
	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25
3 Month LIBID	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20
6 Month LIBID	0.80	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40
12 Month LIBID	1.00	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60
5yr PWLB Rate	1.20	1.30	1.50	1.60	1.70	1.70	1.80	1.90	2.00	2.00	2.10
10yr PWLB Rate	1.50	1.60	1.80	1.90	2.00	2.00	2.10	2.20	2.30	2.30	2.40
25yr PWLB Rate	2.10	2.30	2.40	2.50	2.60	2.70	2.70	2.80	2.90	3.00	3.00
50yr PWLB Rate	2.00	2.20	2.30	2.40	2.50	2.60	2.60	2.70	2.80	2.90	2.90

Link Asset Services Interest Rate View 31.3.20								
	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month LIBID	0.45	0.40	0.35	0.30	0.30	0.30	0.30	0.30
6 Month LIBID	0.60	0.55	0.50	0.45	0.40	0.40	0.40	0.40
12 Month LIBID	0.75	0.70	0.65	0.60	0.55	0.55	0.55	0.55
5yr PWLB Rate	1.90	1.90	1.90	2.00	2.00	2.00	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50

Investment returns remained low during 2019/20. The expectation for interest rates within the treasury management strategy for 2019/20 was that Bank Rate would stay at 0.75% during 2019/20 as it was not expected that the MPC would be able to deliver on an increase in Bank Rate until the Brexit issue was finally settled. However, there was an expectation that Bank Rate would rise after that issue was settled, but would only rise to 1.0% during 2020.

Rising concerns over the possibility that the UK could leave the EU at the end of October 2019 caused longer term investment rates to be on a falling trend for most of April to September. They then rose after the end of October deadline was rejected by the Commons but fell back again in January before recovering again after the 31 January departure of the UK from the EU. When the coronavirus outbreak hit the UK in February/March, rates initially plunged but then rose sharply back up again due to a shortage of liquidity in financial markets. As longer term rates were significantly higher than shorter term rates during the year, value was therefore sought by placing longer term investments where cash balances were sufficient to allow this.

While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

5. The Economy and Interest Rates

UK. Brexit. The main issue in 2019 was the repeated battles in the House of Commons to agree on one way forward for the UK over the issue of Brexit. This resulted in the resignation of Theresa May as the leader of the Conservative minority Government and the election of Boris Johnson as the new leader, on a platform of taking the UK out of the EU on 31 October 2019. The House of Commons duly frustrated that renewed effort and so a general election in December settled the matter once and for all by a decisive victory for the Conservative Party: that then enabled the UK to leave the EU on 31 January 2020. However, this still leaves much uncertainty as to whether there will be a reasonable trade deal achieved by the target deadline of the end of 2020. It is also unclear as to whether the coronavirus outbreak may yet impact on this deadline; however, the second and third rounds of negotiations have already had to be cancelled due to the virus.

Economic growth in 2019 has been very volatile with quarter 1 unexpectedly strong at 0.5%, quarter 2 down at -0.2%, quarter 3 bouncing back up to +0.5% and quarter 4 flat at 0.0%, +1.1% y/y. 2020 started with optimistic business surveys pointing to an upswing in growth after the ending of political uncertainty as a result of the decisive result of the general election in December settled the Brexit issue. However, the three monthly GDP statistics in January were disappointing, being stuck at 0.0% growth. Since then, the whole world has changed as a result of the coronavirus outbreak. It now looks likely that the closedown of whole sections of the economy will result in a fall in GDP of at least 15% in quarter two. What is uncertain, however, is the extent of the damage that will be done to businesses by the end of the lock down period, when the end of the lock down will occur, whether there could be a second wave of the outbreak, how soon a vaccine will be created and then how quickly it can be administered to the population. This leaves huge uncertainties as to how quickly the economy will recover.

After the Monetary Policy Committee raised Bank Rate from 0.5% to 0.75% in August 2018, Brexit uncertainty caused the MPC to sit on its hands and to do nothing until March 2020; at this point it was abundantly clear that the coronavirus outbreak posed a huge threat to the economy of the UK. Two emergency cuts in Bank Rate from 0.75% occurred in March, first to 0.25% and then to 0.10%. These cuts were accompanied by an increase in quantitative easing (QE), essentially the purchases of gilts (mainly) by the Bank of England of £200bn. The Government and the Bank were also very concerned to stop people losing their jobs during this lock down period. Accordingly, the Government introduced various schemes to subsidise both employed and self-employed jobs for three months while the country is locked down. It also put in place a raft of other measures to help businesses access loans from their banks, (with the Government providing guarantees to the banks against losses), to tide them over the lock down period when some firms may have little or no income. However, at the time of writing, this leaves open a question as to whether some firms will be solvent, even if they take out such loans, and some may also choose to close as there is, and will be, insufficient demand for their services. At the time of writing, this is a rapidly evolving situation so there may

be further measures to come from the Bank and the Government in April and beyond. The measures to support jobs and businesses already taken by the Government will result in a huge increase in the annual budget deficit in 2020/21 from 2%, to nearly 11%. The ratio of debt to GDP is also likely to increase from 80% to around 105%. In the Budget in March, the Government also announced a large increase in spending on infrastructure; this will also help the economy to recover once the lock down is ended. Provided the coronavirus outbreak is brought under control relatively swiftly, and the lock down is eased, then it is hoped that there would be a sharp recovery, but one that would take a prolonged time to fully recover previous lost momentum.

Inflation has posed little concern for the MPC during the last year, being mainly between 1.5 – 2.0%. It is also not going to be an issue for the near future as the world economy will be heading into a recession which is already causing a glut in the supply of oil which has fallen sharply in price. Other prices will also be under downward pressure while wage inflation has also been on a downward path over the last half year and is likely to continue that trend in the current environment. While inflation could even turn negative in the Eurozone, this is currently not likely in the UK.

Employment had been growing healthily through the last year but it is obviously heading for a big hit in March – April 2020. The good news over the last year is that wage inflation has been significantly higher than CPI inflation which means that consumer real spending power had been increasing and so will have provided support to GDP growth. However, while people cannot leave their homes to do non-food shopping, retail sales will also take a big hit.

USA. Growth in quarter 1 of 2019 was strong at 3.1% but growth fell back to 2.0% in quarter 2 and 2.1% in quarters 3 and 4. The slowdown in economic growth resulted in the Fed cutting rates from 2.25-2.50% by 0.25% in each of July, September and October. Once coronavirus started to impact the US in a big way, the Fed took decisive action by cutting rates twice by 0.50%, and then 1.00%, in March, all the way down to 0.00 – 0.25%. Near the end of March, Congress agreed a \$2trn stimulus package (worth about 10% of GDP) and new lending facilities announced by the Fed which could channel up to \$6trn in temporary financing to consumers and firms over the coming months. Nearly half of the first figure is made up of permanent fiscal transfers to households and firms, including cash payments of \$1,200 to individuals.

The loans for small businesses, which convert into grants if firms use them to maintain their payroll, will cost \$367bn and 100% of the cost of lost wages for four months will also be covered. In addition there will be \$500bn of funding from the Treasury's Exchange Stabilization Fund which will provide loans for hard-hit industries, including \$50bn for airlines.

However, all this will not stop the US falling into a sharp recession in quarter 2 of 2020; some estimates are that growth could fall by as much as 40%. The first two weeks in March of initial jobless claims have already hit a total of 10 million and look headed for a total of 15 million by the end of March.

EUROZONE. The annual rate of GDP growth has been steadily falling, from 1.8% in 2018 to only 0.9% y/y in quarter 4 in 2019. The European Central Bank

(ECB) ended its programme of quantitative easing purchases of debt in December 2018, which meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by purchases of debt. However, the downturn in EZ growth, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), prompted the ECB to take new measures to stimulate growth. At its March 2019 meeting it announced a third round of TLTROs; this provided banks with cheap two year maturity borrowing every three months from September 2019 until March 2021. However, since then, the downturn in EZ and world growth has gathered momentum so at its meeting in September 2019, it cut its deposit rate further into negative territory, from -0.4% to -0.5% and announced a resumption of quantitative easing purchases of debt to start in November at €20bn per month, a relatively small amount, plus more TLTRO measures. Once coronavirus started having a major impact in Europe, the ECB took action in March 2020 to expand its QE operations and other measures to help promote expansion of credit and economic growth. What is currently missing is a coordinated EU response of fiscal action by all national governments to protect jobs, support businesses directly and promote economic growth by expanding government expenditure on e.g. infrastructure; action is therefore likely to be patchy.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium-term risks have also been increasing. The major feature of 2019 was the trade war with the US. However, this has been eclipsed by being the first country to be hit by the coronavirus outbreak; this resulted in a lock down of the country and a major contraction of economic activity in February-March 2020. While it appears that China has put a lid on the virus by the end of March, these are still early days to be confident and it is clear that the economy is going to take some time to recover its previous rate of growth. Ongoing economic issues remain, in needing to make major progress to eliminate excess industrial capacity and to switch investment from property construction and infrastructure to consumer goods production. It also needs to address the level of non-performing loans in the banking and credit systems.

JAPAN has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. It appears to have missed much of the domestic impact from coronavirus in 2019-20 but the virus is at an early stage there.

WORLD GROWTH. The trade war between the US and China on tariffs was a major concern to financial markets and was depressing worldwide growth during 2019, as any downturn in China would spill over into impacting countries supplying raw materials to China. Concerns were particularly focused on the synchronised general weakening of growth in the major economies of the world. These concerns resulted in government bond yields in the developed world falling significantly during 2019. In 2020, coronavirus is the big issue which is going to sweep around the world and have a major impact in causing a world recession in growth in 2020.

6. Borrowing Rates in 2019/20

PWLB rates are based on, and are determined by, gilt (UK Government bonds) yields through H.M.Treasury determining a specified margin to add to gilt yields. There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was heightened expectations that the US could have been heading for a recession in 2020, and a general background of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued; these conditions were conducive to very low bond yields. While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. We have therefore seen, over the last year, many bond yields up to 10 years in the Eurozone turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

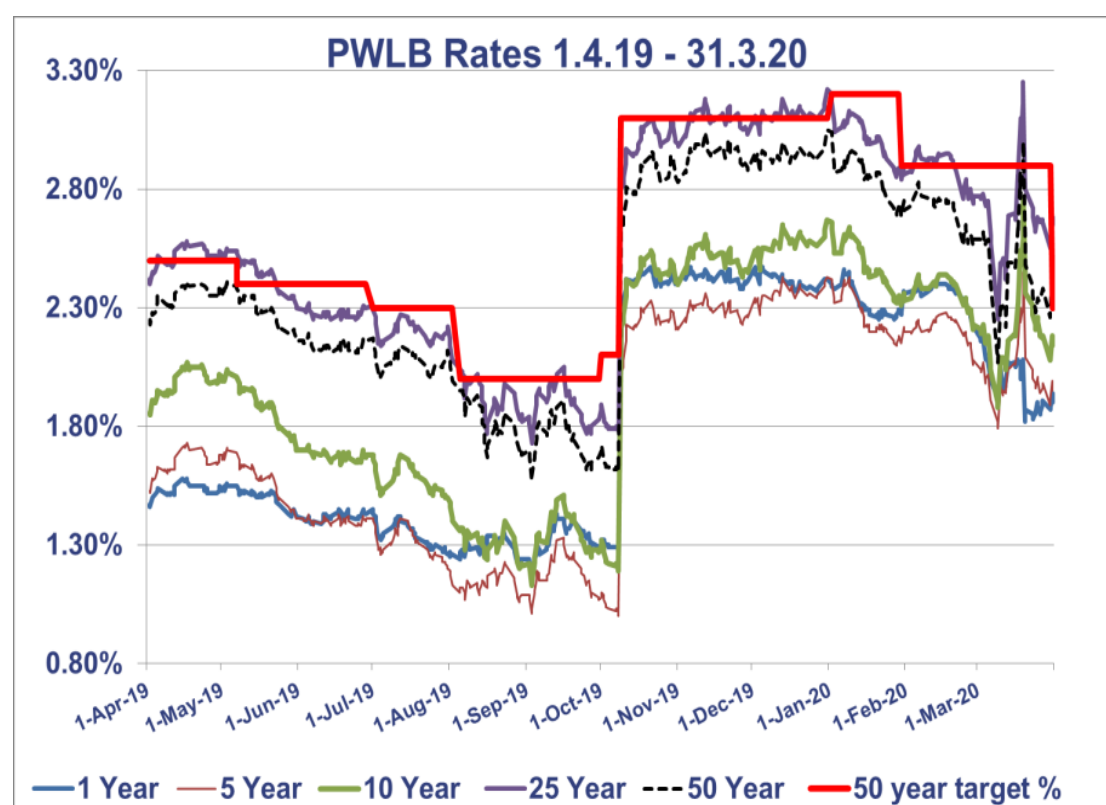
Gilt yields were on a generally falling trend during the last year up until the coronavirus crisis hit western economies. Since then, gilt yields have fallen sharply to unprecedented lows as investors have panicked in selling shares in anticipation of impending recessions in western economies, and moved cash into safe haven assets i.e. government bonds. However, major western central banks also started quantitative easing purchases of government bonds which will act to maintain downward pressure on government bond yields at a time when there is going to be a huge and quick expansion of government expenditure financed by issuing government bonds; (this would normally cause bond yields to rise). At the close of the day on 31 March, all gilt yields from 1 to 5 years were between 0.12 – 0.20% while even 25-year yields were at only 0.83%.

However, HM Treasury has imposed two changes in the margins over gilt yields for PWLB rates in 2019-20 without any prior warning; the first on 9 October 2019, added an additional 1% margin over gilts to all PWLB rates. That increase was then partially reversed for some forms of borrowing on 11 March 2020, at the same time as the Government announced in the Budget a programme of increased spending on infrastructure expenditure. It is clear that the Treasury intends to put a stop to local authorities borrowing money from the PWLB to purchase commercial property if the aim is solely to generate an income stream.

Following the changes on 11 March 2020 in margins over gilt yields, the current situation is as follows: -

- PWLB Standard Rate is gilt plus 200 basis points (G+200bps)
- PWLB Certainty Rate is gilt plus 180 basis points (G+180bps)
- PWLB HRA Standard Rate is gilt plus 100 basis points (G+100bps)
- PWLB HRA Certainty Rate is gilt plus 80bps (G+80bps)
- Local Infrastructure Rate is gilt plus 60bps (G+60bps)

There is likely to be little upward movement in PWLB rates over the next two years as it will take national economies a prolonged period to recover all the momentum they will lose in the sharp recession that will be caused during the coronavirus shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020-21.



	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2019	1.46%	1.52%	1.84%	2.41%	2.24%
31/03/2020	1.90%	1.95%	2.14%	2.65%	2.39%
Low	1.17%	1.00%	1.13%	1.73%	1.57%
Date	03/09/2019	08/10/2019	03/09/2019	03/09/2019	03/09/2019
High	2.47%	2.45%	2.76%	3.25%	3.05%
Date	21/10/2019	19/03/2020	19/03/2020	19/03/2020	31/12/2019
Average	1.83%	1.77%	2.00%	2.56%	2.40%

Short-dated market money:- sourced from other UK public bodies, rates fluctuated throughout the year from 0.15%-0.80% for 1 to 12 month maturities.

7. Borrowing Outturn for 2019/20

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 2019/20						
Lender	Date Taken	Principal £000's	Interest Rate	Fixed/ Variable	Maturity Date	Term (Yrs)
PWLB Maturity	25 Sep 2019	£ 10,000	1.76%	Fixed	25 Sep 1939	20.00
PWLB Maturity	25 Sep 2019	£ 10,000	1.68%	Fixed	25 Sep 2069	50.00
PWLB Maturity	12 Mar 2020	£ 15,000	2.36%	Fixed	12 Sep 2059	39.50
PWLB Maturity	12 Mar 2020	£ 15,000	2.32%	Fixed	12 Sep 2068	48.50
Market	Various	£ 26,500	0.23%-0.82%	Variable interest rate	Various	0.09-0.18
Total		£ 76,500				

Maturing Debt:-

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

Table 10: Maturing Debt in Financial Year 2019/20						
Lender	Date Repaid	Principal £000's	Interest Rate	Fixed/ Variable	Date Originally Taken	Original Term (Yrs)
PWLB	14 Dec 2019	£ 8,400	2.77%	Fixed	14 Dec 2011	8.00
Salix	Various	£ 131	0.00%	Fixed	Various	7-8 years
Deutsche Pfandbriefbank	Various	£ 357	2.63%	Fixed	29 Jun 2017	28.00
Deutsche Pfandbriefbank	Various	£ 276	2.73%	Fixed	15 Nov 2018	25.50
Market	Various	£ 35,500	0.23%-0.82%	Variable interest rate	Various	0.09-0.18
Total		£ 44,664				

Rescheduling:-

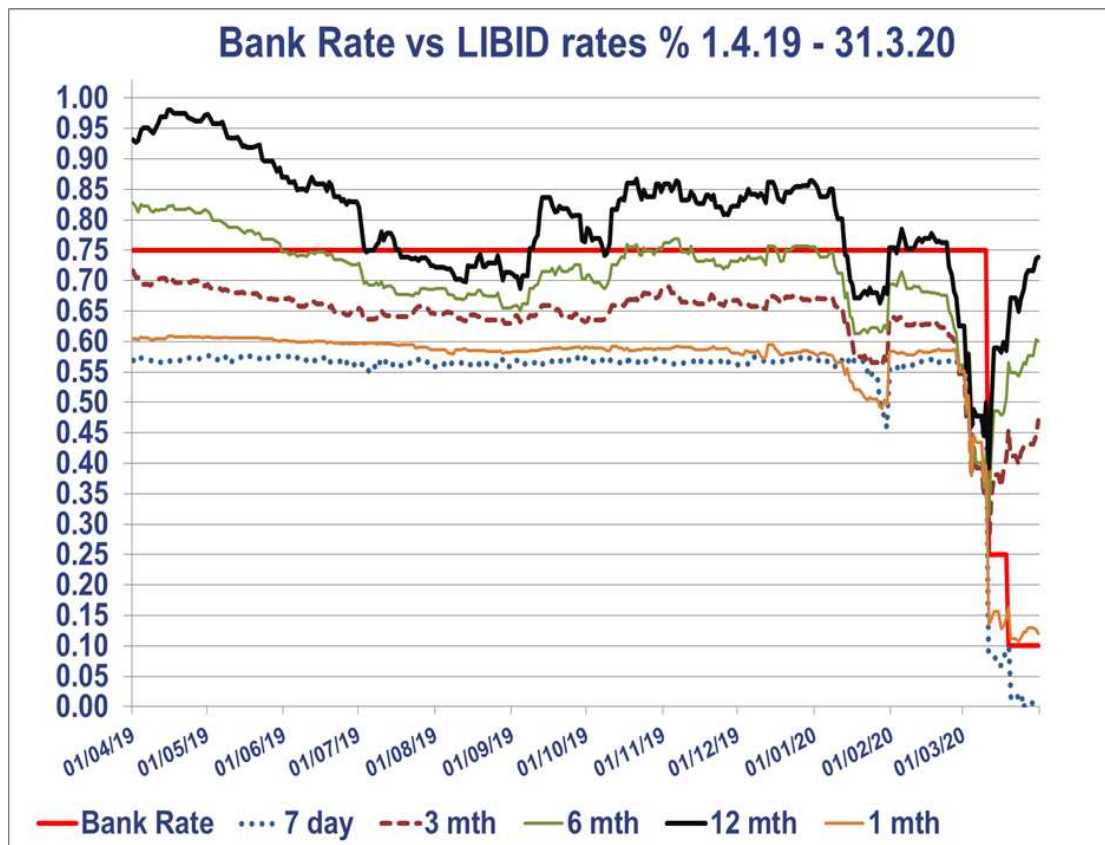
No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

Summary of debt transactions:-

The average interest rate payable on external debt decreased from 3.62% at the start of 2019/20 to 3.44% at the end of 2019/20. The average life of debt within the loan portfolio lengthened from 26.96 years to 30.33 years.

8. Investment Rates in 2019/20

Money market fund rates started the year between 0.31%-0.78%, trending at base rate levels throughout the year, and mirroring the decreases in bank rate, with a slight lag due to the longer durational element of money market fund portfolios.



9. Investment Outturn for 2019/20

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 12 February 2019. 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 £86.727 million of internally managed funds. The internally managed funds earned an average rate of return of 1.15%. The comparable performance indicator is the average 12-month LIBID un-compounded rate, which was 0.80%.

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.

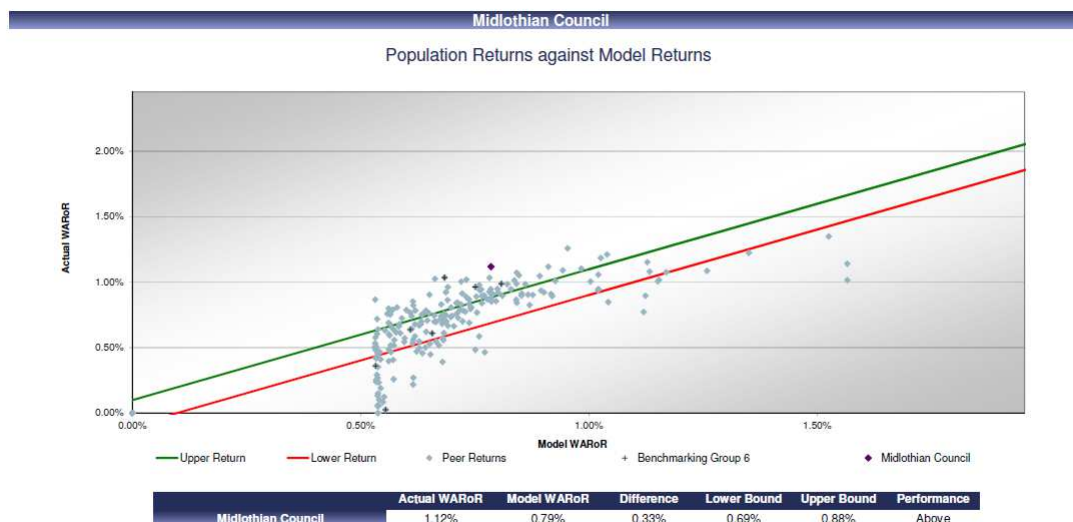
Loans Fund Rate

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 3.12% for 2018/19 was the fourth lowest Loans Fund Rate amongst all mainland authorities in Scotland (see Appendix 1).

The comparative Loans Fund Rate for 2019/20, of 2.95%, 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 2020, the Weighted Average Rate of Return (WARoR) on investments of 1.12% against other authorities is shown in the graph below:-



** Models for 30 June 2019, 30 September 2019 and 31 December 2019 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 significantly from proactive Treasury Management activity.

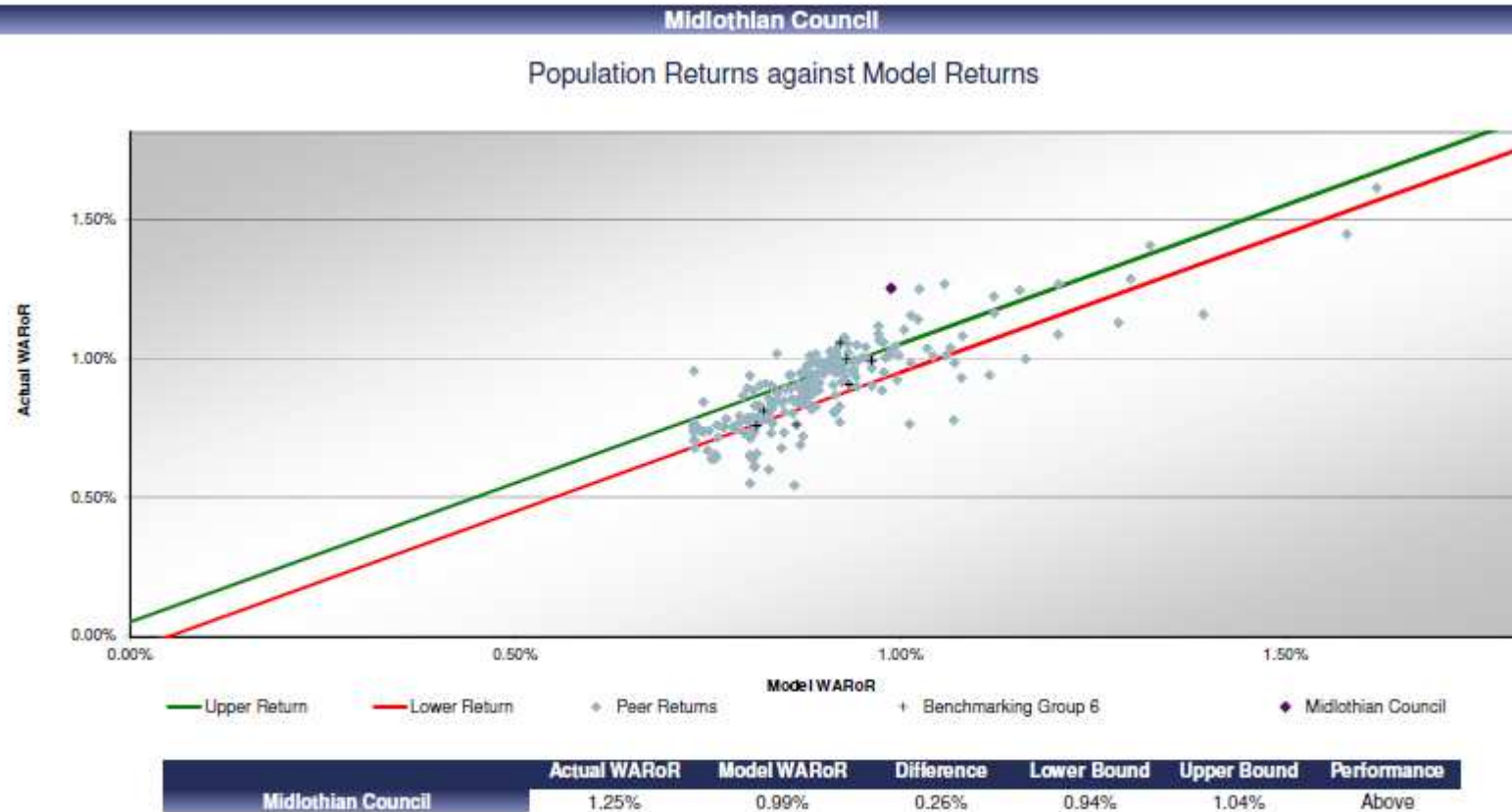
The cost of long term borrowing has been maintained by taking up opportunities to borrow from the PWLB at low interest rates.

A better than average return on investments has been achieved for the sixteenth consecutive year and Midlothian continues to perform above the Link 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.

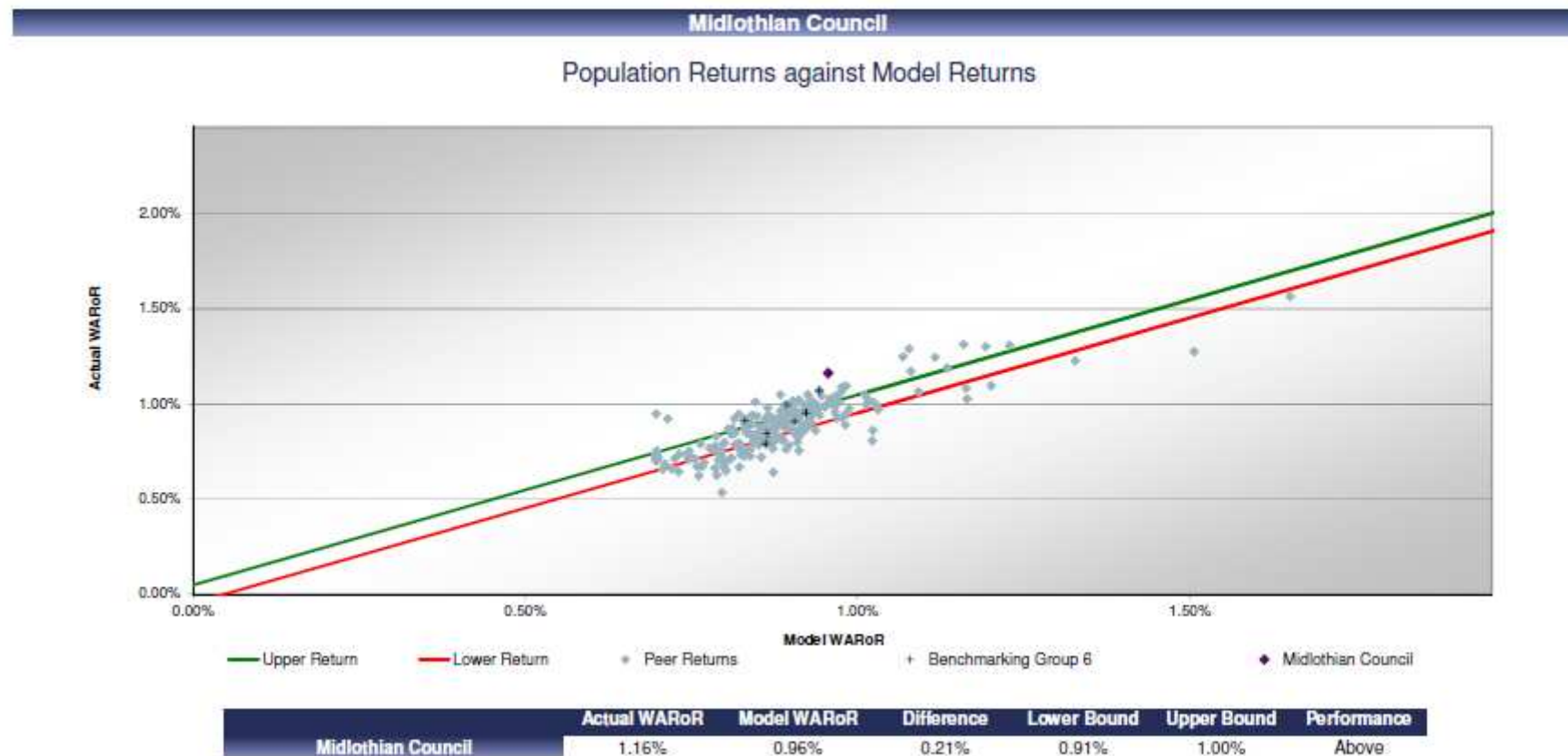
Overall Midlothian's Loans Fund Rate of 2.95% for the year is expected to be one of the lowest when benchmarked against all mainland Authorities in Scotland.

Appendix 3

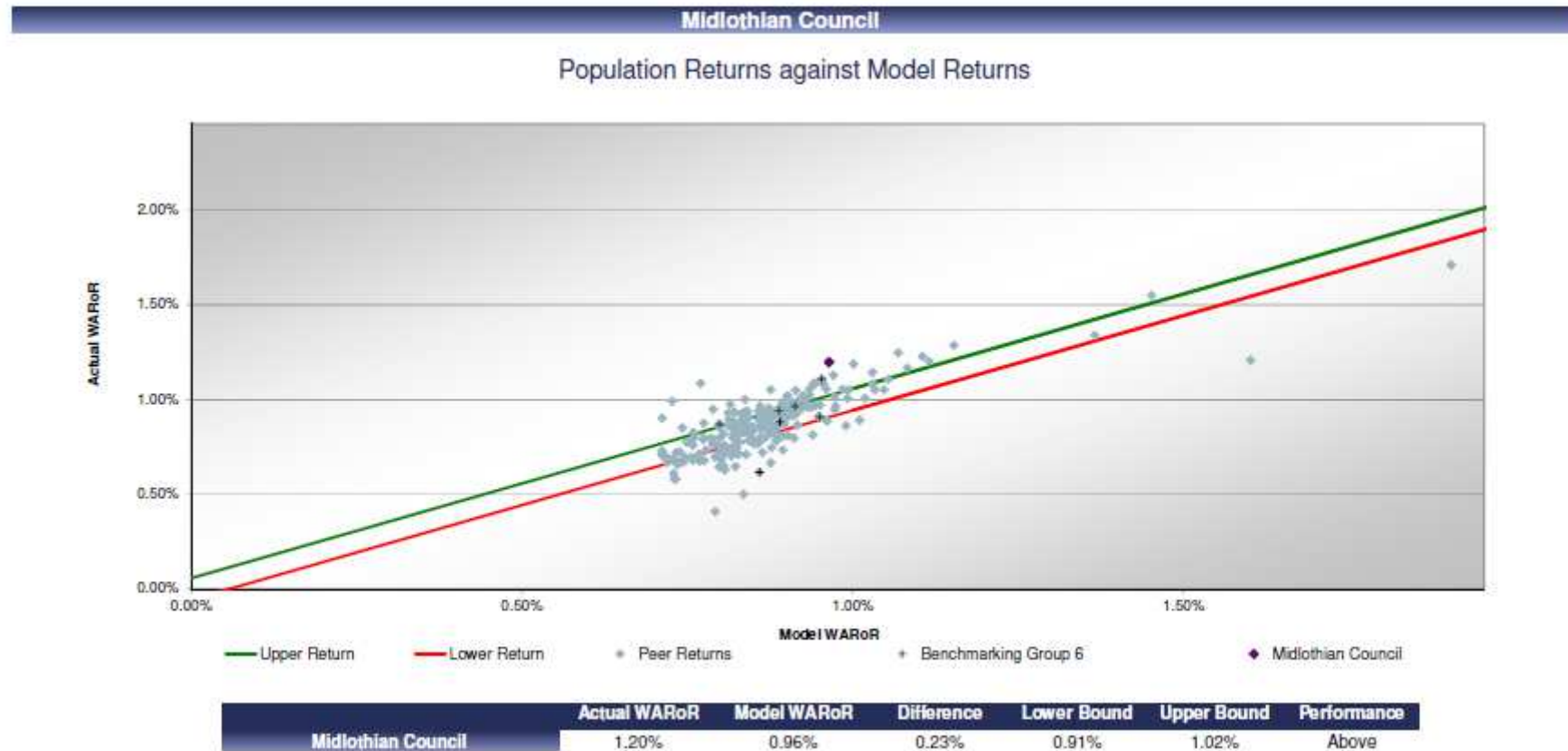
Midlothian Council Investment Portfolio return as at 30 June 2019



Midlothian Council Investment Portfolio return as at 30 September 2019



Midlothian Council Investment Portfolio return as at 31 December 2019



Allocation of Poverty Funding (PB) using a Small Grants Approach**Report by Joan Tranent, Chief Officer Children's Services, Partnerships and Communities****Report for Decision****1 Recommendations**

Council is recommended to:

- Approve the allocation of the £80k poverty budget for 2020/21 using a small grants approach with changes to the amount of minimum and maximum awards for this period only
- Approve the allocation of the £40k poverty budget for 2021/22 using a small grants approach
- Approve the revised outcomes for the poverty stream of small grants for 2020-2022
- Approve the formation of a grants panel to include elected member representation and delegate responsibility to this Panel to make awards

2 Purpose of Report/Executive Summary

As a result of the COVID pandemic, there is an urgent need to address the emerging financial difficulties and the predicted large increase in the unemployment rate for Midlothian residents.

This report seeks to have the £80k poverty budget for 2020/21 and the £40k budget for 2021/22 allocated using a small grants approach rather than via participatory budgeting. This will ensure:

- a quick turnaround to provide a speedy response
- funds are distributed to organisations that will help those people most in need

Date 3rd August 2020

Report Contact: Karen McGowan 07990 136821

karen.mcgowan@midlothian.gov.uk

3 Background

- 3.1** In 2018, Council approved the new small and large grants scheme for 2019-2022 (Appendix 1). The £40,000 annual poverty stream was approved for allocation using an alternative approach of participatory budgeting and focused initially in the priority areas of Mayfield, Woodburn/Dalkeith and Gorebridge. This approach allowed us to identify match funding to maximise the impact on people living in our poorest communities and involve local communities in decision making.
- 3.2** A successful participatory budgeting pilot took place in 2016 using match funding from the Community Choices Fund. The initiative funded projects that helped families who were struggling financially. In total, there were 31 projects with a total value of £77,908 competing for the £30,000 allocation. 17 projects were allocated funding.
- 3.3** In 2018, Council identified a need to understand issues surrounding the 'cost of the school day' and the impact on child poverty. In 2017, Midlothian Council successfully applied to the Scottish Government Community Choices fund for £40k, and provided match funding of £40k from the Council's Poverty Stream funding. Run throughout 2018 the project worked with local children, parents, schools and the wider community to reduce the inequalities incurred because of the cost of the school day. The project worked in eleven primary schools in Midlothian's three priority areas and saw high levels of participation. Sixty-two projects received funding and they included provision of free healthy snacks and fruit, support for Breakfast Clubs, subsidies for school trips & camps. In addition, there was funding for Homework Clubs to support learning, attendance at after school events and cultural activities such as theatre and pantomime trips. One of the most significant impacts of the project had been to increase awareness and people's willingness to openly discuss the impact of child poverty in a school environment.
- 3.4** The poverty stream of both large and small grants has been undersubscribed every year and at Council meeting of 17th December 2019 (Appendix 2) it was agreed that officers could review the criteria for this grant stream for the final year of allocations 2021-22 (Appendix 4).
- 3.5** Participatory budgeting has been a resource intensive activity for CLL officers and has had varying degrees of success. The most recent PB activity using Environmental funds in the Dalkeith/Danderhall areas was impacted by Covid and this approach needs to be reviewed before CLL enter into any further PB projects.
- 3.6** As a result of the PB project in Dalkeith/Danderhall requiring extensive CLL officer resource, the introduction of lockdown and the fact we were unable to secure match funding, there is still a pot of £80,000 available for 2020, followed by a further £40,000 in 2021/22.

- 3.7** Due to the impacts of the Covid pandemic it is vital that poverty, and in particular child poverty, is at the heart of the local authority response to recovery and renewal. Research shows that women and households with children who were already at increased risk of poverty, have been particularly impacted by Covid. It is reported that 7 out of 10 families on Universal Credit or Child Tax Credit have had to cut back on food and other essentials and have been pushed to borrow money with many relying on expensive forms of credit. 51% have fallen behind on rent or other household bills. (Source: Save the Children and Joseph Rowntree Foundation 2020).

The financial impacts of Covid for Midlothian are:

- Significant rise in those claiming out of work benefits with further uncertainty as furlough comes to an end
 - Increased costs in food, energy and learning resources due to lockdown
 - Food insecurity
 - School and childcare closures
 - Increased levels of debt
 - Digital exclusion
 - Increase in poverty related inequalities having an impact on health and wellbeing
- 3.8** There is an urgent need to address these emerging financial and wellbeing concerns and the predicted large increase in the unemployment rate for Midlothian residents.
- 3.9** CLL propose that the £80k poverty budget for 2020/21 and the £40k budget for 2021/22 should not be allocated via participatory budgeting but by using a small grants approach to ensure:
- a quick turnaround to provide a speedy response
 - funds are distributed to organisations that will help those people most in need
- 3.10** The criteria, guidance and conditions of grant will be similar to the existing grants programme (Appendix 3). Key changes will be:

3.10.1 Poverty outcomes:

- Disposable income of Midlothian residents is maximised
 - Cost of utilities have been reduced
 - Costs of participation in education have reduced
 - Costs of participation in leisure, sports and arts experiences have reduced
 - Transport costs are reduced
- Reduction in poverty-related inequalities in health and wellbeing
- Reduction in financial stress for parents
- Increase in opportunities to upskill and gain qualifications
- Awareness of entitlement to benefits has increased

3.10.2 Amount for 2020/21 allocation of funding only:

- Maximum award - £20,000
- Minimum award - £5,000

Amount of Award for 2021/22 will remain the same.

3.10.3 Timeline for 2020/21 applications:

- Applications open – 1st to 20th September 2020
- Applications reviewed by panel – 23rd September 2020
- Funds paid out: late September/early October 2020

No changes are proposed to the timeline for the 2021/22 awards.

3.10.4 Assessment Panel

It is proposed that the assessment panel should consist of elected members and council officers. Ideally we would also like some third sector or community representation on the panel but this may be more difficult due to the short time period involved. This approach has been used successfully in the past with Fairer Scotland funding. The panel will be chaired and supported by a Council Officer from CLL. The Panel will assess and award grants without further recourse to Council to ensure a quick turnaround in payment.

3.10.5 Monitoring

This will be monitored in the same way as current grants with appointed council officers assigned to each project to provide support and scrutiny.

- 3.11** A proposal for the revised guidance and criteria for the poverty stream has been produced (Appendix 4).

4 Report Implications (Resource, Digital and Risk)

4.1 Resource

None – funding has already been allocated within the 2019–22 grants budget

4.2 Digital

None

4.3 Risk

Failure to address the poverty related issues that have arisen from the COVID pandemic will have a socio-economic impact on vulnerable Midlothian residents

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

This report does not recommend any fundamental change to policy or practice and therefore does not require an Equalities Impact Assessment

4.5 Additional Report Implications (See Appendix A)

See Appendix A

Appendices

Appendix A – Additional Report Implications

Appendix B – Background information/Links

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Reducing the gap in learning outcomes

Reducing the gap in health outcomes

Reducing the gap in economic circumstances

A.2 Key Drivers for Change

Key drivers addressed in this report:

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

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

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

A.4 Delivering Best Value

Best value delivery is a core principle of the Midlothian Council grants process

A.5 Involving Communities and Other Stakeholders

The 2019–2022 Midlothian Grants programme has been the product of extensive engagement with community and third sector organisations

A.6 Impact on Performance and Outcomes

The report sets out revised outcomes that will enhance the wider performance and outcomes of the Improving Opportunities Midlothian (IOM) strand of the Single Midlothian Plan and contribute towards the Child Poverty Action Report

A.7 Adopting a Preventative Approach

A preventative approach is a key principle in addressing poverty related outcomes

A.8 Supporting Sustainable Development

This is not applicable.

APPENDIX B

Background Papers/Resource Links

Appendix 1 Grant Allocations 2019 – 2022

	2019-20 Year 1 £	2020-21 Year 2 £	2021-22 Year 3 £
Large Grants allocation	480,000	480,000	480,000
CABs	243,380	243,380	243,380
Rents	127,512	127,512	127,512
Small Grants	80,000	80,000	80,000
Community Councils	10,000	10,000	10,000
Micro Grants	9,000	9,000	9,000
Gala Days	10,000	10,000	10,000
Poverty Stream (PB)	40,000	40,000	40,000
Total allocation	999,892	999,892	999,892

Appendix 2 Voluntary Sector Grants Paper presented at Council meeting 17th December 2019

Appendix 3 Existing grant criteria and guidance

Appendix 4 Proposed new grant criteria and guidance for Poverty Stream



Voluntary Sector Grants 2020-2022

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

1 Purpose of Report

This report is requesting Council to approve voluntary sector grant awards and variations to the administration of the grants programme for the period 2020-2022.

2 Background

2.1 On the 22 August 2018 Council approved a revised three years grants programme. The overall grants programme had an annual budget allocation of circa £1 million from which £250,000 was withdrawn to commission a rights and advice service from the CAB's leaving a grants budget of £750,000

2.2 The revised three year grants programme recommended a number of improvements including:

- Introducing an annual upper limit of £33,500 to reflect the reduction in overall Council budget and to help spread the limited resource across the voluntary sector
- Introducing a new Micro Grant where small organisations can apply for up to £500 with minimal paperwork and reporting requirements. These applications are open twice yearly.
- Allowing Small Grant applications of under £2,000 a year to apply for funding for a three year period, on the same basis as Large Grant recipients. These applications are open annually.

2.3 The grants programme is made up of four separate funding streams:

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

In addition to the four grant streams there is a rents budget that provides grant funding to voluntary organisations who rent council premises.

2.4 Between August and October 2019 the Small and Micro grants programme was open for applications for years 2 and 3 of the grants programme. As part of this process community groups were offered bespoke support to help them apply.

- 2.5 The closing date for the small and micro grants programme was 20 October 2019. After this the grant stream leads convened grants panels to assess the applications. All grants were scored carefully against the approved criteria and the outcomes of the Single Midlothian Plan. Where applicants applied for more than one grant, they were cross-referenced to ensure there was no duplication in their applications. Other due diligence checks were carried out such as assessing the level of funding the applicants already received from commissioned contracts and other grants from the Council.

3 Report Implications

3.1 Resource

The recommended awards are included in **Appendix 1** of this report. A financial analysis of the applications received and the award allocations is included in **Appendix 2**. All organisations who applied but were not successful are listed in **Appendix 3** with the rationale for the decision.

Some key points arising from this analysis include:

- A total of £144,288.25 was requested from a two year small grants budget of £105,375.00. £80,082.58 was requested in year 2 from a budget of £55,198.00 and £64,205.67 in year 3 from a budget of £50,177.00.
- Forty four small grant applications were received in total and twenty five are recommended for an award. It is worth noting that small grants are open for applications annually so it is important to maintain some budget for Year 3 of the programme which will open in August 2020.
- Three applications were received for the Community Council Grants and three are recommended for an award. £5,480.00 was requested from a total budget of £6,219.00.
- In the micro grants stream a total of seventeen applications were received and ten are recommended for an award. Micro Grants are currently open for applications every 6 months. A total of £13,836.00 was requested from a budget of £5,509.00.
- Two of the funding streams, Developing Communities (DC) and Health and Physical Activity (HPA) are heavily over-subscribed. The Poverty stream is substantially under-subscribed.
- A brief evaluation of the micro grant applications to date highlighted that the majority of applicants did not seek funding for the stated core purpose of the funding stream which is to provide one off costs for small community organisations. Some organisations have been using this as a “top up” to support core work.

- Due to allocations already made in year 1 and those recommended in Appendix 1 for year 2, only a small budget of £892.00 will remain in the Micro Grants stream for period 2020-22.
- The process of advertising, supporting groups and scoring Micro grants is a time and resource intensive exercise which takes place twice a year. It is therefore recommended that no further rounds of Micro Grants are made available and the remaining budget of £892.00 is incorporated into the Small Grants programme for 2021-22 under the Developing Communities strand. This will ensure that the money is ring fenced for the voluntary sector and groups can still apply for small grants below £2,000 when applications open in August 2020 for the period 2021-22.
- There is a lack of successful applications from organisations operating in the three targeted areas of Mayfield, Gorebridge and Dalkeith.

3.2 Risk

The existing grants programme has been risk assessed and these risks are included in the Council's Risk Register. The existing grants programme is subject to internal audit that helps reduce the risks associated with managing the programme. The processes associated with awarding grants includes robust risk assessment procedures to ensure compliance with Following the Public Pound protocols.

This grant funding will help sustain a vibrant voluntary sector in Midlothian. The proposed contingency fund, outlined in section 4.2 of this report, will also help mitigate against the financial risks that the voluntary sector face.

3.4 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

3.5 Key Priorities within the Single Midlothian Plan (SMP)

The SMP has directly informed the criteria of the grants programme. Applications were assessed against the extent to which they further the priorities in the SMP.

3.6 Impact on Performance and Outcomes

By supporting the voluntary sector the grants recommendations will have a positive impact on the performance and outcomes of the council.

3.7 Adopting a Preventative Approach

The recommended grants will continue to support the voluntary sector to undertake preventative work by reducing inequalities, reducing social isolation, developing communities, promoting healthy activities and supporting people into learning and employment.

3.8 Involving Communities and Other Stakeholders

The 2014 review of Council grants used a co-production approach with the third sector. This has informed the current three year grants programme.

Between August and October 2019, small and micro grants were advertised through a number of mediums including the Council website, social media campaigns and through the Third Sector Interface (TSi). Communities and Lifelong Learning staff and the TSi have offered support to local community organisations to encourage them to apply and to all potential applicants prior to submitting their application.

3.9 Ensuring Equalities

A full Integrated Impact Assessment was completed for the new grants programme in 2018. The assessment concluded that the revised three year grants programme will have a positive impact on equality groups across Midlothian. It is worth noting that all applications are assessed against the extent that they promote equalities.

3.10 Supporting Sustainable Development

The grants programme will help maintain a vibrant voluntary sector in Midlothian. With reductions in statutory funding, the voluntary sector has a key role in developing communities, reducing inequalities and supporting sustainable development.

4 Summary

4.1 Officers have implemented the Council's grants programme based on the priorities of the Single Midlothian Plan and evidence of good practice to meet the changing needs of Midlothian's communities.

4.2 The grant awards recommended in this paper are a key part of the Council's overall contribution to the voluntary sector. The recommended awards will provide a level of security for the voluntary sector, whilst maintaining some budget so applications can be considered in year 3.

4.3 Retaining a contingency fund in the large grants stream to support voluntary organisations in exceptional circumstances will further help safeguard Midlothian's vibrant voluntary sector. The grants programme represents an opportunity to build on the positive relationships the Council has with the voluntary sector and ensure that we continue to work in partnership to achieve the best outcomes for local residents.

- 4.4** Officers are concerned at the number of applications received for the Poverty stream and recommend that the outcomes and criteria should be reviewed before August 2020 to increase the number of applications and ensure that the grant stream outcomes are better aligned with Midlothian's Child Poverty Action Plan.
- 4.5** The remaining small grants budget available for year 3, 2021 to 2022, should be weighted towards applicants operating in the three priority targeted areas of Gorebridge, Mayfield and Dalkeith. This will allow officers an opportunity to encourage applicants from these areas to apply and provide evidence for the review and revision of the next grants scheme for period 2022-2025. It will also ensure that the three targeted geographic areas are prioritised in line with Council policy.

5 Recommendations

- 5.1** It is recommended that Council;
- a. Approves the recommended voluntary sector small and micro grants awards for the period 2020-2022 as detailed in Appendix 1 of this report.
 - b. Approves re-allocation of the Year 1 underspend of £5684.00 to the overbid Developing Communities and Health and Physical Activity streams for 2020-21.
 - c. Approves the discontinuation of a separate micro grants stream; transferring the remaining budget of £892.00 into the small grants scheme under the Developing Communities strand; and approves the small grants scheme to consider all applications under £2,000 for 2021/22
 - d. Approves that the unallocated large grants budget, as detailed in Section 4.2 of this report, can continue to be used as a contingency fund for voluntary groups in exceptional circumstances, delegating decision making on use of this to officers and reviewing in autumn 2020 if unspent.
 - e. Approves the review of the Poverty funding stream outcomes for 2021 to 2022 to ensure alignment with Midlothian's Child Poverty Action Plan and actively encourage groups to apply when the scheme reopens in August 2020.
 - f. Approves the review of the existing small grants programme to take account of lessons learned and consider allocating 60% of the remaining budget to be spent solely in the three targeted areas of Dalkeith, Gorebridge and Mayfield. The remaining 40% of the budget will continue to be available to applicants operating in all areas of Midlothian.

Date November 2019

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Background Papers:

- a. Appendix 1: Recommended Voluntary Sector Awards 2020-22
- b. Appendix 2: Financial analysis of Voluntary Sector Awards
- c. Appendix 3: Unsuccessful applications

Declaration Box

Instructions: *This box must be completed by the author of the report. The box will be copied and saved by the Council Secretariat who will delete it from the report prior to photocopying the agenda.*

Title of Report: Midlothian Council Small Grants Allocation 2019/20

Meeting Presented to: Midlothian Council

Author of Report: Karen McGowan

I confirm that I have undertaken the following actions before submitting this report to the Council Secretariat (Check boxes to confirm):-

- ☒ *All resource implications have been addressed. Any financial and HR implications have been approved by the Head of Finance and Integrated Service Support.*
- ☒ *All risk implications have been addressed.*
- ☒ *All other report implications have been addressed.*
- ☒ *My Director has endorsed the report for submission to the Council Secretariat.*

For Cabinet reports, please advise the Council Secretariat if the report has an education interest. This will allow the report to be located on the Cabinet agenda among the items in which the Religious Representatives are entitled to participate

Appendix 1 – Small grants recommended

Organisation	Requested Year 2	Requested Year 3	Total Requested	Awarded Year 2	Awarded Year 3	Total Amount Awarded	Summary of project
DEVELOPING COMMUNITIES							
Cranston Women's Institute	£1,550.00	£0.00	£1,550.00	£150.00	£0.00	£150.00	Partial funding to cover hall hire for the Centenary event & exhibition to be open to the public
Cousland Majority Group	£600.00	£0.00	£600.00	£600.00	£0.00	£600.00	Full funding to support the transport costs for the annual away day that will reduce social isolation
Home Link Family Support Midlothian wide	£2,000.00	£2,000.00	£4,000.00	£2,000.00	£2,000.00	£4,000.00	Full funding for staffing and resources to develop "Stay and Play" sessions for families with children aged 0-3. Can be accessed by any family across Midlothian and application provided strong evidence of need
Dalkeith Singers	£2,000.00	£2,000.00	£4,000.00	£800.00	£800.00	£1,600.00	Partial funding for hall and rental fees to ensure they continue to have somewhere to meet
Tots Start Burnbrae PS	£915.00	£915.00	£1,830.00	£400.00	£0.00	£400.00	Partial funding for equipment and resources for group to establish themselves

Organisation	Requested Year 2	Requested Year 3	Total Requested	Awarded Year 2	Awarded Year 3	Total Amount Awarded	Summary of project
DEVELOPING COMMUNITIES Contd.							
Rosewell Development Trust	£1,999.00	£1,500.00	£3,499.00	£1,295.00	£0.00	£1,295.00	Partial funding to upgrade IT equipment & resources for user groups
Bonnyrigg Rose FC	£2,000.00	£2,000.00	£4,000.00	£1,800.00	£1,950.00	£3,750.00	Partial funding to cover the costs of equipment & resources for new youth club that will provide an accessible youth space in the Bonnyrigg area
Pathhead Community Gardeners	£1,650.00	£0.00	£1,650.00	£1,200.00	£0.00	£1,200.00	Partial funding to buy plants and hedges, composting system and wildlife boxes. Group is fully accessible, links in to Midlothian's bio-diversity plan and offers volunteering opportunities
Midlothian Sure Start	£1,990.00	£1,990.00	£3,980.00	£1,250.00	£1,250.00	£2,500.00	Partial funding to support World Mental Health activities and promotion, fully accessible event tackling stigma
Bonnyrigg Playgroup	£1,941.61	£1,557.67	£3,499.28	£325.72	£325.72	£651.44	Partial funding to cover pavilion rent
TOTAL	£16,645.61	£11,962.67	£28,608.28	£9,820.72	£6,325.72	£16,146.44	

EMPLOYMENT, LEARNING & TRAINING							
Organisation	Requested Year 2	Requested Year 3	Total Requested	Awarded Year 2	Awarded Year 3	Total Amount Awarded	Summary of project
Women's Aid East & Midlothian	£1,850.00	£1,850.00	£3,700.00	£1,475.00	£1,475.00	£2,950.00	Funding to recruit and train a Survivors Board providing peer support to victims of domestic abuse. Strong evidence of capacity building & skills development. Only cover Midlothian costs for travel as joint East/Mid participants
Bill Russell Woodburn Youth Project	£1,900.00	£1,900.00	£3,800.00	£600.00	£0.00	£600.00	Does not demonstrate how this meets employability aims. Partial funding to help with resources and cost of arts & crafts tutor
Mayfield and Easthouses Development Trust (MAEDT)	£2,000.00	£0.00	£2,000.00	£1,500.00	£0.00	£1,500.00	Upgrade of IT equipment to support Job Club in SIMD area
Garvald Mayfield	£1,618.00	£900.00	£2,518.00	£1,618.00	£0.00	£1,618.00	Jewellery making equipment to upskill users with ASN and develop a social enterprise. Fund for one year only to support set up of project

Organisation	Requested Year 2	Requested Year 3	Total Requested	Awarded Year 2	Awarded Year 3	Total Amount Awarded	Summary of project
EMPLOYMENT, LEARNING & TRAINING Cont.							
Newbattle Beekeepers Association	£2,000.00	£2,000.00	£4,000.00	£200.00	£0.00	£200.00	Applied for core costs which are already partly funded. Partial funding to cover costs of upgrading website to promote training opportunities & widen reach of association. Supports bio-diversity plan
Gorebridge Community Development Trust	£2,000.00	£2,000.00	£4,000.00	£2,000.00	£1,000.00	£3,000.00	Tools & equipment to set up free/low cost handy people service for local community. Fund year one costs fully but reduce year two funding to cover maintenance & repair only
Penicuik Youth Band	£500.00	£500.00	£1,000.00	£500.00	£0.00	£500.00	Sheet music to sustain attendance of youth members. Engaging with range of young people. One year funding only
TOTAL	£11,868.00	£9,150.00	£21,018.00	£7,893.00	£2,475.00	£10,368.00	

Organisation	Requested Year 2	Requested Year 3	Total Requested	Awarded Year 2	Awarded Year 3	Total Amount Awarded	Summary of project
HEALTH AND PHYSICAL ACTIVITY							
RUTS	£2,000.00	£2,000.00	£4,000.00	£1,000.00	£0.00	£1,000.00	Partial funding to provide boxing sessions for young people. Good service and impact, but application has limited financial breakdown & details of number of sessions to be delivered
Y2K	£1,704.00	£0.00	£1,704.00	£1,704.00	£0.00	£1,704.00	Funding for staff, volunteers and resources to open new drop-in weekend service. Good local service in target area that will fulfil an unmet need
Lasswade Athletics Club	£1,985.00	£1,985.00	£3,970.00	£1,985.00	£0.00	£1,985.00	Partial funding for coach and volunteer education. Only athletics club in Midlothian covering all ages and offering low cost membership and reduced rates. Ambitious coach training plan which would address current limited capacity to meet demand

Organisation	Requested Year 2	Requested Year 3	Total Requested	Awarded Year 2	Awarded Year 3	Total Amount Awarded	Summary of project
HEALTH AND PHYSICAL ACTIVITY Contd.							
Gorebridge Community Development Trust	£2,000.00	£1,000.00	£3,000.00	£2,000.00	£0.00	£2,000.00	Funding for indoor play equipment. Clear aims that will meet an unmet need in a target area and provide an opportunity to engage with families
Dalkeith Rugby FC	£2,000.00	£2,000.00	£4,000.00	£1,000.00	£0.00	£1,000.00	Funding for training, volunteer transport and equipment. Large number of young people involved, Midlothian wide
Penicuik Community Sport & Leisure Foundation	£2,000.00	£2,000.00	£4,000.00	£2,000.00	£0.00	£2,000.00	Funding to deliver youth project in area of Penicuik where few youth activities available. Clear physical activity and health ethos with active travel discount especially positive. Scores high for accessibility
TOTAL	£11,689.00	£8,985.00	£20,674.00	£9,689.00	£0.00	£9,689.00	

Organisation	Requested Year 2	Requested Year 3	Total Requested	Awarded Year 2	Awarded Year 3	Total Amount Awarded	Summary of project/rational e for decision
POVERTY							
Food Facts Friends Project	£2,000.00	£2,000.00	£4,000.00	£1,450.00	£1,450.00	£2,900.00	Running costs & volunteer expenses to provide the foodbank and drop in centre services at Penicuik
Midlothian Foodbank	£2,000.00	£2,000.00	£4,000.00	£1,000.00	£1,000.00	£2,000.00	Running costs for emergency food parcels and Growth Matters projects
TOTAL	£4,000.00	£4,000.00	£8,000.00	£2,450.00	£2,450.00	£4,900.00	

Community Council Grants

Organisation	Requested Year 2	Requested Year 3	Total Requested	Awarded Year 2	Awarded Year 3	Total Amount Awarded	Summary of project
Eskbank & Newbattle CC	£1,920.00	£0.00	£1,920.00	£940.00	£0.00	£940.00	Partial funding to cover running costs and printing two of the quarterly newsletters. Staff will support CC to look for local business sponsorship for future issues
Damhead & District CC	£1,650.00	£910.00	£2,560.00	£200.00	£210.00	£410.00	Partial funding to cover running costs & equipment to support litter picks & community gatherings. Road and speed sign requests to be coordinated through MTRAP
Roslin & Bilston CC	£1,000.00	£0.00	£1,000.00	£500.00	£0.00	£500.00	Partial funding to support with running costs and room rental. Not currently paying minute secretary, little detail on application. Not previously applied for funding for running costs
TOTAL	£4,570.00	£910.00	£5,480.00	£1,640.00	£210.00	£1,850.00	

Micro Grants

Organisation	Requested Year 2	Requested Year 3	Total Requested	Awarded Year 2	Awarded Year 3	Total Amount Awarded	Summary of project
Pathhead Scottish WI	£250.00	£250.00	£500.00	£234.00	£234.00	£468.00	Funding for rental costs of Pavilion
Friends of Stobhill	£500.00	£500.00	£1,000.00	£350.00	£0.00	£350.00	Funding for football strips and subsidised travel in SIMD area
Volunteer Midlothian	£500.00	£450.00	£950.00	£323.00	£150.00	£473.00	Funding for community garden
Dalkeith History Society	£420.00	£420.00	£840.00	£420.00	£0.00	£420.00	Library system for collections management
Parents & Tots Loanhead	£500.00	£500.00	£1,000.00	£500.00	£0.00	£500.00	Room hire to support Sensory Music class for young babies and parents/carers
Woodland Wanderers Midlothian wide	£456.00	£0.00	£456.00	£456.00	£0.00	£456.00	Running costs and training costs for volunteers providing socially inclusive walks
Loanhead Gardening Group	£500.00	£500.00	£1,000.00	£500.00	£0.00	£500.00	Equipment to maintain and improve the flowerbeds and public green spaces by volunteers
PlayBase Scio Midlothian wide	£500.00	£500.00	£1,000.00	£500.00	£0.00	£500.00	Resources to fund Play on Pedals sessions

WWHAM Woodburn	£500.00	£400.00	£900.00	£500.00	£0.00	£500.00	Staffing to support healthy eating, managing on a budget, mindfulness, gentle exercise & bereavement sessions for socially isolated women
Dalkeith History Society	£450.00	£0.00	£450.00	£450.00	£0.00	£450.00	Costs of framing historical etchings for display
TOTAL	£8,296.00	£6,040.00	£14,336.00	£4,233.00	£384.00	£4,167.00	

Appendix 2 – Analysis of Small and Micro Grants 2020-2022

	Year 2	Year 3	TOTAL
Small Requested	£80,082.58	£64,205.67	£144,288.25
Small Awarded	£29,852.72	£11,250.72	£41,103.44
Small Budget	*£55,198.00	£50,177.00	£105,375.00
Under/over allocation	£25,345.28	£38,926.28	£64,271.56
<i>*Includes underspend of £5684 from Year 1 and funds returned from Poltonhall Pensioners</i>			
Micro Requested	£7,796.00	£6,040.00	£13,836.00
Micro Awarded	£4,233.00	£384.00	£4,617.00
Micro Budget	**£2,789.00	£2,720.00	£5,509.00
Under/over allocation	-£1,444.00	£2,336.00	£892.00
<i>**Includes underspend of £14 from Year 1</i>			
CC Requested	£4,570.00	£910.00	£5,480.00
CC Awarded	£1,640.00	£210.00	£1,850.00
CC Budget	***£3,816.00	£2,403.00	£6,219.00
Under/over allocation	£2,176.00	£2,193.00	£4,369.00
<i>*** Includes underspend £1,354 from Year 1</i>			
Total requested (all streams)	£92,448.58	£71,155.67	£163,604.25
Total awarded (all streams)	£35,725.72	£11,844.72	£47,570.44
Total budget (all streams)	£61,803.00	£55,300.00	£117,103.00
Total under/over allocation (all streams)	£26,077.28	£43,455.28	£69,532.56

*DC – Developing Communities

ELT – Employment, Learning & Training

HPA – Health & Physical Activity

Small grants per stream

	Year 2	Year 3	TOTAL	Number of applications	
Poverty Requested	£6,000.00	£6,000.00	£12,000.00	Poverty received	3
Poverty Awarded	£2,450.00	£2,450.00	£4,900.00	Poverty awarded	2
Poverty Budget	£18,012.00	£18,012.00	£36,024.00		
Under/over allocation	£15,562.00	£15,562.00	£31,124.00		
DC Requested	£25,993.61	£19,460.67	£45,454.28	DC received	15
DC Awarded	£9,820.72	£6,325.72	£16,146.44	DC awarded	10
DC Budget	£12,561.00	£10,012.00	£22,573.00		
Under/over allocation	£2,740.28	£3,686.28	£6,426.56		
ELT Requested	£13,798.00	£11,110.00	£24,908.00	ELT received	8
ELT Awarded	£7,893.00	£2,475.00	£10,368.00	ELT awarded	7
ELT Budget	£14,210.00	£14,180.00	£28,390.00		
Under/over allocation	£6,317.00	£11,705.00	£18,022.00		
HPA Requested	£34,290.97	£27,635.00	£61,925.97	HPA received	18
HPA Awarded	£9,689.00	£0.00	£9,689.00	HPA awarded	6
HPA Budget	£10,415.00	£7,973.00	£18,388.00		
Under/over allocation	£726.00	£7,973.00	£8,699.00		
TOTAL Small requested	£80,082.58	£64,205.67	£144,288.25	Total received	44
Total Small Awarded	£29,852.72	£11,250.72	£41,103.44	Total awarded	25
Total Small Budget	£55,198.00	£50,177.00	£105,375.00		
Under/over allocation	£25,345.28	£38,926.28	£64,271.56		

Micro Grants		Community Council Grants	
Number of applications	17	Number of applications	3
Number awarded	10	Number awarded	3

Appendix 3 Small and micro grants not recommended for approval

Small grants not recommended

Stream	Organisation	Requested Year 2	Requested Year 3	Total Requested	Summary of Project	Rationale for decision
DC02	Cousland Smiddy Trust	£1,850	£2,000	£3,850	Core running costs	Application states they already have funding for core costs
DC05	Pathhead & District Community Association	£1,500	£0	£1,500	Ceiling panel lights, dimmer switches and bistro sets	High costs for small amount of equipment, no accurate costings provided
DC09	Play Midlothian	£1,998	£1,998	£3,996	Staffing & resources to run Play Forum for play practitioners	Limited evidence of need, value for money or impact. Should be part of core work
DC12	One Dalkeith	£2,000	£2,000	£4,000	Top up to cover salaries & core costs	Not new project, looking for top-up of existing grant
DC14	St Matthew's Parish Church, Rosewell	£2,000	£1,500	£3,500	Refurbishment of kitchen	Limited evidence of need or how it will benefit whole community
HPAL01	Penicuik Athletic Youth FC	£2,000	£0	£2,000	Improvements to clubhouse	Not eligible as cannot fund capital renovation costs
HPAL04	Edinburgh & Lothians Greenspace Trust	£2,000	£2,000	£4,000	Taster outdoor activities for older people	Not value for money based on short programmes and low number of participants
HPAL05	Cyrenians (Community Hospital Garden)	£2,000	£2,000	£4,000	Running costs for community garden including salary	No detail re the numbers benefitting so difficult to assess if value for money
HPAL06	Anam Cara, Dalkeith	£1,000	£1,000	£2,000	Taster yoga and relaxation sessions for women	Lack of detail in application

Stream	Organisation	Requested Year 2	Requested Year 3	Total Requested	Summary of Project	Rationale for decision
HPAL07	City of Edinburgh Trampoline Club	£2,000	£0	£2,000	Replacement of equipment	Not evident how many will benefit apart from existing members
HPAL08	Play Midlothian	£1,850	£1,900	£3,750	Development worker to implement Play Strategy	Lacked detail of action plan, who stakeholders were & how impact will be measured. Should be part of core work
HPAL09	Bonnyrigg After School Club	£1,937	£2,000	£3,937	Healthy growing projects	Property not yet transferred to organisation and no evidence of benefit to the wider community
HPAL11	Parents & Tots Newbattle Abbey College	£2,000	£2,000	£4,000	Deliver Forest School	Expansion of existing provision, already receive funding for Forest Schools
HPAL12	Parents & Tots, The Link, Loanhead	£2,000	£2,000	£4,000	Deliver messy play sessions	Good project but duplication with other projects. Currently in receipt of 3 MC grants
HPAL16	KIC Arts Development Trust, Lasswade, Penicuik & Loanhead	£2,000	£2,000	£4,000	Providing credit rated courses in dance.	Unclear from application who will directly benefit, the specific courses offered and impact it will have. Large organisation with over 900 paying members
HPAL17	Beeslack Family Club	£1,850	£1,850	£3,700	Training staff to offer cycling and woodwork for disabled people	Application lacked detail re frequency and number of opportunities available and whether this would increase capacity. Already funded for similar projects
HPAL18	LASC Childcare Services – older people's activities	£1,965	£1,900	£3,865	Equipment to deliver physical activities in Loanhead	Potential duplication of other services, no clear evidence of unmet need

Stream	Organisation	Requested Year 2	Requested Year 3	Total Requested	Summary of Project	Rationale for decision
ELT03	Play Midlothian	£1,930	£1,960	£3,890	Freelance development worker, speaker and workshop fees for Play Conference	Dependent on other funding being in place. No breakdown of charges or how most economically disadvantaged will benefit. Should be part of core work, Funded in previous years
PL03	Gorebridge CDT	£2,000	£2,000	£4,000	Volunteer costs, training and space hire for Community Fridge	Limited evidence of need, not recording numbers of those currently using the fridge to demonstrate impact and reaching those most in need

Micro grants not recommended

No	Organisation	Requested Year 2	Requested Year 3	Total Requested	Summary of Project	Rationale for decision
MG02	Dalkeith Horticultural Society	£500	£0	£500	Rental for Kings Park Pavilion and Dalkeith Campus for flower show	Not sustainable, organisation apply year on year for same purpose
MG04	Midlothian Private Hire	£220	£20	£240	Posters, web page & laminator for Safety Campaign	Not enough detail on what safety campaign is, can't find evidence that they are an eligible association
MG06	Gorebridge Out of School Care	£500	£500	£1,000	First aid training & arts and crafts materials	Can access free first aid training through Early Years & Childcare Service, other activities part of core work
MG07	Loanhead After School Club – The Link	£500	£500	£1,000	Transport costs for older people	Little evidence that this is needed and no breakdown provided. Checked that local taxi service can provide this service free and have capacity to do this
MG10	Parents & Tots Midlothian	£500	£500	£1,000	Training for breast feeding peer supporters	Already receive grant for this group. Not a new project

Stream	Organisation	Requested Year 2	Requested Year 3	Total Requested	Summary of Project	Rationale for decision
MG12	Pentland Piano Festival	£500	£500	£1,000	Install, tune & remove grand piano, premises rental & admin costs for music recital	Not good value for money
MG13	St. David's Brass Band	£500	£500	£1,000	Instrument cleaning & maintenance	Already receive grant for insurance and other costs, not a new project

Midlothian Council Grant Scheme Guidance and Criteria 2020/21 – 2021/22

Item 8.12



Applications are welcome from community groups, charities and social enterprises. 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.

All awards should demonstrate how they meet the priorities of the Single Midlothian Plan. The top three priorities in the plan are to *reduce the gap in learning outcomes, health outcomes and economic circumstances*. Grants will fund activities that further the priorities in at least one of the five themes:

1. Adult Health and Care
2. Community Safety
3. Getting it Right for Every Midlothian Child
4. Improving Opportunities for the People of Midlothian
5. Sustainable Growth

The single Midlothian Plan is available online or in hard copy
www.midlothian.gov.uk/downloads/download/89/single_midlothian_plan

Grant funding can be used for things like:

- Volunteer expenses
- Running costs
- Start-up costs for new projects
- Staff costs
- Buying equipment

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

- Repair buildings
- Pay for religious services or religious materials
- Be spent exclusively on consultancy fees
- Pay for material that is designed to support political activity or a political party

The grants cover the period 2020/21 – 2021/22

Grant	Maximum annual award	Maximum 2 year award	Grants will be allocated
Micro	£500	£1,000	Every 6 months
Small	£2,000	£4,000	Annually

Criteria for Micro grants of up to £500 a year

Applications for this grant will need to demonstrate how their activity will improve the quality of life for local people in Midlothian.

Criteria for Small Grants

Applicants will need to indicate ONE of the following funding streams and which of the outcomes in that stream their activity will address:

Grant Stream	Outcomes
1 <input type="checkbox"/> Developing Communities	<input type="checkbox"/> Communities of interest and place have more capacity to act for the benefit of their community. <input type="checkbox"/> Communities of interest and place are more resilient, cohesive and safer. <input type="checkbox"/> Local communities are better enabled to thrive through community action, the development of social enterprise and community assets. <input type="checkbox"/> Anchor organisations (e.g. development trusts) have improved ability to represent their local communities and deliver services. <input type="checkbox"/> The third sector is supported to grow and is able to influence the community planning process. <input type="checkbox"/> Key economic sectors are supported to grow.
2 <input type="checkbox"/> Employability, Learning and Training	<input type="checkbox"/> Individuals are better equipped to access the labour market. <input type="checkbox"/> The quality of life of Midlothian residents is improved through lifelong learning. <input type="checkbox"/> Midlothian residents are better able to be successful learners and are more likely to go on to positive destinations when they leave learning.
3 <input type="checkbox"/> Health and Physical Activity	<input type="checkbox"/> Individuals in Midlothian have improved health and wellbeing through participating in physical activity. <input type="checkbox"/> Individuals in Midlothian have an increased number of affordable and accessible opportunities to engage in more healthy lifestyles (physical and mental health and wellbeing).
4 <input type="checkbox"/> Poverty	<input type="checkbox"/> Vulnerable households are better able to manage their finances. <input type="checkbox"/> Individuals experiencing financial crisis have better access to support.

Decision making

Grant applications will be assessed against the extent to which the project or programme of work will:

1. Meet the outcome of the funding stream.
2. Address unmet need.
3. Reduce inequalities, help people most in need and address the priorities in the Single Midlothian Plan.
4. Make a difference to the people you are working with.
5. Complement or add to existing services and resources.
6. Provide evidence of partnership working and how local people have been involved in the planning of the proposal.
7. Provide details of how the project will be sustained beyond the grant period and, where possible, how it will generate additional income.
8. Promote a sense of place by connecting local people to their community.
9. Be community-led and delivered by organisations with the skills and experience to deliver effectively.
10. Include clear costing and timescales that demonstrate value for money.

Your application will be considered by the scoring panels. You will find out by the end of December 2019 if your application has been successful.

Further Support

If you need any additional support or further information, please contact:

Developing Communities and Poverty
Karen McGowan
0131 271 3708
karen.mcgowan@midlothian.gov.uk

Health & Physical Activity
Tony Malone
0131 561 6501
tony.malone@midlothian.gov.uk

Employability Learning & Training
Karen McGowan
0131 271 3708
karen.mcgowan@midlothian.gov.uk

Micro Grants
Gillian Cousin
0131 271 3436
gillian.cousin@midlothian.gov.uk

For help with completing the application, dis

Applications are welcome from community groups, charities and social enterprises. 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.

All awards should demonstrate how they meet the priorities of the Single Midlothian Plan. The top three priorities in the plan are to *reduce the gap in learning outcomes, health outcomes and economic circumstances*. Grants will fund activities that further the priorities in at least one of the five themes:

1. Adult Health and Care
2. Community Safety
3. Getting it Right for Every Midlothian Child
4. Improving Opportunities for the People of Midlothian
5. Sustainable Growth

The single Midlothian Plan is available online or in hard copy

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Grant funding can be used for things like:

- Volunteer expenses
- Running costs
- Start-up costs for new projects
- Staff costs
- Buying equipment

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

- Repair buildings
- Pay for religious services or religious materials
- Be spent exclusively on consultancy fees
- Pay for material that is designed to support political activity or a political party

The grant covers the period September 2020 to March 2021 only

Minimum level of grant - £5,000

Maximum level of grant - £20,000

Criteria for Poverty Grants

Applicants will need to indicate which of the outcomes their activity will address:

Outcomes

- ☐ Disposable income of Midlothian residents is maximised.
 - Cost of utilities have been reduced
 - Costs of participation in education have reduced
 - Costs of participation in leisure, sports and arts experience have reduced
 - Transport costs are reduced
- ☐ Reduction in poverty related inequalities in health and wellbeing
- ☐ Reduction in financial stress for parents
- ☐ Increase in opportunities to upskill and gain qualifications
- ☐ Awareness of entitlement to benefits has increased
- ☐ Reduction in health and wellbeing inequalities caused by poverty

Decision making

Grant applications will be assessed against the extent to which the project or programme of work will:

1. Meet the outcome of the funding stream.
2. Address unmet need.
3. Reduce inequalities, help people most in need and address the priorities in the Single Midlothian Plan.
4. Make a difference to the people you are working with.
5. Complement or add to existing services and resources.
6. Provide evidence of partnership working and how local people have been involved in the planning of the proposal.
7. Provide details of how the project will be sustained beyond the grant period and, where possible, how it will generate additional income.
8. Promote a sense of place by connecting local people to their community.
9. Be community-led and delivered by organisations with the skills and experience to deliver effectively.
10. Include clear costing and timescales that demonstrate value for money.

Your application will be considered by an assessment panel. You will find out by the end of September 2020 if your application has been successful.

Further Support

If you need any additional support or further information, please contact:

Karen McGowan
0131 271 3708
karen.mcgowan@midlothian.gov.uk

For help with completing the application, discussing ideas or general funding support please contact: CLL@midlothian.gov.uk

Town Centre Capital Fund – Update**Report by Kevin Anderson, Executive Director - Place****Report for Noting****1. Recommendations**

It is recommended that Council:

- a. Notes the revised timescales from SG for delivery of Town Centre Capital Fund (TCCF) projects and progress on the Midlothian projects to date.
- b. Notes the proposed changes to the Penicuik Town Hall project

2. Purpose of Report

The purpose of this report is to provide Council with a progress update on the projects allocated funding from the Scottish Government Town Centre Capital Fund (TCCF). The allocation of £910k was awarded to Midlothian Council, as set out in the report to Council on 1st October 2019; and to seek approval for delegated authority to accept proposed revisions to the Penicuik Town Hall project.

Report Contact:

Derek Oliver, Chief Officer – Place

Report Author:

Ann Marie Macaskill, Economic Development Manager

0131 271 3451

Annmarie.Macaskill@midlothian.gov.uk

3. Background and revisions to timescales

- 3.1 In spring 2019, it was announced that each local authority in Scotland would receive a share from the Scottish Government's £50m Town Centre Capital Fund. The aim of the fund is to enable local authorities to stimulate and support place based economic investments which encourage town centres to diversify and flourish, creating footfall through local improvements and partnerships.
- 3.2 Midlothian Council's funding allocation is £910k. The Scottish Government initially stipulated that all funding must be committed and spent by March 2020, with all building works to complete by September 2020. However, an extension to these deadlines was advised by email on 20 February 2020, allowing for an additional year for committing funding (until March 2021) and works to be completed by September 2021.
- 3.3 A report was submitted and approved by Cabinet in May 2019 which set out the process for promoting the TCCF fund and identifying suitable projects. A list of recommended projects was presented to Council and approved on 1 October 2019.
- 3.4 Ongoing management of the process (as agreed at Cabinet in May 2019) has been undertaken by a panel comprising officers from Economic Development, Planning, Estates and the Communities Team. Representatives from the Third Sector Interface and the Chamber of Commerce have supported the ongoing management of the funds.

4. TCCF Fund Update

- 4.1 There are a total of seven Midlothian projects underway, with the majority on target to complete within the original time period i.e. September 2020.
- 4.2 Covid-19 has delayed a number of projects owing to shut down in construction sites/supply but it is unlikely to negatively impact delivery of these projects given the revised Scottish Government timescales.
- 4.3 Monthly reports are received from all applicants and the project board is satisfied with progress and does not anticipate any under allocation of Midlothian funds.

Project & Applicant	£
Refurbishment of pavilion - Mayfield & Easthouses Development Trust	£49,097.10
Replacement of church hall roof - St Johns & Kings Park Church	£57,790.00
Dalkeith bus shelter replacement - Midlothian Council Transport Team	£25,000.00
Penicuik Town Hall - Midlothian Council, Planning	£601,180.00
Rosewell nursery expansion – Loanhead after school club	£100,000.00
Dalkeith Country Park - Public Access	£49,356.23
Installation of a training kitchen and boiler – Gorebridge Community Cares	£27,576.67
TOTAL	£910,000.00

5. Penicuik Town Hall

- 5.1 The Penicuik Town Hall project managed by Council officers is the largest of the TCCF projects. The grant application for this project was for a total of £601,180 to carry out works as detailed below in **Table 1**:

Work Item No.	Work Description	Total Grant Application- £601,180
1	Stone and Roof enhancement of Penicuik Town Hall	£59,180 (A further £106,233 of grant funding would be sought from the National Lottery Heritage Fund and Historic Environment Scotland when the project scope and costs are agreed and drawn up. The £106,233 would be in addition to the £59,180. The total spend on stone and roof enhancement would be £165,413 (£59,180 + £106,233).
2	Access Ramp and Stairs to Town Hall and public realm in front of Town Hall	£165,000
3	Public realm from Town Hall to St Mungo's Church	£72,000
4	Install renewable energy equipment in Penicuik Town Hall	£275,000
5	Install publicly available Wi-Fi in Penicuik Town Hall	£30,000
TOTAL		£601,180 (+ £106,233)

The project was awarded a total grant of £381,756.67

- 5.2 A report to Council on 1st October 2019 informed members that the Hardengreen to Newtongrange Cycleway project was unable to deliver within the timescales thereby releasing £247,000 of funding for other projects. £219,423.33 of this was reallocated to Penicuik Town Hall as a priority project under governance arrangements approved by Cabinet, with the balance of £27,576.67 being awarded to the Gorebridge Community Cares project.
- 5.3 Work is underway to deliver the Penicuik Town Hall project. Variations in cost between initial estimates and tenders received for the various elements of work within the project have resulted in the Penicuik Town Hall project manager proposing changes to the TCCF project board which have no cost implications but differ from the original application.

5.4 The revised scope and indicative costs for the Penicuik Town Hall project are detailed in Table 3 below:

Table 3

Item No.	Work Description	Cost
1	Stone and Roof enhancement of Penicuik Town Hall (to be partially funded by £106,233 of grant funding from National Lottery Heritage Fund and Historic Environment Scotland)	Initial Cost Estimate £165,413 Revised Cost Estimate £398,909
2	Installation in Penicuik Town Hall of: <ul style="list-style-type: none"> • new gas boiler; • combined heat and power system (CHP), • solar PVs; and • loft insulation 	Initial Cost Estimate £275,000 Revised Cost Estimate £302,877
3	Installation of publicly accessible Wifi in Penicuik Town Hall	Initial cost Estimate £30,000 Revised Cost Estimate £5,627
4	Public Realm and Access Improvements at the Entrance to Penicuik Town Hall This work will no longer be carried out under the TCCF project	Initial cost Estimate £165,000 Revised Cost Estimate £0
5	Public Realm works between Penicuik Town Hall and St Mungo's Church This work will no longer be carried out under the TCCF project	Initial cost Estimate £72,000 Revised Cost Estimate £0
Total Cost		£707,413
Total Budget		£707,413

5.5 The proposed changes will deliver significant stone and roof enhancements for the Town Hall. They will also deliver carbon and financial savings through an upgraded and more efficient heating and power system, partially powered by solar photo voltaic panels on the Town Hall roof. Determination of the planning and listed building applications have been delayed because the required bat survey of the building has not been undertaken due to the Covid-19 outbreak.

5.6 Changes to the scope of works for the project are as a result of the following:

- **Penicuik Town Hall Stone and Roof Enhancement** -The design team architects have indicated that additional budget is required to carry out

advisable works that were not apparent until detailed surveys had been completed

- **Installation of Renewable Energy Equipment in Penicuik Town Hall -**
The design team mechanical and electrical engineers after visiting site advised that the Town Hall boilers were beyond useful life and need to be replaced. The engineers advised that to maximise carbon and financial cost savings, the boilers and radiators should be replaced and a new combined heat and power system be installed. The combined heat and power system could be partially powered by an air source heat pump and solar photo voltaic panels. The initial application to TCCF in August 2019 sought funding for the installation of renewable energy equipment however the requirement to replace the boilers was not known at that time.
- On receipt of tenders there was insufficient budget available to provide the air source heat pump and new radiators. Additional budget in the region of £75,000 would have been needed to include these two elements in the project.
- **Public realm works -** the two areas of public realm enhancements originally included within the scope of the town hall project; access and footpath improvements at the entrance to Penicuik Town Hall and footpath improvements between Penicuik Town Hall and St Mungos Church, have been removed as a result of the increased costs associated with the Town Hall stone and roof enhancement and the installation of the renewable energy equipment in the Town Hall. The public realm was considered by the project team to be of less priority and importance than the stone and roof works and heating/renewable energy components.

5.7 The approved application was for significant refurbishment and enhancement works to be undertaken to ensure the building is accessible and sustainable, with a focus on replacement of external ramps to the front of the town hall to enhance the facility. The Midlothian Council led Penicuik Heritage Regeneration Project 2018-2023 will seek to identify alternative funding sources to undertake further public realm and access enhancements at the Town Hall.

5.8 The panel are satisfied that the revised proposals still meet the initial project outcomes which the application was initially scored on.

6. Reporting

6.1 Funding is received from the Scottish Government quarterly, in advance and this has been drawn down successfully. The Council complies with the monitoring and reporting requirements, making returns to the Scottish Government as requested.

6.2 On acceptance of grant award conditions, the Council provided each project with 50% of their grant allocation to enable projects to get underway. The Council pays applicants following satisfactory return of progress reports and evidence of invoices paid.

6.3 Reporting and audit requirements align with the Council's existing Large Grant Scheme which has been subject to review from the Council's Internal Audit Team.

6.4 The project timescales were revised by the Scottish Government in February 2020. Although it is not anticipated that funding will be allocated beyond the original timescale of September 2020, this is welcomed should any project

suffer delays due to Covid-19, it is expected that all projects will be delivered within the revised timescales.

- 6.5 The revised deadlines from the Scottish Government provide sufficient time for all projects awarded funding from Midlothian's allocation of the Town Centre Capital Fund to be delivered but any funding not spent by September 2021 may be reclaimed by the Scottish Government.

7. Resource

- 7.1 The management and reporting of this fund will continue to be led by the Council's Economic Development Service in close liaison with Council colleagues. The existing officer group will continue to meet throughout the duration of project activity to ensure projects remain supported throughout delivery and reduce risk of underspend. A representative from the Council's Finance team is also participant to ensure robust financial monitoring.

8. Risk

- 8.1 The fund is time limited and whilst this has been extended by the Scottish Government in late February 2020, all spend must be committed by March 2021 and all works completed by September 2021. Unspent funds may be reclaimed by Scottish Government after this time. Given projects progress to date, extended deadline and robust management of the fund by the panel, the risk has been minimised.
- 8.2 Deliverability is monitored on a monthly basis; each project reports on detailed timescales and milestones within their project delivery plan. Any potential risks are therefore identified at an early stage with any remedial actions undertaken as required.
- 8.3 The project board will monitor in relation to extenuating circumstances caused by the COVID-19 pandemic, and seek guidance from the Scottish Government as required. It is not at this stage anticipated that delays will extend significantly beyond the original timeframe for financial drawdown. The extension of one year is anticipated to be adequate at this juncture, and will continue to be monitored by the board should this change.
- 8.4 All projects are underway and making good progress. Following approval by Council on 1 October 2019, the project team has the ability to redistribute funds within the existing approved projects in order to add value where required.
- 8.5 The risk to the Penicuik Town Hall project is in relation to the planning and listed building permissions which have not yet been approved. Should a bat survey determine there are bats present, this could have a detrimental impact on permissions and delay the roofing/ stonework elements. However, plans will be put in place to ensure the roofing/ stonework elements of the project can be carried out around any findings from the survey with a view to ensuring necessary permissions are granted.

APPENDIX A

A.1 Single Midlothian Plan and Business Transformation

- ☐ 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

A.2 Key Priorities within the Single Midlothian Plan

Funding is directly aimed at supporting the regeneration of Town Centres which is a key priority under the Sustainable Growth theme of the Single Midlothian Plan.

Monies will directly fund projects which support place based economic investments which encourage town centres to diversify and flourish.

All projects have been assessed in line with the priorities of the Single Midlothian Plan. Within each recommended project, the applicant has demonstrated the link with one or more of the local priorities of reducing inequalities in Health, Learning or Economic Circumstance and/or the priorities within their local neighbourhood plan.

A.3 Impact on Performance and Outcomes

The funding has the potential to have significant impact on a range of economic outcomes within the Single Midlothian Plan. A robust monitoring system will be established in order to capture and report on this.

The fund has the potential to increase the attractiveness of Midlothian's town centres as a place to visit, work, live or invest in by providing services within towns and improving the connectivity to and between towns.

It offers opportunity to support the national inclusive growth agenda through: helping to support, attract or secure employment opportunities and/or public services within our towns.

A.4 Adopting a Preventative Approach

Successful town centres are a key component of a thriving local economy and part of the Scottish Governments Inclusive Growth agenda. Having a vibrant and successful local town centre can help deliver key services, provide employment opportunities, attract tourism and encourage investment, all which has a positive impact on the local economy and its people.

A.5 Involving Communities and Other Stakeholders

The opportunity to submit project proposals for this fund was an open and transparent process supported by a communication strategy.

A total of 28 proposals were received and considered from communities, third sector, businesses and public sector groups. Approved projects are those that best fit with the fund guidelines, local priorities and that are deliverable within the timeframe.

Following a formal participation request from the Third Sector Interface, a representative from Midlothian Voluntary Action was involved throughout the project assessment stage. A representative from the Midlothian and East Lothian Chamber of Commerce represents business on the panel.

A.6 Ensuring Equalities

Projects were considered in line with fund guidelines which were developed aligned with local policy and priorities. This process was fully inclusive. Applicants were requested to demonstrate within their application that appropriate equality policies were in place.

A.7 Supporting Sustainable Development

The nature of this fund is to support sustainable development and investment within Midlothian town centres. Project sustainability was a key criteria within the application process to ensure project viability.

A.8 IT Issues

No IT Issues apparent at this stage.

Capita Housing Upgrade/Migration to Hosted Platform**Report by Kevin Anderson, Executive Director, Place****Report for Decision****1 Recommendations**

That Council:

1. Note the assessment carried out and that Capita ONE Housing hosted SaaS is considered to represent the best value solution.
2. Approve an increase in the HRA expenditure budget for 2020/21 of £284,000 and note that future year budgetary impacts will be reflected in the HRA budget development process for the years in question.

2 Purpose of Report/Executive Summary

The purpose of this report is to set out the rationale for upgrading the Capita Housing (Academy) system and moving it to a hosted, Software as a Service (SaaS) model to gain efficiencies for Council staff while delivering a customer-centric service.

It outlines:

- The business, operational and financial implications of selecting a hosted SaaS platform.
- The budgetary implications for upgrading this application and the actions necessary to provide for this.

Date**Report Contact:**

Name Kevin Anderson Tel No 0131 271 3102

Kevin.anderson@midlothian.gov.uk

3 Background

3.1 One of the Council's core business applications, Capita Housing (commonly known as Academy) will reach end of life by March 2021.

The Academy system is fundamental to the delivery of a range of Housing Services, including tenancy management and Homelessness. It provides business critical case and knowledge management functions for these services without which they cannot operate. Data from the system also drives Key Performance Indicator reporting and is provided to other agencies such as the Scottish Housing Regulator.

3.2 Technology

Academy is currently hosted 'on premise', using a traditional internally owned server architecture, which has associated financial and personnel resource implications. Like all of our major on premise business applications, it requires intervention to patch and maintain the hardware, operating systems and the application itself. It also comes within our Public Services Network (PSN) remit.

As part of our Digital Strategy we have been making a conscious move to migrate business applications to hosted Software as a Service (SaaS) if business and technical requirements are met. This also reflects the wider industry shift to SaaS as the future delivery model of business applications as advances in, and availability of, cloud technologies provide an opportunity to a move away from a traditional 'on premise' solution and consider the adoption of a SaaS model.

Several recent system implementations have been procured as SaaS solutions including: Legend Leisure Management; Civica Icon; Astech Committee Management System; Idox; ParentPay; Mosaic; Online School Payments; and ServiceNow.

3.3 Options

Council officers have considered the following options available:

- a) Go to market and procure a Housing application via open tender process. This would not be able to be progressed within the timescales available and would leave Midlothian Council exposed to the risk of using an unsupported Housing application. It would also bring the potential for the need to make wider and substantial changes to the Council's business processes and require additional development for interfaces to other applications.
- b) Upgrade on current Midlothian infrastructure to Capita OPEN Housing. Capita have advised that this version of their Housing application will likely be de-supported in 2022/2023 and so represents too short term a solution.
- c) Upgrade/Migrate to Capita ONE Housing application – this is only available as a hosted SaaS model.

Council officers consider option C to offer best value moving forward as outlined below.

3.4 Hosted Solution

Capita have provided a five year proposal for hosting Capita ONE in their secure cloud environment. This includes hardware, operating systems software, application software, maintenance and support. The company would also be contractually committed to meeting all PSN and other security compliance targets, as an opportunity cost benefit to the Council in addition to the undernoted key benefits.

3.5 Key Benefits

- Capita ONE Housing provides options for a chosen Housing Allocation model.
- The prospective integration with other Capita systems already in place across the Council.
- Fixed, known annual costs over a five year period to cover all of Midlothian's hardware, software and storage requirements.
- Wider availability of a solution to staff working offsite, increasing the benefits of flexible and mobile working.
- System upgrades are performed when it is convenient for the Service and outwith business hours, eliminating downtime for Midlothian staff and customers.
- More frequent upgrades aid us in meeting changes to legislative requirements and offer a better user experience for services.
- Meets the Council's strategic aim of moving business applications to a hosted environment.
- Managed monitoring of hardware issues by a designated team.
- Reduces the need for future capital expenditure on local infrastructure.
- Full 24 hour x 7 days support.
- Full system resilience - in the event of the main servers becoming unavailable the vendor can move Midlothian onto back-up hardware swiftly.
- Reduces the requirement for internal support of hardware and software.
- Infrastructure and application compliance are provided by the vendor in a secure environment in line with best practice.

- Scalability of solution to meet future system growth is assured.
- Consistent provision of the latest software release maximises potential use of the platform.

3.6 Procurement

It is proposed that this contract would be awarded via the G-Cloud framework provided by the Crown Commercial Service.

3.7 Shared Services

In the context of potential joint working or partnership opportunities with other local authorities; it should be noted that Scottish Borders Council (SBC) completed a housing stock transfer a number of years ago so do not operate as a Social Housing landlord. SBC therefore have no requirement for a Housing management application.

4 Report Implications (Resource, Digital and Risk)

4.1 Resource

Upgrade/migration to Capita ONE SaaS represents a significant piece of work therefore full Project Governance and Management is required.

Staff from Housing Services, Digital Services, Business Applications and Finance will be required for the Project Team and this will be met from existing staffing budgets.

There is a requirement for a dedicated Project Manager and this is reflected in the implementation costs below. The project management resource required reflects the size of the implementation and has to complement the resources deployed by the supplier. This project could not be managed from within existing resources alongside other priorities.

Senior Officers will be required for the Project Board, which will be chaired by either a Chief Officer or Director.

Overall Costs

Revenue

Table 1 – Additional Impact on Revenue Budget

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Capita ONE SaaS	£55,830	£55,830	£55,830	£55,830	£55,830	£279,150
Additional 3 rd party Software Licences	£31,000	£0	£0	£0	£0	£31,000
Project Implementation	£159,300	£0	£0	£0	£0	£159,300
Project Management	£37,800	£0	£0	£0	£0	£37,800

Implementation of the proposed solution will require an increase in the HRA expenditure budget for 2020/21 of £284,000. This is reflected in the HRA financial report elsewhere on today's agenda. Future year budgetary impacts will be reflected in the HRA budget development process for the years in question.

4.2 Digital

Digital Services, Business Applications and Housing have clearly identified the benefits that Capita ONE Housing SaaS will have in continuing to support critical service delivery and in providing a platform to improving service delivery, for example supporting the effective delivery of choice based letting.

4.3 Risk

All hosted SaaS solutions carry some inherent risks.

- Dependence on the suppliers for all elements of service will require effective contract management to maintain compliance and avoid degradation in performance.
- A remotely located service is entirely dependent on a resilient connection from Midlothian networks to the internet. Our internet connection has not suffered significant downtime in over 5 years.
- End of contract off-boarding to an alternative supplier will need to be effectively represented in our contract to ensure that Midlothian has the flexibility to move to alternative applications at a later date.

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

An EqIA has not been carried out for this report as there is no change to deliver the same service to customers and the community.

4.5 Additional Report Implications (See Appendix A)

See Appendix A

Appendices

Appendix A – Additional Report Implications

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

The recommendations will support:

- The management of additional affordable housing.
- The management of homelessness and those threatened with homelessness.
- The Strategic Housing Investment Plan.

A.2 Key Drivers for Change

Key drivers addressed in this report:

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

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

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

A.4 Delivering Best Value

Based on the options appraisal, adoption of a SaaS approach is recommended on the following basis:

1. It provides a stable and more consistent and effective service to staff and clients.
2. Moving to a SaaS solution increases resilience and removes exposure to price increases for what is a business critical application.
3. Moving to a SaaS solution secures dedicated digital skills from the supplier, including 24/7 x 365 support.

A.5 Involving Communities and Other Stakeholders

The vision for customer services cannot be implemented as this supporting technology is not fit for purpose as the present housing service system has reached end of life and cannot be developed.

This upgrade and migration to a hosted system allows a redesign of how we deliver services to our customers, who derive community benefits of excellence and modernity. Redesign of services will gain efficiencies for Council staff while delivering a customer-centric service.

Internal stakeholders have been consulted during the preparation of this report.

A.6 Impact on Performance and Outcomes

The adoption of Capita ONE Housing SaaS will improve overall system performance and deliver consistent and reliable services to Midlothian residents and staff. This will also ensure equality and sustainability for the next five years.

A.7 Adopting a Preventative Approach

Not applicable

A.8 Supporting Sustainable Development

Moving business applications to a hosted platform will, cost differences aside, always be beneficial to Midlothian Council as outlined above.

Homelessness Update**Report by Kevin Anderson, Executive Director - Place****Report for Decision****1 Purpose of Report/Executive Summary**

This report presents Midlothian Council's Rapid Rehousing Plan which was submitted to the Scottish Government on 30th June, 2020 and provides updates on legislative change introduced by the Homeless Persons (Unsuitable Accommodation) (Scotland) Amendment Order 2020. This report also provides further information on proposals in respect of the planned supported accommodation services at Jarnac Court, Dalkeith and the former Loanhead Police Station.

2 Recommendations

Council is recommended to:

- (a) Note the Rapid Rehousing Transition Plan submitted to the Scottish Government on 30th June, 2020, including the legislative change introduced by the Homeless Persons (Unsuitable Accommodation) (Scotland) Amendment Order 2020.
- (b) Approve additional funding required to refurbish the former Loanhead Police Station.
- (c) Identify and approve a preferred option in respect of external enhancement works to the external fabric at Jarnac Court, Dalkeith and approve additional funding required to upgrade the roof.

Date: 13 July 2020

Report Contact: Simon Bain, Housing Services Manager

email: simon.bain@midlothian.gov.uk

tel: 0131 271 3161

3 Background

Rapid Rehousing Transition Plan

- 3.1 The Homelessness and Rough Sleeping Action Plan (HARSAG) was set up by Scottish Government in October 2017 to produce short and long term solutions to end homelessness and rough sleeping. A key recommendation from HARSAG was the transition to a Rapid Rehousing approach.
- 3.2 Each local authority was required to develop a costed Rapid Rehousing Transition Plan (RRTP) over a planned phase of 5 years to 2023/24 for submission to the Scottish Government in December 2018. The plan is required to be reviewed annually, with an update submitted to Scottish Government on 30th June 2020.
- 3.3 Local authorities were encouraged to be ambitious in their plans with a view to receiving funding to support delivery of actions under the RRTP. Midlothian has so far received £310,000 for 2019/20 and 2020/21 which was based on the number of homeless presentations to the Council during the previous 3 years. Funding for future years is still to be agreed.
- 3.4 Midlothian Council's RRTP was given approval at Council on 18th December 2018. This set out a vision the by 2024:
"An increased number of homeless households will obtain permanent accommodation, no homeless household will be accommodated in bed and breakfast accommodation, and the average time taken for the Council to complete its homeless duty will have halved from 105 to 52 weeks."

The following key actions were identified to support this vision:

- Increasing the supply of affordable housing in Midlothian.
- Revise Midlothian Council's Housing Allocation Policy to address the backlog of homeless households already in temporary accommodation, and reduce the time taken to house homeless households in the future.
- Seek alternative models of temporary accommodation to reduce the need for bed and breakfast accommodation.
- Ensure homeless households are supported to access a wide range of housing options, including the private rented sector.
- Develop a 'housing first' approach in Midlothian to house homeless households with complex needs.

The RRTP attached as Appendix A shows how Midlothian Council will continue the work undertaken to deliver the above actions during 2020/21 and explains how Midlothian Council will address the next phase of its approach to transforming the services provided to those in housing need, including compliance with the Homeless Persons (Unsuitable Accommodation) (Scotland) Amendment Order 2020. Section 4 sets out Midlothian Council's priorities for 2020/21 to

2023/24. Section 5 sets out the resources required to effectively deliver these activities.

Homeless Persons (Unsuitable Accommodation) (Scotland) Amendment Order 2020

The RRTP has been amended and updated to reflect a key change in legislation. The Homeless Persons (Unsuitable Accommodation) (Scotland) Order 2004 has been further amended by the Homeless Persons (Unsuitable Accommodation) (Scotland) Amendment Order 2020. This means that local authorities must not place any household experiencing homelessness in accommodation deemed unsuitable for more than 7 days. Previously, the requirement only applied to pregnant women and households with dependent children. The revised law includes a time limited exception which allows for the continued use of bed and breakfast during the Covid pandemic period if that would allow households to self-isolate to stay safe and adhere to social distancing guidelines. This exception expires on 30th September 2020, commensurate with other Coronavirus legislation and may be further extended.

The Council is required to report any breaches of the Unsuitable Accommodation order to the Scottish Government and this is closely monitored by the Scottish Housing Regulator (SHR). The SHR uses Scottish Government statistics on the number of breaches, along with a number of other statistics, to carry out an annual risk assessment of the housing services provided by Midlothian Council.

On average Midlothian Council will have approximately 46 households in bed and breakfast type accommodation. Around 40 of these will be single people in accommodation that is likely to be deemed unsuitable once the full guidance is published. In addition to this, there may be up to 6 families (households with either dependent children or a pregnant person) in self-contained studio accommodation. While this is not considered to be unsuitable in terms of the UAO, the cost of using this type of accommodation is significant.

Former Loanhead Police Station

The former Loanhead Police Station is an important project identified as supporting Midlothian Council's Rapid Rehousing Transition Plan specifically in relation to reducing the use of bed and breakfast accommodation. This project is scheduled for completion in May 2021.

In May 2019 Midlothian Council approved plans to purchase and convert this building for use as temporary accommodation for 7 homeless service users with no or low support needs. At this time, Midlothian Council's Construction and Design Team estimated the cost of works in connection with refurbishing the building as £350,000.

In May 2020 a new Design Team was appointed to project manage, develop the design and provide detailed costing for the proposed works. With the appointment of a new Design Team to the project it has identified costs not previously foreseen in the original Cost Plan. This has mitigated risk management with the inclusion of likely and potential items. The assessment is that the project could not be met within the existing budget of £350,000. This is partly due to revised planning and building standards conditions which had not been anticipated during the initial cost estimate. As there is a change of use from commercial to residential, building standards apply as if the building was being built as new.

Appendix 2 highlights differences in costs between those contained in the May, 2019 Cabinet Report and the updated Cost Plan. In overview, the original budget costs were based on a cost per m2 basis which was appropriate at the time given the early stage of the project and the outline nature of the designs, whilst the current Cost Plan more fully represents the overall development costs. The revised cost of refurbishment is £650,000, with the potential to cost less than this due to the current level of uncertainty for some items as referenced in Appendix 2.

Key elements which have significantly increased the cost include:

- Thermal and acoustic improvements to meet statutory requirements.
- Sprinkler installation to satisfy the Council's policy.
- Additional survey to existing building and allowance for structural alterations and repairs arising, particularly with regard to chimney demolitions.
- Provisional allowance for upgrading existing mains utilities to suit change of use.
- Relocating the CCTV hub.

The revised cost of the refurbishment works and the annual cost of running the establishment will require to be met from the Housing Revenue Account Capital Plan. Long-term financial modelling demonstrates that the Housing Revenue Account Capital Plan can sustain this additional cost.

Jarnac Court

Midlothian Council's RRTP includes plans to convert the former office building in Dalkeith to be used as temporary accommodation. An updated proposal was given approval by a meeting of the full Council on 17th December 2019. These plans see the building used as support accommodation for at least ten years providing supported accommodation for 22 households.

At this meeting of the Council, elected members requested costed proposals be prepared regarding the external enhancement works to

the external fabric for consideration. The following four options have been prepared and are presented for consideration:

Option 1

Do not undertake external enhancements

Option 2

Cleaning stone panels only – estimated construction cost £180,000 (excluding VAT).

Option 3

Cleaning stone panels and capping frame – estimated construction cost £222,000 (excluding VAT).

Option 4

Remove and re-clad the external envelope – estimated construction cost £250,000 (excluding VAT).

The above costs do not include for the structural concrete repairs or window replacement as these are already included in the internal alteration project.

Appendix 3 provides a visual presentation of the above options for consideration and seeks members views on which option should now be progressed.

Given the age of the building there was a risk highlighted of further unforeseen costs. During the development of the scheme design the Architect has advised that the roof waterproofing appears to be overlaid on a previous membrane. Due to this and the limitation on the height of the upstands at the roof edges it is not possible to overlay sufficient insulation and apply another waterproofing layer to the existing roof finish. Furthermore the floor to ceiling height of the 2nd floor is insufficient to allow the necessary insulation and a ventilation void to dissipate the condensation below the roof slab.

There is no allowance in the costed scope of works for replacement of the roof waterproofing as with a 5 year envisaged life it was not considered that this would be needed. Due to the limitations on the existing building it is not advisable to further overlay waterproofing on the existing membrane and professional advice is that the roof should be stripped back to the to the slab and a new membrane applied.

The estimated construction cost is £210,000 (excluding VAT). The revised cost of the refurbishment works and the annual cost of running the establishment will require to be met from the Housing Revenue Account Capital Plan. Long-term financial modelling demonstrates that the Housing Revenue Account Capital Plan can sustain this additional cost.

4.1 Resource

The provision of funding for the development of additional temporary accommodation was approved by Council in February 2018 as part of proposals set out in the Housing Revenue Account – Rent Setting Strategy 2019/20 – 2021/22 Report.

4.2 Digital

None.

4.3 Risk

Jarnac Court and the former Loanhead Police Station are key projects identified as supporting the RRTP specifically in relation to reducing the use of bed and breakfast accommodation, and not progressing with the use of these buildings mean an unachieved reduction in expenditure on bed and breakfast accommodation that is proposed for 2020/21 onwards.

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

The content of the RRTP was considered under the Council's Integral Impact Assessment process and this is provided as Appendix 4.

4.4 Additional Report Implications

Appendices

Appendix 1 - Rapid Rehousing Transition Plan

Appendix 2 - Cost variation – former Loanhead Police Station

Appendix 3 - External enhancement options – Jarnac Court

Appendix 4 - RRTP Integral Impact Assessment

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Provision of increased supported accommodation will improve the quality of life for homeless households and reduce the gap in health outcomes.

A.2 Key Drivers for Change

Key drivers addressed in this report:

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

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

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

A.4 Delivering Best Value

The proposed use of Jarnac Court and former Loanhead Police Station during at least the next 10 years reduces the financial burden on the Council in respect of significantly reduced spend on bed and breakfast placements.

A.5 Involving Communities and Other Stakeholders

Internal consultation has taken place with Finance, Planning Environmental Health and Building Control services. A community consultation exercise has been carried out in respect of Jarnac Court and this is planned for the former Loanhead Police Station.

A.6 Impact on Performance and Outcomes

The RRTP sets out an ambitious plan to transform services provided to homeless households in Midlothian, subject to annual review by Scottish Government.

A.7 Adopting a Preventative Approach

Provision of increased supported accommodation ensures that homeless households are accommodated in higher quality and more appropriate accommodation than bed and breakfast provision. Addressing the needs of homeless clients will assist in moving the balance of services and resources into preventing the need for longer term or crisis support

A.8 Supporting Sustainable Development

The proposed use of Jarnac Court and former Loanhead Police Station during at least the next 10 years reduces the financial burden on the Council; and ensures that effective use of vacant buildings is ensured resulting in a sustainable use of Council assets. This is achieved whilst not precluding the potential to redevelop Dalkeith town centre to provide further permanent affordable accommodation.

Appendix 2

Loanhead Police station Outline Developmental Cost Plan Budget Costs Variance Analysis 30 June 2020

VARIANCE ANALYSIS

ITEM	ORIGINAL BUDGET COST	CURRENT BUDGET COST	VARIANCE	EXPLANATION
BASIC REFURBISHMENT COSTS				
Costs to reflect change of use/ refurbishment of existing building to residential accommodation; costs based on a £ per m2.	£271,200	£262,350	-£8,850	Still 7 Nr units but the housing mix has changed; slight reduction in m2 rate. The m2 rate utilised for the original costing exercise was a refurbishment rate of £1200/m2. This would not appear unreasonable.

ADDITIONAL ALLOWANCES

Allowance for thermal & acoustic improvements to meet statutory requirements	£0	£59,625	£59,625	Further design development has highlighted the need for enhanced thermal and acoustic requirements to the building fabric. The original cost was based on an assumption that the existing property could be refurbished with minimal work required to the existing building fabric. Initial sketch layout plans and surveys had not highlighted that updated Building Regulation requirements with respect to energy in particular would be required. Additional costs to improve the acoustics were also unforeseen.
Allowance for sprinkler (NOT mist) installation to satisfy MLC policy.	£0	£40,000	£40,000	Further design development has highlighted this requirement. The original cost estimate was prepared at a time when the decision to implement sprinklers on all Council flatted properties had not been formally implemented. The format of the system has still to be technically resolved (i.e. sprinklers or mist system)
Allowance for soft landscaping	£0	£1,000	£1,000	Client requirements more developed through on-going dialogue require some minor landscaping works to be carried out externally.
Kitchen and Laundry white goods.	incl	£3,400	£3,400	Costs deemed included in original 'Basic Costs'

Allowance for forming external door opening to single storey building, including potential lobby provision.	£0	£10,000	£10,000	Further design development has highlighted this requirement. The original initial sketch plans were based on site walk round and alteration of existing floor plan drawings. Following more detailed site survey floor level measurements created unforeseen design complications not covered in the original cost.
Allowance for surveys to existing building	£0	£20,000	£20,000	Structural report highlights further investigations required. This is an allowance only. Exact quotes for these surveys are still tbc and may come in below what has been budgeted here.
Allowance for potential works arising from surveys above.	£0	£20,000	£20,000	Structural report highlights further investigations required. This is a risk allowance and may not be required dependant on the results of the survey.
Allowance for structural alterations/repairs, particularly with regard to chimney demolitions	£0	£50,000	£50,000	Further design development has highlighted this requirement following more detailed site inspections from design team site visits. This work was not identified in the original engineer structural report available for the original costing exercise.
Allowance for relocating CCTV hub	£0	£15,000	£15,000	Further design development has highlighted this requirement. At the time of preparing the original budget cost the implications regarding CCTV were not fully known.

Provisional allowance for upgrading existing mains utilities to suit change of use	£0	£25,000	£25,000	Further design development has highlighted this potential requirement. Again this is a risk item for works which may potentially be required to improve the utilities supplying the building which has been raised as potential requirement by the utilities engineer.
Allowance for Statutory Fees	£0	£5,000	£5,000	A general allowance for the likes of warrant & planning fees should have been made in the original budget estimate.
Allowance for planning condition requirements to suit change of use (anticipated external upgrades)	£0	£10,000	£10,000	Further design development has highlighted this potential requirement
SUB-TOTAL	£271,200	£521,375	£250,175	
Add for inflation / contingency @ 10%	£27,120	£52,138	£25,018	the Contingency/Risk allowance of 10% is deemed reasonable
Allowance for professional fees - 14%	£41,765	£80,292	£38,527	the Design Team Fees allowance of 14% is deemed reasonable
TOTAL	£340,085	£653,804	£313,719	
SAY	£350,000	£650,000		

THIS DRAWING READ IN
CONJUNCTION WITH :

Option 01 A - Cleaning Stone Panels only

- A Stone Panels**
- 1- Water jet pressure wash
 - 2- Poultice cleaning treatment
 - 3- Soda blasting treatment
- B Concrete Frame -**
1. Repair of rebar and render
 2. check cementitious matrix condition with 3500 psi jet wash
 3. Apply degreaser
 4. Water jet Power wash (domestic pressure)
 5. Acid etch & thorough rinse
 6. Slurry coat
 7. Spatter coat and render
- C Timber Panels**
1. Sand back to sound timber
 2. Patch repair locally
 3. One under coat and 2 x topcoats or to manufactures recommendations , gloss paint (colour to match existing)
- D Windows**
1. Existing non-compliant windows stripped out
 2. Replacement UPVC double glazed windows

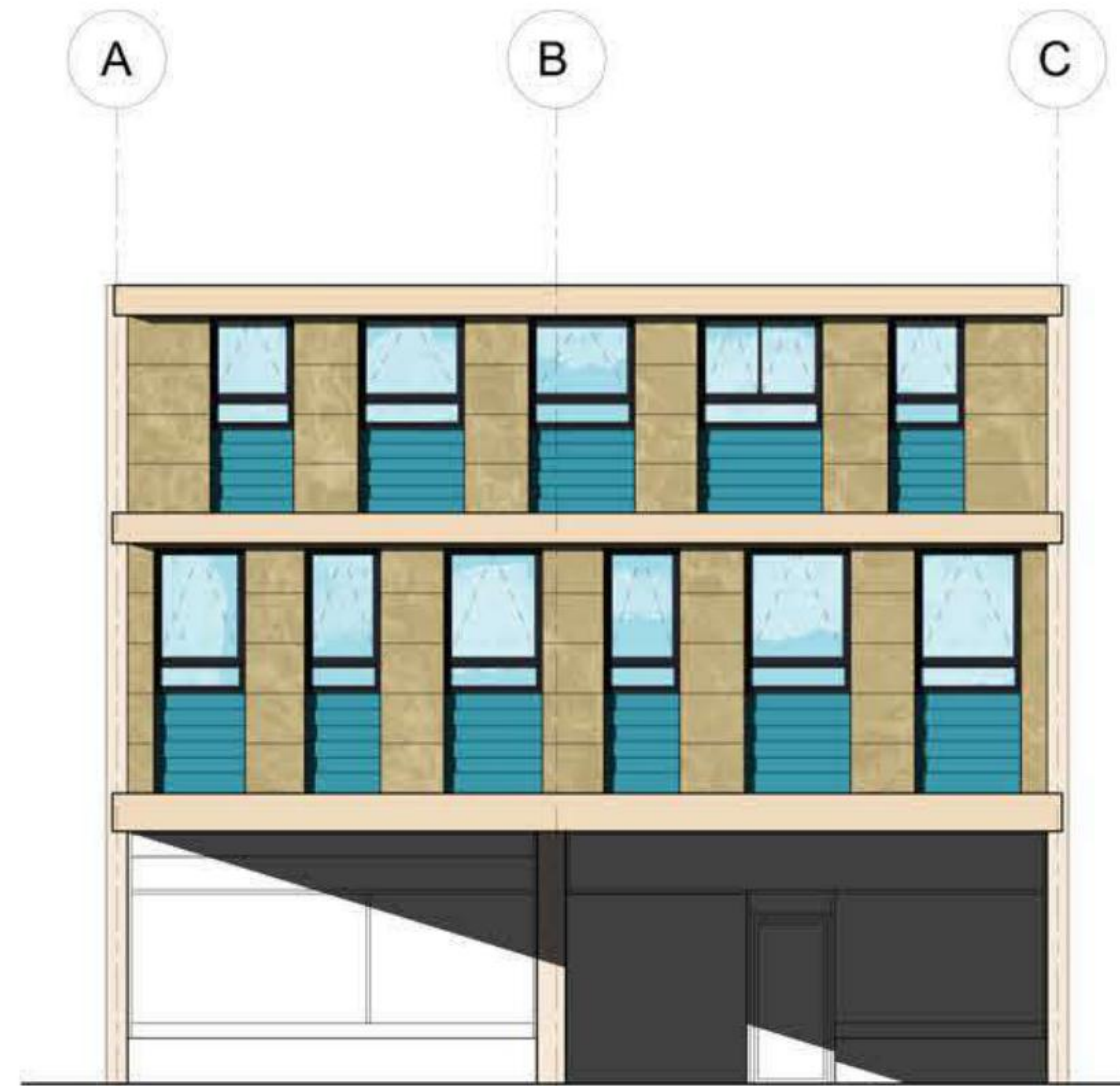
New Wall Linings

- 1 No. 12.5mm Severe duty durable plasterboard
- 25mm mineral wool insulation between treated timber battens
- Vapour control layer
- 12.5mm plasterboard
- 150mm metal stud framing
- 150mm Mineral wool insulation tightly packed between (thermal connectively of 0.034 W/mK)
- 10mm Calcium silicate building board
- Breather mebrane



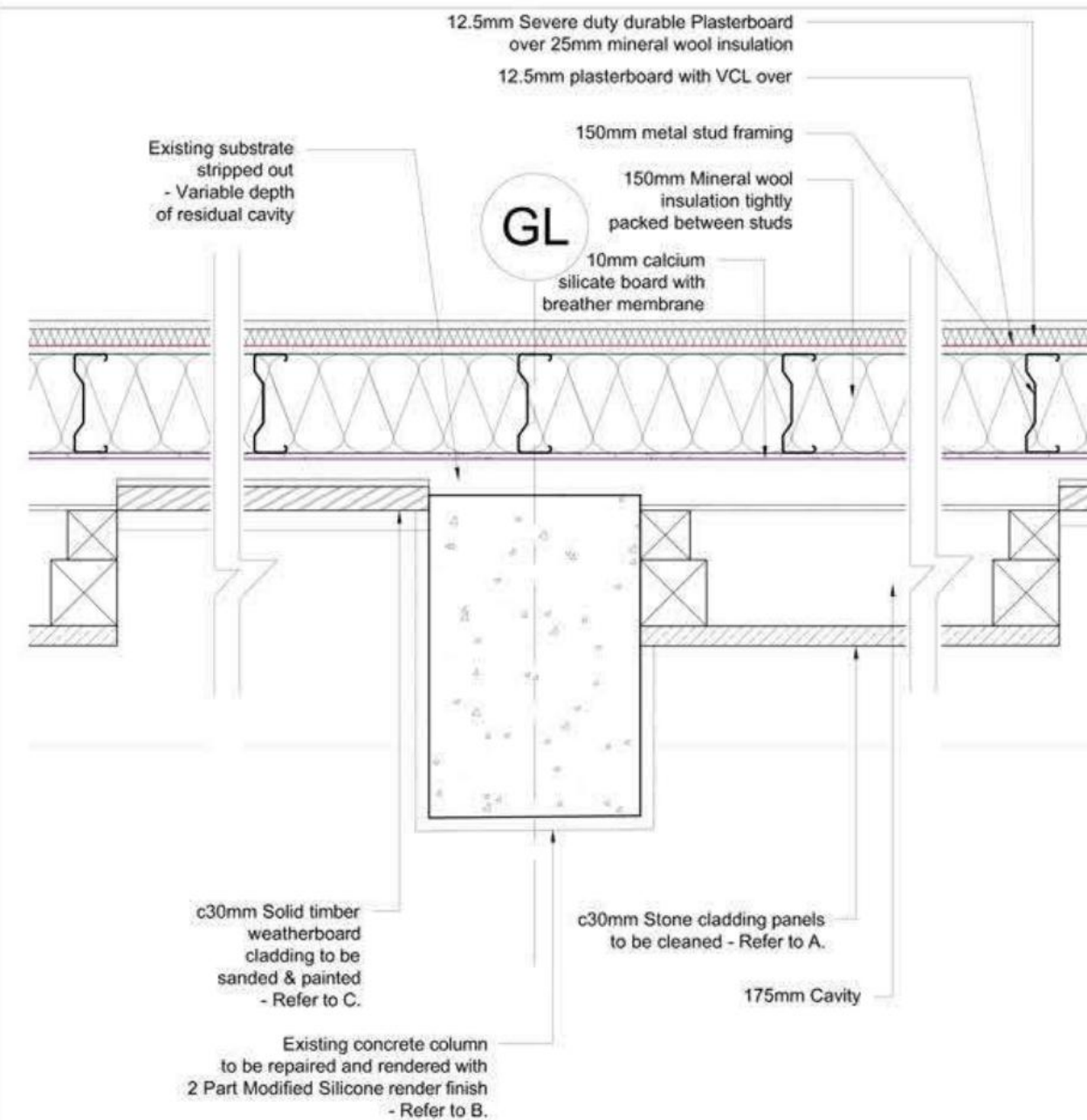
West Elevation - Option 01A

Scale 1:100 @ A2



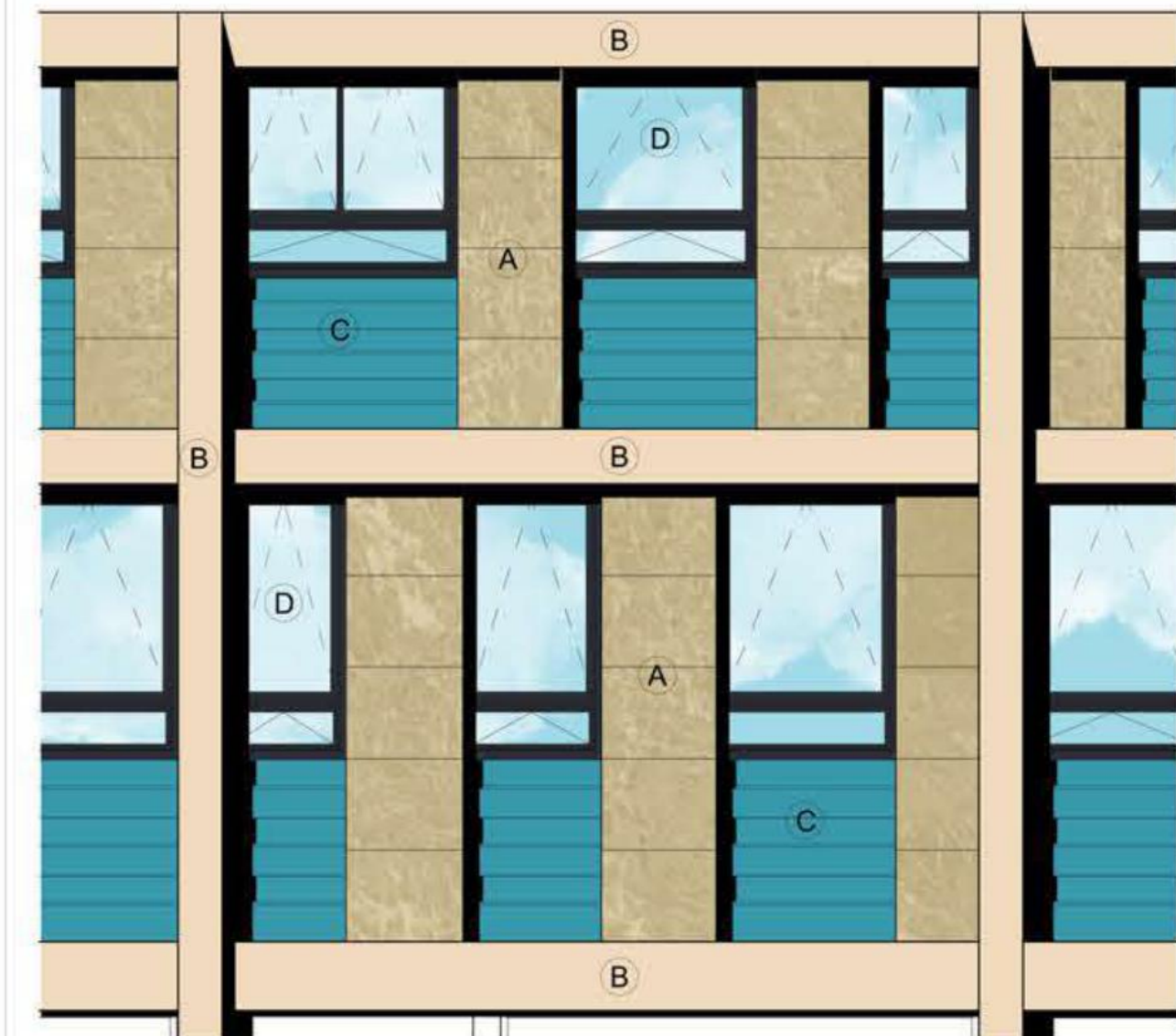
South Elevation - Option 01A

Scale 1:100 @ A2



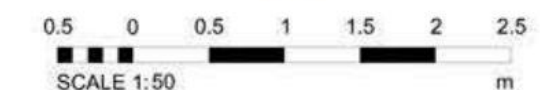
Plan Detail - Option 01A

Scale 1:10 @ A2



Detail Elevation - Option 01A

Scale 1:50 @ A2



Rev	Description	Date	Dr by	App by
SM				

AHR 110 Millers Building
11 Olympia Street
Glasgow
G40 3TA
Scotland
+44 141 345 2992

client
Midlothian Council

project
Jarnac Court

drawing
Indicative Elevations - Option 01 A

drawing number	scale	status
2018_00490.003	VARIES	@A2
drawing number	rev	issue status
L(21)101	+	INFO / PRICING

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THIS DRAWING READ IN
CONJUNCTION WITH :

Option 01 B - Cleaning Stone Panels & Capping Frame

- A Stone Panels**
- 1- Water pressure
 - 2- Poultice
 - 3- Soda blasting
- B Concrete Frame**
1. After repair of rebar and render
 2. Overcladding with min 2mm thick PPC Aluminium flashings on appropriate fixings - Colour to match existing
- C Timber Panels**
1. Sand back to sound timber
 2. Patch repair locally
 3. One under coat and 2 x topcoats or to manufactures recommendations , gloss paint - Colour to match existing
- D Windows**
1. Existing non-compliant windows stripped out
 2. Replacement UPVC double glazed windows

New Wall Linings

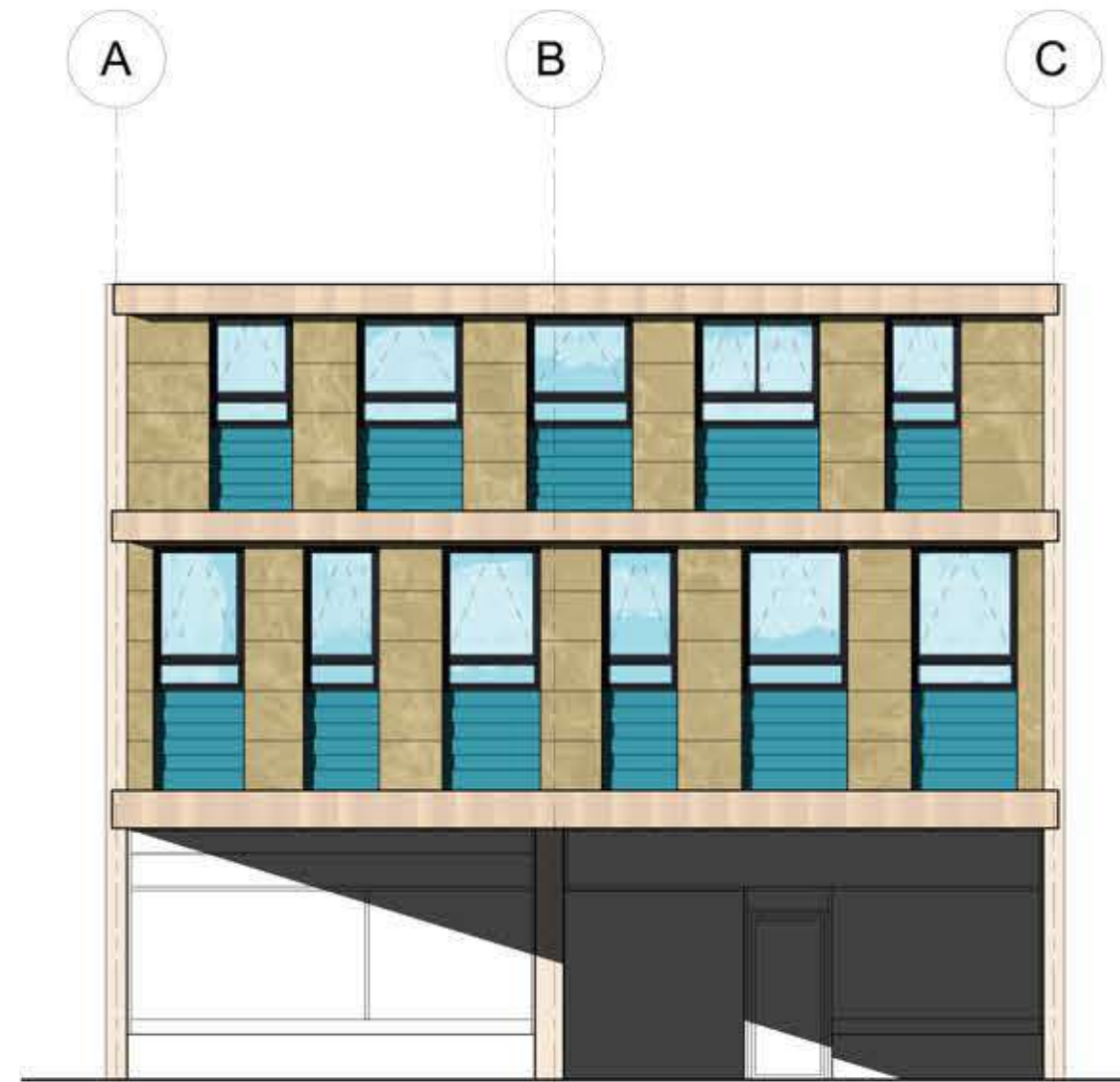
- 1 No. 12.5mm Severe duty durable plasterboard
- 25mm mineral wool insulation between treated timber battens
- Vapour control layer
- 12.5mm plasterboard
- 150mm metal stud framing
- 150mm Mineral wool insulation tightly packed between (thermal connectively of 0.034 W/mK)
- 10mm Calcium silicate building board
- Breather membrane



West Elevation - Option 01B

Scale 1:100 @ A2

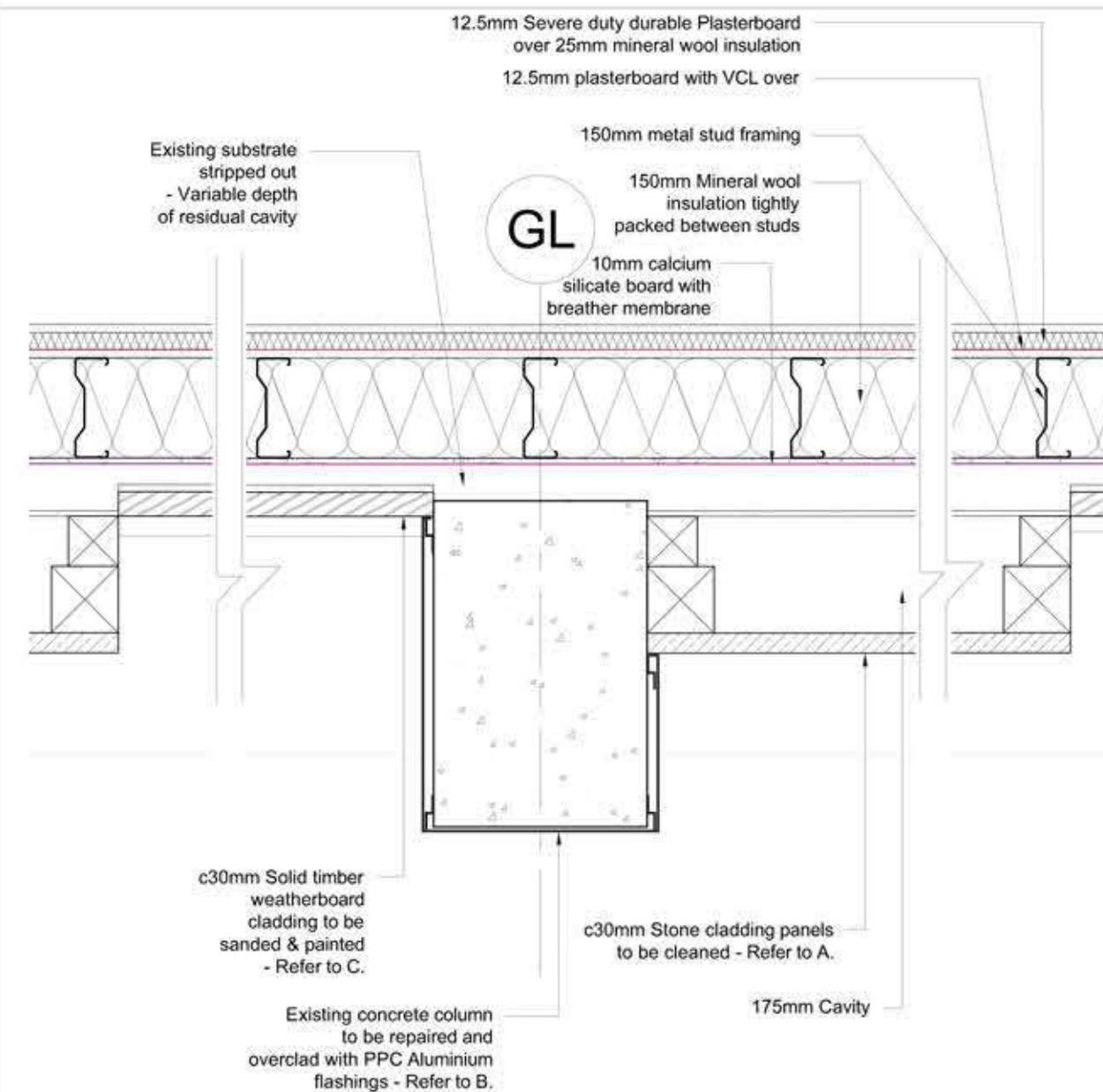
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SCALE 1:100 m



South Elevation - Option 01 B

Scale 1:100 @ A2

1 0 1 2 3 4 5
SCALE 1:100 m



Plan Detail - Option 01B

Scale 1:10 @ A2

100 0 100 200 300 400 500
SCALE 1:10 mm



Detail Elevation - Option 01 B

Scale 1:50 @ A2

0.5 0 0.5 1 1.5 2 2.5
SCALE 1:50 m

Rev	Description	Date	Dr by	App by
SM				

AHR 110 Miles Building
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client
Midlothian Council

project
Jarnac Court

drawing
Indicative Elevations - Option 01 B
PPC Existing Colour

Project number	Scale	Issue status
2018_00490.003	VARIES	@A2
Drawing number	Rev	Info
L(21)102 A	+	INFO PRICING

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Option 03 - Remove and Reclad external envelope

A Stone Panels - Removed and replaced with:

- 75mm treated timber horizontal counter battens
- 75mm treated timber vertical battens
- 12mm fibre cement render board
- 2 Part Modified Silicone render
- colour to match existing stone

B Concrete Frame - Overclad with:

- 50mm treated timber horizontal counter battens with mineral wool between and breather membrane over
- 50mm treated timber vertical battens
- 12mm fibre cement render board
- 2 Part Modified Silicone render
- colour to match existing concrete

C Timber Panels - Removed and replaced with:

- 75mm treated timber horizontal counter battens
- 75mm treated timber vertical battens
- 12mm fibre cement render board
- 2 Part Modified Silicone render
- colour to match existing timber

D Windows

1. Existing non-compliant windows stripped out
2. Replacement UPVC double glazed windows

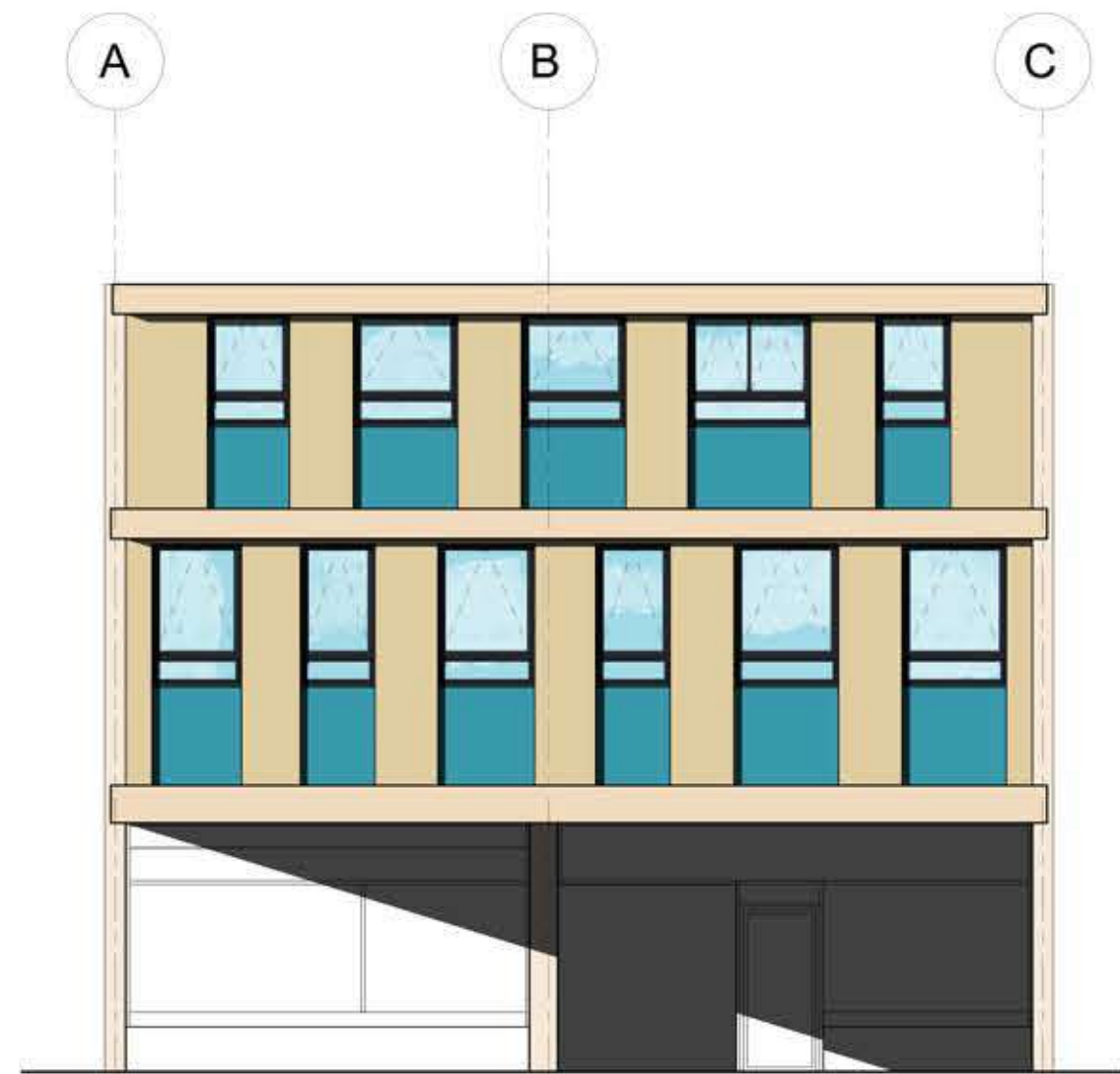
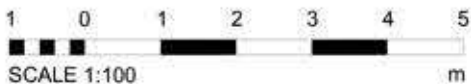
New Wall Linings

- 1 No. 12.5mm Severe duty durable plasterboard
- 25mm mineral wool insulation between treated timber battens
- Vapour control layer
- 12.5mm plasterboard
- 150mm metal stud framing
- 150mm Mineral wool insulation tightly packed between (thermal connectively of 0.034 W/mK)
- 10mm Calcium silicate building board
- Breather membrane



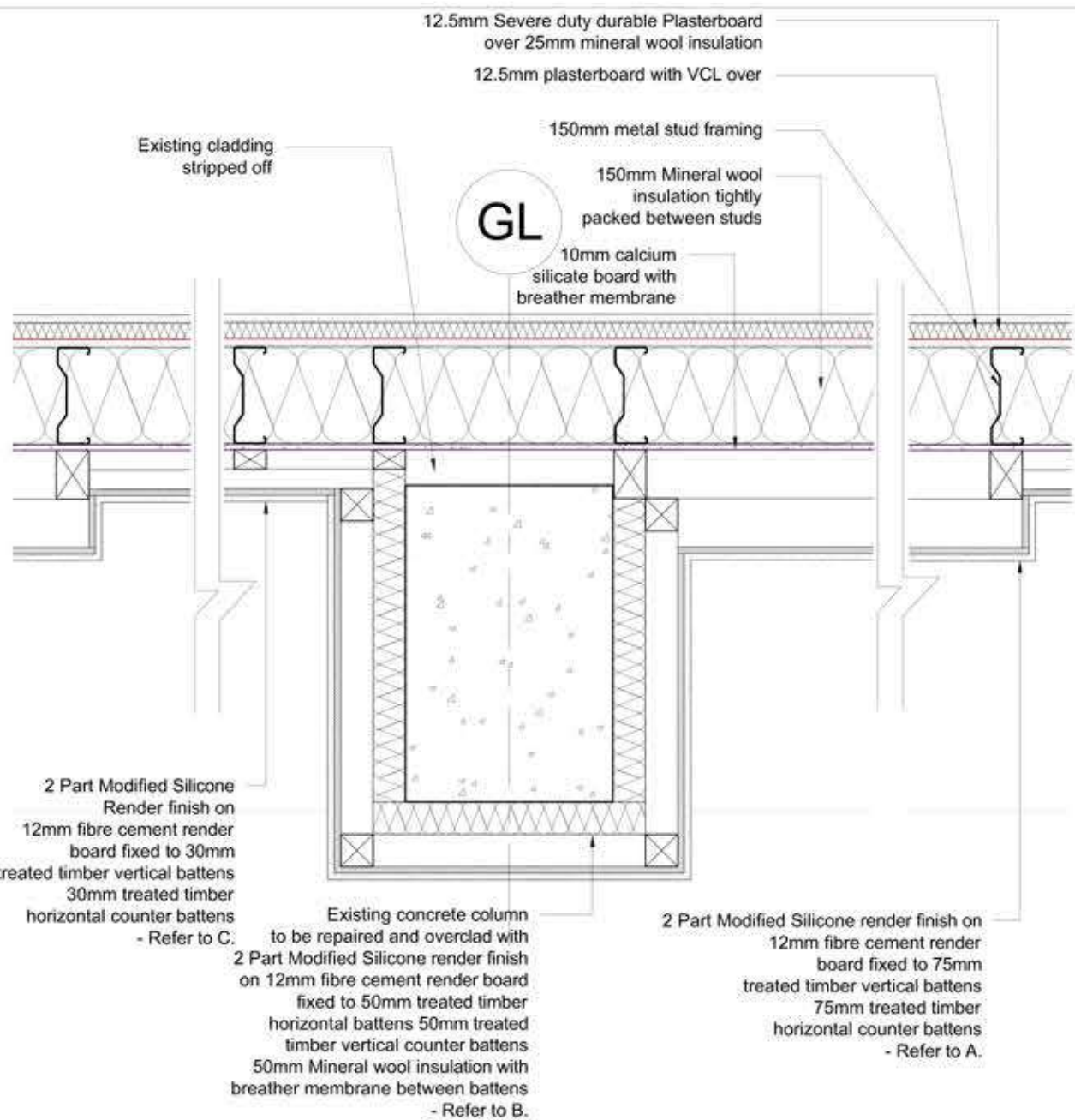
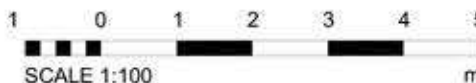
West Elevation - Option 03

Scale 1:100 @ A2



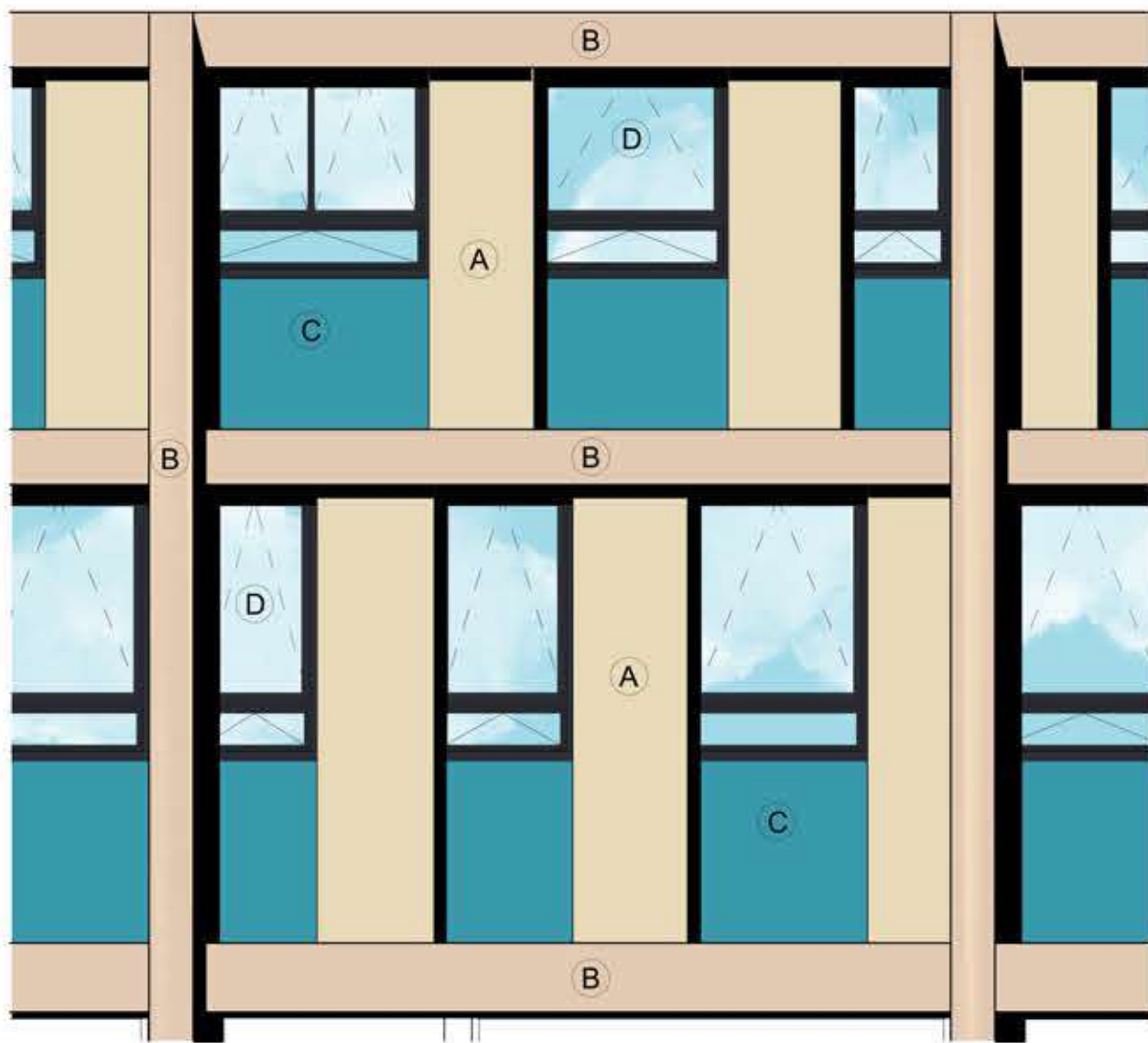
South Elevation - Option 03

Scale 1:100 @ A2



Plan Detail - Option 03

Scale 1:10 @ A2



Detail Elevation - Option 03

Scale 1:50 @ A2



Rev	Description	Date	Dr by	App by
SM	original by	date created		approved by

AHR
11 Olympia Street
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Scotland
+44 141 345 2992

client
Midlothian Council

project
Jarnac Court

drawing
Indicative Elevations - Option 03 A

Recladding - Existing Colours

project number	scale	status
2018_00490.003	VARIES	@A2
drawing number	rev	issue status
L(21)103	+	INFO PRICING

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Glencorse Primary School - Consultation**Report by Executive Director Children, Young People & Partnerships****Report for Decision****1 Recommendations**

Council is requested to authorise the Executive Director Children, Young People & Partnerships to undertake statutory consultation on the proposal to permanently discontinue primary education at Glencorse Primary School and to extend the catchment areas of the neighbouring primary schools to include the Glencorse catchment area.

2 Purpose of Report/Executive Summary

This report advises that Glencorse Primary School is no longer viable due to the falling roll and very small numbers of children attending. In light of the majority of parents not being in agreement with the option to mothball the school, this report advises the best course of action is to proceed without delay to statutory consultation on this proposal.

Date: 4 August 2020

Report Contact:

Sandra Banks, Resource Manager, Education

sandra.banks@midlothian.gov.uk

3 Background

The *Education (Scotland) Act 1980* places a legislative duty on the Council to make adequate and efficient provision of school education across its area. This duty applies in respect of both the current school population and anticipated pattern of demand.

Section 3D of the *Standards in Scotland's Schools etc. Act 2000* (as inserted by Section 2 of the 2016 Act) introduces a requirement on education authorities to carry out their duty to ensure the delivery of improvement in the quality of school education which is provided in the schools they manage, with a view to achieving the strategic priorities of the National Improvement Framework. It is, therefore, the duty of the education authority to ensure that the education it provides is directed to the development of the personality, talents and the mental and physical abilities of the children to their fullest potential.

In addition, Councils have a statutory duty to secure best value in terms of the *Local Government in Scotland Act 2003* by continuous improvement in performance of the local authority's functions, while maintaining an appropriate balance between quality and cost and having regard to economy, efficiency, effectiveness, equal opportunities and the achievement of sustainable development.

There are 73 primary-aged children residing in Glencorse Primary School catchment, however there are only 7 pupils currently attending Glencorse within one composite P4-P7 class. This is the third year where families have decided to make a choice other than Glencorse for their children who are starting primary school, as a result, the school has had no Primary 1 intake since 2017. Appendix C

Currently, there are around thirty schools with a school roll of 7 or less across Scotland's 2,010 primary schools, most of these are in very rural locations, including the Scottish islands. Glencorse, situated in the Penicuik settlement, 1.8 miles from Penicuik town centre, with four other primary schools within a 2 mile radius is not a rural school. Children from the Glencorse catchment area who attend other schools in this neighbourhood continue to benefit from education in a locality familiar to them, and still relatively close to home.

In June 2020 we held a virtual parental engagement meeting and subsequently wrote to parents offering them the option to mothball the school from October 2020 or June 2021 to allow time to develop and agree on the optimal solution for primary school provision for the Glencorse catchment and to defer undertaking statutory consultation. The majority of parents were not in agreement.

In these circumstances we consider that the best course of action is to proceed without delay to statutory consultation on the proposal to:

- Permanently discontinue the provision of primary education at Glencorse Primary School with effect from 25 June 2021, and

- Extend the catchment areas of the neighbouring primary schools, namely Bilston, Mauricewood, Roslin and Strathesk, to include the catchment area of Glencorse Primary School.

Curriculum for Excellence (CfE) sits at the heart of what Midlothian Council is committed to achieving in terms of raising attainment and achievement, and improving educational outcomes for all children. CfE is intended to nurture successful, effective, confident and responsible children, able to learn and utilise learning in a way that helps them reach their full potential and to respond to the increased variety and pace of change in today's and tomorrow's world. Whilst the Education Service recognises the quality of education provision currently offered it considers that the very small number of children attending Glencorse Primary School will benefit more from the wider range and breadth of learning experiences available to them within other learning environments and within a wider peer group at their age and stage. This will also ensure that the children will have parity of access to learning and opportunities offered within our larger establishments with the remaining children being placed at alternative schools of their choice.

Council is requested to authorise the Executive Director Children, Young People & Partnerships to undertake statutory consultation on the proposals:

- to permanently discontinue the provision of primary education at Glencorse Primary School, and
- to adjust the catchment boundaries of Bilston, Mauricewood, Roslin and Strathesk Primary Schools to incorporate the catchment area of Glencorse Primary School.

4 Report Implications (Resource, Digital and Risk)

4.1 Resource

There is no direct impact on resources resulting from the recommendation in this paper. However if the outcome of the consultation leads to the discontinuation of primary education at Glencorse there will be the following impact on resources.

The remaining pupils will be assigned places at their parents' choice of alternative neighbouring school, this can be accommodated without increasing the operating costs of those schools. There will however be a cost for transporting the children affected to and from school, where there is no safe walking route to school and/or the distance from home to school is more than two miles. Based on using a minibus, this cost is estimated at £120 per day or £22,800 for a school year.

Glencorse Primary School's staff will all be offered positions in other schools allowing a saving of the school's employee costs, which totalled £139,977 in 2019/20.

Savings on the school's running costs, which totalled £41,211 in 2019/20, can also be achieved dependant on decisions about the use of the building once primary education has been discontinued.

The school's 2019/20 operating costs are detailed in Appendix D.

4.2 Digital

None

4.3 Risk

This report addresses the risk to affording parity of access to learning experiences for all Midlothian pupils and the risk that the Council does not deliver best value.

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

This report does not recommend any change to policy or practice and therefore does not require an Equalities Impact Assessment. An Equalities Impact Assessment will be carried out and published as part of the consultation process.

4.4 Additional Report Implications

None

Appendices

Appendix A – Additional Report Implications

Appendix B – Consultation Timeline

Appendix C – Glencorse Primary School Rolls

Appendix D – Glencorse Primary School Operating Costs

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Not applicable

A.2 Key Drivers for Change

Key drivers addressed in this report:

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

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

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

A.4 Delivering Best Value

The implementation of the recommendation of this report will enhance best value in the delivery of Council services.

A.5 Involving Communities and Other Stakeholders

This report recommends consultation with communities and all stakeholders regarding the provision of primary education at Glencorse Primary School.

A.6 Impact on Performance and Outcomes

The report does not directly impact on Midlothian Council's performance and outcomes

A.7 Adopting a Preventative Approach

Not applicable

A.8 Supporting Sustainable Development

Not applicable

APPENDIX B – Consultation Timeline

Glencorse Primary School	Minimum Time	From	Target Completion Date
Obtain Council governance to progress to statutory consultation			25-Aug-20
Consultation period	6 weeks	26-Aug-20	9-Oct-20
HMiE issue report	3 weeks	12-Oct-20	2-Nov-20
Publish Consultation Report			6-Nov-20
Further Consideration after publication of report	3 weeks		27-Nov-20
Report outcome to Council			30-Nov-20
Council Meeting & Decision			15-Dec-20
Ministerial Call In	up to 8 weeks		mid Feb 21
School Closure Review Panel	up to 17 weeks		mid June 21
Council Meeting following Review Panel decision			August 2021

Appendix C

Glencorse Primary School Rolls

Glencorse School Roll History								
	P1	P2	P3	P4	P5	P6	P7	Total
2020	--	--	--	1	2	1	3	7
2019	--	--	2	2	3	3	2	12
2018	--	2	2	3	3	2	3	15
2017	2	2	4	3	1	3	2	17
2016	3	5	4	2	6	5	--	25
2015	7	4	4	6	5	--	3	29
2014	5	5	6	6	--	3	2	27
2013	5	7	4	--	1	2	2	21
2012	5	7	4	--	1	2	2	21
2011	4	--	1	5	2	2	3	17
2010	--	--	7	3	2	3	3	18

Summary of Glencorse catchment children schools attended 2019

School	P1	P2	P3	P4	P5	P6	P7	Total	Overall %
Glencorse			2	2	2	2	2	10	13.70%
Mauricewood	5	4	3	9	6	5	4	36	49.32%
Roslin	1	9	2		2	1		15	20.55%
Others (7)	4	2	1		2	2	1	12	16.44%
Total	10	15	8	11	12	10	7	73	100.00%

APPENDIX D**Glencorse Primary School Operating Costs**

Cost Summary	2019/20
Employee Costs	£139,977
Premises Costs	£36,139
Transport Costs	£318
Supplies & Services	£4,505
Third Party Payments	£248
	<u>£181,188</u>

Premises Costs	
Repairs & Maintenance	£19,556
Heat, Light & Water	£10,458
Rates	£4,234
Cleaning equipment	£214
Refuse Disposal	£1,678
	<u>£36,139</u>

2019/20 Pupil Roll	12
Cost per pupil	£15,099

Midlothian Climate Change Strategy 2020**Report by Kevin Anderson, Executive Director Place****Report for Decision****1 Recommendations****1.1** It is recommended that Council:

- a) Approve the Climate Change Strategy 2020 and associated Action Plan (attached to this report);
- b) Instruct officers to publish the Climate Change Strategy on the Council's website,
- c) Note the Corporate Management Team have committed to resource a dedicated climate change member of staff in accordance with action number 1 in the Action Plan; and
- d) Agree to the establishment of a Climate Change Board to oversee the implementation of the Climate Change Strategy.

2 Purpose of Report/Executive Summary

- 2.1** The purpose of this report is to present a proposed Climate Change Strategy to Council for approval and publication in response to the Council's declaration of a climate change emergency in December 2019. The strategy sets out a plan, including commitments and actions, to deliver the Council's aspiration of being carbon neutral by 2030. The strategy focuses on key themes including Energy Efficiency; Recycling & Waste; Sustainable Development; Sustainable Travel; Business Processes; Carbon Management; Governance & Management; and Risk.

Date: 10 August 2020**Report Contact:**Name Peter Arnsdorf, Planning Manager
peter.arnsdorf@midlothian.gov.uk

Tel No: 0131 271 3310

3 Background/Main Body of Report

- 3.1** The Council was an early signatory to the Scottish Governments Climate Change declaration in 2007. This was a voluntary agreement that committed the Council to working with the Scottish and UK Governments to help reduce greenhouse gas emissions, taking steps to adapt to the impact of climate change, and working with communities on the issue.
- 3.2** The Climate Change (Scotland) Act 2009 set the legislative framework for climate change in Scotland, including mandatory targets to reduce greenhouse gas emissions up to 2050 to support the transition to a sustainable low carbon economy. The initial targets were reviewed and revised by the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 which now gives Scotland some of the most stringent statutory targets in the world.
- 3.3** In 2014 the Council prepared its first Climate Change Strategy – this strategy was subject to review in late 2019 following the 2019 Act. In December 2019 the Council declared its own Climate Emergency, agreeing to become net carbon zero across all aspects of its organisation by 2030. The Climate Change Strategy 2020 has been prepared following an internal consultation across Council services.

Midlothian Council Climate Change Emergency

- 3.4** In April 2019, following the UK Government's declaration, the Scottish Government declared a climate change emergency, bringing into sharp focus the scale of the problem and the urgency for action. In October 2019 new climate change legislation reset the 2009 Scottish Government's greenhouse gas emissions target from 80% by 2050 to net zero by 2045 with interim targets of at least 56% reduction in 2020, 75% by 2030 and 90% by 2040. These new targets give Scotland some of the most stringent statutory targets in the world.
- 3.5** At its meeting on 17 December 2019, the Council considered a motion and agreed to declare its own climate change emergency recognising and reinforcing the urgency of taking immediate action. It commits the Council to an even more challenging target by making its own activities net zero carbon by 2030. In response the strategy sets out a clear vision and set of objectives, to highlight what we can, and must do to combat climate change and highlights some of the challenges to achieving this. It focuses on a number of themes including Energy Efficiency; Recycling & Waste; Sustainable Development; Sustainable Travel; Business Processes; Carbon Management; Governance & Management; and Risk. The themes provide a framework for action and contain a number of commitments - some reflecting existing strategies and plans and others promoting best practice. They complement the targeted actions of the Action Plan and include a commitment to:
- Establish a Climate Change Citizens' Assembly;

- Raising awareness of climate change and promoting individual and collective action to combat it and make Midlothian "A Great, Green Place to Grow";
- Using green energy to heat and light our estate buildings, making them as energy efficient as possible;
- Increasing our recycling rates and reduce waste;
- Expanding our electric and ultra-low carbon vehicle fleet;
- Adopting the Passivhaus building standard and incorporating "green" and "blue" infrastructure as standard design principles for new development;
- Investigate the feasibility of Zero Carbon Development Zones;
- Delivering the Shawfair low carbon community heating system and investigating options to develop heat networks across the county;
- Accelerating development of the Midlothian Active Travel Network including cross-boundary connections for longer distance commuting and leisure routes; and
- Accelerating organisational change to extend home working and reduce the need to travel to work.

Next Steps

- 3.6** A copy of the Climate Change Strategy is attached to this report.
- 3.7** In the face of the UK Climate Change Committee's latest report (2019); the UK and Scottish Government's climate pledges and Midlothian's recent climate emergency declaration, it is imperative that an early start to implementing the strategy is made and momentum maintained. The strategy acknowledges that in many parts, delivering the strategy will require to be properly resourced. Key to this will be the appointment of a dedicated member of staff to promote and coordinate climate change activities across the Council.
- 3.8** In addition robust governance arrangements are required to ensure proper management of our climate change responsibilities and obligations. The establishment of a new Climate Change Board with appropriate manager representation (and reporting to CMT, Cabinet and Council) will ensure a degree of consistency and transparency of decision making and resource allocation needed to ensure we reach net carbon zero by 2030.

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

4.1 Resource

Preparation of the strategy has been managed within existing resources. However, in order to meet our commitment to achieving net-zero carbon status by 2030 and to successfully implement this strategy, the Council acknowledges the importance of allocating sufficient resources to this end. Not all the actions in the strategy or action plan will require or incur additional capital or revenue spend but this may be a significant issue going forward. Some of the actions and commitments are ongoing work streams that can, and will be consumed within the current budgets, particularly those actions which relate to procedural and behavioural change but it is considered

necessary to commit a dedicated staff resource to ensure that climate change activity is coordinated across the Council and that momentum is reached and maintained to the 2030 target date.

4.2 Digital

The strategy commits to adopting a “Digital by Default” approach as a key driver for future organisational change and transition to net zero carbon working practices. As such the appropriate corresponding computer hardware, software, online access and back office permissions will need to be in place in order to support staff working remotely.

4.3 Risk

The 2019 emissions reductions legislation along with the Government’s, the Council’s and other local authorities climate change emergency declarations (and target timescales), provide a clear signal of the need for immediate action by all parties if we are to contain global temperature increases to +1.5 degrees Celsius and be in a position to manage the impact of climate and adapt to the effects of climate change. If climate change accelerates, it will result in higher temperatures throughout the year (drier summers and wetter winters) and increased instances of more unpredictable and extreme weather conditions. The consequences will be increased disruption to the existing transport and infrastructure networks as well as potential damage to buildings. It will also increase the resources required to tackle climate change and will influence and possibly restrict the options available to the Council to manage and adapt to the impact of climate change.

4.4 Ensuring Equalities

The strategy is a corporate document and relevant to all services and employees. The Climate Change Strategy 2020 has been prepared following an internal consultation across Council services.

In its Climate Emergency declaration in December 2019, the Council announced its commitment to be net zero carbon by 2030. As part of this declaration it also signalled its intent to establish a Citizens Assembly and Climate Change Partnership Group. Together these forums will bring together individuals, community groups and business sectors from across Midlothian to discuss and contribute ideas and initiatives to tackle climate change. The current Single Midlothian Plan has incorporated the net zero carbon commitment as one of its four core priorities (Appendix A, paragraph A.1).

As identified above the Council's objective is to be as inclusive as possible and it intends to reach out to as many individuals, agencies and organisations as possible to ensure everyone who wants to engage in the climate change debate has a voice. The establishment of the Climate Change Board (and the regular review of the strategy) will provide an opportunity to incorporate and reflect the work of these

groups in future iterations of the strategy and will coordinate better integration across Council services.

4.5 Additional Report Implications (See Appendix A)

Appendices

Appendix A – Additional Report Implications

Appendix B – Background Information/Links

APPENDIX A – Additional Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Climate Change is one of the four core priorities of the current Single Midlothian Plan (SMP) and it includes a specific climate change outcome, namely:

“To be an ‘earth friendly’ partnership, resource aware and committed to working to support Scotland’s net zero carbon ambition by 2045 (2030 in Midlothian).”

Under the Sustainable Growth action plan the SMP identifies three actions:

- Establish a Climate Emergency group in the Midlothian Community Planning Partnership;
- Investigate a Sustainable Growth Agreement (SGA) between Midlothian Council and SEPA; and
- Investigate identifying tree coverage on community planning partners landholdings using appropriate software.

The Climate Emergency Group has been established and the remaining actions are included in the Climate Change Strategy.
Insert text here

A.2 Key Drivers for Change

Key drivers addressed in this report:

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

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

- ☒ One Council Working with you, for you
- ☒ Preventative and Sustainable
- ☒ Efficient and Modern
- ☒ Innovative and Ambitious

A.4 Delivering Best Value

The strategy and associated Action Plan include a number of commitments which are aimed at mitigating and adapting to the impact of climate change and cover a wide range of the Council's services, operations and assets. They cover, amongst other things energy efficiency, active travel, waste and recycling; planning policy and increased use of digital technology to support remote/home working. The Climate Change Strategy and Action Plan will be central to the transition to a low carbon future.

A.5 Involving Communities and Other Stakeholders

The strategy was approved by CMT for internal consultation between 15 November 2019 and 10 January 2020. It was widely circulated to service managers, team leaders and officers across the Council with a request to share the strategy with colleagues who have an existing remit and/or interest in one or more of the strategy themes (energy efficiency; recycling and waste treatment; sustainable development; sustainable travel; and business processes).

The strategy includes a commitment to establish a Citizens Assembly which will bring together a cross section of individuals, community groups, business sectors from across Midlothian to discuss and contribute ideas and initiatives to tackle climate change. Regular reviews of the strategy and carbon management plan will provide an opportunity to incorporate and reflect the work of these groups in future iterations of the plans.

A.6 Impact on Performance and Outcomes

The strategy acknowledges that climate change will impact on the way the Council does business. The emergency response to the Covid19 pandemic has accelerated a transition to "digital by default" where a large proportion of the Council's workforce which can work from home, is working from home. This same change has benefits for the climate change agenda namely: reducing the need to travel, increasing walking and cycling activity; reducing carbon emissions and providing a better work life balance for employees.

A.7 Adopting a Preventative Approach

The strategy and the proposed Carbon Management Plan are mechanisms which will identify, measure and monitor actions and initiatives designed to combat climate change. In addition the annual Public Bodies Climate Change reporting duty will act as a benchmark for progress and highlight areas where greater focus and effort is required. Mitigation and adaptation measures will be key in managing the transition to a low carbon economy and low carbon place.

A.8 Supporting Sustainable Development

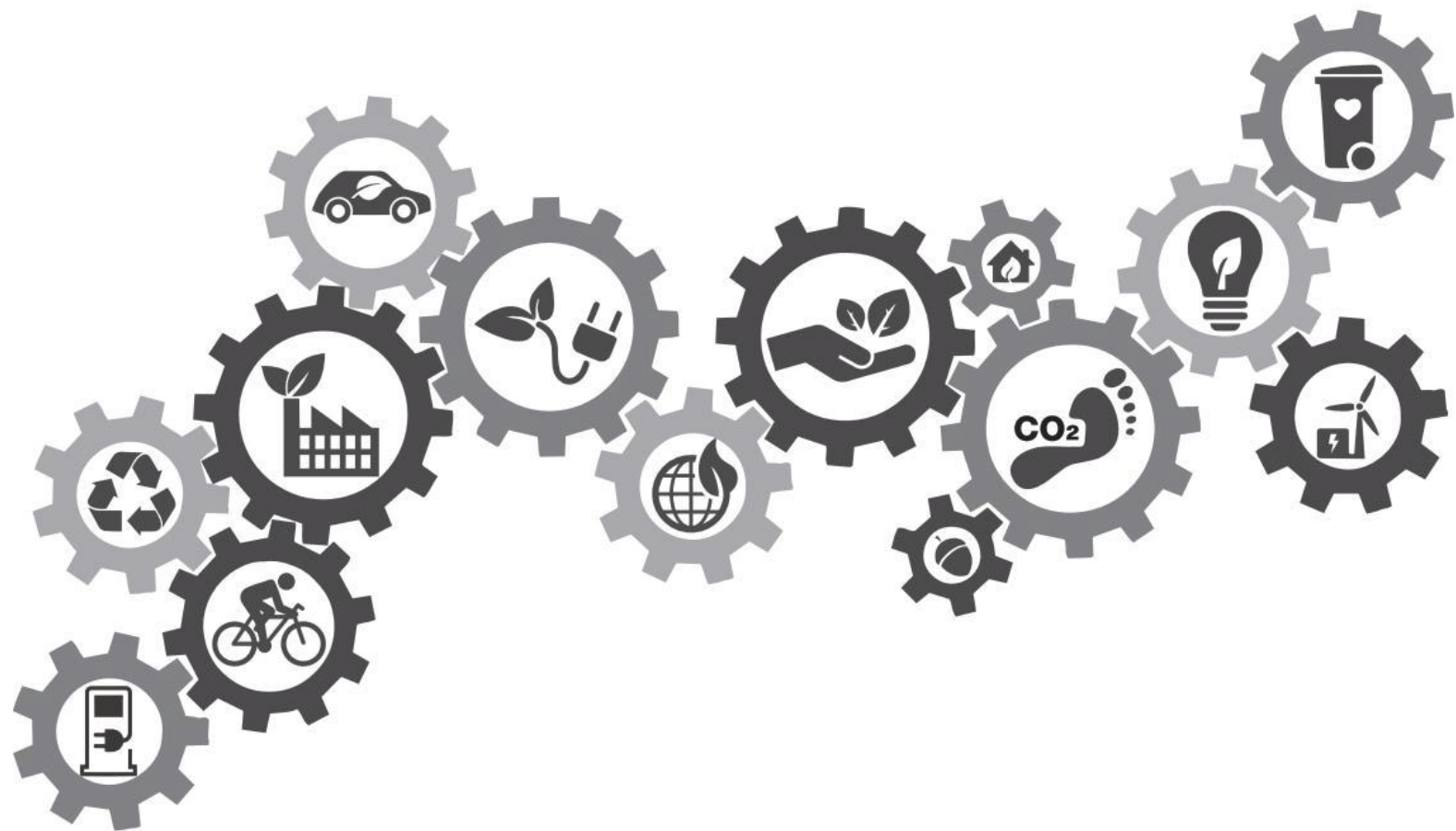
Action on climate change is central to achieving sustainable development whether that is through personal choices and actions or

organisational change. Action on climate change takes place at a national level (legislation, Government policy, funding incentives etc.), a local level (local authority services and planning), community level (neighbourhood planning) and an individual level (personal choices and behaviour). The strategy outlines a number of commitments and actions which, taken together will help to combat climate change, assist in the transition to being net carbon zero by 2030 and make Midlothian a "Great, Green Place to Grow".

APPENDIX B

Background Papers/Resource Links (if applicable)

**Midlothian Council Corporate Climate Change Strategy 2014 -
[https://www.midlothian.gov.uk/downloads/download/389/climate change strategy](https://www.midlothian.gov.uk/downloads/download/389/climate_change_strategy)**



Scotland's Changing Climate – Midlothian's Climate Change Strategy

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Midlothian Council Climate Change Strategy - August 2020

Foreword***Foreword by Councillor Russell Imrie:***

“Mitigating the impacts of climate change, reducing the burden on the planets natural resources and creating an environment where people can live free from the damage of pollution is not just the responsibility of governments, business and individuals but also local government. And for the benefit of our environment and our communities Midlothian Council shall take the lead in setting an example in how it operates and delivers its services in a way that they do not cost the earth. We will work in partnership with local communities through the Community Planning Partnership Board who have also committed to the ambition of being carbon neutral by 2030. We acknowledge that in response to declaring a climate emergency we have to work and think differently - the Council has started this process by adopting the Midlothian Route Map, in response to the current public health crisis, at its meeting of June 2020 with the ambition of delivering a ‘green’ economic recovery. Together we can make a difference”

“Right now we are facing a man-made disaster of global scale. Our greatest threat in thousands of years, Climate change”, ***David Attenborough, Broadcaster and naturalist.***

“Our obligations to the next generation are the most important that we carry. A few weeks ago, I met some of the young climate change campaigners who’ve gone on strike from school to raise awareness of their cause. They want governments around the world to declare a climate emergency. They say that’s what the science tells us. And they are right. So today, as First Minister of Scotland, I am declaring that there is a climate emergency. And Scotland will live up to our responsibility to tackle it”. ***Nicola Sturgeon, Scottish First Minister, SNP conference 28 April 2019***

“Scotland has declared a global climate emergency and now Scotland must act as one to safeguard our planet for future generations”. ***Roseanna Cunningham, Climate Change Secretary***

Midlothian Council Climate Change Strategy - August 2020

Executive Summary

The Council declared a climate emergency in December 2019 and stated its ambition to achieve Net Zero Carbon status by 2030. A key component of the declaration is the establishment of a Citizen's Assembly to engage the community and business sectors and forge a partnership for change. The strategy acknowledges the Council's intent, reinforces the urgency for action and emphasises the necessity for change to mitigate and adapt to the impacts of climate change and global warming.

The Covid-19 pandemic necessitated an emergency response from the Council. It has brought about substantial organisational change across the Council in a very short period of time. The Council's "Route Map" out of Covid-19 identifies "Digital by Default" as one of its key priorities. It supports continuing the practice of working from home (introduced because of Pandemic) and promotes a carbon neutral approach to the workplace. New Emissions legislation (October 2019) commits the Scottish Government to achieving Net Zero Carbon status by 2045. This puts into context the scale of the challenge facing the Council and the transformational nature of the change required to achieve our 2030 target.

The strategy sets out a clear vision and set of objectives, to highlight what we can, and must do to combat climate change and highlights some of the challenges to achieving this. It focuses on a number of themes including **Energy Efficiency; Recycling & Waste; Sustainable Development; Sustainable Travel; Business Processes; Carbon Management; Governance & Management; and Risk**. The themes provide a framework for action but also contain a number of commitments - some reflecting existing strategies and plans and others promoting best practice. They complement the targeted actions of the Action Plan and include a commitment to:

- establish a Climate Change Citizens' Assembly;
- raising awareness of climate change and promoting individual and collective action to combat it and make Midlothian "A Great, Green Place to Grow"
- using green energy to heat and light our estate buildings, making them as energy efficient as possible;
- increasing our recycling rates and reduce waste;
- expanding our electric and ultra low carbon vehicle fleet;
- adopting the Passivhaus building standard and incorporating "green" and "blue" infrastructure as standard design principles for new development;
- investigate the feasibility of Zero Carbon Development Zones;
- delivering the Shawfair low carbon community heating system and investigating options to develop heat networks across the County;
- accelerating development of the Midlothian Active Travel network including cross-boundary connections for longer distance commuting and leisure routes; and
- accelerating organisational change to extend home working and reduce the need to travel to work.

For the first time the strategy is accompanied by an Action Plan. In addition to the commitments in the strategy, the Action Plan sets out a series of short term (2 - 3 years), cross service actions designed to kick-start change and build momentum towards our net zero goal by 2030. It is not an exhaustive list by any means but it is designed to be an iterative process and reviewed and updated annually. The newly constituted Climate Change Board will oversee this process, the preparation of a new Carbon Management Plan and the Public Bodies Climate Change Duties annual reports.

The strategy and Action Plan have been published together and should be read as one document. The strategy is an iterative process and will change over time. It sits alongside existing plans and strategies which in their own right contribute to combating climate change.

Midlothian Council Climate Change Strategy - August 2020

1. Introduction and Content

1.1 Governments and international organisations and institutions accept the science of climate change and the impact climate change is having across the world. The Kyoto Protocol of 1997 and Paris Agreement of 2016 introduced a commitment by Nations to reduce greenhouse gas emissions and restrict the rise in global average temperatures to well within 2.0°C (1.5°C if possible) above pre-industrial levels. Subsequent legislation at EU and national level in the UK and Scotland ⁽¹⁾ reinforce this commitment.

1.2 The declaration in April 2019 by the Scottish Government of a "Climate Emergency", based on the latest Intergovernmental Panel on Climate Change ⁽²⁾ report and the UK Committee on Climate Change ⁽³⁾ report (both 2019), brings into sharp focus the scale of the problem and the urgency for action. If there is no further action on climate change then we will reach the predicted 1.5°C increase in global temperature by 2040. Climate change is an international crisis that affects everyone. The success or otherwise of global action depends on changes made locally, not just by government but by businesses, schools, communities and individual members of the public, which cumulatively can make that essential difference. Urgent and immediate action is necessary within the next ten years if momentum for change is to be achieved and maintained.

1.3 In December 2019, Midlothian Council agreed to declare a "Climate Emergency" that requires urgent action. The declaration seeks to make the Council's activities net-zero carbon by 2030 and makes a commitment to support and work with others to achieve this. This includes the establishment of a Citizens Assembly and Climate Change Partnership, amongst other commitments, to promote an inclusive approach to engage the wider Midlothian community, particularly young people.

1.4 This strategy replaces the one prepared by the Council in 2014. It seeks to build on progress to date and co-ordinate effort and focus on actions and outcomes that make a direct and immediate impact on reducing our carbon footprint in the next five years and in subsequent years to reaching the target of becoming net-zero carbon by 2030. While it concentrates primarily on the Council's estate and operational activities it also seeks to lead by example and to encourage its employees and members of the public and business community to make a commitment to change and a commitment to stop contributing to climate change.

1.5 The scale of the challenge, the commitment required to change behaviours, practices and processes as well as the investment required to "stop contributing to climate change" cannot be underestimated and the necessary resources to make this happen also cannot be underestimated and must be prioritised if we are to be successful and ensure a bright future for generations to come.

1.6 The Covid-19 pandemic initiated an emergency response from the Council in terms of changes to its service delivery and working practices. As we emerge from the Covid-19 lockdown period one of the unintended consequences of the pandemic may be to accelerate the pace of organisational change necessary to achieve our target of Net Zero Carbon by 2030.

2. Profile of Midlothian

2.1 Midlothian is a relatively small local authority covering an area of 355 square kilometres or 35,500 Hectares and forms part of the Edinburgh City Region. The population is expected to rise from 92,460 ⁽⁴⁾ to 103,945 ⁽⁵⁾ by 2028 due to planned growth and it is currently the fastest growing

1 European Climate Change Programme, Climate Change Act 2009, Climate Change (Scotland) Act 2009

2 The IPCC was created by the World Meteorological Organisation to provide Governments at all levels with regular assessments of the scientific basis of climate change, its impacts and future risks, and options for adaptation and mitigation

3 The UK CCC is an independent, statutory body established under the Climate Change Act 2008

4 National Records of Scotland Mid-2019 Population Estimates

5 National Records of Scotland Population Projections for Scottish Areas (2018-Based)

Midlothian Council Climate Change Strategy - August 2020

local authority area in Scotland. Approximately 7% of the area is urban and 93% is rural comprising countryside, green belt, agriculture land, forestry and protected environmental designations. The principal population centres are mostly located across the northern half of the County (except Penicuik) and all are within a 30 minute drive time from Edinburgh.

2.2 Midlothian borders Edinburgh to the north, East Lothian to the east and the Scottish Borders to the south. The Pentland Hills forms its boundary to the west. Road and rail connections (A702, A701, A7, A68, A720 and Borders Rail) provide direct links with Edinburgh City to the north and Scottish Borders and north east England to the south. The A720 Edinburgh City Bypass forms much of the boundary between Midlothian and Edinburgh and provides east/west connections with East Lothian, west Edinburgh and beyond. The close proximity of Edinburgh results in a strong employment and cultural attraction to the City resulting in a high level of out commuting.

3. Legislation

3.1 Midlothian was an early signatory to the Scottish Government's Climate Change declaration in 2007. This was a voluntary agreement that committed the Council to working with the Scottish and UK Governments to help reduce greenhouse gas emissions, taking steps to adapt to the impact of climate change, and working with communities on the issue.

3.2 On 31 October 2019 The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 became law. It amends the legislative framework for climate change action in Scotland ⁽⁶⁾ by setting new mandatory targets to reduce Scotland's emissions of all greenhouse gases ⁽⁷⁾ to Net Zero by 2045. It also sets interim targets of at least 56% reduction in 2020, 75% by 2030 and 90% by 2040 ⁽⁸⁾ to support the transition to a sustainable low carbon economy. These new targets give Scotland some of the most stringent statutory targets in the world and if achieved, its contribution to climate change will end within a generation.

3.3 The legislation maintains an obligation on public bodies to exercise their functions “in a way that it considers is most sustainable”, and in a way best calculated to contribute to delivering the emissions reduction targets and any statutory programme for adapting to a changing climate. Secondary legislation ⁽⁹⁾ requires local authorities and other major public bodies to report to Scottish Ministers each year (in November) on their estate and operational activities demonstrating compliance with their climate change duties.

3.4 In light of the climate emergency, the Single Midlothian Plan has adopted a new sustainable growth outcome **to be an ‘earth friendly’ partnership, resource aware and committed to working to support Scotland’s net zero carbon ambition by 2045 (2030 in Midlothian).** and prioritises the following climate change specific actions:

- establish a Climate Emergency group in the Midlothian Community Planning Partnership;
- investigate a Sustainable Growth Agreement (SGA) between Midlothian Council and SEPA;
- investigate identifying tree coverage on community planning partners land using appropriate software.

3.5 Each of these actions seek to mitigate and adapt to climate change.

3.6 The principle of sustainable development underpins the Midlothian Local Development Plan 2017 (MLDP) which contains a number of policies and proposals designed to support and deliver a future land-use strategy for Midlothian. The accompanying MLDP Action Programme monitors the

6 The Climate Change (Scotland) Act 2009

7 Carbon Dioxide, methane, nitrous oxide, Hydrofluorocarbons, Perfluorocarbons and Sulphur hexafluoride

8 Targets are informed by the findings and advice of the UK Committee on Climate Change (CCC) and calculated from a baseline year of 1990

9 The Climate Change (Duties of Public Bodies Reporting Requirements) (Scotland) Order 2015

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progress and impact of implementing the plan. The MLDP was adopted in 2017 and should be reviewed before 2022 (although this will be subject to change following the adoption of the Planning (Scotland) Act 2019). The Single Midlothian Plan will be updated next year (2021). The new Planning (Scotland) Act 2019 seeks to align community planning and land use planning through the production of Local Place Plans.

Midlothian Council has complied with its reporting obligations since 2008/09 and remains committed to that obligation in future years. The review of the MLDP and introduction of Local Place Plans will provide a good opportunity to put climate change at the heart of land-use planning and policy and to work in partnership with local communities to this end.

4. Climate Change

4.1 Climate change is the outcome of greenhouse gases being released into the atmosphere, most notably from the burning of fossil fuels (such as coal, oil and gas) for energy generation, industry, transport and agriculture. The build-up of greenhouse gases in the atmosphere causes the Earth's temperature to rise, leading to climatic changes including less predictable weather patterns.

4.2 In Scotland climate change is likely to mean higher temperatures throughout the year, reduced rainfall in summer and increased winter rainfall, less snow and more unpredictable and extreme weather conditions, resulting in increased flooding, drought, wind damage and heatwaves. These effects are already becoming apparent, for example through increased incidence of flash flooding and changes in species distribution. As climate change impacts accelerate, risk of disruption to transport, energy and telecommunications services, as well as damage to buildings and other infrastructure, will also increase.

4.3 This general trend is currently effecting and will continue to impact on Midlothian residents. The latest Met Office climate projection data for Midlothian (2018) ⁽¹⁰⁾ estimates that under a mid-range carbon emissions scenario, summers will be 5% drier and winters 7% wetter compared to those in 1990. Both summer and winter days will, on average be 1°C hotter. Under a high carbon emissions scenario, summers will be 5% drier and winters 10% wetter compared to those in 1990. Both winter and summer days will on average be 1.5°C hotter.

4.4 Government data on greenhouse gas emissions by sector indicates that in 2018, Transport (including international aviation and shipping) was the largest source of emissions followed by business, agriculture and the energy supply sectors. The Land Use, Land Use Change and Forestry was the only sector in which emissions reduced (see table 1). The public sector represents a small fraction of overall emissions. Carbon dioxide was the main greenhouse gas emitted or removed in most sectors but there were emissions of methane, Nitrous oxide and Fluorinated gases recorded (albeit to a much reduced level in most cases) across most sectors. Only the public sector and industrial processes sectors recorded zero levels of these non-carbon dioxide greenhouse gases. It is Scotland's target to reduce all sector emissions to net zero by 2045.

Table 1 Scotland's Greenhouse Gas Emissions by Gas and Scottish Government Sector 2018 (values in metric tons of carbon dioxide equivalent (MtCO₂e))e)

Sector	Total	% Share	Carbon Dioxide	Methane	Nitrous Oxide	Fluorinated Gases
Total	41.6	100%	30.9	6.3	3.2	1.2
Transport	14.8	35.6	14.7	0.0	0.1	0.0

¹⁰ The extent of future rise depends on the amount of greenhouse gasses the world emits. The low scenario is compatible with aims to limit global warming to below 2°C. The high scenario will likely require significant further adaptation

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Sector	Total	% Share	Carbon Dioxide	Methane	Nitrous Oxide	Fluorinated Gases
Business	8.4	20.2	7.2	0.0	0.1	1.1
Agriculture	7.5	18.0	1.0	4.2	2.2	0.0
Energy Supply	6.8	16.4	6.3	0.4	0.1	0.0
Residential	6.2	14.9	6.0	0.1	0.0	0.1
Waste Management	1.7	4.1	0.0	1.6	0.1	0.0
Public Sector	1.1	2.6	1.1	0.0	0.0	0.0
Industrial Processes	0.5	1.2	0.5	0.0	0.0	0.0
Land Use, Land Use Change & Forestry	-5.4	-13.0	-6.0	0.0	0.5	0.0

Source - Scottish Greenhouse Gas Emissions 2018 - Estimates of greenhouse gas emissions in Scotland for the years 1990 to 2018, Scottish Government, an Official Statistics Publication for Scotland.

4.5 Emissions data for Midlothian indicates a similar trend to the national picture with transport being the largest source of CO₂ emissions followed by Industry and Commercial and domestic sectors (see table 2). Between 2005 and 2014 there has been a degree of fluctuation in total emissions but between 2015 and 2018 there has been a year on year reduction. However, Midlothian is the fastest growing local authority area in Scotland and much of that growth has come about in the last few years and principally as a result of major planned house building (Midlothian Local Development Plan 2017 (MLDP)) and inward migration. Over this period house completions have continued to rise and if this trend continues there is a chance that sectoral and/or total emissions may increase. The scale of housing and economic development identified in the MLDP up to 2027 will present a significant challenge in terms of reducing emissions given the consequential increase in population and associated energy, travel and consumption demands arising from this growth.

Table 2 Carbon Dioxide Emissions for Midlothian 2005 - 2018(values in kilotonnes of carbon dioxide (ktCO₂))

Year	Industry & Commercial (ktCO ₂)*	Domestic (ktCO ₂)	Transport (ktCO ₂)	Land Use, Land Use Change & Forestry (LULUCF)	Total (ktCO ₂)	Population (000's)	(ktCO ₂)
2005	163.5	203.6	147.9	14.8	529.8	80.1	6.6
2006	185.7	204.0	148.7	17.1	555.4	80.0	6.9

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Year	Industry & Commercial (ktCO ₂)*	Domestic (ktCO ₂)	Transport (ktCO ₂)	Land Use, Land Use Change & Forestry (LULUCF)	Total (ktCO ₂)	Population (000's)	(ktCO ₂)
2007	166.2	201.8	151.4	3.5	522.9	80.4	6.5
2008	172.1	204.2	147.0	1.8	525.1	81.5	6.4
2009	154.1	183.4	143.6	5.1	486.1	81.9	5.9
2010	169.2	198.0	141.8	10.9	519.9	82.4	6.3
2011	137.7	173.4	139.2	5.2	455.5	83.5	5.5
2012	166.4	186.0	135.1	-1.2	486.3	84.2	5.8
2013	162.5	181.8	133.4	12.0	489.7	84.7	5.8
2014	140.2	154.1	137.5	8.6	440.3	86.2	5.1
2015	127.7	151.4	139.8	6.2	425.1	87.4	4.9
2016	121.1	145.9	143.6	5.2	415.7	88.6	4.7
2017	115.3	137.2	149.9	3.9	406.3	90.1	4.5
2018	111.3	137.6	147.5	5.0	401.3	91.3	4.4

* includes emissions from agriculture.

Source - Department for Business, Energy and Industrial Strategy (DBEIS), 2020

4.6 The Council's 2019 Public Sector Climate Change report also reflected a reduction in CO₂ emissions across its estate and operations highlighting that:

- the Council's total emissions for 2018/19 were 16,290 tCO₂ which represents a reduction of 5,894 tCO₂ or 11% reduction from the previous year;
- the breakdown of emissions sources included - Grid Electricity, Natural Gas and Gas Oil, water supply and treatment, Diesel and Petrol fuel;
- the Council consumed 17,815 kWh electricity generated from Gore Glen, Bilston and Roslin Primary Schools (9.149 kWh, 5.080 kWh and 3.586 kWh respectively);
- the Council identified fourteen carbon savings projects in the reporting year including three leisure centres, nine primary schools, one sheltered housing scheme and one resource centre; and
- the total carbon savings from energy efficiency projects identified in the report year was 407tCO₂e - 328tCO₂e from electricity (12 energy efficiency projects) and 29tCO₂e from Natural Gas sources (2 boiler replacement and energy efficiency projects)

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5. The Climate Change Strategy

Vision

To become an earth friendly Council, resource aware and committed to working in partnership with others to achieve our net zero carbon ambition by 2030 and ensure that our actions today assist future generations to create a resilient and more sustainable future in Midlothian.

Objectives

Objectives

To make the Council's activities net carbon zero by 2030;

To establish a Citizens Assembly and Climate Change Partnership Group to engage the wider population, business, education and scientific sectors in the climate change debate;

To raise awareness about the impacts and risks from a changing climate;

To take a 'One Council' approach to reducing carbon emissions and putting this objective at the heart of our organisational activities, processes and decisions;

To encourage people, businesses and communities to work alongside the Council and make their own climate change commitment;

To lead by example and provide climate change leadership to our partners, communities and businesses.

To develop our resilience and ability to adapt to the impacts and risks of a changing climate; and

To monitor and publicly report our climate change progress

What Can Midlothian Do

5.1 The Climate Emergency declared in December 2019 identified a number of commitments designed to achieve net-zero carbon status by 2030 which are reflected in the strategy and Action Plan. As a public body the Council owns and manages land and property and a fleet of service vehicles, it delivers a range of statutory and non-statutory services/functions, it is a housing provider, a regulator, a purchaser of goods and services, a policy maker and it publishes a range of plans, strategies and programmes.

5.2 In the exercise of its duties and functions the Council can:

- ensure all its operational properties and facilities are as energy efficient as possible;
- ensure business operations and activities are conducted in a manner which stops contributing to climate change;
- choose to source its energy from green energy suppliers and take measures to reduce its overall energy consumption;
- reduce the amount of waste it produces and increase recycling rates;
- engender a spirit of collective responsibility amongst all staff to support the Council's climate change objectives;
- raise awareness of climate change and the need to change individual behaviours;

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- promote active travel;
- increase its electric vehicle fleet and increase investment in charging infrastructure; and
- promote the decarbonisation of domestic and commercial energy supply via community heating networks at Shawfair and elsewhere.

5.3 Since publication of the 2014 strategy, the Council has committed to a number of actions, developed policies and published plans, programmes and strategies and has participated in a number of projects, initiatives and campaigns all related to climate change and sustainable development. These actions are spread across Council services and include, but are not limited to:

- using building energy efficiency measures;
- implementing a low energy street/traffic light replacement programme;
- developing an anaerobic digestion programme (food waste recycling);
- developing a recycling and energy recovery programme;
- establishing an electric vehicle fleet and charging infrastructure;
- publishing a Council Travel Plan and Active Travel Strategy;
- introducing a mileage allowance for work trips by bike; and
- awareness raising events/initiatives - walk/cycle to work weeks, "Earth Hour"/"Watts Going Down" campaigns, tax free bike purchase scheme and recycling promotions.

5.4 This strategy seeks to balance short-term actions with longer term/ongoing commitments to combat climate change and advocates a "One Council" cross service response to ensure the Council can make its activities net zero carbon by 2030. A number of existing plans and strategies have been published which, if successfully implemented will contribute to the objectives of the climate change strategy. Some of these policy documents are listed in the table below.

Table 3 Existing Council Policy Documents

Strategy, Policy, Programme	Contribution to Climate Change	Availability
Capital Investment Strategy 2020 – 2030	Acknowledges the need to respond robustly to the challenges of mitigating climate change and adapting to its impacts - focus on sustainable development, travel and transport (MLDP 2017 - 2027, Midlothian Council Travel Plan 2017 – 2021).	Accessible online.
Single Midlothian Plan 2020 - 2021	Acknowledges the climate emergency and adopts a new sustainable growth outcome - to be an 'earth friendly' partnership, resource aware and committed to working to support Scotland's net zero carbon ambition by 2045 (2030 in Midlothian).	Accessible online.
MLDP 2017 (+ Action Programme & range of Supplementary and planning guidance)	Promotes sustainable development, long- term development strategy for	Accessible online & at Council HQ and libraries.

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Strategy, Policy, Programme	Contribution to Climate Change	Availability
	Midlothian, mitigates impact of development, phased implementation of development.	
Midlothian Council Travel Plan 2017 - 2021	Raises awareness amongst staff of need to reduce travel by car, promotes active travel and public transport, promote behavioural change to travel choices	Accessible online & at Council HQ and libraries.
Midlothian Active Travel Strategy	Promotes an Active Travel culture where walking and cycling become the normal choice for everyday journeys	Accessible online.
Midlothian Transport Strategy 2007 (under review)	To promote sustainable travel and develop an infrastructure network to encourage and increase walking, cycling and use of public transport.	Accessible online.
Midlothian Local Biodiversity Action Plan 2019	Supports the protection and enhancement of existing habitat and creation of new habitat through development	Accessible online.
Flood Risk Management Plan	Supports mitigation and adaption measures and improves resilience to climate change	Accessible online.
Strategic Housing Investment Plan (SHIP) 2019 - 2024	Promotes energy efficiency in all homes and ensure they meet the energy efficient standard for Social Housing. The standards seek to reduce energy consumption and carbon emissions in line with targets in the 2009 Act. New homes will incorporate micro renewable technology such as photovoltaic panels and be designed to incorporate electric car charging.	Accessible online.
Local Housing Strategy 2017-2022	Current strategy under review. Promotes energy efficiency in all homes and reducing the number of households in fuel poverty.	Accessible online.

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Strategy, Policy, Programme	Contribution to Climate Change	Availability
Procurement Strategy 2018 - 2023	Sustainable Procurement Duty – consider impact of purchases on climate change, waste production or scarce materials. Aim to improve air quality by reducing carbon, nitrogen and particle emissions, increasing energy efficiency, using sustainable energy sources and encouraging sustainable waste management and maximising recycling in the supply chain.	Accessible online.
Learning Estate Strategy	Energy efficient design of schools (includes community facilities)	Accessible online.
Property and Facilities Management Service Plan 2018/19	Sets target to reduce energy consumption by 3% in current year.	Accessible online.
Midlothian Local Heat and Energy Efficiency Strategy – Feasibility work in Progress	To decarbonise local heat networks. To investigate feasibility and develop Community Heating Networks.	Not publicly available (work in progress)
Open Space Strategy	Protects and promotes enhancement of green spaces including woodland	Accessible online/at Council Offices & Libraries.

Challenges

5.5 As the Government begins to relax the restrictions imposed as a result of the Covid-19 pandemic, the Council's route map out of lockdown signals an opportunity to accelerate the transition to a different way of working and providing services to communities. A key element of the emergency lockdown and of future business transformation centres around "Digital by Default", the ability to work remotely from the office at home or elsewhere and in doing so cut down the need for staff to travel to work (at peak times of the day) and reducing carbon emissions at the same time.

5.6 Midlothian is the fastest growing local authority area in Scotland. An ambitious programme of house building will present challenges to meeting CO₂ reduction targets. It also presents an opportunity to affect change through the MLDP, planning application and building standards processes to improve the overall energy efficiency of new buildings, introduce micro renewable technologies into the design process, and drive down the energy requirements and consumption of buildings.

5.7 Growing communities also introduces challenges in terms of managing change and mitigating environmental impact - influencing how places look, function, connect and adapt to the impacts of climate change. To this end there needs to be an holistic approach to the provision of infrastructure needed to support development including "green" and "blue" elements and a stronger focus on Active Travel measures. Above all, it is an opportunity to encourage a collective and individual commitment to embrace change and support the transition of Midlothian to a low carbon county.

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Mitigation and Adaptation Measures

Energy Efficiency

5.8 In order to meet the revised climate change targets proposed by the Climate Change (Scotland) Bill and be fit for the future, Scotland's homes, commercial properties and the public sector estate will need to be net zero carbon (where feasible) by 2045. In its Climate Change Emergency declaration (December 2019) the Council committed to a much more ambitious target of making its activities net-carbon zero by 2030. Investment in energy efficiency to reduce energy demand and low carbon heat networks can make one of the most significant contributions to reducing our greenhouse gas emissions and addressing fuel poverty but this will also present a significant challenge. That is why the Government has made energy efficiency a national infrastructure priority.

5.9 In 2018, the Government launched Scotland's Energy Efficiency Programme (SEEP), a 20-year programme to co-ordinate improvements to the energy efficiency of homes and buildings in the commercial, public and industrial sectors and to decarbonise their heat supply. To support the programme the Government has put in place a range of measures including a Low Carbon Infrastructure Transition Programme (LCITP) ⁽¹¹⁾ which offers, amongst other things, financial support for low carbon projects covering a wide range of technologies, including low carbon and renewable heat.

5.10 The Council supports the Government's approach to energy efficiency and decarbonisation of heat networks. It is committed to an ongoing programme of rationalising its property and depot estate (EWIM) ⁽¹²⁾ and implementing energy efficiency projects to reduce its carbon emissions and operating costs. It has been successful in securing public funding for several energy reduction and efficiency projects. The most recent was £1.4m from the Government's energy efficiency programme (including part funding from Salix) ⁽¹³⁾ towards energy reduction measures in ten schools and two leisure centres. The energy reduction measures include the installation of LED lighting and controls, combined heat and power plants, solar and PV panels and pool upgrade. It is estimated the project will save £155,673 and 473 tonnes of CO₂ each year. It has also been successful in securing funding from the same programme for improvements to Penicuik Town Hall and an energy efficiency project in Penicuik and a Midlothian wide Local Heat and Energy Efficiency Strategy Pilot (LHEES). The Council also has a rolling street light lamp replacement programme. To date it has replaced just over half of the existing lighting lamps (10,664 units) with low energy LED units and hopes to complete the programme over the next ten years. In terms of traffic lights the replacement rate is higher at 77% (of 105 sets). Emissions from older fluorescent lighting units are approximately five times that of LED units.

5.11 The Council has agreed a Sustainable Growth Agreement (SGA) for Shawfair (see paragraph 5.24). The proposed district heating system at Shawfair is a key feature of the SGA. It is encouraging that the landowner promoting Shawfair and the current house builders involved in developing the new town (MacTaggart & Mickel, Cala, Miller, Bellway, Stewart Milne and Dandara Homes) are willing partners to the delivery of more energy efficient homes and sustainable heat networks (in line with MLDP policies NRG5 and NRG6).

5.12 The Council has, and will continue to promote initiatives to save energy as well as monitoring and managing energy savings. The EEP introduced energy efficiency standards for social housing, which the Council has incorporated into the design of new homes as part of its social housing

11 To date the LCITP has offered over £40 million of funding to 16 low carbon demonstrator projects supporting low carbon energy generation and supported the co-development of over 30 proof of concept and development proposals

12 EWIM – Efficient Working in Midlothian

13 Salix Finance Ltd was established in 2004 as an independent, publicly funded company, dedicated to providing the public sector with interest free loans for energy efficiency projects that improve energy efficiency, reduce carbon emissions and lower energy bills

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programme. The Learning Estate Strategy sets out the investment programme for the improvement and replacement of the school estate. All new schools and refurbishment programmes include energy efficiency as a key design element and many schools have registered with the Eco Schools Programme ⁽¹⁴⁾ with 12 currently holding Green Flag status. The Council also seeks to maximise energy efficiency measures in all building projects. To this end switching to a renewable energy provider would result in further efficiencies and reductions in our carbon emissions.

5.13 Reducing or stopping the use of natural gas as an energy source (if/where possible) would reduce emissions further and by switching to electricity only from a renewable energy supplier would provide an opportunity to set a net-zero carbon emissions target for all Council buildings.

5.14 The Scottish Government has indicated that it is committed to phasing out the purchase of petrol and diesel vehicles by 2032. The Council has initiated a replacement programme of its grey vehicle fleet with alternative Ultra Low Emissions Vehicles (ULEVs) and has been using grant funding from the Scottish Government to lease or purchase electric vehicles and fund charging infrastructure since 2012. The Council currently has 21 electric vehicles and 15 public access charging points (including two rapid chargers) across Midlothian. The Council has also installed non-public access chargers at Bonnyrigg and Stobhill Depots and in Midlothian House car park. The Council is also investigating the expansion of the existing fleet and ways to increase usage, primarily as a pool resource. Earlier this year the Council agreed to extend its ULEV fleet and charging infrastructure.

5.15 In conjunction with the energy related measures identified in the Action Plan the Council commits to:

Switching to a renewable energy supplier and reducing its use of natural gas as an energy source;

Adopting the Passivhaus design standard for all new housing and non residential buildings;

A biennial energy audit of Council buildings and depots to assess its performance and inform future actions to reduce its carbon emissions

Recycling and Waste Treatment

5.16 Landfill waste is a source of methane gas emissions. Reducing the amount of waste produced, by recycling more of the waste produced and reducing the amount of waste that ends up in landfill will make a significant contribution to lowering those greenhouse gas emissions.

5.17 The Council is preparing a Waste Management Strategy and is committed to achieving the targets set out by the Scottish Government in Scotland's Zero Waste Plan ⁽¹⁵⁾ and is signed up to the Household Recycling Charter (an initiative and commitment to promoting and improving household waste and recycling services).

5.18 The Council currently operates a kerb-side residual waste, recycling, food and garden waste (subject of additional charge) collection scheme. A joint Midlothian/City of Edinburgh Council Recycling and Energy Recovery Centre (RERC) at Millerhill was formally opened in September 2019. It will incinerate around 135,000 tonnes of household residual waste and a further 2,000 tonnes of commercial waste each year and will generate sufficient electricity to satisfy the energy demands of

14 Eco Schools is an international programme of sustainable development education and action. It encourages young people to engage in their environment by allowing them the opportunity to actively protect it. The programme is linked to the curriculum. It starts in the classroom and expands to the whole school, eventually fostering change in the community at large

15 By 2025 reduce total waste in Scotland by 15% against 2011 levels; reduce food waste by 33% against 2013 levels; recycle 70% of remaining waste and send no more than 5% of remaining waste to landfill

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up to 32,000 homes. In conjunction with its energy supply company partner, Vattenfall, the Council is currently developing proposals for a District Heating Scheme to deliver this de-carbonised energy to households at Shawfair. In addition to the RERC a separate facility on an adjacent site processes all the food waste collected by the partner Councils. By treating food and non-recyclable waste and creating renewable energy in the process it will help the Council contribute to the national recycling target of 70% by 2025 and the national landfill diversion target of 95% by 2025. The Council has extended food waste recycling into the Council's main staff offices at Fairfield House and Midlothian House (2019).

5.19 In conjunction with the recycling related measures identified in the Action Plan the Council commits to:

Publish a Waste Management Strategy and Monitor Progress

Deliver on the targets set out in Scotland's Zero Waste Plan and its obligations under the Household Recycling Charter.

Sustainable Development

5.20 Sustainable Development balances social, economic and environmental considerations with a view to meeting our needs today and into the future (within environmental limits). Legislation requires local authorities to contribute to the achievement of sustainable development and to demonstrate how they intend to do that. Given the climate change emergency announced by the Government there is a greater urgency for action and for transparency surrounding our progress in this matter.

5.21 Planning - The planning system has a key role to play in delivering sustainable development and making a significant contribution to reducing greenhouse gas emissions. The development plan provides a spatial strategy and policy framework to manage the development and change of use of land over a ten-year period whereas the development management process regulates development and change through the planning application and appeals process. Together both processes have the opportunity to enhance and protect the natural and built environments, mitigate the impact of planned development and adapt to climate change through delivery of appropriate infrastructure such as Sustainable Urban Drainage Systems (SUDS) and implementing robust flood prevention measures.

5.22 The Planning (Scotland) Act 2019 became law in July 2019. It introduces a number of changes to the planning system in Scotland, principally in respect of the development plan process and makes the National Planning Framework (NPF) (prepared by Government), part of the statutory development plan and replaces Strategic Development Plans with a requirement to prepare Regional Spatial Strategies (RSS).

5.23 As part of the new development plan process, the Government has confirmed that the next NPF will include measures that will help to accelerate a reduction in greenhouse gas emissions. In addition it has also signalled its intention to introduce "Green City Deals" to support its climate change agenda and align with existing City Region Deal Partnerships. The current Edinburgh and South East Scotland City Region Deal partners are collaborating with the relevant planning authorities in the area to input to the NPF process and prepare a draft Regional Spatial Strategy. This partnership establishes an ideal opportunity to bring together sectoral interests and prepare a land use framework which could, amongst other things, identify where resource can have the biggest climate impact. ⁽¹⁶⁾

16 The Government's Programme for Scotland 2019/2020 identifies the creation of a Green Growth Accelerator or "Green City Deal"

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5.24 In preparing the Midlothian Local Development Plan (MLDP) and determining planning applications, the Council works in close partnership with Key Agencies, particularly those with environmental remits ⁽¹⁷⁾ to develop policy, assess the impact of planned development and identify infrastructure requirements that will deliver sustainable development. As part of the ongoing monitoring and review of the MLDP the Council has established a regular dialogue with Key Agencies to engage with and support the preparation of the new plan and to ensure it is Climate Change ready.

5.25 Sustainable Growth – The Council has agreed a Sustainable Growth Agreement (SGA) for Shawfair new town (estimated population of approximately 13,000 once built out, comparable with the size of Dalkeith). The SGA is a commitment between the Council, Shawfair LLP and the Scottish Environment Protection Agency (SEPA) to work collaboratively to deliver a world-class exemplar development within One Planet limits ⁽¹⁸⁾. Central to this vision is the design and development of low carbon buildings and the delivery of low carbon heat as standard to create a well-designed place for people to live and prosper and, connecting people to their environment in a positive way now and in the future.

5.26 Design - New homes and buildings are already built with high standards of energy efficiency but more action will be required if the target of all new buildings being zero carbon by 2045 is to be achieved. To this end, the Government will be consulting on new Building Standards (to be introduced in 2021) to reduce energy demand and associated carbon emissions in all new buildings and to require that from 2024 all new homes use renewable or low carbon heat. Since 2008 the Council has included a requirement in its development plan that new buildings and building conversions minimise carbon emissions as much as possible. The current MLDP continues this support for greater building energy efficiency and extends this requirement to meet the minimum carbon dioxide emissions reduction target of the then 2015 Building Regulations, and any subsequent revisions to these Regulations. The current plan will be subject of a review and will incorporate whatever measures arise from the Government's proposed new Building Standards.

5.27 Transport Infrastructure – The relationship between land use and transport planning is key to delivering sustainable development. The transport sector produces the highest greenhouse gas emissions and it is increasing. The provision of transport infrastructure, which connects people with places and enables people to make sustainable transport choices and, in turn, more sustainable journeys, could make a significant contribution to lowering emissions. The MLDP supports development in locations where infrastructure capacity exists or which can be reasonably provided over the life of the plan. It also seeks to develop a sustainable transport network in tandem with planned development and identifies a range of transport related interventions designed to deliver this outcome.

5.28 The Council's Active Travel Strategy 2019/2024 also includes a programme of development to extend and improve the network of walking and cycling routes across Midlothian. This includes making links and connections with and to the Borders Rail Stations at Shawfair, Eskbank, Newtongrange and Gorebridge. For many, the vagaries of the weather combined with the convenience of the car act as a disincentive to making that personal commitment switching to a more sustainable form of transport. A land use and transport hierarchy, which prioritises walking and cycling and public transport above car use, is essential if that mind set and personal travel choices are to change. The settlement pattern in Midlothian is quite compact and located across the northern boundary therefore, developing a network of clearly defined, visible and safe walking and cycling routes, which are well connected with and related to the places people want to go, is essential if we are to encourage a shift in travel choices and have any chance of significantly reducing transport emissions.

17 including the Scottish Environmental Protection Agency (SEPA), Scottish Water (SW) and Scottish Natural Heritage (SNH)

18 Managing, using and sharing natural resources within the planet's limits to ensure food, water and energy security for all

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5.29 Paragraph 5.3 of the strategy identifies the various actions the Council has taken in respect of climate change and sustainable development since the 2014 climate change strategy. Included in this list is the establishment of a low and ultra low emissions vehicle fleet and associated charging infrastructure. This currently comprises of 21 electric vehicles and 15 public access charging points including two rapid chargers. In August 2019 the Council agreed to use available grant funding to extend its vehicle fleet.

5.30 Midlothian Green Network - The Midlothian Green Network is the connected areas of green and blue features within, around and between towns and villages that provide useable open space, routes for walking, cycling and horse riding, habitats for wildlife and plants, and natural surface water and flood water management opportunities. The Green Network plays an important role in responding to climate change. Different components of the green network make different contributions, which can combine to have a significant local effect in terms of mitigation. The Midlothian Green Network is promoted and protected through the MLDP. Further development of the network, particularly in terms of habitat creation and connectivity will make an important contribution to the Council's action on climate change.

5.31 Trees, Woodland and Forestry - Tree planting, woodland and forestry planting are an essential activity for tackling climate change. Trees help to mitigate the impact of climate change by absorbing substantial amounts of carbon. Many wood products also contribute to climate change mitigation by continuing to store captured carbon. Midlothian Council therefore supports commercial forestry in the right locations, in support of the Scottish Government's commitment to increase forest and woodland cover to 21% of the total area of Scotland by 2032, including planting 3000-5000ha of new native woodland per year. Midlothian currently estimated to have around 13% canopy cover. Significantly increasing this is a key land use target of the Council's Climate Change Strategy. (Also refer here to the relevant items in the action plan).

5.32 Biodiversity - Conserving and expanding habitats, making them better connected and increasing their biodiversity have interlocking benefits in terms of climate change, in addition to helping to reduce net emissions by taking up CO2 from the atmosphere. Midlothian Council is committed to protecting and enhancing biodiversity, as shown in the MLDP and Midlothian Local Biodiversity Action Plan 2019. Improving habitat availability and connectivity is an important part of this, in part because it will support nature as it attempts to adapt to the changing climate.

5.33 Sustainable Drainage – The provision, maintenance and development of green and blue infrastructure networks is central to achieving sustainable development and adapting to the impacts of climate change. As part of ongoing monitoring of the MLDP and, looking ahead to the next review of the MLDP, the Council has established a regular joint Key Agency liaison meeting with Scottish Water and the Scottish Environment Protection Agency (SEPA). SEPA has recently published revised guidance on flooding and enhanced SUDS standards in response to the climate change emergency. Scottish Water has established the Edinburgh and Lothians Drainage Partnership⁽¹⁹⁾, which is seeking to demonstrate and promote the innovative application of SUDS in existing urban areas and in new developments to manage rainfall and storm water in a more sustainable way and provide greater resilience to the impacts of climate change. Scottish Water is also undertaking network capacity modelling to facilitate, amongst other things, a more proactive and predictive response to assessing future water supply and drainage requirements arising from planned development. The Council will work closely with SEPA and Scottish Water as part of the next review of the MLDP to ensure the policy framework and infrastructure requirements reflect the agencies revised guidance and standards.

5.34 Sustainable Energy – The drive to reduce our consumption of energy and for greater energy efficiency plays an important part in reducing carbon emissions. However, combined with the ability to decarbonise that energy supply can make one of the most significant contributions to reducing our greenhouse gas emissions and reaching a net zero position. To this end the Government is promoting

19 A collaboration between, Scottish Water, SEPA, City of Edinburgh Council, Midlothian Council and East Lothian Council

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and supporting the development of Local Heat and Energy Supply Strategies (LHEES) and funding demonstration pilot projects across the public estate. The Council has secured government funding to undertake feasibility work into potential local heat networks in Midlothian and has commissioned consultants to prepare baseline data and provide guidance to inform the preparation of a LHEES for Midlothian. The Council is also developing Community Heating project at Shawfair using the Recycling and Energy Recovery Centre at Millerhill as the principal heat source. The Council has secured a joint venture partner, Vattenfall, to create an Energy Services Company (ESCO) and deliver the initial network connection to homes, businesses and schools planned for Shawfair new town. The ESCO will also consider the feasibility of extending the network to adjoining locations and heat sources at the Edinburgh Bio-Quarter and Queen Margaret University.

5.35 In the transition to a net zero carbon economy the Scottish Government propose to establish the Scottish National Investment Bank and extend the Growth Accelerator to become “Green City Deals”. Working across public and private sectors the initiatives will enable the necessary investment in emissions reducing infrastructure to secure Scotland’s net zero commitment.

5.36 In conjunction with the measures identified in the Action Plan the Council commits to:

Working with Key Agencies and other partners to develop Climate Change resilient policies for the next MLDP.

Extending and improving the walking, cycling and Public Transport network across Midlothian;

Developing the Midlothian Green Network;

Promoting the Shawfair Sustainable Growth Agreement and working with its energy services company to deliver the Shawfair Community Heat Network.

Expand the Council’s electric vehicle fleet and charging infrastructure;

Extend and support the development of a network of electric vehicle public charging points across Midlothian;

Publishing Planning Guidance on Community Heating

Sustainable Travel

5.37 Government data ⁽²⁰⁾ indicates that the transport sector (including international aviation and shipping) remains the largest source, and an increasing source of greenhouse gas emissions. This puts the challenge of reducing emissions into perspective, particularly given that Midlothian is the fastest growing local authority in Scotland.

5.38 Travel is an essential part of modern life but if we are to support Scotland’s carbon reduction targets we need to reconsider the need to make journeys and our choices of how to travel. As previously mentioned (paragraph 5.14) the Scottish Government has indicated that it is committed to phasing out the purchase of petrol and diesel vehicles by 2032.

5.39 The MLDP, the Council’s Travel Plan and the Active Travel Plan all seek to promote sustainable travel by providing policy support, establishing objectives and identifying actions which:

- Reduce the need to travel;
- Reduce journeys by car;

²⁰ Source-Scottish Greenhouse Gas Emissions 2017 – Estimates of greenhouse gas emissions in Scotland for the years 1990 to 2017, Scottish Government, an Official Statistics Publication for Scotland

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- Promote walking, cycling and public transport as climate friendly alternatives;
- Improve walking, cycling and public transport infrastructure;
- Develop cycle/footpaths as part of the wider Midlothian Green Network;
- Develop links and connections with Borders Rail stations and other places of interest; and
- Identify developer contributions towards sustainable transport infrastructure.

5.40 The Council's sustainable staff travel initiative encourages staff to change their commute to work by car to bicycle. Under the initiative, staff get the loan of a bicycle for up to two months to commute to work after which the bike will go to another member of staff. The Council hopes that the initiative will encourage staff to buy their own bike and change their travel behaviour after the loan period. Route planning and support is also available as part of the initiative. In terms of travel choices at work, the Council has introduced a bike based business mileage allowance, pool bikes and supports and regularly promotes a bike purchase scheme ⁽²¹⁾ at roadshows hosted by Cycle Solutions.

5.41 The Council acknowledges that in order to achieve sustained modal shift in travel choices this has to be matched by a commitment to:

- upgrade and develop the walking, cycling and public transport infrastructure and develop a network that is accessible for everyday journeys;
- make logical connections between rail and bus stations/stops and cycle paths/footpaths; and
- prioritise active travel and public transport modes over the car to make them more attractive.

5.42 While the majority of public transport journeys to and from Midlothian are by bus, the re-introduction of Borders Rail has expanded the Midlothian transport network to include the train as another sustainable travel choice for commuters and visitors to the area. The four stations at Shawfair, Eskbank, Newtongrange and Gorebridge are all well located to serve existing communities as well as planned development, particularly at Shawfair where the station is at the heart of the proposed new town. The proposed urbanisation of the A7 (MLDP policy Tran2) will introduce traffic calming, active travel and bus based public transport improvements on a 2.25 km stretch of the A7 from the Dobbies Roundabout (A7/A772/B6392) to Dalhousie roundabout (A7/B6392). Likewise the proposed A701 relief road and A702 link road will relieve traffic congestion on the A701 and provide an opportunity to deliver active travel and bus based public transport improvements between A701/A720 Straiton Junction and Gowkley Moss Roundabout/Midlothian Science Zone. In addition the Government is currently developing proposals to redevelop Sheriffhall roundabout to provide grade separated dedicated walking and cycling routes across this busy junction on the City Bypass.

5.43 These transport interventions are associated with major planned housing and economic developments and provide the opportunity to make sustainable connections with and between town centres and edge of centre services, out of town destinations and visitor attractions. The Council will continue to work with SEStran and other partners to secure funding to promote and deliver active travel and public transport enhancements across the local road, cycle path and footpath networks in Midlothian.

5.44 To reduce emissions levels and improve air quality the Scottish Government's programme for government (2019/2020) includes a commitment to introduce Low Emissions Zones (LEZ) in all of Scotland's cities, setting environmental limits on certain road spaces and restricting access to only the cleanest vehicles. The Government has also set aside a support fund to assist commercial and private vehicle owners who face the greatest difficulties in preparing for LEZs. The Council received support funding from the Government to carry out a feasibility study into the operation and potential extension of the Park and Ride network and facilities to mitigate any adverse impact the LEZ may have on Midlothian businesses.

5.45 In conjunction with the measures identified in the Action Plan the Council commits to:

21 A salary sacrifice bike purchase scheme - cyclesolutions.info/midlothian

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Delivering the MLDP commitment to provide Active Travel and Public Transport improvements along the A7 and A701;

Investigating feasibility of establishing a system of discounted transport season tickets for staff;

Working with SESTRAN and neighbouring Councils to connect and develop cross boundary walking/cycling routes;

Working with SESTRAN and other partners to secure funding for or participate in sustainable travel projects and pilot schemes (i.e. SESTRAN e-bikes pilot);

Review workplace car parking policy; and

Establishing links between the Travel Plan Working Group and the Council's Climate Change Board.

Business Processes

5.46 The climate change emergency declarations announced by Government, the Council and other local authorities and public bodies and organisations all express the urgency for climate change action. The strategy seeks to reinforce this message but acknowledges that it will take effort and commitment on everyone's part to achieve and sustain momentum. The strategy acknowledges that the Covid-19 pandemic has accelerated elements of organisational change which will contribute to that momentum for change.

5.47 Raising awareness about climate change amongst staff and members of the public and what the Council is doing to combat and adapt to the impact of climate change is an important part of the strategy. The establishment of the Citizens Assembly and Climate Change Partnership Group will play an important role in this respect. It is proposed to resurrect the role of service champions for climate change so that every part of the Council has a nominated climate change contact. The service champions will promote the Strategy and Action Plan, encourage staff to contribute ideas as to how we can reduce our emissions and carbon footprint, and support the work of the Climate Change Board.

5.48 Online access to information about climate change and sustainable development via the Council's web site, staff intranet, Facebook and Twitter accounts is also an efficient way to reach out to staff and customers alike. The Council's Intranet provides a dedicated back-office resource for staff. The web and social media presents the opportunity for the Council to convey its climate change message and encourage individuals and communities to make their own commitments and take action against climate change. Behavioural change amongst staff is also critical to making a difference and is at the heart of the strategy.

5.49 The Council and its committees regularly consider reports on a wide range of issues and topics and include recommendations for action. All reports contain a section on report implications. In order to place climate change at the centre of the Council's decision-making process it is proposed to subsume the existing sustainable development implications into a new section - "Supporting Climate Change". All reports would therefore need to give sufficient consideration to the impact of proposals on climate change and have to demonstrate how the recommendation(s) would contribute to the mitigation and/or adaption to the impacts of climate change and global warming, including sustainable development. It would also provide a degree of transparency and accountability into our actions on climate change.

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5.50 The way we conduct business can also make a difference to our emissions. The Efficient Working In Midlothian (EWIM) programme deployed digital technology to enable some staff to be work from home. The Covid-19 pandemic has accelerated this digital transition to many more employees and the Council's road map out of Covid-19 lockdown has "Digital by Default" embedded as one of its nine core principles for developing new working practices. The ability to support a large proportion of staff to work from home greatly reduces the need for staff to travel to work and meetings which in turn reduces emissions. The introduction of the "virtual office" allied with electronic back office management systems provides an opportunity to reduce the amount of paper consumed and energy consumed by printing and photocopying. It will play an increasingly important role in helping to achieve our Net Zero objectives.

5.51 The strategy also seeks to support and assist with knowledge and understanding about climate change amongst its staff. Providing information and practical tips or suggestions about what individuals can do to help tackle climate change is important and will help to reinforce the collective responsibility we all have to take action to make a difference. To this end, it is proposed to develop a "Learn-Pro" learning module(s) surrounding issues and actions related to climate change.

5.52 In conjunction with the measures identified in the Action Plan the Council commits to:

Adopt Digital by Default as the key driver for organisational change and transition to Net Zero Carbon working practices.

Review and update web site, staff Intranet and social media accounts to ensure the currency of Climate Change content and validity of external web links.

Agree the composition, remits and meeting schedules of the new Climate Change Board and Working Group.

Developing a climate change "Learn-Pro" learning module for all Council staff.

Asking staff to make a personal climate change commitment.

Asking the Council's customers to make a personal climate change commitment.

Carbon Management Planning

5.53 Carbon dioxide is one of the most damaging greenhouse gases contributing to climate change and global warming. Therefore it is understandable that much of the debate and activity on climate change is focused on reducing our carbon emissions.

5.54 As a signatory to Scotland's Climate Change Declaration, the Council has a commitment to prepare a Climate Change Action Plan setting out targets and timescales to achieve a significant reduction in Carbon emissions. The Council has prepared two Carbon Management Plans (CMPs) since signing the declaration, one in 2008 and the other in 2013/2014. The second CMP expired in 2016 and since then the carbon reduction target has been included in the Property and Facilities Management Service Plan set at 3% of the previous years' level. The lack of an up to date CMP and reporting framework was identified as a priority action in the 2018 audit report in order to uphold the Council's commitment under the Climate Change Declaration and to ensure ongoing compliance with our statutory reporting duties.

5.55 In conjunction with the measures identified in the Action Plan the Council commits to:

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Prepare a new Carbon Management Plan which will be reviewed by the Climate Change Board at regular intervals and align with the timeframe of the new strategy

Action Plan

5.56 The attached Action Plan sets out a number of cross service actions, which support the key commitments identified in the strategy and are either ongoing activities or new actions which contribute to reducing our greenhouse gas emissions. The Action Plan will be updated annually and reported to the Corporate Management Team (CMT) and will help to inform and support the Council's climate change reporting duties.

Monitoring and Review

5.57 In the context of the current "Climate Change Emergency", it is important that the strategy can deliver actions quickly. Regular monitoring and reporting is necessary if we are to achieve change. Annual progress reports will be submitted to the CMT for information and will supplement the statutory annual reporting duties. A full review of the strategy will take place every two years (or sooner if circumstances require).

Governance, Management and Resources

5.58 Good governance and management are key to effective cross service working and achieving the climate change objectives set out in this strategy. Currently, the Council's Cabinet provides political leadership and has overall responsibility for climate change activity. The CMT is responsible for the Climate Change Strategy, action planning and performance monitoring. To date, Planning and Property & Facilities Management have been the lead services in terms of the climate change strategy and Carbon Management Planning respectively.

5.59 It is proposed to establish a new Climate Change Board to oversee and co-ordinate day to day activity on climate change matters (including, amongst other things, the preparation and review of the strategy and carbon management plan, implementing the action plan and ensuring compliance with the statutory annual Public Bodies reporting duties set out in the Climate Change (Scotland) Act 2009) and reporting to CMT, Cabinet, and/or Council when required. The board would be supported by a cross service Climate Change Working Group (which will comprise the climate change champions from across the Council).

5.60 In order to meet our commitment to achieving net-zero carbon status by 2030 and to successfully implement this strategy, the Council acknowledges the importance of allocating sufficient resources to this end. Not all the actions in the strategy or action plan will require or incur additional capital or revenue spend but this will be a significant issue going forward. Some of the actions and commitments are ongoing work streams that can, and will be consumed within the current budgets, particularly those actions which relate to procedural and behavioural change. However it will be necessary to commit a dedicated staff resource to ensure that climate change activity is coordinated across the Council and that momentum is reached and maintained to the 2030 target date.

5.61 In its Climate Change Emergency the Council acknowledges the importance of establishing partnerships and proactively working with partners to shape thinking, generate ideas and to spread the cost. The recent announcement that the Council had secured an energy services company partner (Vattenfall) to deliver the proposed District Heating scheme at Shawfair (and investigate the feasibility of other community heating schemes and heat networks) is an example of this partnership

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approach and one which could signal a significant step towards our net-zero carbon target. Collaboration of this nature and others will be crucial to the success of this current and future strategies.

5.62 In conjunction with the measures identified in the Action Plan the Council commits to:

Establishing new operational governance arrangements at Management and Officer level including a:

Climate Change Board; and

Climate Change Working Group

5.63 Climate Change Risk Assessment

5.64 Assessing the risk from current and predicted impacts of climate change is crucial to understanding how we can best respond to a changing climate, a changing environment, and how we may need to shape our services in future. As a Council there is an obvious need to include consideration, in everything we do, of how our current policies, practices and business decisions contribute to climate change or not.

5.65 A number of approaches have been developed to assist organisations develop appropriate risk assessments. In 2011 the Council prepared a Local Climate Impact Profile (LCLIP) based on an approach developed by Oxford University as part of the UK Climate Impacts Programme (UKCIP). More recently the Adaptation Scotland Programme (a programme funded by the Scottish Government and delivered by the sustainability charity Sniffer) ⁽²²⁾ developed the Climate Change Assessment Tool (CCAT) specifically to assist public sector organisations comply with their climate change reporting duties and contribute to the carbon emissions reduction targets.

5.66 In 2018 a Council audit report recommended that the Council undertake a Climate Change Risk Assessment and to consider using the Climate Change Assessment Tool. The guidance identifies five steps to managing climate risks –

1. Define the Challenge
2. Assess climate threats & Opportunities
3. Assess climate risks & identify Actions
4. Report & Implement
5. Monitor & Review

5.67 Sufficient resource will have to be allocated to conducting a risk assessment using the CCAT but in doing so it would better align with the reporting framework and introduce more consistency into the process

22 Sniffer is an independent charity dedicated to commissioning scientific research on the protection and enhancement of the natural environment

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Action Plan

Table 4

	Action	Manager/Service Responsible	Timetable	Outcome
1	Commit a dedicated staff resource to promote and coordinate climate change activities across the Council. Identify Climate Change Champions for each service to promote action across the Council.	Corporate Management Team	2020	To prioritise the climate change agenda across the Council.
2	Establish a Midlothian Citizen's Assembly.	Community Planning Partnership. Alasdair Mathers , Communities and Performance Manager	2020	To assist the Council identify measures to help it achieve its Net Zero Carbon target by 2030.
3	Set a clear expectation that travel for work shall be done using public transport, the use of the Council's electric cars or by active travel (within 2 miles of the office).	Corporate Management Team	2021	Reduction in the Council's carbon footprint

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	Action	Manager/Service Responsible	Timetable	Outcome
4	Incorporate a climate change statement and policies in the Midlothian Local Development Plan 2 (MLDP2). Set the ambition that new development sites shall be carbon neutral.	Peter Arnsdorf Planning Manager	2022 2024	Identify the Council's climate change ambitions in its Evidence Report, which is the vehicle for public engagement. Include climate change policies in the MLDP2 Proposed Plan.
5	Through the MLDP2 process i) promote the concept of developing an 'urban forest' in Midlothian, ii) securing 21% tree canopy cover in new development sites, iii) set a presumption against the loss of mature trees; iv) replacement tree planting for all unavoidable tree loss; and v) securing biodiversity net gain on all development sites.	Peter Arnsdorf Planning Manager	2024	Climate change mitigation and adaptation – promotion and protection of mature trees to enhance carbon, sequestration, reduce flood risks, enhance mental health, provide localised temperature regulation and enhance biodiversity.
6	Through MLDP2 process investigate the feasibility of developing a Zero Carbon Development Zone	Peter Arnsdorf Planning Manager	2021	To promote a site/area to support and promote low and zero carbon energy sector developments
7	Promote climate change adaptation through the planning application process	Peter Arnsdorf Planning Manager	Ongoing	Sustainable development. Implementation of the Council's Green Networks

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	Action	Manager/Service Responsible	Timetable	Outcome
				Supplementary Guidance. Promotion of biodiversity friendly landscaping. Compliance with SUDS best practice
8	Award and promote new developments with the highest standards in sustainability and climate change adaptation	Peter Arnsdorf Planning Manager	First Awards in 2021	Promotion of best practice.
9	Develop a carbon offsetting scheme to mitigate the carbon impact of development	Peter Arnsdorf Planning Manager	2024	Securing carbon neutral development.
10	Identify and adopt accredited methodology and application to record and place financial value on trees and open space	Peter Arnsdorf Planning Manager	2021	Education of the wider value of trees and open space
11	Develop a Learn-Pro module on the Climate Change Strategy and Energy Efficiency.	Peter Arnsdorf Planning Manager	Ready for adoption of the Climate Change Strategy.	To communicate to all Council staff about the climate change Strategy and how they can help achieve its aims

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	Action	Manager/Service Responsible	Timetable	Outcome
12	Review other Council's climate change work as part of annual emissions reporting	Peter Arnsdorf Planning Manager	From the 2020 annual reporting submission.	Become aware of best practice and learn from other Councils. Adapt Midlothian's Strategy as a result
13	Implementation of the adopted Midlothian Local Biodiversity Action Plan (LBAP)	Peter Arnsdorf Planning Manager	By 2024	Protection and enhancement of biodiversity and climate change adaptation.
14	Identify <i>Community Climate Change Champions</i> from the Midlothian Community Planning Partnership	Alasdair Mathers, Communities and Performance Manager	2020	Promoting climate change actions across Midlothian. To hold the Council to account for its climate change commitments.
15	Secure 'Green Flag' status for 15 of Midlothian's schools under the Eco-Schools programme (10 schools are currently green flagged).	Justin Venton, Land and Countryside Manager Sandra Banks, Resource Manager	2024	15 schools securing 'Green Flag' status demonstrating an improved environmental awareness.
16	Implement a Council Waste Strategy across all its services.	Chris Lawson, Waste Risk & Resilience Manager	2024	Reduce waste.
17	Increasing weighting in Council procurement to favour firms who can	Alan Turpie, Legal Services Manager	2021	Contribute to climate change adaptation.

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	Action	Manager/Service Responsible	Timetable	Outcome
	demonstrate services that contain positive climate change adaption measures			
18	Use energy suppliers that only use renewable sources of energy	Gareth Davies, Property Manager	2021	Reduce use of fossil fuels.
19	Introduce, where appropriate, green roofs and green walls into new Council development	Gareth Davies, Property Manager	2021	Increasing habitat for biodiversity.
20	Install electric vehicle charging points on all Council owned non-residential properties and car parks	Lindsay Haddow, Policy Planning Manager	2024	Promote and encourage the use of electric vehicles.
21	Draft and implement an annual communications strategy to promote 'Earth Hour'.	David Russell Communications	2020	Implementation of an annual communications strategy to promote 'Earth Hour', raising climate change awareness.
22	Promotion of 'meat free days' in Council buildings/facilities	David Russell Communications	2020	Raising awareness that unsustainable agricultural practice/food consumption contributes towards climate change.
23	Draft and implement an up to date Carbon Management Plan	Gareth Davies, Property and Facilities Manager.	2021	Reduce the Council's carbon footprint.

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	Action	Manager/Service Responsible	Timetable	Outcome
24	Draft and implement a Local Heat and Energy Efficiency Strategy.	Gareth Davies, Property and Facilities Manager.	2021	Reduce the Council's carbon footprint.
25	Reduce energy consumption in non-domestic operational property stock by 3% per annum.	Gareth Davies, Property and Facilities Manager.	Annual	Reduction in carbon footprint from energy use.
26	Replace 75% of street lighting lamps to low energy LED lamps.	Keith Slight Lighting Manager	2024	Reduction in the Council's carbon footprint and promotion of healthy lifestyles.
27	Continue to promote an active travel to work strategy – encourage leaving the car at home at least one day a week and encourage car sharing through the Council's identified organisation https://liftshare.com/uk	Lindsay Haddow Policy Planning Manager.	2020	Reduction in the Council's carbon footprint and promotion of healthy lifestyles.
28	Increase Midlothian's cycle path network by 10k.	Lindsay Haddow Policy Planning Manager	2024	Promotion of healthy lifestyles and reduce Midlothian's residents dependency on the car.
29	Explore the possibility of a public transport discount scheme for Council employees.	Lindsay Haddow Policy Planning Manager.	2020	Increased use of public transport and reduced carbon footprint.

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	Action	Manager/Service Responsible	Timetable	Outcome
30	Investigate the use of recycled plastic surface materials for the repair and resurfacing roads.	Lindsay Haddow Policy Planning Manager.	2021	Increasing use of recycled material.
31	Develop a strategy to promote local food production.	Ann Marie Macaskill Economic Development Manager	2021	Increased awareness of local products and reduced food miles in purchased food.
32	Use native bio-diverse rich planting species in Council parks and controlled land to promote biodiversity.	Justin Venton, Land and Countryside Manager.	2020	Protection and enhancement of biodiversity and climate change adaptation.
33	Only use organic fertilisers and plant bedding.	Justin Venton, Land and Countryside Manager.	2020	Protection and enhancement of biodiversity and climate change adaptation.
34	Create a wildlife friendly pond in the garden of Fairfield House.	Justin Venton, Land and Countryside Manager.	2024	Promote biodiversity by implementing an exemplar project on Council land.
35	Aim to make the Dalkeith Penicuik Walkway Scotland's first Green Flag Awarded cycle path to promote sustainable travel in Midlothian	Justin Venton, Land and Countryside Manager.	2021	To promote Active Travel across Midlothian.

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	Action	Manager/Service Responsible	Timetable	Outcome
36	Promote Active Travel and staff travel plans amongst businesses and Third Sector organisations via Business Gateway.	Ann-Marie McCasgill, Economic Development Manager	2021/Ongoing	To influence sustainable travel choices and increase use of staff travel plans in the private and voluntary sectors.

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Appendix

Climate Change web links

Midlothian Council Sustainable Development and Climate change web site:

https://www.midlothian.gov.uk/info/1231/environment/445/sustainable_development_and_climate_change

Greener Scotland: <http://www.greenerscotland.org/>

Adaptation Scotland - <https://www.adaptationscotland.org.uk/>

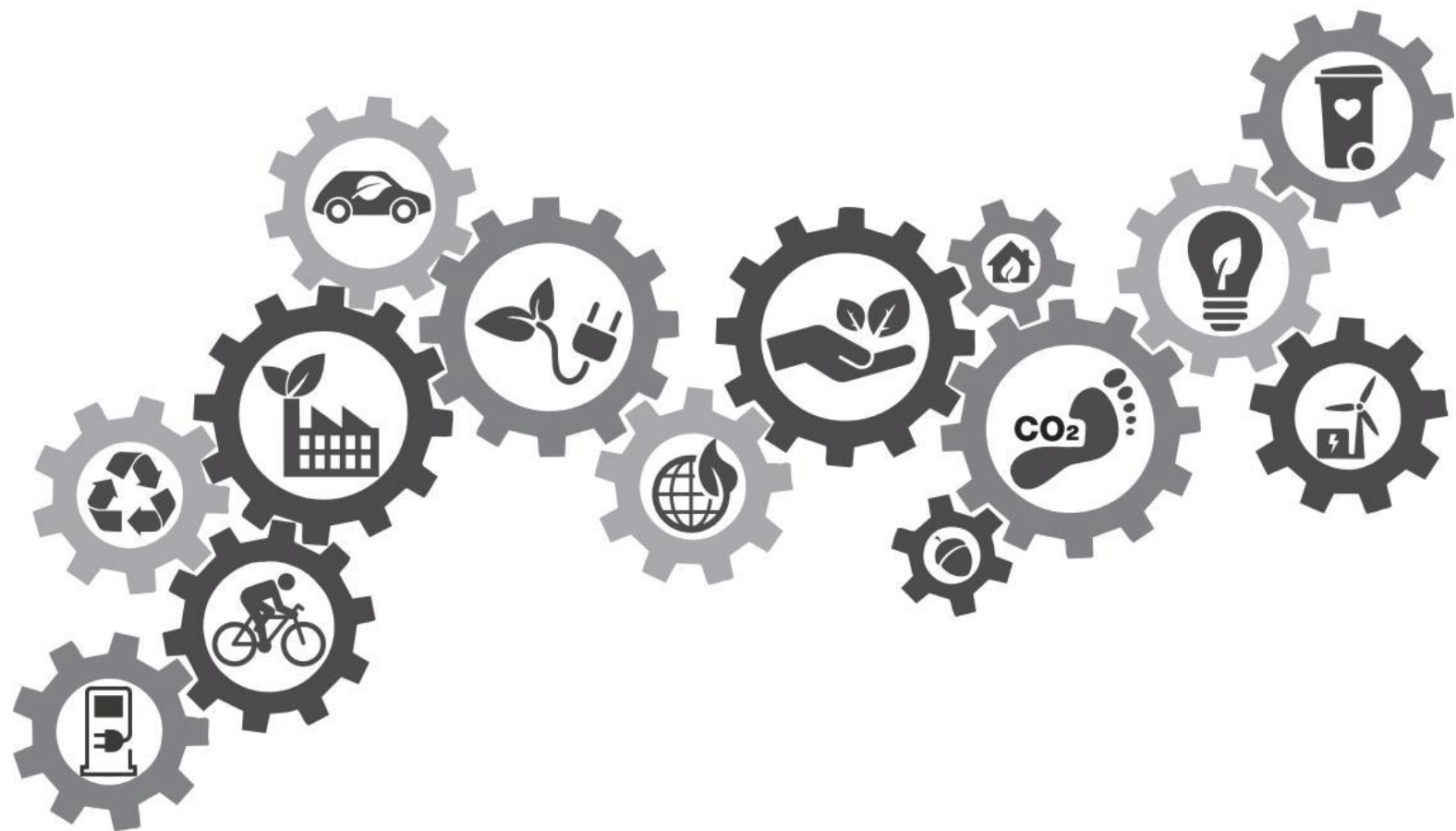
Energy Saving Trust Scotland: <https://www.energysavingtrust.org.uk/scotland>

Keep Scotland Beautiful: <https://www.keepsotlandbeautiful.org/>

Zero Waste Scotland: <https://energy.zerowastescotland.org.uk/>

Includes online staff engagement toolkit and “green champions” training modules/could substitute for Learn-Pro module?

Scottish Government: <https://www.gov.scot/policies/climate-change/>



Edinburgh and South East Scotland City Region Deal Joint Committee

10 am, Friday 7 August 2020

South East Scotland Regional Transport Transition Plan

Item number : 5.2

Executive Summary

As the easing of Covid-19 lockdown restrictions progresses, there is an urgent need to put in place measures that will address the challenges presented by increasing demand for public transport services at a time when the capacity of those services is severely reduced by social distancing requirements.

At national level, Scottish Government announced its Transport Transition Plan on 26 May, and highlighted the importance of addressing the particular pressures that could be expected in the Edinburgh and Glasgow city regions.

In response, the City Region Deal Transport Appraisal Board has been reformed into a Regional Transport Transition Group, comprising officer representatives of the six City Region Deal Councils plus representatives from Clackmannanshire and Falkirk Councils, together with officer representatives from Transport Scotland and the Regional Transport Partnership, SEStran. That Group, in close consultation with public transport operators, has prepared packages of measures for the main transport corridor routes into and out of Edinburgh, *Summary Note on Proposed Quick Wins* (Appendix C), with particular emphasis on supporting public transport operations and prioritising capacity of public transport, encouraging greater levels of active travel (walking/wheeling/cycling), and reducing the extent of potentially increased private car use.

The need for the implementation of measures is urgent, with a number of priority interventions already being prepared. Of particular importance will be maximising the capacity of the public transport system to manage effectively the expected impacts of the reopening of schools from 11 August.

Grace Vickers

Chair, Transport Appraisal Board, ESESCR Deal

Contact: Ian Johnson, Head of Major Projects, Midlothian Council

E-mail: ian.johnson2@midlothian.gov.uk | Tel: 07768 780415

Report

South East Scotland Regional Transport Transition Plan

1. Recommendations

- 1.1 To note the Scottish Government's announcement of its national Transport Transition Plan.
- 1.2 To note the arrangements within this city region for contributing to the national Transport Transition Plan, and the terms of reference for the South East Scotland Region Transport Transition Plan Group as set out at Appendix B to this report.
- 1.3 To approve the proposed transport transition measures and interventions for this city region as set out at Appendix C to this report.
- 1.4 To authorise the Transport Transition Plan Group to prepare a collective bid by all of the regional local authority partners for submission to Scottish Government for funding from its Bus Priority Fund.
- 1.5 To receive further reports on the progress of these measures and interventions together with any additional proposals to support the primary aims of the Transport Transition Plan.

2. Background

- 2.1 On 26 May 2020, the Scottish Government's Cabinet Secretary for Transport, Infrastructure and Connectivity announced the Scottish Government's Transport Transition Plan. At around the same time, the Cabinet Secretary wrote to Council Leaders and Chairs of Regional Planning Partnerships. The letter (Appendix A to this report) notes the reduction in public transport capacity during the lockdown and, because of ongoing social distancing requirements, the certainty of such reduced capacity for an extended period of time. It therefore highlights the risk of increased car use, with consequent adverse impacts on congestion, air quality, and increased inequalities; and the need to counteract this through a 'green recovery'.

- 2.2 Moving on to the process of assessment and implementation of measures, the letter refers specifically to the urgency and scale of the public transport challenges in the Edinburgh and Glasgow city regions, and notes that Transport Scotland will be looking to engage with local authorities and regional transport partnerships in those regions.

3. Main report

- 3.1 The Edinburgh and South East Scotland already has a regional governance structure through the City Region Deal, as well as an established regional transport arrangement through the Regional Transport Partnership, SEStran. It was therefore considered most effective and efficient to reform the existing City Region Deal Transport Appraisal Group into a Regional Transport Transition Group (RTTG) comprising officer representation of the eight Councils in the region (the City Region Deal six plus Clackmannanshire and Falkirk) together with Transport Scotland and SEStran. Terms of reference for the RTTG, and which mirror those of the Glasgow region group, have been prepared, a copy of which are attached at Appendix B to this report. Those terms of reference define the RTTG as an advisory, and not a decision-making body. This accords with the status of the RTTG within the City Region Deal governance structure, as shown at Appendix D to this report. That structure diagram also shows the Joint Committee as the decision making body. In addition, it can be noted that the final decision on any specific measure or intervention requires the approval of the relevant Council as local roads authority within which the proposal lies.
- 3.2 The RTTG has established its main aims and objectives, as set out in the document *Summary Note on Proposed Quick Wins*, attached at Appendix C to this report. From initial assessment it is clear that the focus of activity needs to be the expected pressures on the main transport corridor routes into and out of Edinburgh. Accordingly, three subgroups were formed on a geographic sector basis to consider and recommend packages of proposals for the main transport corridors in each sector. The three sectors are North (Fife to Edinburgh), West (West Lothian, Falkirk, Clackmannanshire to Edinburgh), and South/East (East Lothian, Midlothian, Scottish Borders to Edinburgh). The results of that ongoing assessment are provided in the document at Appendix C, and represent the first tranche of urgently required measures and interventions; to be followed by further proposals as a second phase.
- 3.3 In order that the Cabinet Secretary could be informed of progress across Scotland, Transport Scotland requested information from the RTTG. Following consultation with the eight local authorities represented on the RTTG the *Summary Note on Proposed Quick Wins* (Appendix C to this report) was sent to Transport Scotland on 21 July.
- 3.4 There is a clear need for urgency in the implementation of measures to ensure that public transport prioritisation is delivered as the demand post lockdown increases, and thereby reduce the risk of increased private car use. Of particular significance

will be the need to ensure that measures and interventions are in place to minimise the extent of the impacts arising from the reopening of schools from 11 August.

4. Financial impact

- 4.1 The document at Appendix C provides an initial estimated cost of between approximately £2.3 million and £3.0 million for the proposed first tranche of measures. Whilst some Councils may be able to fund very modest measures from within existing budgets, the majority of the measures will require funding from other sources.
- 4.2 On 16 July the Scottish Government announced a £10m fund to support local authorities to reduce the impact of congestion on the busiest bus routes; including such measures as bus lanes and bus gates. Local authorities are therefore invited to submit bids, including on a joint basis through a lead partner, the critical requirement being that the measures receiving funding are implemented rapidly to ensure greatest effect.
- 4.3 A Finance Subgroup of the RTTG meets regularly to consider the resource issues; and this includes not only funding, but the operational capacity of local authority roads departments to implement and support the approved measures.

5. Alignment with Sustainable, Inclusive Growth Ambitions

- 5.1 In the post lockdown phases, an efficient regional public transport system will be an essential requirement if the regional economy is to experience strong and rapid recovery in a range of sectors, including employment, education/training, retail, commercial leisure and other services.
- 5.2 The first tranche of proposals set out in Appendix C to this report align closely with the environmental objectives of maximising public transport and active travel; and thereby reducing the amount of travel undertaken by private car.

6. Background reading/external references

- 6.1 [Announcement on 26 May 2020 of the Transport Transition Plan for Scotland](#) by the Scottish Government Cabinet Secretary for Transport, Infrastructure and Connectivity.
- 6.2 [Transport Transition Plan](#): Transport Scotland Website

7. Appendices

Appendix A: Letter dated 22nd May 2020 from the Scottish Government Cabinet Secretary for Transport, Infrastructure and Connectivity to Council Leaders and Chairs of Regional Transport Partnerships.

Appendix B: Terms of Reference for Transport Transition Plan South East Scotland Region Group (June 2020).

Appendix C: *Summary Note on Proposed Quick Wins* (July 2020) ; prepared by the RTTG and submitted to Transport Scotland on 24/07/20.

Appendix D: Edinburgh and South East Scotland City Region Deal Governance Structure



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To Council Leaders & Regional Transport
Partnership Chairs

22 May 2020

Colleagues,

Transport Transition Plan Engagement

I would like to thank you and your Council for the significant work that you have undertaken during this unprecedented time to keep the local transport networks safe and operational.

During the Scottish Parliament Rural Economy and Connectivity Committee meeting on the 13 May 2020, I outlined our intention to set out how our Transport Transition Plan will support Scotland's people and businesses on our transition out of lockdown. Further detail can be found at <https://www.transport.gov.scot/news/cabinet-secretary-sets-out-latest-transport-response-to-covid-19-outbreak/>. This will be an evolving process and we will engage Local Authorities and Regional Transport Authorities as it develops.

We are drawing together evidence to inform our plan, however one clear and significant challenge is around public transport. During lock down demand for public transport has fallen by between 85 and 90 per cent against 'normal' since 23 March. As we move towards easing lock down measures operators are estimating that capacity will be between 10 and 25 per cent of 'normal' with the level of physical distancing required. There is a risk this will result in increased private car use, leading to congestion, poor air quality and increased transport inequalities, particularly for the 29 per cent of households in Scotland that do not have access to a car.

We continue to take action to stabilise the transport system and prepare for physical distancing. Further details on the action I have taken can be viewed at <https://www.transport.gov.scot/coronavirus-covid-19/>. A key focus of our on-going work is to ensure that we continue to support a green recovery to deliver our Climate Change commitments and reduce inequalities.

As our national work continues I know you will also be leading your local and regional transport planning responses, in line with your transport responsibilities, which I recognise will be central to the success of the transition. I would encourage you to continue to take a cross boundary approach with your neighbouring authorities where needed.

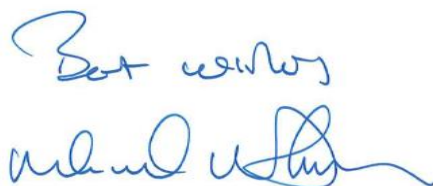
While we have already been working closely, there will be a continuing need for collaboration to align approaches across our respective transport networks. I therefore intend to include within the Transport Transition Plan a statement on how we continue to engage with local authorities, regional transport partnerships and operators to operationalise the measures across Scotland. I would therefore ask you to consider what Transport Scotland input you may require in relation to your own transition transport planning. Please forward this to Amy Phillips (Amy.Phillips@transport.gov.scot) at Transport Scotland in the first instance.

Our engagement to date has reflected the differing challenges across the country, such as the on-going ferry operation discussions we have held with Island Authorities from start of the crisis. In the short term, Transport Scotland is also looking to engage directly with the local authorities in the Edinburgh and Glasgow city regions at an operational officer level. The urgency and scale of the public transport challenge in these areas requires immediate joined up working to manage the operational interactions between the respective networks for which we are responsible.

We are not seeking to underplay the challenges across rural areas of Scotland, other cities and areas of the country. We value Local Authorities' consideration in this regard, therefore I have asked for a Transport Transition Plan National Advisory Group to be set up with proposed membership to include representatives from COSLA, SOLACE, RTPs, SCOTS and other selected members.

We have held on-going discussions with COSLA, SOLACE, RTPs and SCOTS since the start of the emergency and will continue engagement on the Transport Transition Plan in the coming weeks as outlined above.

We look forward to engaging on our respective plans as we rise to the collective transport challenges as we safely transition out of lockdown to the new normal.



MICHAEL MATHESON

Purpose and Terms of Reference for Transport Transition Plan South East Scotland Region Group

Purpose

1. To align approaches and share knowledge of national, regional and local transport planning activity to safely increase capacity across the transport system and manage demand in our journey along Scotland's route map through and out of the crisis. This will include broader considerations relating to equality impacts and consideration of tailoring measures, for example to specific geographies and sectors.

Draft Terms of Reference

2. The Group will:
 - a) consider regional, local and national transport as it applies in the travel to work area with a focus on issues within and on approaches to city centres to assist in Transport Scotland's evolving Transport Transition Plan;
 - b) focus on increases in travel demand and capacity in line with the second National Transport Strategy sustainable travel hierarchy and interactions between modes as appropriate while considering the four harms set out in *COVID-19: A Framework for Decision Making (23 April 2020)*;
 - c) identify regionally specific and cross-cutting issues, challenges and opportunities associated with increasing travel demand and capacity;
 - d) collectively engage to address these as and where appropriate;
 - e) input consideration of regional equality issues as per due regard to the need to eliminate discrimination and advance equality of opportunity;
 - f) input into scenario planning and provide advice on whether proposed scenarios or policy interventions appropriately and effectively reflect the operational requirements of the transport system from the regional perspective;
 - g) work together on key transport messaging and communication strategies to support the recovery and build confidence in the public transport system;
 - h) offer insight and feedback from those delivering services and measures to input into government decision making;
 - i) review and challenge material to support the response produced by Transport Scotland/Scottish Government, sectoral bodies and/or others; and
 - j) continue to bring together expertise and data in the monitoring of networks as we transition out of lockdown; and
 - k) advise Transport Scotland on the readiness of transport sectors to manage increased demand/service provision as appropriate.

3. Confidentiality

As the Group may be asked for its views on proposals that are still in development, and which have not yet been made available to the public, all discussions and material will be confidential.

Papers may be shared with named individuals who are not members of the group with the prior agreement of the co-chairs.

4. Conduct

Members of the group are expected to contribute their expertise as independent members and not to promote the interests of one organisation or sector. Members are asked to challenge assumptions and scenarios and should, likewise, expect to be challenged by other members of the group however this will be done respectfully.

5. Membership

- The City of Edinburgh Council
- Clackmannanshire Council
- East Lothian Council
- Falkirk Council
- Fife Council
- Midlothian Council
- Scottish Borders Council
- West Lothian Council
- SEStran
- Transport Scotland
- Public Transport Operators to be invited as required and agreed with the co-chairs.
- Other representatives can be invited with prior agreement of the co-chairs.

6. Secretariat

The secretariat function will be provided by the Edinburgh and South East Scotland City Region Deal Project Management Office.

Frequency of meetings to be confirmed, however it is anticipated that meetings will initially be held once or twice weekly, with the first taking place on the week commencing 1 June. Shorter, *ad hoc* meetings with selected members could take place more frequently depending on the requirement and speed of decision making that is required.

Frequency, role, remit and need for the group by all partners to be reviewed every two weeks.

The secretariat will aim to provide papers a day in advance but this may not be possible due to the speed at which work is commissioned and the need for quick turnaround.

The names and roles of all of those attending should be submitted to the secretariat in advance to enable a roll call at the start of each meeting and for the record, including any substitutions to agreed representatives.

7. Chairs

It is proposed that Grace Vickers, as Chair of the Edinburgh City Region Deal Transport Appraisal Board, and Alison Irvine, Transport Scotland Co-Chair, noting that these are bespoke and sit alongside, but separate to, the City Region Regional Transport Working and other Transport Groups.



South East Scotland Transport Transition Plan

Summary Note on Proposed Quick Wins

24 July 2020

South East Scotland Transport Transition Plan

Project No: BESP0023
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Document No: 0023/1
Revision: 2
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Date: 24 July 2020
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Author: Keith Gowenlock
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Appendix A. Summary Plans

1. Introduction

The South East Scotland Transport Transition Group ('the Group') came into being on 3rd June 2020. The Group has been established specifically to develop and oversee the Regional Transport Transition Plan for the transition out of emergency lock down implemented to deal with the COVID-19 pandemic. The Group brings together local, regional and national partners to jointly plan for the management of the transport network and any additional measures needed during this period. The Plan seeks to set out the interventions required at a regional level to support the Transport Transition Plan published by Transport Scotland on 26 May 2020.

Membership of the Group consists of the following authorities:

- City of Edinburgh Council
- Clackmannanshire Council
- East Lothian Council
- Falkirk Council
- Fife Council
- Midlothian Council
- Scottish Borders Council
- SEStran
- Transport Scotland
- West Lothian Council

Given the scale and urgency of the challenges, the emphasis has been on developing practical interventions that have the potential to provide immediate benefits that can support the operation of public transport, and particularly bus operations, within the region whilst capacity remains a key constraint. To achieve this, three corridor sub-groups have been set up with very active and positive participation from bus operators joining representatives from the relevant Group member to focus on developing, prioritising and implementing packages of interventions that can address the challenges and objectives set. The three corridor groups reflect what are seen as the most critical regional level movements:

- North (Fife to/from Edinburgh)
- West (West Lothian, Falkirk, Clackmannanshire to/from Edinburgh)
- South/East (East Lothian, Midlothian and Borders to/from Edinburgh)

This summary paper sets out the considerable progress that has been made in identifying and prioritising a range of very practical quick-win interventions to meet the specific needs of each corridor. The packages of recommended interventions are summarised along with indicative timescales and cost ranges for implementing these. The paper also highlights the importance of other supporting measures including communications to users being taken forward in parallel to these infrastructure-based interventions.

2. Identification of Key Issues on the Corridors

The initial meetings of the three corridor groups considered the key issues facing bus operators in the face of limited bus capacity and the gradual relaxation of lockdown measures. Operators have very effectively fed in the practical day to day issues they are experiencing as they ramp up services. The work has also been informed by the transport modelling work undertaken by Transport Scotland to inform the key public transport capacity constraints and key movements for the different stages of the Transport Transition Plan.

The key issues in each corridor are summarised in Table 2.1 below.

Table 2-1: Key Issues by Corridor

Corridor	Issue
North (Fife to Edinburgh)	<p>Current low usage of Halbeath and Ferrytoll Park & Ride sites</p> <p>Congestion on the approach to Barnton junction increases bus journey times</p> <p>Evening peak services from the city centre are delayed on the approach to Blackhall junction</p> <p>Queensferry Street bus stops result in bus congestion and delays</p> <p>Queensferry Street waiting space for passengers is insufficient to enable social distancing</p>
West (West Lothian, Falkirk, Clackmannanshire to Edinburgh)	<p>Newbridge Roundabout and approaches - queuing in both Eastbound and Westbound directions from A8 and A89</p> <p>A8 Gogar – Maybury - Buses get caught in general congestion approaching the Maybury Road junction from west through underpass</p> <p>Access egress delays for buses at Park & Ride sites eg Hermiston</p> <p>Key city bus stops/interchange points in Edinburgh where there are conflicts with parked cars and limited pavement space eg Drum Brae Roundabout and Roseburn</p> <p>Key West Lothian bus stop areas where there are conflicts with on-street parking and limited pavements space eg Bathgate, Broxburn, Uphall and Mid-Calder</p>
South/East (East Lothian, Midlothian and Borders to Edinburgh)	<p>Sheriffhall, Gilmerton and Kaimes junctions are all congested resulting in public transport delays</p> <p>Traffic volumes on Melville Dykes Road result in morning peak public transport delays of up to 10 minutes on routes from Bonnyrigg</p> <p>Queues on the A1 approach to the Jewel roundabout result in public transport delays</p> <p>Key East Lothian bus stop areas where there are conflicts with on-street parking and limited pavement space eg Musselburgh and Prestonpans</p>

3. Development of Packages of Interventions

The three sub-groups sought the views of the operators, local authorities, SEStran, Transport Scotland and the consultants (Jacobs) on potential quick win interventions that could at least in part address these issues to the benefit of bus users, bus operators and wider communities.

From these discussions it was clear that an integrated package approach across the corridors was essential to maximise the benefits against the objectives set and that this would also assist when communicating these to the wider public. Individual interventions on their own would have limited impact on improving bus operation and making journey times more reliable, which is critical to helping overcome limited capacity and providing the necessary operational flexibility for operators through this rapidly evolving period. Improving journey times for public transport and particularly bus services is also seen as vital as we gradually move from a position of deterring public transport usage for all but essential journeys to one in which this is seen as an attractive option alongside active travel in deterring significant growth of car based journeys with the impacts on safety and emissions that could result from this. The recommended packages that are summarised in the tables and plans on the next few pages have adopted this approach.

There has been considerable progress in delivering practical initiatives in the South East of Scotland to benefit those walking, wheeling and cycling through the Spaces for People and related initiatives. Ensuring careful

consideration of the interfaces between bus priority and related interventions and the interfaces with these active-travel focussed initiatives has been an important consideration within this work.

Indicative plans showing the location of each intervention are given in Appendix A. Proposed timescales are defined as:

- Short term – implemented by the end of August
- Medium term – implemented by the end of September
- Long term – implemented from October onwards

4. Assessment and Prioritisation of Interventions

The emphasis of this work is on the urgent implementation of quick wins that can greatly assist public transport and particularly bus services to play the critical role that is essential as Scotland emerges from lockdown. A complex appraisal process was not deemed to be appropriate for this exercise and, instead, a light touch assessment framework has been devised with six key objectives as well as several deliverability criteria to assist in identifying and prioritising interventions. The six objectives agreed by the SESTTG are set out below:

- To support walking, cycling and wheeling for all or part of commuter and non-commuter journeys as far as practical.
- To maximise safe and efficient use of public transport including to support continued viability of the public transport system.
- To ensure public transport is available for those most dependent on bus, tram and rail services during the easing of lockdown.
- To mitigate against the potential for an increase in private car use during the easing of lockdown.
- To co-ordinate and disseminate regional messaging to support the safe use of the transport network, restore passenger confidence, and manage travel demand in line with national guidance.
- To ensure measures facilitate connected, multi-modal journeys.

The tables that follow summarise the interventions in each of the three corridors that have emerged positively from this assessment process. This provides an indication of the assumed benefits of the individual interventions against the objectives set using a 5-point scale (+2 to -2) that has been informed through discussions at the corridor sub-groups with invaluable input from bus operators as well as the authorities. The regional messaging objective is less appropriate for this assessment but is directly supported by other communication related initiatives that are being taken forward by the Transport Transition Group and Transport Scotland.

In addition to the assessment of interventions against the objectives, key issues around deliverability have also been considered. A number of measures that performed well against the objectives but could not be taken forward quickly have not been progressed but may be very relevant for longer term infrastructure plans at the local, regional and national level.

5. Overall Benefits of the Corridor Packages

In Section 3 on the development of the of interventions, the need for an integrated package approach was stressed within and indeed across the corridors to maximise the benefits against the objectives. This approach is equally important when we consider the assessment of the overall benefits of the interventions – it is the impact of the measures collectively in tackling key issues relating to bus journey times and journey time reliability and also the quality and accessibility of provision for users that is critical rather than the impact of an individual measure in isolation.

Assessing the benefits of these quick-win measures, by their very nature, is difficult given the pace at which they have had to be developed and the limited modelling of measures that has been able to take place to date or indeed is appropriate for many of the measures, particularly those focussed on safety or qualitative improvements. Improvements to journey time reliability rather than just journey times has also been highlighted as critical during the emergence from lockdown given the rapidity of changes to traffic levels both within the day and from day to day. Again these benefits are difficult to estimate - close monitoring of the interventions with the bus operators when they become operational will be essential to give a true picture of the benefits.

Despite the difficulties assessing and quantifying the benefits highlighted above it has been possible through engagement with bus operators and some model outputs and professional judgement to get an initial feel of the scale of the benefits that could realistically be achieved by the corridor packages. These estimates of key benefits are set out in Table 5-1 against the relevant corridors. As further clarity emerges on the scope of any wider regional interventions and any temporary expansion of park and ride site, the potential benefits of these measures will be similarly assessed.

Table 5-1: Public Transport Benefits by Corridor

Corridor	Route	Scheme	AM Benefit	PM Benefit	Other Key Non-Quantifiable Benefits / Comments
North	M90 / A90	Halbeath P&R access	1		Improved bus journey time reliability
		P&R enhancements at Halbeath and Ferrytoll			Improved waiting environment / operational benefits
		Cramond Brig to Barnton bus lane	6		Bus journey time savings subject to detailed modelling
		Queensferry Road SCOOT upgrade	1	2	
		Blackhall westbound bus lane extension		2	
		A90 queue relocation (Barnton / Blackhall)			Long term intervention offering significant travel time saving
		Relocation of Queensferry St stops to Charlotte Square	1	2	Improved city centre waiting environment
		M90 / A90 travel time saving	9 mins	6 mins	
West	A89 / A8	Temporary buildouts and parking enforcement, Bathgate	2	1	Improved bus journey time reliability / passenger environment
		Temporary buildouts and parking enforcement, Uphall	1	1	Improved bus journey time reliability / passenger environment
		Peniel Place / A89 temporary traffic signals	2		Bus journey time savings subject to detailed modelling
		A89 viaduct to B800 bus lane	2		
		Newbridge Roundabout - signal optimisation and circulatory lining adjustments			Increases eastbound capacity / reliability
		A8 Westbound bus lane – Airport to Newbridge		10	Bus journey time savings subject to detailed modelling *Short term benefit only (see footnote)
		Citybound bus lane on approach to Maybury			Improvement enhances journey time reliability
		Extend Drum Brae stop to reduce waiting delays	1	1	Provides increased passenger waiting space
		A89 / A8 travel time saving	8 mins	13 mins	
	A71	Temporary buildouts and parking enforcement, Mid Calder	1	1	Improved bus journey time reliability and passenger waiting environment
		Signalisation of the A71 / B7105 junction	1		Improved journey time reliability
		Signalisation of Hermiston P&R access to improve bus egress			Improved journey time reliability
		Extended bus lane operating hours			Improved journey time reliability
		A71 travel time saving	2 mins	1 min	
	A70	Westbound bus lane towards Gillespie Crossroads		3	Bus journey time savings subject to detailed modelling
		A70 travel time saving	-	3 mins	

Corridor	Route	Scheme	AM Benefit	PM Benefit	Other Key Non-Quantifiable Benefits / Comments
South / East	A701	Straiton (yellow box + signal optimisation)	3		
		Kaimes Crossroads			Improved journey time reliability
		A701 southbound bus lane on approach to Kaimes		2	
		A701 travel time saving	3 mins	2 mins	
	Lasswade Road	Melville Dykes Road / Hillhead junction	10		Significant journey time saving at this location
		Wadingburn signal optimisation	2		Significant journey time saving combined with the above
		Lasswade Road travel time saving	12 mins	-	
	A772	Gilmerton Crossroads signal timings and parking	2	2	
		A772 travel time saving	2 min	2 min	
	A7	Sheriffhall signal time adjustments A7 / A6106	2	2	Bus journey time savings subject to detailed assessment
		A7 travel time saving	2 mins	2 mins	
	A1	Linkfield Road bus lanes	3		
		Dalrymple Road traffic signals review			Improved journey time reliability
		Splitting of bus stops on Musselburgh High St	1	1	
		Review of parking on Tranent and Prestonpans High Streets			Improved bus journey time reliability and town centre environments
		A1 travel time saving	4 mins	1 min	
	B6415	Abercorn Terrace bus / active travel improvements			Bus journey time savings require further analysis
	A6106	A6106 northbound approach to Milton Road			Bus journey time savings require further analysis
	A6095	Niddrie Mains Road			Corridor bus journey time savings require a separate study 5 min morning peak eastbound delay reported by Lothian Buses

*An A8 westbound bus lane will hinder both bus and general traffic journey times at the point that the back of the single traffic queue extends east of the Airport junction. Once the financial sector returns to work (eg Edinburgh Park and RBS) it is likely that the bus lane will need to be removed.

6. Monitoring and Evaluation

The importance of monitoring the success or otherwise of any of these interventions and the overall packages has already been stressed. Many of the interventions are, by their very nature, flexible in nature allowing adjustments to be made in the light of the experience of operators, authorities, passengers and indeed other street/road users. Good examples are further adjustments to traffic signal timings at key junctions or adjustments to the length of bus lanes. Where possible it will be important to build some of this flexibility into the design, TTRO and related arrangements.

The governance structure already set up with the three corridor groups as well as the overall regional group provides an excellent framework to monitor the performance of the measures individually and collectively including as it does the direct involvement of bus operators as well as all the relevant authorities with their local knowledge. The importance of having resources available to assist with monitoring on the ground including where appropriate camera monitoring has been reflected in the overall costings provided.

7. Delivery

It is proposed that the highly effective collaborative working approach that has been used to date in developing the packages of interventions in each of the three corridors would be retained into and through the delivery phase. It is also proposed that the City of Edinburgh Council would act as lead authority, working very closely with the relevant authorities, SEStran and the bus operators in each of the corridors with virtual meetings of the corridor groups as and when appropriate. This will ensure that operators can be actively involved in the final specification of the measures and also contribute to the monitoring of their success with any adjustments as appropriate. Overall management of any funding provided by Transport Scotland, for example through the recently launched Bus Priority Rapid Deployment Fund would need to be through a lead authority (potentially CEC) agreed by the South East Scotland Transport Transition Group, but with responsibility for individual measures allocated as appropriate to the respective authority within which these are located. Consultancy support is currently being provided to CEC by Jacobs which has assisted with the development and costing of these packages and the related reporting and the provision and procurement of any necessary support for other authorities is now under consideration by the regional group and the Finance Sub-Group.

Given the very demanding timescales for delivery of these interventions due to the urgency of the challenges, there are of course potential risks that will need to continue to be updated, resolved or mitigated. The table below sets out a few of the key risks and potential mitigation measures already in place or needing to be considered. It is recommended that this is expanded and regularly updated through the process of delivering the interventions and associated monitoring and evaluations.

Table 7-1: Delivery Risks

Key Delivery Risks	Potential Mitigation Measures
Inadequate resources within individual authorities leading to an uncoordinated approach in individual corridors	Effective Regional and Corridor sub groups including all key relevant authorities and bus operators (in place) Consultancy support to assist with co-ordination and delivery (potential need for additional support in some authorities)
Political and Public Support for interventions	Regular briefings of politicians at local, regional and national levels (already in place) Clarity on benefits of the interventions through communication strategy (being actively progressed by TS and regional communications group) Ongoing monitoring and evaluation of benefits with appropriate resources and communications
Potential conflict with Spaces for People and other initiatives	Discussion of any potential conflicts/opportunities within sub groups and associated workstreams (in place) Consideration of this interface within assessment process (in place) Integrated governance approaches to delivery within individual authorities (as in CEC)
Inadequate funding to implement interventions as comprehensive and integrated packages	Effective Regional governance structure with Finance Sub-Group actively considering funding and resourcing Co-ordinated approach to funding applications eg Bus Priority Rapid Deployment Fund

8. Costing of Measures

Following agreement in all of the corridor sub-groups on those measures to be progressed further, indicative cost estimates have been prepared with a low and high cost provided. Given the very tight timescales and with design work still to commence on many of these measures, these costs are very much draft estimates although based where possible on experience on other schemes. In a number of cases the high and low estimates reflects a lack of certainty on the scale of an individual measure, eg length of bus lanes, which will only be clarified through modelling and design work that will now be progressed. In some cases, such as temporary signals, the revenue costs will be dependent on the timescales the measure is in operation.

In addition to the measures focussing on the three movement corridors into and out of Edinburgh, a provisional sum has also been allocated to potential measures that could support other key public transport regional movements between authority areas. These will be discussed and clarified further through the sub-groups.

Given the co-ordinated regional approach, there are a number of costs such as project management costs, safety audits, CDM services and site supervision that have been assumed to be taken forward across the overall programme. If the measures are taken forward by each authority these costs may need to be increased.

A summary of costs by corridor along with associated overall costs are given in Table 8-1 below.

Table 8-1: Summary of Costs by Corridor

Corridor	Low	High
North	£280,000	£385,000
West	£363,500	£452,500
South / East	£309,500	£435,000
Park & Ride	£300,000	£350,000
Additional inter-regional priority measures (provisional sum)	£350,000	£500,000
Design development costs	£250,000	£300,000
Communications	£120,000	£150,000
Monitoring and evaluation	£100,000	£125,000
Project Management Costs	£150,000	£200,000
Road Safety Audit	£25,000	£30,000
CDM Principal Design Services	£25,000	£30,000
Site Supervision	£30,000	£40,000
Total	£2,303,000	£2,997,500

A summary of each individual scheme assessment is given in Table 8-2. Note that costs exclude future decommissioning and / or conversion to permanent interventions.

Table 8-2: Assessment Summary

Corridor	Scheme	Support walking, cycling and wheeling	Maximise safe and efficient use of public transport	Ensure public transport is available for those most dependent on services	To address the potential for an increase in private car use	Facilitate connected, multi-modal journeys	Cost		Deliverability				Equalities
							Low	High	Procurement	Implementation	Statutory	Other	
N	Speed limit reduction on A92 to improve bus egress from Halbeath Park & Ride onto access roundabout	0	2	1	1	1	£10,000	£15,000	✓✓	✓✓	✓✓	-	0
N	Clearer messaging regarding the use of Park & Ride	2	2	2	2	2	£35,000	£50,000	✓✓	✓✓	✓✓	-	1
N	Optimisation of A90 citybound queue relocation scheme	0	1	0	1	1	£75,000	£100,000	TBC	TBC	TBC	TBC	0
N	Citybound A90 bus lane from Cramond Brig to Barnton	0	2	2	1	1	£20,000	£30,000	✓✓	✓	✓	-	0
N	Upgrading of SCOOT, new loops installed but communications work required before commissioning	0	1	1	1	1	£30,000	£40,000	✓✓	✓✓	✓✓	-	0
N	Extension of westbound bus lane on Hillhouse Road towards Blackhall	0	2	2	1	1	£10,000	£15,000	✓✓	✓	✓	-	0
N	Optimisation of Blackhall bus priority scheme	0	2	2	1	1	£50,000	£60,000	TBC	TBC	TBC	TBC	0
N	Relocation of some/all Queensferry St bus stops to Charlotte Square	0	2	0	1	1	£50,000	£75,000	✓✓	✓	✓	-	1
W	Temporary bus lane on A89 eastbound approach to Newbridge	0	2	2	1	0	£20,000	£30,000	✓✓	✓	✓	-	0
W	Temporary bus lane on A8 westbound approach to Newbridge from airport on-slip	0	2	2	1	0	£15,000	£20,000	✓✓	✓	✓	-	0
W	Signal timing review at Newbridge roundabout	0	1	1	1	1	£120,000	£120,000	✓	TBC	✓	-	0

Corridor	Scheme	Support walking, cycling and wheeling	Maximise safe and efficient use of public transport	Ensure public transport is available for those most dependent on services	To address the potential for an increase in private car use	Facilitate connected, multi-modal journeys	Cost		Deliverability				Equalities
							Low	High	Procurement	Implementation	Statutory	Other	
W	Short Temporary Bus Lane on citybound approach to Maybury (through underpass)	0	2	2	1	0	£35,000	£50,000	TBC	✓	✓	TBC	0
W	Temporarily lengthen bus stop at Drum Brae Roundabout and increase waiting bays to improve loading capacity and reduce bus wait times. Enforce parking restrictions to limit impact of vehicles obstructing bus lanes	1	2	1	1	0	£5,000	£7,500	TBC	✓	✓	TBC	1
W	Full/part signalisation of Riccarton Mains Road roundabout at Hermiston to aid bus access and egress from Park & Ride	0	1	0	1	1	£45,000	£60,000	TBC	✓	✓	-	0
W	Full/part signalisation of the A71/B7015 junction (Jupiter Artland) to reduce delays for eastbound buses joining A71	0	1	0	1	0	£45,000	£60,000	TBC	✓	✓	-	0
W	Temporary kerb build out in bus stops e.g. North Bridge Street and South Bridge, Bathgate and in Uphall and Broxburn with enforcement of on-street parking affecting signals and key junctions	1	2	2	1	0	£45,000	£60,000	TBC	✓	✓	TBC	1
W	Use layby areas as passenger waiting areas and temporary kerbs to provide similar benefits to bus build out in Mid Calder on Bank Street, or enforcement of parking to restrict vehicles obstructing buses	1	2	2	1	0	£20,000	£25,000	TBC	✓	✓	TBC	1
W	Extended bus lane operating hours on A71 heading towards Hermiston Park & Ride site to reduce the effect of traffic in bus lanes causing delays	0	2	1	2	1	£3,500	£5,000	TBC	✓	✓	-	0

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							Low	High	Procurement	Implementation	Statutory	Other	
W	A70 westbound bus lane on approach to Gillespie Crossroads to improve bus travel times	0	2	2	1	0	£10,000	£15,000	✓✓	✓	✓	-	0
S/E	Retiming of signals on Sheriffhall roundabout to give more priority to A7 and A6106 approaches	0	1	1	0	0	£20,000	£25,000	✓	✓	✓	TBC	0
S/E	Introduction of temporary traffic signals at Melville Dykes Rd/B704 Hillhead junction (Lasswade)	0	2	2	1	0	£120,000	£170,000	✓✓	✓	✓	-	0
S/E	Gilmerton crossroads – parking restrictions on approaches to junction	0	1	1	0	0	£25,000	£35,000	✓	✓	✓	-	0
S/E	Alteration of traffic signals at Gilmerton crossroads to reduce delays on A772 and increase capacity for south to east (Eskbank to RIE) right turn	0	1	1	1	0	£2,000	£3,000	TBC	✓	TBC	-	0
S/E	Camera to aid enforcement of bus lane on Ferniehill Drive westbound approach to Gilmerton crossroads	0	1	0	1	0	£30,000	£40,000	TBC	TBC	TBC	TBC	1
S/E	Changed signal timings and yellow box markings at Straiton junction to aid entry of traffic to the junction from B702 Loanhead Road	0	2	1	1	0	£5,000	£10,000	TBC	TBC	TBC	TBC	0
S/E	Introduction of continuous bus lane on A701 southbound approach to Kaimes Crossroads	0	1	1	1	0	£5,000	£10,000	✓✓	✓	✓	-	0
S/E	Introduction of bus lane on Captain's Road westbound approach to Kaimes Crossroads	0	1	1	1	0	£5,000	£10,000	✓✓	✓	✓	-	0
S/E	Newcraighall Road (A1 – Craigmillar) bus priority, possibly comprising bus lanes between	0	2	1	1	0	£45,000	£55,000	TBC	TBC	TBC	TBC	0

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							Low	High	Procurement	Implementation	Statutory	Other	
	Fort Kinnaird access roundabouts and bus rerouting, and/or amendments to signals at Niddrie Mains and Craigmillar junctions to reduce delays to buses												
S/E	Extension of northbound bus lane on Duddingston Park (A6106) northbound approach to Milton Road (A1)	0	1	0	0	0	£5,000	£7,000	✓✓	✓	✓	-	0
S/E	Bus lanes on Abercorn Terrace, Portobello	0	1	0	1	0	£5,000	£10,000	TBC	TBC	TBC	TBC	0
S/E	Traffic signal timing alterations to reduce delays to buses on Dalrymple Loan approach to High St (Musselburgh)	0	1	0	0	0	£5,000	£10,000	✓✓	✓	✓	-	0
S/E	Bus lane on Linkfield Road between racecourse and Musselburgh High Street	0	1	0	0	0	£15,000	£20,000	TBC	TBC	TBC	TBC	0
S/E	Parking/waiting restrictions on Prestonpans and/or Tranent High Streets to ease congestion and reduce delays to buses	0	1	0	0	0	£7,500	£10,000	✓✓	✓	✓	-	1
S/E	Split bus stop outside Musselburgh Police Station into two stops, so increasing bus boarding capacity	0	1	0	0	0	£15,000	£20,000	✓✓	✓	✓	-	1
All	Additional Park & Ride Capacity at locations across the regions to reduce number of low occupancy vehicles travelling in to the city	1	2	2	2	2	£300,000	£350,000	TBC	TBC	TBC	TBC	1
All	Additional inter-regional priority measures (provisional sum)						£350,000	£500,000					
All	Design development costs						£250,000	£300,000					

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							Low	High	Procurement	Implementation	Statutory	Other	
All	Communications						£120,000	£150,000					
All	Monitoring and evaluation						£100,000	£125,000					
All	Project Management Costs						£150,000	£200,000					
All	Road Safety Audit						£25,000	£30,000					
All	CDM Principal Design Services						£25,000	£30,000					
All	Site Supervision						£30,000	£40,000					

Appendix A. Summary Plans

