Notice of meeting and agenda

Midlothian Council

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

Date: Tuesday, 07 February 2017

Time: 14:00 - 17:00

John Blair
Director of Resources

Contact:
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Further Information:

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

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

1   Welcome, Introductions and Apologies

Including any apologies from Members who are unable to attend

2   Order of Business

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

3   Declarations of Interest

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

4   Deputations

No deputations received for consideration

5   Minutes of Previous Meeting

6   Questions to the Council Leader

No questions received for consideration

7   Motions

7.1   Notice of motion - proposed by Councillor de Vink and seconded by Councillor Muirhead

7.2   Notice of motion - proposed by Councillor Coventry and seconded by Councillor Wallace

7.3   Notice of motion proposed by Councillor Montgomery and seconded by Councillor Pottinger

8   Public Reports

9   Private Reports

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IN TERMS OF PART 1 OF SCHEDULE 7A TO THE LOCAL GOVERNMENT (SCOTLAND) ACT 1973 – THE RELEVANT REPORTS AND THEREFORE NOT FOR PUBLICATION; AND (B) TO NOTE THAT NOTWITHSTANDING ANY SUCH RESOLUTION, INFORMATION MAY STILL REQUIRE TO BE RELEASED UNDER THE FREEDOM OF INFORMATION (SCOTLAND) ACT 2002 OR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

9.3 Education Appointment Committee - Minute of Meeting of 17 January 2017 for approval

Minute of Meeting

Midlothian Council

Date	Time	Venue
20 December 2016	2pm	Council Chambers, Midlothian House, Buccleuch Street, Dalkeith

Present:

Provost Wallace	Depute Provost Coventry
Councillor Johnstone – Leader of the Council	Councillor Constable – Depute Leader of the Council
Councillor Baxter	Councillor Beattie
Councillor Bennett	Councillor Bryant
Councillor de Vink	Councillor Imrie
Councillor Milligan	Councillor Montgomery
Councillor Muirhead	Councillor Parry
Councillor Pottinger	Councillor Rosie
Councillor Russell	Councillor Young

Religious Representatives (Non-voting observers for Education Business):

Mr V. Bourne	
Mrs M. Harkness	

In attendance:

1. Apologies

1.1 It was noted that apologies had been received from Rev. Ruth Halley who in submitted her apologies also wished to express her best wishes for a peace-filled and restful Christmas to the Provost, Elected Members, Council Officers and the people of Midlothian.

2. Order of Business

2.1 The order of business was confirmed as outlined in the agenda that had been circulated with the following amendments:

The Provost agreed to an additional item – Education Appointments Committee – presented by the Director, Education, Communities and Economy to be heard in private business under item 9.4

3. Declarations of interest

3.1 The Provost requested that any Elected Member who had to declare an interest in a particular item to do so as the item arose.

4. Deputations

4.1 It was noted that no deputations had been received for consideration at this meeting.

5. Minutes of Previous Meetings

5.1 The minutes of the meeting of Midlothian Council on 8 November 2016 were then submitted for approval. The Council approved the minute as a correct record so moved by Councillor Johnstone and seconded by Councillor Constable.

5.2 The minutes of the Cabinet meeting of 11 October 2016 were presented to the Council for noting and consideration of any recommendations therein.

The addendum to the minutes of the Cabinet meeting of 11 October 2016 were presented to the Council for noting and consideration of any recommendations therein.

The minutes of the General Purposes Committee meeting of 4 October 2016 were presented to the Council for noting and consideration of any recommendations therein.

The addendum to the minutes of the General Purposes Committee meeting of 4 October 2016 were presented to the Council for noting and consideration of any recommendations therein.

The minutes of the Performance Review and Scrutiny Committee meeting of 6 September 2016 were presented to the Council for noting and consideration of any recommendations therein.

The minutes of the Special Performance Review and Scrutiny Committee meeting of 7 September 2016 were presented to the Council for noting and consideration of any recommendations therein.

The minutes of the Special Performance Review and Scrutiny Committee meeting of 7 September 2016 were presented to the Council for noting and consideration of any recommendations therein.

The minutes of the Local Review Body meeting of 25 October 2016 were presented to the Council for noting and consideration of any recommendations therein.

The minutes of the Police and Fire and Rescue Board meeting of 23 August 2016 were presented to the Council for noting and consideration of any recommendations therein.

The minutes of the Midlothian Integration Joint Board meeting of 27 October 2016 were presented to the Council for noting and consideration of any recommendations therein.

The addendum to the minutes of the Midlothian Integration Joint Board meeting of 27 October 2016 were presented to the Council for noting and consideration of any recommendations therein.

6. Questions to the Leader of the Council

6.1 It was noted that no questions had been submitted to the Leader for consideration.

7. Notices of Motions

Motion No.	Motion Title	Proposed by:	Seconded by:
7.1	**Mineworkers Pension Scheme fund surpluses**	**Councillor Bennett**	**Councillor Rosie**

Motion:
Midlothian Council views with concern the injustice whereby the Treasury receives 50% of surpluses from the Mineworkers Pension Scheme, accumulating so far to over £3billion, a sum taken from people and communities that are least able to afford it and one that is out of all proportion to the risk covered, and calls for independent scrutiny by the Public Accounts Committee to address this unfair arrangement.

Summary of discussion
Councillor Bennett presented the motion confirming the aim of motion was to call for a review of the 50% surpluses from the Mineworkers Pension Scheme being given to the Treasury. Councillor Rosie was then heard in support of the motion.

Decision
The Council agreed to call for an independent scrutiny of the surpluses from the Mineworkers Pension Scheme by the Public Accounts Committee.

Action
Democratic Services

Motion No.	Motion Title	Proposed by:	Seconded by:
7.2	**Fair transitional pension arrangements**	**Councillor Parry**	**Councillor Constable**

Motion:
The Council calls upon the UK Government to make fair transitional state pension arrangements for all women born on or after 6th April 1951, who have unfairly borne the burden of the increase to the State Pension Age (SPA) with lack of appropriate notification.

Summary of discussion
The Council heard from Councillor Parry who in moving the motion spoke of the impact to Midlothian women of the increase to the State Pension Age and called for the Council to make fair transitional state pension arrangements for all women affected by the changes to the State Pension Age. The Council then heard from Councillor Constable who spoke in favour of the motion.

Decision
The Council agreed to call upon the UK Government to make fair transitional state pension arrangements for all women affected by the changes to the State Pension Age.

Action
Democratic Services

Motion No.	Motion Title	Proposed by:	Seconded by:
7.3	**Scottish Public Services Awards 2016**	**Councillor Constable**	**Councillor Muirhead**

Motion:
Midlothian Council would like to congratulate our Children's Services Department in winning the Policy Development Award for Framework for Permanence from the Scottish Public Services Awards 2016. The Council would like to thank the staff for their hard work and commitment to this very worthwhile project.

Summary of discussion
The Council heard from Councillor Constable who moved the motion to congratulate the Children's Services Department in winning the Policy Development Award. Councillor Muirhead was then heard in support of the motion and further the impact to the children who would benefit by the Framework for Permanence.

Decision
The Council agreed to congratulate the Children's Services Department in winning the Policy Development Award for Framework for Permanence from the Scottish Public Services Awards 2016.

Motion No.	Motion Title	Proposed by:	Seconded by:
7.4	**Council Tax Charges**	**Councillor de Vink**	**Councillor Baxter**

Motion:
Council notes the intention of the Scottish Government to raise the Council Tax charges for bands E to H from April 2017; that the additional income expected from Midlothian properties will be around £1.7 million and that of this around £1.2 million will be redistributed by the Scottish Government outside of Midlothian and in accordance with national priorities. *Midlothian Council regrets the fact that this is the first time in the history of local taxation since the introduction of the poor law in 1579 that local taxation has been appropriated for national spending priorities and believes that Council Tax raised in Midlothian should be spent in Midlothian, according to the priorities set by this council.* *Midlothian Council applauds the stance taken by the Convention of Scottish Local Authorities (CoSLA) in opposing the Scottish Government's proposals and instructs the Council Leader to write to CoSLA on our behalf, offering it Midlothian Council's full support in its endeavours.*

Summary of discussion
The Council heard from Councillor de Vink who presented a revised motion in light of the recent decision of the Scottish Government. *Council noted the intention of the Scottish Government to raise the Council Tax charges for bands E to H from April 2017; that the additional income expected from Midlothian properties will be around £1.7 million and that of this around £1.2 million were to be redistributed by the Scottish Government outside of Midlothian and in accordance with national priorities.* *Midlothian Council regretted the fact that this is the first time in the history of local taxation since the introduction of the poor law in 1579 that local taxation was to be appropriated for national spending priorities and believes that Council Tax raised in Midlothian should be spent in Midlothian, according to the priorities set by this council.* *Midlothian Council applauds the stance taken by the Convention of Scottish Local Authorities (CoSLA) in opposing the Scottish Government's proposals and instructs the Council Leader to write to CoSLA on our behalf, congratulating CoSLA with their efforts in opposing this totally inept and grossly unjust legislation and assisting in succeeding that the Scottish Government undertook the most significant of U turns. Midlothian Council expresses their full support for CoSLA's endeavours on this issue.* The Council then heard from Councillor Baxter who spoke in favour of the motion. Councillor Johnstone was then heard moving the direct negative of the motion. Councillor Parry was then heard in support of Councillor Johnstone's motion. Following this there was a lengthy political debate in relation to the motions being presented to the Council during which there was a five minute recess whilst copies of the amended motion were circulated to Members. In conclusion the Council took a vote in relation to the motions. Eight Members voted for the direct negative and ten Members voted for the motion as amended which therefore became the decision of the Council.

Decision
The Council agreed that the Council Leader write to CoSLA to congratulate them with their efforts in opposing the Scottish Government's proposals in relation to Council Tax.

Action
Council Leader

Motion No.	Motion Title	Proposed by:	Seconded by:
7.5	Councillor Johnstone	Councillor Muirhead	Councillor Imrie

Motion:

Council believes that it is vital that the administration of Midlothian Council, and particularly its leadership, place the interests of Midlothian people ahead of Party Political affiliations.

It is with dismay that we hear from Councillor de Vink, that Councillor Johnstone, the Leader of Midlothian Council, reneged on a commitment she had made to him to write to the Scottish Government expressing Midlothian Council's opposition to the way that Scottish Government plans to take the income generated from the increases in Council tax levels for those living in homes in bands E to H, to fund national spending priorities.

This in itself is bad enough, but the reason given for not following through on her commitment was the more damning aspect and confirms that Councillor Johnstone is not fit to hold the position of Leader of our Council.

Councillor de Vink has revealed that Councillor Johnstone's reason for not sending the letter was that she "did not wish Midlothian to be the only SNP controlled Council to criticise the Scottish Government".

This lays bare the truth that this administration is not prepared to stand up for the people of Midlothian unless it accords with the interests of the SNP Government and their Party bosses.

For these reasons Council believes that Councillor Johnstone is not fit to lead this Council or to defend the interests of Midlothian people, particularly when they conflict with the perceived interests of her own party.

We therefore consider that this Council no longer has confidence in Councillor Johnstone as its Leader and agrees to remove her from this position with immediate effect.

Summary of discussion

Prior to the commencement of the debate in relation to this motion, the Provost invited the Monitoring Officer to explain the voting arrangements in relation to this motion which the Monitoring Officer duly provided as follows:

'This motion seeks to remove Councillor Johnstone from her role as Council leader on the basis that the Council no longer has confidence in her due to the reasons specified within the motion.

In terms of Standing Order 4.1 as the motion seeks to replace a Council appointee it shall only have effect if ten members of the Council vote in favour. If less than ten members vote in favour the motion will be ineffective and no action will be taken.

In the event that the motion is successful then in terms of Standing Order 14 any casual vacancy to be filled should be considered at the next meeting of the Council and not at today's meeting.

In terms of Standing Order 11.3 (iii), Cllr Johnstone cannot take part in this vote. Appointments to roles within the Council are not a registerable interest under the Code of Conduct so there is no requirement on Cllr Johnstone under chapter five

of the Code of Conduct to declare an interest and withdraw.

Natural justice requires that Cllr Johnstone is entitled to put a case in her own defence if she so wishes but she should not exert undue influence in doing so. She is not chair of this meeting so there is no conflict of interest in that respect. It is therefore a matter for Cllr Johnstone as to whether she wishes to take part in the debate or whether she feels she should leave the chamber, in reaching that decision she must remember that the Code of Conduct requires that Elected Members act with selflessness, integrity, objectivity and openness in all actions as Councillors. Regardless of her decision about whether or not to withdraw from the Chamber, I would re-iterate that she may not vote in this matter.'

The Council heard from Councillor Johnstone confirming that she would leave the Chamber for the duration of the debate and prior to doing so was then heard making a statement in response to the motion.

Councillor Johnstone then left the Council Chamber.

The Council then heard from Councillor Muirhead who moved the motion.

Following this the Council heard from Councillor Imrie who seconded the motion.

There then followed a debate in relation to the motion during which Councillor Muirhead supported by seven Members called for a roll vote:

Councillor	For/Against/ motion or Abstain
Councillor Wallace	Against
Councillor Coventry	Against
Councillor Constable	Against
Councillor Baxter	Abstain
Councillor Beattie	Against
Councillor Bennett	For
Councillor Bryant	Against
Councillor de Vink	For
Councillor Imrie	For
Councillor Milligan	For
Councillor Montgomery	For
Councillor Muirhead	For
Councillor Parry	Against
Councillor Pottinger	For
Councillor Rosie	Against
Councillor Russell	For
Councillor Young	For

The motion was passed by nine votes to seven, but due to the requirements under Standing Order 4.1 the motion was declared as ineffective.

Councillor Johnstone was then invited back into the Council Chamber.

8. Reports

Agenda No.	Report Title	Presented by:
8.1	**Council Administration Changes**	**Director, Resources**

Outline of report and summary of discussion
The Council heard from the Director, Resources who presented a paper which aimed to confirm the position in relation to the Council's Governance arrangements following the termination of the Council Administration's Coalition agreement. Councillor Constable moved that the recommendations contained within the report were approved by the Council which was seconded by Councillor Parry.

Decision
The Council agreed to: a)   Note the position in relation to the Council's Governance arrangements as a result of the termination of the Council Administration's Coalition agreement.

Sederunt – It was recommended that the Council have a ten minute recess which was accepted by the Provost and consequently the meeting was suspended for ten minutes. Prior to commencing the meeting recommencing, the Provost withdraw remarks he had made in relation to Councillor de Vink.

Report No.	Report Title	Presented by:
8.2	**Midlothian Council Elections 2017**	**Chief Executive**

Outline of report and summary of discussion
The Council heard from the Chief Executive who presented a report updating Members on the arrangements currently being made for the Midlothian Council Elections to be held on Thursday, 4 May 2017. Further the proposals in report were designed to enable the Returning Officer to deliver and properly staff these Elections. Councillor Johnstone moved that the recommendations contained within the report were accepted which was seconded by Councillor Parry.

Decision

The Council agreed to:
 	
    a)   Approve and note the arrangements for the forthcoming Midlothian Council Elections to be held on Thursday, 4 May 2017; and
 	
    b)   Authorise the Chief Executive, as Returning Officer, to make the

appropriate financial arrangements and to authorise payments in respect of the Midlothian Council Elections.

Action
Chief Executive

Report No.	Report Title	Presented by:
8.3	**Review of United Kingdom Parliament Constituencies in Scotland by the Boundary Commission for Scotland**	**Chief Executive**

Outline of report and summary of discussion
The Council heard from the Chief Executive who presented a report which, following a decision by Council on 8 November 2016 confirming that Midlothian Council should submit a response to the consultation on the 'Initial Proposals' for UK Parliamentary Constituencies in Scotland by The Boundary Commission for Scotland, sought to confirm the method by which Midlothian Council would make its response. Councillor Johnstone moved that the recommendations contained within report were accepted which was seconded by Councillor Constable.

Decision
The Council agreed to: a) Midlothian Council's submission reflecting the views expressed by Elected Members, be made by the Chief Executive in consultation with the Leader of the Council and the Labour Group Leader.

Action
Chief Executive

Report No.	Report Title	Presented by:
8.4	**Council Tax on Long Term Empty Properties**	**Head of Customer and Housing Services**

Outline of report and summary of discussion
The Council heard from the Head of Customer and Housing Services who presented a report dated 22 November 2016 which outlined the background of the discretionary powers and the current position with Midlothian Council regarding discounts and exemptions applied to long term empty dwellings. Further the report aimed to summarise the powers to increase Council Tax on long term empty dwellings up to a maximum of 200% and the outlined the positive financial impact from implementing the change which is captured as part of the 2017/18 Financial Strategy planning process. Councillor Parry moved that the recommendations contained within the report were accepted which was seconded by Councillor Milligan.

Decision
The Council agreed to: a) Approve a levy of 200% to be applied on council tax charges for domestic properties that meet the long term empty property criteria; b) A civil penalty of £500 be imposed for non-compliance with the requirement to disclose relevant information on property status; c) Discretion to modify different classes of dwellings exempt from the additional charge is delegated to the Director, Resources to be used in exceptional circumstances on a case by case basis; and d) The implementation date from 1 April 2017.

Action
Head of Customer and Housing Services

Report No.	Report Title	Presented by:
8.5	**Financial Strategy 2017/18 to 2021/22**	**Head of Finance and Integrated Service Support**

Outline of report and summary of discussion
The Council heard from the Head of Finance and Integrated Service Support who presented a report which provided the Council with an update on the Financial Strategy encompassing the years 2017/18 to 2021/22 and incorporates the results from the Shaping our Future Consultation. The report included: - An update on Scottish Government Grant;   - Updated budget projections for 2017/18 to 2021/22;   - A sensitivity analysis reflecting the potential impact of different pay and grant settlement scenarios;   - An update on the resources to be provided to the Midlothian Integration Joint Board in 2017/18;   - Ratification of the 2017/18 budget contribution to SESplan;   - The results from the Shaping our Future consultation;   - Savings proposals from the Strategic Leadership Group;   - An update on the strands of the change programme;   - An update on reserves.   Further the Head of Finance and Integrated Service Support clarified the terms of the updated Financial Settlement to Local Authorities. The Council then heard from Councillor Parry who presented the Administration's proposed amendment to the recommendations contained within the report. This proposal is included as appendix 1 to this minute.

Councillor Johnstone seconded the Administration's proposed amendment.

The Council then heard from Councillor Milligan who presented the Labour Group's proposed amendment to the recommendations contained within the report. This proposal is included as appendix 2 to this minute.

Councillor Muirhead seconded the Labour Group's proposed amendment.

The Council then heard from Councillor Baxter who presented the Scottish Greens proposed amendment to the recommendations contained within the report. The proposal is included as appendix 3 to this minute.

No seconder was heard in relation to this amendment.

The Council then heard from Councillor de Vink who presented the Independent proposed amendment to the recommendations contained within the report. The proposal is included as appendix 4 to this minute.

No seconder was heard in relation to this amendment.

Councillor Parry was then heard confirming the Administration's position that, reflecting on the proposals that had been heard in the Chamber, Councillor Baxter's proposals bore similarity to the Administration's proposals and therefore moved that a joint proposal be accepted which included all the Administration's proposals along with all the recommendations within Councillor Baxter's proposals.

Councillor Johnstone seconded Councillor Parry's motion.

Following this the Council voted in relation to the remaining amendments. Nine Members voted in favour of the Labour Group's proposals and nine Members voted in favour of the joint proposal of the Administration and Scottish Greens. The Provost then cast his deciding vote in favour of the Administration and Scottish Greens amendment which therefore became the decision of the Council.

Decision

The Council agreed to:

a) Note the verbal update in respect of the Scottish Government Grant Settlement provided to Council;

b) Note the updated projected cost of services, key assumptions and resultant budget shortfalls as set out in section 3 of the report;

c) Note the continuing uncertainties and the potential impact as outlined in the differing scenarios as set out in section 6 of the report;

d) Ratify a budget contribution of £46,550 to SESplan for the financial year 2017/18, as well as the SESplan Joint Committee budget report and draft minute of 28th November 2016, copies of which have been placed in the Members' Library;

e) Note the results of the Shaping our Future consultation as summarised in section 9 of the report and detailed in appendix 1 of the report;

f) Note the addition of savings targets for Delivering Excellence activity of

£0.548 million in 2018/19 rising to £4.334 million in 2021/22 as set out in table 5 and the revised Transformation Programme savings targets of £2.791 million in 2017/18 rising to £5.437 million in 2021/22 as set out in table 6 of the report;

g) Note the operational savings set out in section 10.5 of the report and detailed in appendix 2 of the report of £2.021 million in 2017/18 rising to £3.139 million in 2021/22;

h) to approve the savings proposals set out in appendix 3 of the report with the exception of:

    i.   Appendix 3a item 5 - Charging for Instrument Tuition
    ii.   Appendix 3a item 13 – Penicuik Recycling Facility
    iii.   Appendix 3a item 22 – Walking distance to school
    iv.   Appendix 3a item 23 – Ring and Go
    v.   Appendix 3a item 27 – Transitional Meals

In respect of appendix 3a item 5, Music Tuition, to ensure that funding for this is directed from the recently announced schools' attainment funding.

In respect of appendix 3a item 9, Community Safety Review, to reject the cut and invest a further £30,000.

In respect of appendix 3a, item 28, Increase in school meals charges, to restrict the increase to 10p so reducing the saving for 2017/18 by £17,000.

In respect of appendix 3a, item 30, Public Toilet Review, to reduce the savings target for the review by £60,000.

i) Approve the proposed increases to fees and charges and proposed new fees and charges as set out in section 10.7 of the report and detailed in Appendix 4 of the report which generate an additional £0.100 million for 2017/18;

j) In considering recommendations h) and i) also consider the contents of the draft EQIA set out in appendix 5 of the report;

k) Note that based on the assumptions detail in the report and subject to approval of the proposals in respect of Council Tax on second homes and recommendations h) and i) above the Strategic Leadership Group proposals reduce the remaining budget gap for 2017/18 to £2.208 million;

l) Note that a further report will be presented to Council on 7 February 2017 to enable Council to determine a budget for 2017/18, including any utilisation of reserves, and to set Council Tax levels for the year commencing on 1 April 2017.

m) Otherwise note the contents of the report.

n) Note the terms of the settlement as set out in the letter from the Cabinet Secretary for Finance and the Constitution to Councillor O'Neill, COSLA President dated 15 December 2016 and copied to the Leaders of all Scottish local authorities and agree that the Leader of the Council write to The Cabinet Secretary confirming Midlothian

Council's agreement to the offer and accepting the full package of measures and benefits.

o) That Council agree to include a Renewable Strand in the Business Transformation Programme and Instruct the Director, Resources to report back to the next Council meeting.

Action
Head of Finance and Integrated Service Support – actions (a) to (m)
Director, Resources - action (o)
Council Leader – action (n)

Sederunt – The Provost then confirmed that there would be a ten minute recess and consequently the meeting was suspended for ten minutes

Report No.	Report Title	Presented by:
8.6	**Midlothian Strategic Housing Investment Plan 2017/18 – 2021/22**	**Head of Customer and Housing Services**

Outline of report and summary of discussion
The Council heard from the Head of Customer and Housing Services who spoke to a report which summarised the key points set out in Midlothian's Strategic Housing Investment Plan 2017/18 – 2021/22 which details the priorities for the investment in new affordable housing in Midlothian. The Council heard from Councillor Johnstone who moved that the Council agree the recommendations, however suggested that the Council should be more ambitious in its aspirations. Councillor Parry seconded Councillor Johnstone's motion. Councillor Bennett was then heard in support of Councillor Johnstone's sentiment that the Council should be more ambitious in its aspirations and the number of Council houses that should be built should be at least 1,000. Councillor Milligan was then heard in support of Councillor Bennett's comments that the number of Council houses to be built should be at least 1,000 over the lifetime of the strategy. Coupled with this Councillor Milligan suggested that further options should be considered in relation to the housing situation within Midlothian.

Decision
The Council agreed to: a)   Approve the submission of the Strategic Housing Investment Plan 2017/18 – 2021/22 to the Scottish Government with a revised number of Council houses to be included along with further options to be

considered to alleviate the housing situation in Midlothian to demonstrate a more ambitious aspiration; and

b) A programme of 30 additional open market purchases of properties for use as Council housing.

Action
Head of Customer and Housing Services

Report No.	Report Title	Presented by:
8.7	**Midlothian Council Small Grants Allocation 2017 to 2018**	**Director, Education, Communities and Economy**

Outline of report and summary of discussion
The Council heard from the Director, Education, Communities and Economy who presented a report which sought the approval of the recommendations of the Small Grants Programme for the funding of Third Sector organisations in 2017/18. The Director, Education, Communities and Economy confirmed that the first recommendation should read 'approve the recommended grant awards as set out in Appendix 3 of the report (subject to meeting the appropriate conditions of grant)'. Councillor Bryant moved that the recommendations contained within the report. Councillor Milligan seconded the recommendations but confirmed his view that the process of awarding small grants should be reviewed.

Decision
The Council agreed to: a) approve the recommended grant awards as set out in Appendix 3 of the report (subject to meeting the appropriate conditions of grant); and b) acknowledge the significant contribution the Voluntary and Third Sector makes to communities across Midlothian.

Action
Director, Education, Communities and Economy

Report No.	Report Title	Presented by:
8.8	**Participatory Budgeting**	**Head of Communities and Economy**

Outline of report and summary of discussion
The Council heard from the Head of Communities and Economy who presented a report which recommended that from 1 April 2017, Councillors Environmental

funds be allocated using a Participatory Budgeting approach.

Councillor Bryant stated that Participatory Budgeting recommendation was a positive step forward for the communities in Midlothian particularly in light of legislative changes, a sentiment which was supported by Councillor Parry.

Following a short debate, Councillor Muirhead moved that the recommendations in the report should be accepted with recommendation (ii) being omitted which was seconded by Councillor Young.

Councillor Johnstone proposed the recommendations within the report were accepted which was seconded by Councillor Baxter.

Following this the Council voted with nine Members voting for Councillor Muirhead's motion and nine voting for Councillor Johnstone's motion. The Provost then cast his deciding vote and voted in favour of Councillor Johnstone's motion which then became the decision of the Council.

Decision

The Council agreed to:
 	
    a)   Note the policy approach of the Scottish Government to empower communities to participate in decisions on the allocation of public resources;
    b)   The environmental funds allocated to each Councillor for the 2017/18 and subsequent financial years are to be spent using a participatory budgeting approach, and in accord with the Council's Capital Expenditure Guidance; and
    c)   Instruct officers to prepare more detailed guidance on good practice in the operation of participatory budgeting.

Action
Head of Communities and Economy

Report No.	Report Title	Presented by:
8.9	**World-Class Secondary School Provision for Penicuik and A701 Corridor**	**Director, Education, Communities and Economy**

Outline of report and summary of discussion
The Council heard from the Director, Education, Communities and Economy who presented a report which provided Council with an update on the feedback received from the pre consultation meetings held in September, further to a report to Council of December 2015 which stated that informal consultation would be undertaken on the options for secondary schools to serve the A701 corridor and Penicuik to include a 'centre for excellence' for Science, and that a report on the way forward would be brought to Council in the course of 2016. The Director, Education, Communities and Economy clarified that the proposal for free transport for Loanhead area pupils wishing to attend Beeslack High School would be for those entering S1 in 2017.

Councillor Constable moved that the recommendations contained within the report be accepted which was seconded by Councillor Parry. Following a short discussion, the Council agreed the recommendations.

Decision

The Council agreed to:

a) Note the feedback from the informal consultations;
b) Approve the provision of free home to school transport for Loanhead area pupils wishing to attend Beeslack High School (pupils entering S1 in 2017);
c) Note the ongoing discussions with Edinburgh University regarding building partnerships with academic and business organisations and on securing a suitable site for a secondary school in the A701 corridor;
d) Note the need for the Council to develop a funding proposal for a new school in the A701 corridor in anticipation of Scottish Government releasing funding for school estates. A potential site in Midlothian West Ward should, therefore, be identified at the earliest possible date; and
e) Request a further report be submitted to Council in due course for approval of formal consultation on the provision of secondary school education in the A701 corridor.

Action

Director, Education, Communities and Economy

Report No.	Report Title	Presented by:
8.10	**Midlothian Council response to the Education Governance Review**	**Head of Education**

Outline of report and summary of discussion

The Council heard from the Head of Education who presented a report detailing the final Midlothian Council consultation response to the Scottish Government's consultation called *Empowering teachers, parents and communities to achieve excellence and equity in education: A Governance Review* which was launched on 13 September 2016 and closes on 6 January 2017.

Councillor Constable moved that the recommendations contained within the report be approved by Council which was seconded by Councillor Muirhead.

Decision

The Council agreed to:

a) Note the content of the report; and
b) The formal Midlothian Council consultation response contained in appendix 1 of the report be submitted to the Scottish Government before 6th January 2017.

Action
Head of Education

Report No.	Report Title	Presented by:
8.11	**School Estate Capacity and Pupil Intake Limits – School Session 2017-18**	**Director, Education, Communities and Economy**

Outline of report and summary of discussion

The Council heard from the Director, Education, Communities and Economy who presented a report that aimed to provide Council with an update on the school estate capacity and further to inform Council of the pupil intake limits required for the school session starting in August 2017 and the implications for pupil placement.

Councillor Constable was then heard in support of the recommendations contained within the report.

Councillor Milligan was then heard confirming his concerns in relation to capacity in the Bonnyrigg area, particularly in light of housing developments within the area. Councillor Milligan also expressed his concerns in relation to the future of St. Mary's Primary School. In conclusion Councillor Milligan requested a meeting of all the Ward Councillors for the Bonnyrigg area, the Relgious Representatives, Officers from Planning and Officers from Education. As a result of Councillor Milligan's suggestion he further moved that the first recommendation in the report was continued to the Council meeting in February 2017 and accept the remaining recommendations.

Councillor Constable supported Councillor Milligan's motion.

Councillor Baxter was heard in support of Councillor Milligan's concerns and further suggested that a strategy was required in relation to Bonnyrigg which needed to be communicated with Parent Councils.

Mr Bourne was then heard in support of Councillor Baxter's comments that there should be an investigation of a possible joint campus on the former Hopefield site. Mr Bourne was then heard echoing the concerns in relation to the Denominational Review.

Councillor Russell was then heard in support of all Elected Members being kept appraised of future developments.

The Director, Education, Communities and Economy was then heard responding to the points that the Elected Members had arranged.

Councillor Constable was then heard confirming a move to agree the recommendations as amended which was seconded by Councillor Johnstone.

Decision
The Council agreed to: Page 24 of 320

a) Continue the discussion in relation to Bonnyrigg to the Council Meeting in February 2017 and instruct Officers to arrange a meeting of the Ward Councillors, Religious Representatives, and Council Officers and provide a further report to the Council in February 2017

b) Note the following:
- The intention to cap Primary 1 intake as shown in table 1.
- The intake limit for Lasswade High School remains in place for August 2017
- The work to identify a viable location for an enlarged Lasswade Primary School
- Plans to progress additional primary school capacity for Mayfield and the decision to safeguard part of the current Newbattle High School site for this purpose.
- Plans to progress the planning and procurement of additional primary school capacity for Dalkeith
- The development of a Learning Estate Strategy.

c) Otherwise, note content of report.

Action
Director, Education, Communities and Economy

Report No.	Report Title	Presented by:
8.12	Gore Glen Bing	Head of Commercial Operations

Outline of report and summary of discussion

The Council heard from the Head of Commercial Operations who spoke to a report which aimed to advise Council on the current situation and cost of the necessary physical works for making safe the burning bing at Gore Glen located by Gorebridge.

Councillor Rosie was heard in support of Option E within the report (General excavation of the heated area and removal of the material to a prepared location and allowed to cool) and subsequently moved that the recommendations contained within the report were approved.

Councillor de Vink was then heard suggesting that the Council should take a stronger stance against the Coal Authority.

Councillor Johnstone suggested that a more detailed briefing would be useful for Ward Members which Councillor Muirhead supported.

Councillor Muirhead continued that he was disappointed with the Coal Authority's approach and emphasised the importance of the Council carrying out the remedial works for the amenity of the community. In conclusion Councillor Muirhead requested confirmation as to whether there were any other sites in Midlothian that were of concern. The Head of Commercial Operations confirmed that there are 20 site across Midlothian that are former bings – 6 of which are in the ownership of the Council and further confirmed there are no issues with the

other sites.

Councillor Muirhead requested clarification in relation to the £40,000 fee to the Coal Authority which the Head of Commercial Operations confirmed was an estimated and the final amount would be based on the outcome of a competitive tendering process.

Councillor Johnstone requested further clarification in relation to whether the costs could increase based on the findings which the Head of Commercial Operations confirmed he would look at.

Decision
The Council agreed to: (a) Note the contents of the report and the project management by the Coal Authority; (b) Approve the addition of £184,000 to the 2016/17 capital plan (subject to their being no legal obligation on the Coal Authority to contribute to the costs of the works proposed). This would have minimal impact on loan charges in 2016/17 and 2017/18 charges would be adjusted accordingly; (c) Note that further reports will be submitted as required by Director, Resources; and (d) Council Officers will brief Ward Members accordingly

Action
Head of Commercial Operations

Report No.	Report Title	Presented by:
8.13	**Creating a World-Class Education System – Examination Attainment 2016**	**Head of Education**

Outline of report and summary of discussion
The Council heard from the Head of Education who spoke to a report which sought to provide Council with an overview of the school examination attainment in session 2015-16 using the senior phase local benchmarking measures, called 'Insight'. Councillor Constable moved that the recommendations were accepted and in doing so emphasised the commitment of the Council to improve attainment regardless of background. Councillor Muirhead was then heard in support of the report. Councillor Muirhead also emphasised that he hoped that the annual seminar with Head Teachers going forward would allow a more open discussion within Elected Members. In conclusion Councillor Muirhead was heard in support of the introduction of Business Managers within schools.

Councillor Coventry was then heard in support of the recommendations and Councillor Constables sentiments.

Mr Bourne was then heard in support of the seminar in particular the enthusiasm of the Head Teachers and further that progress had been made in a number of areas. He requested the examination results were presented in a more factual way and in conclusion supported the idea of Business Managers.

Councillor Milligan echoed the sentiments of the debate and suggested that a report be brought to Council in February 2017 in relation to Business Managers.

The Head of Education confirmed that the introduction of Business Managers is currently being looked at as part of the Devolved School Management process review.

Decision

The Council agreed to:

a) Note the significant improvements in performance outlined in this report;
b) Note the next steps for improvement;
c) Note that the Council has previously agreed to holding an annual seminar in December to outline progress in raising attainment; and
d) Note that the Council has previously agreed to receiving a report in May and December each year outlining progress made in raising attainment in Midlothian.

9. Exclusion of Members of the Public

In view of the nature of the business to be transacted, the Council agreed that the public be excluded from the meeting during discussion of the undernoted item, as contained in the Addendum hereto, as there might be disclosed exempt information as defined in paragraphs 6, 8 and 9 of Part I of Schedule 7A to the Local Government (Scotland) Act 1973:-

(a) Structural Safety of Midlothian Schools – Report by Director, Resources - Approved

(b) Purchase of 49 Abbey Road Dalkeith – Report by Head of Property, and Facilities Management - Approved

(c) Purchase of 31 Jarnac Court Dalkeith – Report of Head of Property and Facilities Management - Approved

(d) Head Teacher Appointments for Approval by Midlothian Council – presented by Director, Education, Communities and Economy - Approved

Midlothian Council Budget 2017/18 SNP amendment
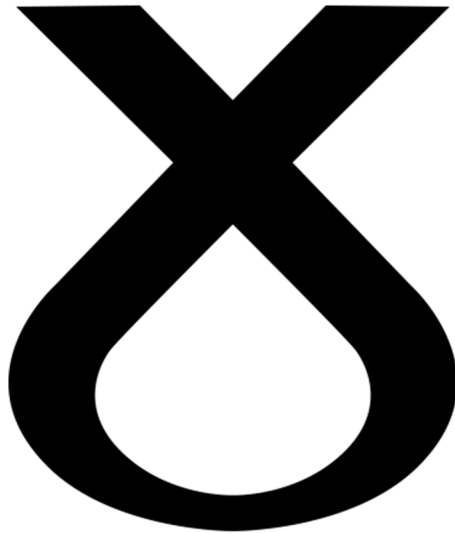
December 2016

Budget statement

Midlothian Council faces many challenges from a variety of sources and requires significant savings to be made whilst still being sensitive to the needs of a diverse county.

The United Kingdom Government's plans for a hard Brexit represent a key risk to Scotland's and Midlothian's economy. The fall in the pound is pushing up inflation. That puts pressure on household budgets, and companies are re-evaluating their plans.

Those risks are compounded by the UK Government's continued austerity programme. In the coming years, we will face cuts to our funding for public services and to social security. Between 2010-11 and 2019-20, Tory austerity will see the Scottish Government's fiscal departmental expenditure limit budget, which funds discretionary spending and capital investment, fall by more than 9 percent, or £2.9 billion in real terms, with a share of a further £3.5 billion of cuts by 2019-20 still to come.

The SNP administration has therefore brought forward proposals which meet the needs of the current challenges whilst balancing the responsibility of protecting Midlothian's residents from the worst of brutal Tory austerity.

The SNP vision is to focus on services for the most vulnerable, to transform services rather than simply make cuts and to investigate new and progressive ways of delivering change.

Budget rejections:
Closure of Penicuik recycling centre £100,000
The closure of Penicuik recycling centre would require many Midlothian residents to travel to access a similar service, increasing carbon emissions, traffic and potentially increase fly tipping. The retention of this facility at this time is crucial to meeting the council's environmental objectives and provides a vital service.

Increasing walking distance to school £38,000
Reducing the eligibility of school transport from two to three miles would increase vehicle traffic to schools and around school premises. The policy may also lead to a higher demand of supervised crossings on some routes, with cost implications arising.

Ring and Go services £10,000
Ceasing the Ring and Go service would disproportionately affect disabled, elderly and rural residents. Evidence also suggests that social isolation in these groups could lead to higher Health and Social Care costs.

Review Provision of free Primary 7 transition visit meals £6,000
Transition visits to Primary 7 pupils form an important part of social cohesion and the student journey at a time that can be challenging for young people.

Review Public Toilet Provision £100,000 – target reduced to £40,000
Public toilet provision needs reviewed to ensure that it truly meets the needs of Midlothian's residents. Whilst maintaining access to toilet services is crucial the current offering is often unavailable due to facilities closure as a result of vandalism and anti social behaviour. Midlothian needs to change this to ensure that these facilities meet demand, particularly for disabled users and an adaptable space, particularly in Dalkeith, that includes facilities for breast feeding. Therefore this proposal needs a phased approach and to be taken forward in the interests of residents rather than to balance a budget.

Increase school meals by 15p per day – rate reduced to 10p per day
Whilst the SNP administration recognise that school meal charges are low compared to other local authorities we must also recognise the financial changes that are currently placed on families. The additional £17,000 cost of amending the proposal will be of huge benefit to families and children. It will also ensure school meal uptake remains high, further reducing inequalities.

Proposed SNP Group Amendment to the Financial Strategy;
This administration therefore propose the following amendments to
Council in respect of item 8.5 Revenue Budget 2017/18 to 2021/22.

p) In respect of recommendation h) To approve the savings
   proposals set out in appendix 3a and 3b with the exception of:

   vi.   Appendix 3a item 13 - Penicuik Recycling Facility
   vii.   Appendix 3a item 22 - Walking Limits to School
   viii. Appendix 3a item 23 - Ring and Go
   ix.   Appendix 3a, item 27 - Transitional Meals

q) In respect of appendix 3a item 5, Music Tuition, to ensure that
   funding for this is directed from the recently announced schools'
   attainment funding.

r) In respect of appendix 3a, item 30 Public Toilet Review, to
   reduce the savings target for the review by £60,000.

s) In respect of appendix 3a, item 28, Increase in school meals
   charges, to restrict the increase to 10p so reducing the saving
   for 2017/18 by £17,000.

t) In respect of recommendation i) approve the proposals in
   respect of fees and charges as detailed in appendix 4.

u) Note the terms of the settlement as set out in the letter from the
   Cabinet Secretary for Finance and the Constitution to Councillor
   O'Neill, COSLA President dated 15 December 2016 and copied
   to the Leaders of all Scottish local authorities (copy attached to
   this amendment) and agree that the Leader of the Council write
   to The Cabinet Secretary confirming Midlothian Council's
   agreement to the offer and accepting the full package of
   measures and benefits.

v) Otherwise agree the other recommendations. a) to g) and j) to
   m) .

Proposed by:

Councillor Kelly Parry

Seconded by:

Councillor Catherine Johnstone

Midlothian Council Labour Group

MIDLOTHIAN LABOUR GROUP AMENDMENTS TO
ITEM 8.5 FINANCIAL STRATEGY 2017/18 TO 2021/22

Midlothian Council notes the apparently worsening financial settlement following the Scottish Government Budget announcements on Thursday, full details of which are not likely to be known until February.

For that reason we note, but do not accept any recommendations coming forward from the Strategic Leadership Group that refer to savings or otherwise in years beyond 2017/18.

We note the modest savings targets associated with the green energy agenda and agree with Councillor Baxter that these targets should be much higher in future years. We also note that Council agreed back in August 2015 to look into the setting up of an Energy Services Company, wholly owned by the Council which would have the twin aims of generating zero-carbon energy and in doing so generate income for the council.

With respect to the specific recommendations before us, we accept recommendations (a) to (e) and (i) to (m).
We note the additional savings targets referred to in recommendation (f), but do not agree and reserve the right to amend any savings targets which refer to years beyond 2017/18.
We note the operational savings referred to in recommendation (g) set out in section 10.5 and detailed in appendix 2 with the following exceptions.

   a) Where they refer to years beyond 2017/18.

   b) Subject to the amendments laid out in appendix 1 which increases the Operational Savings by £320,927

We accept the Strategic leadership Group's savings proposals referred to in recommendation (h) set out in section 10.6 and detailed in appendix 3, with the following exceptions.

   a) Where they refer to years beyond 2017/18.

   b) Subject to the amendments laid out in appendix 2 which increases the policy savings by £185,000

In addition, and central to the Midlothian Labour Group Amendment, we approve the provision of full funding of £500,000 in the revenue budget from 1st April 2017 onwards to provide two CAT teams for Midlothian communities.

We hereby move the amendment detailed herewith which will decrease the budget gap as set out in the recommendations from £2.208m to £2.203m

Moved:

COUNCILLOR DEREK MILLIGAN

Seconded:

COUNCILLOR JIM MUIRHEAD

Appendix i
Recomendation G Operational Savings -
Labour Group Amendments

Page/Propos al No	Description	Dept	Category	Effect on Savings	
				Reduce	Increase
164/3	Education, Communities and Economy, Education Increase savings target against the Central Curriculum Budget from £50k to £83.827k leaving £50k in budget.	Education	Operational	£ -	£ 33,827
164/5	Education, Communities and Economy, Education Mini Service Review with Education - increase target savings from £150k to £200k	Education	Operational		£ 50,000
165/6	Customer and Housing Services Service Review Revenues - Bring forward to make £100k savings this year. This is half of the savings envisaged for 2018/19	Housing	Operational		£ 100,000
NEW SAVING	Finance & ISS As refered to in the strategic Leadership Group's original saving proposals 2017/18 supplied to elected members.	FISS	Operational		£ 96,000
166/26	Properties and Facilities Merge School and Leisure Janitorial Services where possible. Bringing forward changes from 2018/19	Properties & Facilities	Operational		£ 61,100
166/7	Commercial Operations Ok to take £10k from Rights of Way but leave £20k in play equipment.	Commercial	Operational	£ 20,000	

			Totals	£ 20,000	£ 340,927
			Increase Savings by		£ 320,927

Appendix ii

Recommendation H Strategic Leadership Group's Policy Savings - Labour Group Amendments

Page	Description	Dept	Category	Effect on Savings	
				Reduce	Increase
192	Review of Inclusion - Increase target saving on this £1.9m budget by £50k to 150k	Education	Policy		£ 50,000
193	Increased charges for personal care This saving is not accepted and budget reduced by £100k	Health/Social Care	Policy	£ 100,000	
194	Community Safety Service Review - Accept savings targets for 2017/18 and bring forward half savings from 2018/19 to 2017/18	Customer & Housing Services	Policy		£ 115,000
215	Remove Cutting of Public Toilet budget. Not acceptable.	Properties & Facilities	Policy	£ 100,000	
195	Road Maintenance Increase savings by another £200k to £400k total, and increase capital spend on this by another £200k	Commercial	Policy		£ 200,000
198	Closure of Belmans Road Recycling - Not Acceptable	Commercial	Policy	£ 100,000	
200	Remove Cease provision of Garden Maintenance - Not acceptable.	Commercial	Policy	£ 20,000	
203	Removal of Pitches unacceptable	Commercial	Policy	£ 10,000	
204	Review Xmas light Funding - Not acceptable. But look for opportunities to lower the cost.	Commercial	Policy	£ 60,000	
207	Increase distance for Home to School - Not acceptable	Commercial	Policy	£ 38,000	
208	Cease Ring and Go Services - Not Acceptable	Commercial	Policy	£ 10,000	

	Additional Items				
	Mini Review of 3rd and 4th Tier Management Structures currently 143 managers plus heads of service and Directors at a cost of between £8m and £9m, Grade 8 and above (half year saving) 6% reduction	ALL	Policy		£ 258,000

		Totals	£ 438,000	£ 623,000

1-1208

| | Increase savings by | £ 185,000 |

Midlothian Council Budget 2017/18
Proposals from the Green Party

Produced December 2016

Councillor Ian Baxter

Budget Statement

Following several years of real terms cuts to the Scottish Government grant on top of a damaging Council Tax freeze, it is without doubt that Midlothian Council faces the most challenging period financially in its history.

The Council Tax freeze itself has removed hundreds of millions of pounds from the public purse, and had Council Tax been allowed to rise in line with inflation, the budget shortfall for 2017/18 would have been several million pounds less than that faced today.

This budget, however, should be not simply be seen as an exercise in reacting to financial pressures. It is not sustainable to continually cut staff and services, given the significant grant reductions expected over the next few years. We need to look for new income streams as well as deciding the kind of council we wish to be.

The Green Party's vision is a Midlothian which is at the forefront of council and community owned renewable energy; where transport choices are directed towards active and sustainable travel, including enhanced public transport. We want to improve educational attainment, particularly in areas of multiple deprivation, creating sustainable and well paid jobs located within Midlothian, without the need to travel into Edinburgh for work.

Commensurate with that, the Green Party therefore proposes the following amendments to the budget proposals placed before Council:

Charging for Music Tuition

The reintroduction of charging acts as a disincetive to those whose income is low but who do not qualify for assistance. It is particularly important that the opportunity to learn to play an instrument is available from a young age, and the wider benefits are well documented. One report published in Canada suggested that six year olds learning an instrument had, on average, a seven point IQ increase over the course of a year compared to those not learning.

We therefore see charging for music tuition to run contrary to the council's aim of improving attainment and in particular addressing the attainment gap.

However, following the announcement in last weeks Scottish budget that a fund will be provided by the Scottish Government to provide assistance to schools in bridging the attainment gap, we believe that use of some of those funds to cover the cost of music tuition would be commensurate with that aim.
We therefore seek the removal of the introduction of charging, with the funding gap being met from schools' attainment funding.

Cost - Nil

Community Safety Service Review

While we opposed the removal of Community Policing teams, it is recognised that their reintroduction would be costly and may not be the best way to spend limited resources. It is also seen by some as treating Police Scotland as a third party service provider for a service which Police Scotland should be providing without charge.

We believe that a more effective investment would be to bolster our own in house Community Safety Team, building on the very effective Problem Solving Partnerships

(PSPs), which draw together experts from   the Community Safety, youth workers and the police.

We therefore seek to remove the £30,000 cut to Community Safety in 2017/18 and also to invest a further £30,000 in developing the PSPs and partnership working with the police force.

Cost - £60,000

Review of Public Toilet provision

Whilst we fully support a review of provision, we feel a target of £100,000 is ambitious, given alternative provision is not available in all locations. Where no suitable alternative is available, we would oppose the closure of any public toilets.

We believe that the review should seek to improve or replace council provision with partnership arrangements with Scotrail (for toilet provision at Midlothian's stations) and Lothian Buses (for driver facilities).

We therefore propose a reduced target of £40,000 saving from the review.

Cost - £60,000

Close Penicuik Recycling Facility

The impact of closing this facility extends beyond the obvious one of reducing the incentive to recycle. Fly-tipping is already an increasing problem in the wake of increased bulky uplift charges, and the need to travel across county from Penicuik to Stobhill will only add to congestion and pollution on our roads.

Cost - £100,000

Walking distance to schools

The impact of making the proposed change would be to encourage more dropping off of children attending local schools, exacerbating an already growing problem. We therefore seek to remove this change.

Cost - £38,000

Ring-and-go service

This service is a lifeline to those living in rural areas with little or no public transport. Given the importance of the facility to those who may have no alternative, we seek to remove the cut.

Cost - £10,000

Council owned Renewable Energy

With the reduction in subsidies for the generation of renewable energy, the economics in this area have changed markedly over recent years. However, the cost of installation both of generation and storage are dropping steadily and council owned renewables are once again becoming a viable investment.

The medium to long term economic viability is driven by the reducing installation costs, recognition that the technologies involved are now mature, and the increasing wealth of expertise in the development of local council renewable energy projects across the UK. Coupling this with what now seems to be the end of cheap oil, energy prices in general are now expected to rise well above the rate of inflation over the next few years.

Added to this is the drive to reduce fuel poverty, in the case of domestic Solar PV installations, and the need to reduce carbon emissions by the council.

Based on documentation produced by APSE Energy, even assuming no subsidies are available, investment now in Solar PV is once again becoming a worthwhile medium to long term investment.

We therefore propose a major programme of work by Midlothian Council, funded from the £4 million set aside for Business Transformation, to investigate and develop council owned renewable energy.

This would require a new theme within the Business Transformation programme, dedicated to Green Energy generation (including the possible setting up of an ESCO). It would investigate the feasibility of, but not restricted to, the following –

- Large and small scale Solar PV farms (up to those of the order of 50,000 panels, equating to around 10 MW)
- Use of council land, council buildings, council houses, joint ventures (with neighbouring councils, land owners, private house owners, etc) – including use of capped landfill sites, 'canopies' on large car parks (e.g. at Park & Ride facilities, railway stations and supermarkets)
- Private wiring to council buildings, larger scale consumers and new housing estates
- Storage (electrical, hydro, or using old mine workings for thermal or gravitational)
- Wind turbines, possibly as a joint venture with neighbouring councils
- Hydro energy – potentially in collaboration with community groups

Developing expertise in this area will also provide a useful resource for community groups wishing to invest in renewables.

Estimates from APSE Energy suggest that within two years, annual income of around £250,000 could be anticipated from a single large scale Solar PV farm.

Our intention would be to target a minimum of £300,000 net income in 2018/19 with substantial increases thereafter, particularly as energy prices continue to rise.

Income (from 2018/19) - £300,000+

Proposed Green Party motion.

We therefore propose the following amendment to Council in respect of item 8.5 Financial Strategy 2017/18 to 2021/22.

a) In respect of recommendation h) to approve the savings proposals set out in appendix 3 with the exception of:

   x.   Appendix 3a item 5 - Charging for Instrument Tuition
   xi.   Appendix 3a item 13 – Penicuik Recycling Facility
  xii.   Appendix 3a item 22 – Walking distance to school
 xiii.   Appendix 3a item 23 – Ring and Go

b) In respect of appendix 3a item 5, Music Tuition, To ensure that funding for this is directed from the recently announced schools' attainment funding.

c) In respect of appendix 3a item 9, Community Safety Review, to reject the cut and invest a further £30,000

d) In respect of appendix 3a, item 30, Public Toilet Review, to reduce the savings target for the review by £60,000.

e) In respect of recommendation i) Approve the proposals in respect of fees and charges as detailed in appendix 4.

f) In addition to move that Council agree to include a Renewable Strand in the Business Transformation Programme and Instruct the Director, Resources to report back to the next Council meeting.

g) Otherwise agree the other recommendations a) to g) and j) to m).

Summary

Income	2017/18		2018/19	
Additional Income				
Renewable Energy	-		300,000	
Total Income		-		300,000
Expenditure				
Additional Expenditure				
Community Safety Review	60,000		60,000	
Public Toilet provision	60,000		60,000	
Penicuik Recycling Centre	100,000		100,000	
Walking Distance	38,000		62,000	
Ring and Go	10,000		10,000	
Total Expenditure		268,000		292,000

Independent

Suggested conditions for Cllr Peter de Vink to support the Budget 2017/18:
Midlothian Council ("Council") meeting 20th December 2016

1   *Council notes the budget deficit originally stated in our Auditor's 2014/5 Report at a cumulative £31M and it expected to increase to £37M by 2020/1*

2   *Council notes that serious slippage has occurred in the Transformation Programme such that only £0.9m of a planned £1.8m savings has been made*

3   *Council notes that £126m of labour cost (as stated by the Head of Finance and Integrated Service Support) within the Council, falls to be set against net expenditure of £219.7m in the audited Income and Expenditure statement for the year ended 31 March 2015, a ratio of 57.4%*

4   *At the gross £248.6m expenditure level (excluding HRA expenditure but retaining Housing Services expense) the ratio is still in excess of 50%*

5   *Council notes that this proportion appears in excess of other Scottish Local Authorities and it is not apparent that a radical change has occurred in the year ended 31 March 2016*

It is proposed that in conjunction with setting the Budget Council commissions an in depth investigation into these apparent anomalies.

6   *The investigation should aim to set out a like-for-like basis, examining the impact of contracted-out activities in other councils, the effect of the Council's public housing programmes, the relative hourly rates in directly owned operating subsidiaries, absentee rates, early retirement settlements, pay and grading anomalies and any related matters which may have had the effect of disadvantaging Midlothian by way of unjustified labour costs*

Additional work should be undertaken on the impact of the rise in minimum wage from an effective £8.33/hr to £9 (council staff) and £7.20 to £9.00 (contractors) by 2020. The calculation should reflect increased Council obligations caused by anticipated housebuilding and infrastructure requirements in the period

7   *The investigation should also carry out a high-level assessment as to the degree to which Midlothian has utilised on-line services to streamline its processes, compared to other Councils*

8   *Council notes and agrees with the view of the Accounts Commission in "An Overview of Local Government in Scotland 2016"*

"Most Councils have reduced their workforces to save money, and many are planning further staff reductions. In doing so they need to ensure they have people with the knowledge, skills and time to design, develop and deliver effective services in the future Councillors should:
Ensure their Council continues to develop workforce strategies and plans that clarify the numbers and skills of staff needed in future"

9   *Council further notes in that Report that:*
*"Some councils are now making compulsory redundancies to reduce costs and better manage their workforces. For example, **over half** of councils now have policies that allow them to make compulsory redundancies if necessary."*

10   *In the light of the results of the investigation the Council should evaluate the NCRP position in the interests of the electorate who are also our customers and as taxpayers are entitled to value for money*

11   *The Budget should not be finally adopted until the Council is able to confirm on an informed basis that it is considering the path set out by Audit Scotland regarding workforce management and longer term budgeting.*

12   *Proposed actions:*

The Council will consider all appropriate workforce management approaches so as to achieve the optimum fit between the relevant staff skill sets and the future service demands for local government and take in account technological advances. The aim of best value for Midlothian customers and taxpayers will guide the study.

The Council agrees to consider Audit Scotland advice as to the policies necessary to secure its longer term financial stability and will set the 2016/7 Budget in the light of the same

The Investigations will be made public in the week starting 6th March 2017 and it will be discussed in the March Full Council Meeting

All Councillors and the Chair of the Audit Committee will be invited to contribute to the findings of the Investigations and the benchmark should not be what other Councils achieve but we will be ambitious and take as our benchmark private enterprise

A copy of this document will be appended to the minute of this meeting of the Council along will a note of Councillor de Vink's speech.

Councillor Peter de Vink
Midlothian East
20 December 2016

Minute of Meeting

Cabinet

Date	Time	Venue
22 November 2016	11am	Council Chambers, Midlothian House, Buccleuch Street, Dalkeith

Present:

Councillor Johnstone	Councillor Bryant
Councillor Parry	Councillor Constable
Councillor Rosie	

Religious Representatives:

Mr V Bourne Rev. Ruth Halley Mrs M Harkness	

1 Apologies

1.1 No apologies were received.

2 Order of Business

The Clerk advised that the Chair had agreed that Item No 6.5 on the Agenda entitled "New Build Council Housing – Local Letting Initiative" be taken as the first item of business under the heading of Public Items - No Education Interest, as shown below.

3 Declarations of interest

No declarations of interest were received.

4 Minutes of Previous Meetings

The Minute of the Meeting of the Cabinet of 11 October 2016 were submitted and approved as a correct record.

With reference to paragraph 5.2 decision (b) of the aforementioned Minute, the Chair reminded Members that the Revised Standing Orders now required that any request for a Seminar be formally approved by Council.

5. Reports

Agenda No	Report Title	Presented by:
5.1	**Accreditation of Mayfield Nursery School's ICAN Provision**	**Head of Education**

Outline of report and summary of discussion
The report outlined the outcome of the I CAN Early Talk Accreditation which was carried out in Mayfield Nursery School on 25 October 2016. The I CAN Early Talk accreditation scheme was a quality assurance and quality improvement tool. The accreditation involved an inspection of a portfolio of evidence, and an onsite audit of practice using standards of service excellence, which had been developed by I CAN. A full copy of the accreditation report was attached as an appendix to the report. The specialist level accreditation was divided up into the following ten sections:

- Outcome Measures
- Supporting children in your setting/service
- Specialist Education and Therapy
- Assessment
- Supporting Inclusion
- Admission, Transition and Outreach
- Working with Families
- Professional Development
- Staff mix and Induction
- Management Structure and Support

The report detailed 52 strengths that were identified across those ten indicators as well as 20 areas of comment/areas for development. Both Mary Smith and Lisa Barnes, Head Teacher were heard in amplification of the report.

Several Members along with Mr Bourne were heard highlighting that this was an outstanding Inspection report and congratulating all involved.

Decision
(a)To note the content of the inspection report; (b)To pass this report to the Performance, Review and Scrutiny Committee for its consideration; (c) To congratulate the pupils, parents, carers and staff connected with Mayfield Nursery School ICAN on the key strengths highlighted within the report; and (d) To note those areas identified for further development.
Action
Director Education, Communities and Economy/ Head of Education

Agenda No	Report Title	Presented by:
5.2	**Midlothian Tourism Action Plan 2016-20: Progress Report**	**Director Education, Communities and Economy**

Outline of report and summary of discussion
The purpose of the report was to update Cabinet following the launch of the Midlothian Tourism Action Plan 2016-20 and to outline some of the key themes and activities contained within it. Ian Johnson was heard in amplification of the report..

Decision
(a)To note the collaborative work undertaken between the Midlothian Tourism Forum, the Council and key partners to prepare the Midlothian Tourism Action Plan for 2016-20; and (b)To endorse the Midlothian Tourism Action Plan 2016-20 as an industry led strategy for local tourism development to be delivered in partnership with the Council.

Action
Director Education, Communities and Economy

Agenda No	Report Title	Presented by:
6.5	**New Build Council Housing – Local Letting Initiative**	**Joint Director, Health and Social Care**

Outline of report and summary of discussion

The report proposed a Local Letting Initiative (LLI) to be used for the allocation of housing at the completed new council housing development at Polton Street, Bonnyrigg.

The report highlighted that18 flats had been built, with a mix of 1 person studio flats, 1 person 1 bedroom flats and 2 person 1 bedroom flats.

Table 1: Housing Mix at Polton Street, Bonnyrigg

Property Type	Number of Properties
1 Bed, 1 Person Studio	5
1 Bed, 1 Person Flat	5
1 Bed, 2 Person Flat	8

In order to allocate these units in a way that ensured a balanced and sustainable community it was recommended that the following criteria be used to allocate the first let of these units. It was proposed that allocations would be offered in the following order of priority until all properties had been let:

- Allocate suitable ground floor level access accommodation to households with a Medical Priority A or B to General Needs or Homeless Applicants who are currently resident in Bonnyrigg/ Lasswade/ Poltonhall.
- Allocate to existing council housing tenants who are under occupying their current tenancy by 1 or more bedrooms and are resident in the areas of: Bonnyrigg/Lasswade/Poltonhall.
- Allocate to Homeless or General Needs List Applicants who are currently resident in Bonnyrigg/Lasswade/Poltonhall and have chosen these as one of their area choices.
- Allocate to Homeless and General Needs List Applicants who have chosen Bonnyrigg/Lasswade/Poltonhall as one of their area choices but are not but not resident in these localities.

To ensure sustainability of tenancies, properties would be allocated to households on the Housing List who did not have a history of anti social behaviour.

Currently there were no base rental charge for Studio flats as Midlothian Council had no other studio flats in its housing stock. In Scotland in 2015/16 the average rent charge for a studio flat was £64.07 per week, while 1 bedroom properties was £68.56 per week – a difference of 7%. The cost of constructing a studio flat was approximately 3.4% less than the 1 Bedroom 2 Person flat at this site (which in Midlothian was charged at £68.25 for new builds). It was therefore recommended that a new rent charge of £65.53 for studio flats was introduced to reflect the

smaller size of these properties to be consistent with other Scottish landlords who charge less for studio flats compared to 1 bedroom properties. Kevin Anderson was heard in amplification of the report.

Decision

(a)To approve a Local Letting Initiative detailed within the report for the allocation of housing at Polton Street, Bonnyrigg, to ensure the creation of a sustainable, balanced community; and

(b)To agree to a reduced rent charge of £65.53 per week for the 5x studio flats in this development.

Action

Joint Director, Health and Social Care

Agenda No	Report Title	Presented by:
6.1	**Creation of a Pan Scotland Local Authority Business Loan Fund – Progress Update**	**Head of Communities and Economy**

Outline of report and summary of discussion

The purpose of the report was to update Cabinet on progress with the creation of A Pan Scotland Local Authority Business Loan Fund (Business Loans Scotland) and to outline the course of action that had been taken, to date, in terms of Midlothian Council's participation in the new Loan Fund. John Beveridge was heard in amplification of the report.

Decision

(a) To note progress with the establishment and operation of Business Loans Scotland, in particular the revised Fund size of £ 8.133 million;

(b)That the Council continued to fully participate in Business Loans Scotland activities;

(c)That the Council's Economic Development Manager continues to represent the Council's project governance interests on the Business Loan Fund Regional Management Group, appropriate Regional Investment Panel(s) and appropriate Regional Officer Group(s); and

(d)That further progress reports be submitted to Cabinet to advise on the establishment, development and operation of the proposed new Pan Scotland Local Authority Business Loan Fund.

Action

Head of Communities and Economy

Agenda No	Report Title	Presented by:
6.2	**Easter Bush Business Improvement District**	**Head of Communities and Economy**

Outline of report and summary of discussion

The purpose of the report was to update Cabinet on progress with the possible establishment of a Business Improvement District (BID) in the Easter Bush area of the Midlothian Science Zone.

The report highlighted that BIDs came into force in Scotland in April 2007 following legislation passed by the Scottish Parliament in 2006.

BIDs in Scotland were not restricted to town and city centres and could be developed in areas such as the tourism and visitor sector, commercial or industrial districts areas, rural areas, agriculture or single sector business groups who wish to collectively improve their trading environment.

BIDs were developed, managed and paid for by the business sector through a compulsory levy. A BID could only be formed following a successful ballot of the businesses within the prospective BID area. The interests of both large and small businesses were protected through a voting system that required a majority in the numerical votes cast and the rateable value of votes cast. Ian Johnson was heard in amplification of the report..

Decision

(a)To note progress with the proposed development of a Business Improvement District within the Midlothian Science Zone;

(b)That the Council continued to provide appropriate in kind project support to assist with the development and operation of the proposed Easter Bush Business Improvement District; and

(c)That a further progress report be presented to Cabinet once the results of the initial consultation with businesses were known.

Action

Head of Communities and Economy

Agenda No	Report Title	Presented by:
6.3	**Report for the Scottish Ministers on Compliance with Climate Change Duties for 2015/16**	**Head of Communities and Economy**

Outline of report and summary of discussion
The purpose of the report was to inform Cabinet of the Council's statement of Compliance with Climate Change Duties for 2015/16, a copy of which was Attached as an appendix to the report, and to recommend its submission to Scottish Government by the due date of 30 November 2016.Peter Arnsdorf was heard in amplification of the report.

Decision
(a)To approve the proposed response as the Council's Report on Compliance with the Public Bodies Climate Change Duties for 2015/16; (b)To submit the response to the Scottish Ministers by 30 November 2016; and (c)To refer the report to the Performance Review and Scrutiny Committee for its information.

Action
Head of Communities and Economy

Agenda No	Report Title	Presented by:
6.4	**Tyne Esk LEADER Programme 2014-20: Progress Report**	**Director Education, Communities and Economy**

Outline of report and summary of discussion
The purpose of the report was to update Cabinet on the progress of the Tyne Esk Leader 2014-20 Programme following Scottish Government approval of the Local Development Strategy and Business Plan. The report highlighted that the LEADER programme had been "suspended" to new bids beyond the UK Government's Autumn Statement on 24 November 2016, pending a review by the Scottish Government. There was, at that point, no clarity about when it would be reopened although there were indications from the Scottish Government that it would reopen and would not have a reduced allocation. John Beveridge was heard in amplification of the report.

Decision
(a)To note progress to date in the operation of the Tyne Esk LEADER Programme; and (b)That a further report be submitted to Cabinet on progress at appropriate points in the implementation of the Programme.

Agenda No	Report Title	Presented by:
6.6	**Adult Social Care and Health Budget Pressures**	**Joint Director, Health and Social Care**

Outline of report and summary of discussion

The purpose of the report was to provide the background to the current financial pressures in Adult Social Care and Health and a summary of actions being taken to address these. The report also highlighted the key challenges facing social care in seeking to remodel services to meet increasing demand in the context of reducing public finance and a finite social care workforce. Eihblin McHugh was heard in amplification of the report.

The Leader of the Council acknowledged the budget pressures being experienced across the Council and in this case to those services assisting the most vulnerable within our society. She requested that regular updates on these issues be brought to Cabinet in an attempt to provide proactive solutions wherever possible. .

Decision

(a)To note the work underway to address a major projected overspend in Adult Care;

(b) To note the implications of the current financial position when decisions are being made about the financial offer to the IJB for 2017-18, and

(c) To refer the report to the Performance Review and Scrutiny Committee for its information.

Action
Joint Director, Health and Social Care/Democratic Services

The meeting terminated at 12.02pm.

Minute of Meeting

Special Cabinet

Date	Time	Venue
Tuesday 22 November 2016	9.00 am	Council Chambers, Midlothian House, Dalkeith, EH22 1DN

Present:

Councillor Johnstone (Chair)	Councillor Constable
Councillor Bryant	Councillor Parry
Councillor Rosie	

Religious Representatives:

In attendance:

Kenneth Lawrie	Chief Executive
Mary Smith	Director Education, Communities and Economy
Eibhlin McHugh	Joint Director Health and Social Care
Gary Fairley	Head of Finance and Integrated Service Support
Kevin Anderson	Head Customer and Housing Services
Ian Johnson	Head of Communities and Economy
Grace Vickers	Head of Education
Janet R Ritchie	Democratic Services Officer (Minutes)

1. Apologies

Apologies were received from Mr Vic Bourne.

2. Order of Business

The order of business was as set out on the Agenda.

3. Declarations of interest

No declarations of interest were received.

4. Reports

Report No.	Report Title	Submitted by:
4.1	Midlothian Council Quarter 2 Performance Report 2016/17	Chief Executive
Outline of report and summary of discussion		

The Quarter 2 Performance Report 2016/17 for Midlothian Council was presented by the Chief Executive. The report highlights the delivery of the Council's priorities through the Community Planning Partnership and the Single Midlothian Plan. The Chief Executive explained to the Cabinet the four elements to the Report:

- The first element sets out the key achievements and progress under each of the five themes together with the emerging challenges. The Chief Executive highlighted the positive work throughout the report and also some of the emerging challenges.

- The second element of the report is the high level Performance Indicator Summary.

- The third element of the report is the Balanced Scorecard Indicators and the Chief Executive gave a brief description of the information detailed within this section.

- The fourth element of the report is the more detailed actions and performance indicators under the five community planning themes.

Decision
To note the report.

Report No.	Report Title	Submitted by:
4.2	Communities and Economy Quarter 2 Performance Report 2016/17	Head of Communities and Economy
Outline of report and summary of discussion		

The Quarter 2 Performance Report 2016/17 for Communities and Economy was presented by the Head of Communities and Economy highlighting to the Cabinet the progress in the delivery of strategic outcomes and a summary of the emerging

challenges as detailed in the Report.

Several members of the Cabinet commented on the good information contained within the report and wished to express their appreciation for all who attended and supported the bid for funding for Penicuik Town Centre regeneration.

Decision
To note the report.

Report No.	Report Title	Submitted by:
4.3	Education Quarter 2 Performance Report 2016/17	Head of Education

Outline of report and summary of discussion

The Quarter 2 Performance Report 2016/17 for Education was presented by the Head of Education highlighting to the Cabinet the progress in the delivery of strategic outcomes and a summary of the emerging challenges as detailed in the Report.

Councillor Constable commented on the excellent report and congratulated all involved in the positive work within this report.

Decision
To note the report.

Report No.	Report Title	Submitted by:
4.4	Children's Services Quarter 2 Performance Report 2016/17	Director of Education, Communities and Economy

Outline of report and summary of discussion

The Quarter 2 Performance Report 2016/17 for Children's Services was presented by the Director of Education, Communities and Economy highlighting to the Cabinet the progress in the delivery of strategic outcomes and a summary of the emerging challenges as detailed in the Report.

Councillor Constable commented on the excellent report.

Decision
To note the report.

Report No.	Report Title	Submitted by:
4.5	Adult Social Care Quarter 2 Performance Report 2016/17	Head of Adult and Social Care

Outline of report and summary of discussion

The Quarter 2 Performance Report 2016/17 for Adult and Social Care was presented by the Joint Director Health and Social Care highlighting to the Cabinet the progress in the delivery of strategic outcomes and a summary of the emerging

challenges as detailed in the Report.

Councillor Johnstone commented on the good work and the many challenges in this service.

Decision
To note the report.

Report No.	Report Title	Submitted by:
4.6	Customer and Housing Services Quarter 2 Performance Report 2016/17	Head of Communities and Economy

Outline of report and summary of discussion
The Quarter 2 Performance Report 2016/17 for Communities and Economy was presented by the Head of Customer and Housing Services highlighting to the Cabinet the progress in the delivery of strategic outcomes and summary of the emerging challenges as detailed in the Report. Members of the Cabinet commented on the very good report and the very positive work within customer services in particular the changes in the website, the mediation service and the increased use of the mobile library.

Decision
To note the report.

Report No.	Report Title	Submitted by:
4.7	Property and Facilities Management Quarter 2 Performance Report 2016/17	Head of Property and Facilities Management

Outline of report and summary of discussion
The Quarter 2 Performance Report 2016/17 for Property and Facilities was presented by the Head of Finance and Integrated Service Support highlighting to the Cabinet the progress in the delivery of strategic outcomes and summary of the emerging challenges as detailed in the Report. Councillor Rosie raised questions on this report and the Head of Finance and Integrated Service Support agreed to take these matters back to the appropriate officer and ensure that feedback would be provided.

Decision
To note the report.

Action
Head of Finance and Integrated Service Support/Head of Property and Facilities Management

Report No.	Report Title	Submitted by:
4.8	Commercial Operations Quarter 2 Performance Report 2015/16	Head of Commercial Operations

Outline of report and summary of discussion

The Quarter 2 Performance Report 2016/17 for Commercial Operations was presented by the Head of Finance and Integrated Service Support highlighting to the Cabinet the progress in the delivery of strategic outcomes and summary of the emerging challenges as detailed in the Report.

Various members commented on the positive report and the good work contained within the report in particular the progress in waste management, the investment in electric vehicles and congratulated the Land and Countryside service for the green flag awards. Also highlighted was the successful opening event at Gala Park.

Thereafter a question was raised with regards to the monitoring of the Emily Bing and the Head of Finance and Integrated Service Support agreed to take this matter back to the appropriate officer and ensure that feedback would be provided.

Decision

To note the report.

Action

Head of Finance and Integrated Service Support/Head of Commercial Operations

Report No.	Report Title	Submitted by::
4.10	Finance and Integrated Service Support Quarter 2 Performance Report 2016/17	Head of Finance and Integrated Service Support

Outline of report and summary of discussion

The Quarter 2 Performance Report 2016/17 for Finance and Integrated Service Support was presented by the Head of Finance and Integrated Service Support highlighting to the Cabinet the progress in the delivery of strategic outcomes and summary of the emerging challenges as detailed in the Report.

Councillor Parry commented on the progress of investing in our workforce and congratulated the team involved.

Decision

To note the report.

5.   Private Reports

No private reports were submitted to this meeting.

Meeting terminated at 10:04 am

Minute of Meeting

Planning Committee

Date	Time	Venue
30 August 2016	2.00pm	Council Chambers, Midlothian House, Buccleuch Street, Dalkeith

Present:

Councillor Bryant (Chair)	Councillor Bennett
Councillor Constable	Councillor Coventry
Councillor de Vink	Councillor Imrie
Councillor Johnstone	Councillor Milligan
Councillor Parry	Councillor Rosie
Councillor Russell	Councillor Wallace
Councillor Young	

1 Apologies

Apologies received from Councillors Baxter, Beattie, Montgomery, Muirhead and Pottinger

2 Order of Business

The order of business was confirmed as outlined in the agenda that had been circulated.

3 Declarations of interest

No declarations of interest were received.

4 Minutes of Previous Meetings

The Minutes of Meeting of 31 May 2016 were submitted and approved as a correct record.

5 Reports

Agenda No	Report Title	Presented by:
5.1	Major Developments: Applications Currently Being Assessed and Other Developments at Pre-Application Consultation Stage	Peter Arnsdorf

Executive Summary of Report
There was submitted report, dated 23 August 2016 by the Head of Communities and Economy, updating the Committee on 'major' planning applications, formal pre-application consultations by prospective applicants and the expected programme of applications due for reporting.

Decision
(a) To note the current position in relation to major planning application proposals which were likely to be considered by the Committee in 2016; and
(b) To note the updates for each of the applications.

Action
Head of Communities and Economy

Agenda No	Report Title	Presented by:
5.2	Appeal and Local Review Body Decisions	Peter Arnsdorf

Executive Summary of Report

There was submitted report, dated 23 August 2016, by the Head of Communities and Economy, detailing the notices of review determined by the Local Review Body (LRB) at its meeting in June 2016, and advising of the outcome of an appeal determined by Scottish Ministers.

The report advised that the appeal by Avant Homes was against refusal of planning permission in principle 15/00546/PPP (dated 26 June, refused by notice dated 30 November 2015) for residential development and associated infrastructure on land west of the Cottage, Hardengreen, Dalkeith. The Scottish Ministers had dismissed the appeal on the grounds that the proposed development would be inappropriate in the green belt/countryside and would lead towards coalescence between settlements. A copy of the appeal decision accompanied the report.

Summary of Discussion

The Committee, having heard from the Planning Manager, discussed the comments made by the Reporter regarding there being a deficit in the 5 year effective housing land supply. Members were concerned, not only by the potential implications arising from such a view, but that this was the second occasion recently that a Reporter had drawn such a conclusion. The feeling was that whilst the Council could ensure through the Local Plan that there was a sufficient housing land supply, they could not influence the speed at which development took place, which appeared on the face of it to be the real issue of concern.

Decision

(a)   To note the decisions made by the Local Review Body at its meeting on 7 June 2016; and

(b)   To note the outcome of the appeal determined by Scottish Ministers

Action

Head of Communities and Economy

Agenda No	Report Title	Presented by:
5.3	Planning Law Clarification	Peter Arnsdorf

Executive Summary of Report

There was submitted report, dated 23 August 2016, by the Head of Communities and Economy, providing advice to the Committee with regards to a number of points of Planning Law which directly impacted on the determination of planning applications and the consideration of 'Notices of Review' submitted to the Local Review Body (LRB).

Summary of Discussion
The Committee, having heard from the Planning Manager, discussed the advice, acknowledging the particular circumstance it which it would apply.

Decision
(a) To note the report; and
(b) To refer the report onto the Local Review Body for its interest.

Action
Head of Communities and Economy/Democratic Services

Agenda No	Report Title	Presented by:
5.3	Application for Planning Permission for the Erection of 131 Dwellinghouses and Formation of Access and Associated Works (Approval of Matters specified in Conditions 2, 3, 6, 8, 10, 11 & 12 of Planning Permission 09/00056/OUT) at Cockpen Farm, Bonnyrigg (15/00968/MSC).	Peter Arnsdorf

Executive Summary of Report
With reference to paragraph 1 of the Appendix to the Minutes of 12 May 2009, there was submitted report, dated 23 August 2016, by the Head of Communities and Economy concerning the above application.

Summary of Discussion
The Committee, having heard from the Planning Manager, acknowledged that this site had originally been allocated in the 2003 Local Plan and as such the principle of residential development had already therefore been established. The current application related to the discharging of the conditions associated with outline planning permission 09/00056/OUT for residential development which had been granted in 2012 and the concerns raised in relation to it. These were discussed at length by Members who accepted that whilst the steps taken to address the concerns raised perhaps did not go as far as some might wish they did offer a reasonable solution to many of the issues.

Decision
That planning permission be granted to discharge conditions 2, 3, 6, 8, 10, 11 and 12 of Outline Planning Permission 09/00056/OUT for the following reason: *The principle of the development of the site has been established by the previous grant of planning permission and site's allocation in the Midlothian Local Plan 2008.*

The proposed detailed scheme of development is of good design in terms of its layout, form and landscaping and meets the requirements of conditions 2, 3, 6, 8, 10, 11 and 12 of Outline Planning Permission 09/00056/OUT. The detailed scheme complies with the adopted Midlothian Local Plan and the presumption for the development is not outweighed by any other material considerations.

Action

Head of Communities and Economy

Agenda No	Report Title	Presented by:
5.4	Application to Discharge a Planning Obligation Associated with Planning Permission (656/89) to Convert a Stable Building into Ancillary Residential Accommodation at Firthwell, Old Woodhouselee Road, Firth Field, Roslin (16/00268/LA).	Peter Arnsdorf

Executive Summary of Report

There was submitted report, dated 23 August 2016, by the Head of Communities and Economy concerning the above application.

Summary of Discussion

The Planning Manager advised the Committee that essentially since planning permission was originally granted Scottish Government guidance had changed and as a consequence it was no longer considered necessary to have both a planning obligation and a planning condition to regulate the occupation of ancillary residential units. General practice was to now regulate such occupation by way of condition, in the event that regulation was required.

Decision

That the Planning Obligation be discharged for the following reason:

The Planning Obligation does not meet the tests of necessity and reasonableness as required by Circular 03/2012 and its discharge accords with Polices DP1 and RP1 of the Midlothian Local Plan 2008.

Action

Head of Communities and Economy

The meeting terminated at 3.09pm.

Minute of Meeting

Local Review Body

Date	Time	Venue
29 November 2016	2.00pm	Council Chambers, Midlothian House, Buccleuch Street, Dalkeith

Present:

Councillor Bryant (Chair)	Councillor Baxter
Councillor Beattie	Councillor Milligan
Councillor Montgomery	Councillor Rosie

1   Apologies

Apologies received from Councillors Bennett, Constable, de Vink and Imrie.

2   Order of Business

The order of business was confirmed as outlined in the agenda that had been previously circulated.

3   Declarations of interest

No declarations of interest were received.

4   Minutes of Previous Meetings

The Minutes of Meeting of 25 October 2016 were submitted and approved as a correct record.

5   Reports

Agenda No	Report Title	Presented by:
5.1	Decision Notice – Grange Dell Lodge, Penicuik [16/00470DPP]	Peter Arnsdorf

Executive Summary of Report
With reference to paragraph 5.5 of the Minutes of 25 October 2016, there was submitted a copy of the Local Review Body decision notice upholding a review request from Alan Hardie Architect, Suite 4, Dundas House, Westfield Park, Eskbank , seeking on behalf of their clients Mr A, and Mrs F Reynolds, a review of the decision of the Planning Authority to refuse planning permission (16/00470/DPP, refused on 16 August 2016) for the Subdivision of Single Dwellinghouse to form Two Dwellinghouses and Associated Extension and Alterations at Grange Dell Lodge, Penicuik and granting planning permission subject to conditions.

Decision
To note the LRB decision notice.

Eligibility to Participate in Debate
In considering the following items of business, only those LRB Members who had attended the site visits on Monday 24 October 2016 participated in the review process, namely Councillors Bryant (Chair), Baxter, Beattie, Milligan, Montgomery and Rosie.

Agenda No	Report Title	Presented by:
5.2	Notice of Review Requests Considered for the First Time – (a) 5 Thornyhall, Dalkeith [16/00575/DPP]	Peter Arnsdorf

Executive Summary of Report

There was submitted report, dated 17 November 2016, by the Head of Communities and Economy regarding an application from Ms G Hay, 5 Thornyhall, Dalkeith seeking a review of the decision of the Planning Authority to refuse planning permission (16/00575/DPP, refused on 30 September 2016) for the Alteration of Existing Conservatory Roof at that address.

Accompanying the Notice of Review Form and supporting statement, which were appended to the report, was a copy of the report of handling thereon, together with a copy of the decision notice.

The Local Review Body had made an unaccompanied visit to the site on Monday 28 November 2016.

Summary of Discussion

Having heard from the Planning Adviser, the LRB gave careful consideration to the merits of the case based on all the written information provided. In particular, the LRB discussed the potential visual impact that the proposed development was likely to have on the host property and on the neighbourhood as a whole. The LRB felt that on balance, the materials to be used appeared to offer an acceptable match in terms of colour, and acknowledged that there were a wide number of conservatories of differing design in the area.

Decision

To agreed to uphold the review request, and grant planning permission for the following reason:

The proposed alteration by means of its scale, form and design is compatible with its location and the host building and will not have a significant impact on neighbouring and nearby properties.

Action

Head of Communities and Economy

Agenda No	Report Title	Presented by:
5.3	(b) 7 Cochrina Place, Rosewell [16/00568/DPP]	Peter Arnsdorf

Executive Summary of Report

There was submitted report, dated 17 November 2016, by the Head of Communities and Economy regarding an application from FEM Building Design Services, 8 Plantain Grove, Lenzie, Glasgow, seeking on behalf of their client Mrs A Ainsworth, a review of the decision of the Planning Authority to refuse planning permission (16/00568/DPP, refused on 30 September 2016) for the Erection of an Extension at 7 Cochrina Place, Rosewell.

Accompanying the Notice of Review Form and supporting statement, which were appended to the report, was a copy of the report of handling thereon, together with a copy of the decision notice.

The Local Review Body had made an unaccompanied visit to the site on Monday 28 November 2016.

Summary of Discussion

Having heard from the Planning Adviser, the LRB then gave careful consideration to the merits of the case based on all the written information provided. In this particular instance, it was felt that notwithstanding the policy position, on balance the individual circumstances of the application site meant that the proposed extension would be acceptable.

Decision

To agreed to uphold the review request, and grant planning permission for the following reason:

The proposed extension by means of its scale, form and design is compatible with its location and the host building and will not have a significant impact on neighbouring and nearby properties.

Action

Head of Communities and Economy

Agenda No	Report Title	Presented by:
5.4	(c) Land at Howgate Restaurant, Penicuik [16/00429/PPP]	Peter Arnsdorf

Executive Summary of Report

There was submitted report, dated 17 November 2016, by the Head of Communities and Economy regarding an application from Rick Finc Associates Ltd, 3 Walker Street, Edinburgh, seeking on behalf of their client Mr N Cameron-Hogg, a review of the decision of the Planning Authority to refuse planning permission in principle (16/00429/DPP, refused on 12 August 2016) for the Erection of three Dwellinghouses at Land at Howgate Restaurant, Penicuik.

Accompanying the Notice of Review Form and supporting statement, which were appended to the report, was a copy of the report of handling thereon, together with a copy of the decision notice.

The Local Review Body had made an unaccompanied visit to the site on Monday 28 November 2016.

Summary of Discussion

Having heard from the Planning Adviser, the LRB then gave careful consideration to the merits of the case based on all the written information provided. In this particular instance there was a division of opinion, on the one hand it was felt that notwithstanding the policy position, on balance the individual circumstances of the application site meant that the proposed development would be acceptable. However, on the other hand there were concerns regarding the policy position and issues of precedent.

After discussion, Councillor Montgomery, seconded by Councillor Rosie, moved that the Review Request be upheld and that planning permission in principle be grant subject to (i) the prior signing of a legal agreement; and (ii) the suggested conditions, proposed by the Head of Communities and Economy in his report.

As an amendment, Councillor Beattie, seconded by Councillor Baxter, moved to dismiss the Review Request and uphold the decision to refuse planning permission in principle on the grounds given in the original decision notice.

On a vote being taken, two Members voted for the amendment and four for the motion which accordingly became the decision of the meeting.

Decision

To agreed to uphold the review request, and grant planning permission in principle for the following reason:

The proposed erection of three dwellinghouses discreetly designed to fit into the landscape would not have a detrimental impact on the openness of the countryside and would help support the Howgate Restaurant business. These material considerations outweigh the policy objection to the application.

subject to:-

(i) the prior signing of a legal agreement to secure contributions towards education provision and the local 'ring and go' scheme; and

(ii) the following condition:-

1. Development shall not begin until an application for approval of matters specified in conditions for a scheme of hard and soft landscaping works has been submitted to and approved in writing by the planning authority. Details of the scheme shall include:

   i existing and finished ground levels and floor levels for all buildings and roads in relation to a fixed datum;
   ii existing trees, landscaping features and vegetation to be retained; removed, protected during development and in the case of damage, restored;
   iii proposed new planting in communal areas and open space, including trees, shrubs, hedging and grassed areas;
   iv location and design of any proposed walls, fences and gates, including those surrounding bin stores or any other ancillary structures;
   v schedule of plants to comprise species, plant sizes and proposed numbers/density;
   vi programme for completion and subsequent maintenance of all soft and hard landscaping. The landscaping shall be completed prior to the houses being occupied;
   vii drainage details and sustainable urban drainage systems to manage water runoff;
   viii proposed car park configuration and surfacing;
   ix proposed footpaths and cycle paths (designed to be unsuitable for motor bike use); and
   x proposed cycle parking facilities.

   All hard and soft landscaping shall be carried out in accordance with the scheme approved in writing by the planning authority as the programme for completion and subsequent maintenance (vi). Thereafter any trees or shrubs removed, dying, becoming seriously diseased or damaged within five years of planting shall be replaced in the following planting season by trees/shrubs of a similar species to those originally required.

   Reason: To ensure the quality of the development is enhanced by landscaping to reflect its setting in accordance with policies RP8, RP1, RP7, DP1 and DP2 of the Midlothian Local Plan and national planning guidance and advice.

2. Development shall not begin until an application for approval of matters specified in conditions for the siting, design and external appearance of all residential units and other structures has been submitted to and approved in writing by the planning authority. The application shall include samples of materials to be used on external surfaces of the

buildings; hard ground cover surfaces; means of enclosure and ancillary structures. Development shall thereafter be carried out using the approved materials or such alternatives as may be agreed in writing with the planning authority.

Reason: To ensure the quality of the development is enhanced by the use of quality materials to reflect its setting in accordance with policies RP1, RP7, DP1 and DP2 of the Midlothian Local Plan and national planning guidance and advice.

3. Development shall not begin until an application for approval of matters specified in conditions for the site access, roads, footpaths, cycle ways and transportation movements has been submitted to and approved in writing by the planning authority. Details of the scheme shall include:

    i   existing and finished ground levels for all roads and cycle ways in relation to a fixed datum;
    ii   proposed vehicular, cycle and pedestrian accesses;
    iii proposed roads (including turning facilities), footpaths and cycle ways;
    iv   proposed visibility splays, traffic calming measures, lighting and signage;
    v   proposed construction traffic access and haulage routes;
    vi   a green travel plan designed to minimise the use of private transport and to promote walking, cycling, safe routes to school and the use of public transport:
    vii proposed car parking arrangements;
    viii a programme for completion for the construction of access, roads, footpaths and cycle paths.

    Development shall thereafter be carried out in accordance with the approved details or such alternatives as may be agreed in writing with the planning authority.

    Reason: To ensure the future users of the buildings, existing local residents and those visiting the development site during the construction process have safe and convenient access to and from the site.

4. Development shall not begin until an application for approval of matters specified in conditions for details, including a timetable of implementation, of high speed fibre broadband have been submitted to and approved in writing by the planning authority. The details shall include delivery of high speed fibre broadband prior to the occupation of each dwellinghouse. The delivery of high speed fibre broadband shall be implemented as per the approved details.

    Reason: To ensure the quality of the development is enhanced by the provision of appropriate digital infrastructure.

The LRB further agreed that the legal agreement should be concluded prior to the issuing of the LRB decision and that in the event that the legal agreement was not concluded within a 6 month time period to sanction refusal of permission for the reasons outlined in the planning officer's decision.

Action
Head of Communities and Economy

The meeting terminated at 2.27pm.

Minute of Meeting

Performance, Review and Scrutiny Committee

Date	Time	Venue
29 November 2016	11.00am	Council Chambers, Midlothian House, Buccleuch Street, Dalkeith

Present:

Councillor Muirhead (Chair)	Councillor Baxter
Councillor Beattie	Councillor Coventry
Councillor de Vink	Councillor Pottinger
Councillor Wallace	

Also in Attendance:

Kenneth Lawrie	Chief Executive
Mary Smith	Director, Education, Communities and Economy
Grace Vickers	Head of Education
Ian Johnson	Head of Communities and Economy
Alison White	Head of Adult and Social Care
Peter Arnsdorf	Planning Manager
Gordon Aitken	Democratic Services Officer

1   Chair

In the absence of the Chair of the Committee, Councillor Muirhead was nominated by Councillors Pottinger and Baxter and took the Chair.

2   Apologies for Absence

It was noted that apologies had been received from Councillors Bennett, Milligan, Russell and Young

3   Order of Business

The order of Business was as set out on the Agenda. The Chair indicated that, with the approval of the Committee, he intended raising an additional item which due to its nature would be most appropriately considered in private.

4   Declarations of interest

No declarations of interest were intimated

5   Minutes of Previous Meetings

The Minutes of the following meetings were submitted and approved as a correct record:

4.1   Performance, Review and Scrutiny Committee of 6 September 2016

4.2   Special Performance, Review and Scrutiny Committee of 7 September 2016 (am)

Following discussion, the Committee agreed to note a point raised by Councillor de Vink in relation to the terms of the Minute insofar as it recorded his apology for absence whereas he advised he had been present.

4.3   Special Performance, Review and Scrutiny Committee of 7 September 2016 (pm)

6   Public Reports

Agenda No	Title	Submitted by:
5.1	**Inspection of Mauricewood Primary School and Nursery Class**	**Director, Education, Communities and Economy**

Outline and summary of item

With reference to the Minutes of Cabinet dated 11 October 2016, there was submitted a report by Director of Education, Communities and Economy dated 6 September 2016 providing Members with an outline of the outcomes of the Inspection carried out by the HM Inspectorate of Education which was communicated in their letter dated 30 August 2016.

Mary Smith, Director of Education, Communities and Economy, spoke to the terms of the report. She highlighted the evaluations given for both the school and nursery class and the particular strengths indicated by the inspection team.

Thereafter, Councillor Beattie having noted the inspection team's comments in respect of self-evaluation, requested further information. Mrs Smith explained that it was not that self-evaluation did not take place it was the manner in which it had been presented to the inspectors and that the Head Teacher had acknowledged this and it would now be addressed.

Questions were raised by other Members and subsequently answered by the Director.

Decision

- To endorse the recommendations approved by Cabinet on 11 October 2016 and note the content of the Inspection report and congratulate the pupils, parents, carers and staff connected with Mauricewood Primary School and Nursery Class on the key strengths highlighted in the Report and;

- to note the areas for improvement as listed in the Report, namely:- (a) continue to develop the curriculum to provide progression in all aspects of learning; (b) continue to improve approaches to assessing and tracking children's learning, helping them to understand their own progress and achievements; (c) improve approaches to school self-evaluation with a clear focus on improving outcomes for children.

Action

Director, Education, Communities and Economy

Agenda No	Title	Submitted by:
5.2	**Accreditation of Mayfield Nursery School's I CAN provision**	**Head of Education**

Outline and summary of item

With reference to the Minutes of Cabinet of 22 November 2016, there was submitted Report by the Head of Education dated 28 October 2016 providing the Committee with an outline of the outcome of the I CAN Early Talk Accreditation which was carried out in Mayfield Nursery School on 25 October 2016.

Grace Vickers, Head of Education, spoke to the terms of the Report and explained that the I CAN Early Talk accreditation scheme is a quality assurance and quality improvement tool. The accreditation involves an inspection of a portfolio of evidence and an onsite audit practice using standards of service excellence, which have been developed by I CAN.

Decision

Thereafter, the Committee:-

a) noted the content of the Report;

b) congratulated the pupils, parents and staff connected with the I CAN provision at Mayfield Nursery School on the key strengths identified and:

c) noted the areas for further development highlighted within the Report.

Action

Head of Education

Agenda No	Title	Submitted by:
5.3	**Report for the Scottish Ministers on Compliance with Climate Change duties for 2015/16**	**Head of Communities and Economy**

Outline and summary of item

With reference to the Minutes of Cabinet of 22 November 2016, there was submitted Report dated14 November 2016 informing the Committee of the Council's Statement of Compliance with Climate Change duties for 2015/16.

Peter Arnsdorf, Planning Manager, spoke to the terms of the Report.

Thereafter, a number of questions were raised by Councillor Baxter. Mr Arnsdorf partly answered some of the questions and committed to providing Councillor Baxter with fuller responses in relation to the remaining ones as soon as possible.

Councillors Beattie, de Vink and Pottinger expressed concern in relation to the quality of the document circulated to Members and advised that it was extremely difficult to read. The Chair agreed and advised that he had read it on his ipad and it was much easier to follow. Peter Arnsdorf advised that the response was input electronically into a system formatted by the Scottish Government and document circulated had been printed from the system.

The Chief Executive was then heard in relation to the concerns raised by Members.

Decision

The Committee agreed to:-

(a) note the terms of the Report forming the basis of the Council's submission, which had now been lodged to Scottish Ministers and;

(b) continue the matter to the next meeting of the Committee to be held on 24 January 2017, for submission of fuller responses to the questions.

Action

Head of Communities and Economy

Agenda No	Title	Submitted by:
5.4	**Adult Social Care and Health Budget Pressures**	**Joint Director Health and Social Care**

Outline and summary of item

With reference to the Minutes of Cabinet of 22 November 2016, there was submitted Report dated 14 November 2016 providing Members with the background to the current financial pressures in adult social care and health and a summary of actions being taken to address these.

Alison White, Head of Adult and Social Care, spoke to the terms of the Report. She advised that the report also highlighted the key challenges facing social care in seeking to remodel services to meet increasing demand in the context of reducing public finance and a finite social care workforce.

Decision

The Committee agreed to endorse the recommendations approved by Cabinet on

22 November 2016:-

(a) to note the work underway to address a major projected overspend in adult care and;

(b) consider the implications of the current financial position when decisions are being made about the financial offer to the Integration Joint Board for 2017-18.

Action

Joint Director, Health and Social Care

Exclusion of Members of the Public

In view of the nature of the business to be transacted, the Council agreed that the public be excluded from the meeting during discussion of the undernoted item, as contained in the Addendum hereto, as there might be disclosed exempt information as defined in paragraphs 1 and 11 of Part I of Schedule 7A to the Local Government (Scotland) Act 1973:-

7.1 Newbyres Village Care Home Sub Committee

The meeting terminated at 12.05 pm.

Minute of Meeting

Special Performance, Review and Scrutiny Committee

Date	Time	Venue
30 November 2016	11.00 am	Council Chambers, Midlothian House, Buccleuch Street, Dalkeith

Present:

Councillor Milligan (Chair)	Councillor Baxter
Councillor Beattie	Councillor de Vink
Councillor Pottinger	Councillor Wallace

In attendance:

Kenneth Lawrie	Chief Executive
Alison White	Head of Adult and Social Care
Kevin Anderson	Head of Housing and Customer Services
Joan Tranent	Head of Children's Services
Ian Johnson	Head of Communities and Economy
Allister Short	Head of Health
Janet Ritchie	Democratic Services Officer

1   Apologies

Apologies were intimated on behalf of Councillors Bennett, Coventry, Muirhead, Montgomery, Russell and Young.

2   Order of Business

The order of business was in terms of the agenda circulated.

3   Declarations of interest

No declarations of interest were intimated.

4   Public Reports

Report No.	Report Title	Presented by:
4.1	Communities and Economy Performance Report Quarter 2 2016/17	Head of Communities and Economy
Outline of report and summary of discussion		

Ian Johnson, Head of Communities and Economy, spoke to the terms of the Quarter 2 2016/17 Performance Report for Communities and Economy and highlighted progress in the delivery of strategic outcomes and summary of the emerging challenges as detailed in the Report.

Questions were raised by Councillors Baxter, Pottinger, Beattie and de Vink and subsequently answered on matters including:

- Measures to ease road congestion;

- Carbon dioxide gas ingress, in particular to residential properties in Gorebridge;

- Masterplan for Newtongrange Town Centre including funding bids;

- Cascading of information to and from the Scottish Government's Building Standards Service;

- Mayfield Town Centre;

- Brexit impact;

- Engaging with communities including the community councils.

Thereafter, Councillor Wallace acknowledged the work of the Council team in putting forward the bid for Penicuik Town Centre.

Decision
To note the report

Report No.	Report Title	Presented by:
4.2	Education Performance Report Quarter 2 2016/17	Head of Education
Outline of report and summary of discussion		

Craig Biddick, Senior Education Manager, spoke to the terms of the Quarter 2 2016/17 Performance Report for Education and highlighted that the quarter concentrated on the strategic direction for 2016/17 to create a world-class education system in Midlothian focussing on 5 improvement actions: improving attendance; reducing exclusions; excellent learning and teaching; raising attainment – closing the gap; self-evaluation for self-improvement and the leadership of change: an update on the leadership programmes and the work being undertaken to grow ASGs (Associated School Groups) into Learning Communities.

Thereafter questions were put by Members and subsequently answered in relation to:-

- the Impact of behaviours in schools on the wider community;

- managing teacher shortages.

Decision

- To note the report.

At 12 noon Councillors Baxter and de Vink left the meeting.

Report No.	Report Title	Presented by:
4.3	Children's Services Performance Report Quarter 2 2016/17	Head of Children's Services
Outline of report and summary of discussion		

Joan, Tranent, Head of Children's Services spoke to the terms of the Quarter 2 2016/17 Performance Report for Children's Services and highlighted the key priorities including the progress of the Children Services review noting that the proposed structure had been announced to staff on 9 September and following consultation the final structure had been reviewed by the Board on 18 October. She further advised that the PACE (Performance and Care Excellence) Programme noted in the Quarter 1 Report was due to commence on 1 January 2017. Further she summarised the emerging challenges detailed in the Report.

Decision

- To note the report.

Report No.	Report Title	Presented by:
4.4	Adult Community Care Performance Report Quarter 2 2016/17	Head of Adult and Social Care
Outline of report and summary of discussion		

Allister Short, Head of Health and Alison White, Head of Adult and Social Care, as a result of the change in local management with 2 Heads of Service with joint responsibility for Primary Care and Older People, and Adult Services jointly presented the Quarter 2 2016/17 Performance Report for Adult Community Care.

Thereafter, questions were put by Members and answered on matters including:

- Complaints handling including waiting times for OT appointments and access to audiology;

- Funding across the Service;

- Availability of the Recovery Cafe with particular emphasis on it being available when it is most needed, at weekends and over the festive period.

Decision

- To report back to the Chair, prior to the festive period, on measures which can be put in place to extend the availability of the Recovery Cafe during this time;

- To note the report

Action

Head of Adult and Social Care

Report No.	Report Title	Presented by:
4.5	Customer and Housing Services Performance Report Quarter 2 2016/17	Head of Customer and Housing Services
Outline of report and summary of discussion		

Kevin Anderson, Head of Customer and Housing Services spoke to the terms of the Quarter 2 2016/17 Performance Report for Customer and Housing Services and highlighted the progress in the delivery of strategic outcomes and a summary of the emerging challenges as detailed in the Report. He advised that of the 10 performance indicators applicable to the Service, 6 were off target but were being addressed.

Thereafter, questions were put by Members and answered with regard to:

- Effective budget management;

- Complaints handling;

- Scottish Welfare Fund applications

Decision
• To note the report

5   Private Reports

No private business submitted to this meeting.

The meeting terminated at 1.00 pm

Minute of Meeting

Special Performance, Review and Scrutiny Committee

Date	Time	Venue
30 November 2016	2.00 pm	Council Chambers, Midlothian House, Buccleuch Street, Dalkeith

Present:

Councillor Milligan (Chair)	Councillor Baxter
Councillor Beattie	Councillor Coventry
Councillor de Vink	Councillor Muirhead
Councillor Pottinger	Councillor Wallace

In attendance:

Kenneth Lawrie	Chief Executive
Garry Sheret	Head of Property and Facilities Management
Ricky Moffat	Head of Commercial Operations
Gary Fairley	Head of Finance and Integrated Service Support
Janet Ritchie	Democratic Services Officer

1   Apologies

Apologies were intimated on behalf of Councillors Bennett, Montgomery, Russell and Young.

2   Order of Business

The order of business was confirmed as outlined in the agenda circulated.

3   Declarations of interest

No declarations of interest were intimated.

4   Public Reports

Report No.	Report Title	Presented by:
4.1	Property and Facilities Management Performance Report Quarter 2 2016/17	Head of Property and Facilities Management
Outline of report and summary of discussion		

Garry Sheret, Head of Property and Facilities Management spoke to the terms of the Quarter 2 2016/17 Performance Report for Property and Facilities Management and highlighted some key points from the report including a summary of the emerging challenges.

Thereafter, questions were put by Councillors de Vink, Pottinger and Wallace and subsequently answered in relation to matters including:

- extending the provision of facilities at Hillend including the possibility of engaging with other providers to explore the possibility of partnership working;

- problems with school meals equipment;

- the operational difficulties involved in managing sickness absences;

- carbon reduction in schools;

- plans for Council assets housed in Newbattle High School.

Decision

- To note the Report

Action

Head of Property and Facilities Management

Report No.	Report Title	Presented by:
4.2	Commercial Operations Performance Report Quarter 2 2016/17	Head of Commercial Operations
Outline of report and summary of discussion		

Ricky Moffat, Head of Commercial Operations, spoke to the Quarter 2 2016/17 Performance Report for Commercial Operations and highlighted the main points and the emerging challenges as detailed in the Report.

Thereafter, questions were put by Councillors Pottinger, Beattie, Muirhead and the Chair and subsequently answered in relation to matters including:

- The cost of consultants for the decriminalised parking case;

- Enterprise City Car Club;

- Update in relation to Emily Bing;

- Vogrie Play Day – extending facilities to include the cafeteria being available;

- Provision of play facilities for children with special needs.

Decision

- To report back to the Chair, as soon as possible, in relation to the provision of a centralised play facility in Midlothian for children with special needs;
- To note the Report.

Action

Head of Commercial Operations

Report No.	Report Title	Presented by:
4.3	Finance and Integrated Service Support Performance Report Quarter 2 2016/17	Head of Finance and Integrated Service Support
Outline of report and summary of discussion		

Gary Fairley, Head of Finance and Integrated Service Support spoke to the terms of the Quarter 2 2016/17 Performance Report for Finance and Integrated Service Support and highlighted the strategic focus continues to be that of delivering transformational change in service provision as a means to secure financial sustainability and the achievement of the Council's priority outcomes. He provided a brief outline of the successes achieved in the second quarter with particular reference to the introduction of Mi Rewards, revised pay and conditions and the Cycle to Work scheme. He advised that the next quarter would see the introduction of the new people management policies. He confirmed the successful completion of the audit process with new auditors now in place.

Decision

- To note the Report.

Report No.	Report Title	Presented by:
4.4	Midlothian Council Performance Report Quarter 2 2016/17	Chief Executive

Outline of report and summary of discussion
Kenneth Lawrie, Chief Executive presented the Quarter 2 2016/17 Performance Report for Midlothian Council and highlighted the challenges of future budget pressures and the scale of education changes. He advised it was the first time that the Balanced Scorecard had been presented to the Committee which lists progress against the 3 top priorities for 2016-2019 identified as a result of the review and engagement process undertaken by the Community Planning Partnership of (i) reducing the gap in learning outcomes; (ii) reducing the gap in health outcomes and; (iii) reducing the gap in economic circumstances.   Thereafter, questions were put by Members and subsequently answered in relation to how the Council presents itself to the people of Midlothian whereas it was acknowledged that the Council was doing a lot of good work but perhaps by improving the public's understanding of what was being done would assist people in understanding the role it plays. It was however acknowledged that the primary focus was on doing the right thing for the people of Midlothian rather than talking about it.

Decision
To note the Report

5   Private Reports

No private business submitted to this meeting.

The meeting terminated at 2.55 pm

Minute of Meeting

Performance, Review and Scrutiny Committee

NEWBYRES VILLAGE CARE HOME SUB COMMITTEE

Date	Time	Venue
Monday 2 May 2016	1 pm	Newbyres Village Care Home, 20 Gore Avenue, Gorebridge, MIDLOTHIAN, EH23 4TZ

Present:

Councillor Milligan (Chair)	Councillor Muirhead
Councillor Pottinger	Councillor Russell
Councillor Wallace	

Also in Attendance:

Eibhlin McHugh	Joint Director of Health & Social Care
Alison White	Head of Adult and Social Care

1   Apologies

It was noted that apologies had been received from Councillor Beattie

2   Order of Business

The order of business was confirmed as outlined in the agenda that had been circulated.

3   Declarations of interest

No declarations of interest were intimated.

4   Minutes of Previous Meetings

No previous minutes were submitted to this meeting.

5   Public Reports

No Public Reports were submitted to this meeting.

6   Private Reports

In view of the nature of the business to be transacted, the Committee agreed that the public be excluded from the meeting during discussion of the undernoted item, as contained in the Addendum hereto, as there might be disclosed information as defined in paragraph 1 and 11 of Part I of Schedule 7A to the Local Government (Scotland) Act 1973:-

(a)   Newbyres Village Care Home – Sub Committee – Noted; and

(b)   Inspection of Newbyres Care Home and Care Service Inspection Report - Newbyres Village Care Home – Noted.

Minute of Meeting

Audit Committee

Date	Time	Venue
Tuesday 20 September 2016	11.00am	Council Chambers, Midlothian House, Dalkeith, EH22 1DN

Present:

Peter Smaill (Independent Chair)	Michael Thomas (Independent Member)
Councillor Baxter	Councillor Bryant
Councillor de Vink	Councillor Muirhead
Councillor Parry	

In attendance:

Paul Dossett	Grant Thornton UK LLP
Paul Jacklin	Grant Thornton UK LLP
Steven Reid	Ernst & Young LLP
Peter Perkins	Ernst & Young LLP
Kenneth Lawrie	Chief Executive
John Blair	Director Resources
Eibhlin McHugh	Joint Director Health and Social Care
Gary Fairley	Head of Finance and Integrated Service Support
Chris Lawson	Risk Manager
Graham Herbert	Internal Audit Manager
Elaine Greaves	Internal Audit Manager
James Polanski	Auditor
Amber Ahmed	Auditor
Mike Broadway	Democratic Services Officer

1. Apologies

Apologies were received from Councillor Milligan.

2. Order of Business

The order of business was confirmed as outlined in the agenda that had been previously circulated.

3. Declarations of interest

No declarations of interest were received.

4. Minutes of Previous Meetings

The minutes of the Audit Committee meeting of 21 June 2016 were submitted and approved as a correct record.

5. Reports

Report No.	Report Title	Presented by:
5.1	Annual Report to Members and the Controller of Audit for the Financial Year ended 31 March 2016	Paul Dossett/Paul Jacklin

Outline of Report
There was submitted the Annual Report to Members and the Controller of Audit for the Financial Year ended 31 March 2016, prepared by the External Auditors, Grant Thornton. The report advised, inter alia, that the external auditors intended to issue an unqualified opinion on the financial statements for the financial year ended 31 March 2016. In addition, the report provided detailed information on Financial Management; Financial sustainability; Governance and Transparency; and Best Value and Value for money.

Summary of Discussion
The Committee, having heard from the External Auditors in amplification of their report, discussed a number of issues arising therefrom, viz:- the level of useable reserves; debt recovery and bad debt; PPP commitments; and IT control environment.

Decision
(a) To note and approve the Annual Report; (b) To note that it was intended to report on reserves to Council and that this report could then be brought forward to the Committee for its interest; (c) To note the position in relation to bad debt and that debt recovery provisions were in place; (d) To note that the Council's PPP commitments were being examined as part of the work being undertaken to address the ongoing financial challenges faced

by the Council;

(e) To record the Committee's appreciation of the work undertaken by the Finance Team in assisting the Auditors in the preparation of the report; and

(f) To record the Committee's thanks to Grant Thornton, whose period of tenure as the Council's External Auditors had now come to an end.

Report No.	Report Title	Presented by:
5.2	Letter of representation to Grant Thornton UK LLP - Financial Statements for the year ended 31 March 2016	Gary Fairley

Outline of Report and Summary of Discussion
There was submitted a draft letter of representation to the External Auditors, in respect of the Statements, prepared by the Head of Finance and Integrated Service Support.

Decision
To approved the draft letter of representation.

Report No.	Report Title	Presented by:
5.3	Midlothian Council – Introduction to Ernst & Young LLP	Stephen Reid/Peter Perkins

Outline of Report
There was submitted an introduction to the Council's new External Auditors, Ernst & Young LLP, who had been appointed by the Accounts Commission for the period 2016/17 to 2020/21.

Summary of Discussion
Having heard from Stephen Reid, who responded to Members questions, the Committee discussed Ernst & Young's appointment as the Council's new External Auditors.

Decision
To note the report and welcome Ernst & Young's appointment.

Report No.	Report Title	Presented by:
5.4	Risk Management, Update for 1 April 2016 – 30 June 2016	Chris Lawson

Outline of Report
There was a report submitted to the Audit Committee from the Risk Manager dated 24 August 2016 providing the Committee with the 2016/17 quarter 1 strategic risk

management update, covering the period 1 April to 30 June 2016.

Decision
The Committee agreed that in view of the late circulation of the report which some Members' indicated that they had not received to continue consideration of the quarter 1 2016/17 Strategic Risk Profile report and considered it along with the quarter 2 report at the next meeting.

Report No.	Report Title	Presented by:
5.5	Annual Governance Statement	Kenneth Lawrie

Outline of report and summary of discussion
With reference to paragraph 5.3 of the Minutes of 10 May 2016, there was submitted report, dated 7 September 2016, by the Chief Executive, advising the Committee of a small number of additions to the Annual Governance Statement recommended by the Council's External Auditors, Grant Thornton. The report therefore incorporated a final draft of the Governance Statement which contained the recommended changes.

Decision
To approve, subject to any final changes, the final draft Annual Governance Statement for its interest.

Report No.	Report Title	Presented by:
5.6	Internal Audit Report – Self Directed Support	James Polanski

Outline of Report
There was submitted report, dated August 2016, by the Internal Audit Manager, in respect of a review of the arrangements surrounding Midlothian Council's implementation of Self-Directed Support. The objective of the audit was to assess the adequacy of the controls in place regarding the implementation of Self-Directed Support (SDS). This included evaluating the operational arrangements and control environment. The review had concluded that management had made good progress in implementing systems, internal controls, and procedures for the delivery of self-directed support. A number of weaknesses had however been identified in the controls where improvements were possible. The report therefore contained a management action plan to address these weaknesses and thus reduce risk and this was incorporated into the report. The management action plan had been accepted by management.

Decision
(a) To note the strengths and weaknesses that had been identified;
(b) To approve the management action plan; and
(c) To authorise release of this report for information to the Integration Joint Board Audit and Risk Committee.

Report No.	Report Title	Presented by:
5.7	Internal Audit Report – Transformation Programme, Follow-up Review	Graham Herbert

Outline of Report
With reference to paragraph 5 of the Minutes of 28 October 2014, there was submitted report, dated September 2016, by the Internal Audit Manager on a follow-up audit undertaken in respect of the Council Transformation Programme.

Summary of Discussion
The Internal Audit Manager presented this report to the Committee highlighting that the purpose of the report was to follow up on the issues raised in the Transformation Programme Audit. It was noted that Transformation was now only one strand of the Finance Strategy and that a further review was to be undertaken in 2016/17 encompassing these additional areas. The majority of Audit actions were identified as having been completed satisfactorily however some issues had been identified where further work was required to fully implement the original audit recommendations. The report therefore contained a management action plan to address these issues and this was incorporated into the report. The management action plan had been accepted by management.

Decision
(a)   To note the follow-up report; and
(b)   To approve the management action plan.

Report No.	Report Title	Presented by:
5.8	Internal Audit Report – Review of Controls Operating Over Petty Cash, Follow-up Review	Elaine Greaves

Outline of Report
With reference to paragraph 8 of the Minutes of 17 March 2015, there was submitted report, dated September 2016, by the Internal Audit Manager on a follow-up audit undertaken in respect of the Controls Operating over Petty Cash.

Summary of Discussion
The Internal Audit Manager presented this report to the Committee highlighting that the purpose of the report was to determine whether the recommendations made in the 2014/15 Audit of Petty Cash had been implemented. Additionally, the audit had also assessed the level of compliance with the Council's updated Petty Cash Guidelines for a sample of petty cash imprest accounts. Although it was recognised that a number of improvements had been made since the last review to comply with the recommendations and subsequent revised procedures, further recommendations were considered appropriate to bring the Council up to full

compliance with the revised Petty Cash Guidelines. The report therefore contained a management action plan to address these issues and this was incorporated into the report. The management action plan had been accepted by management.

Decision
(a) To note the follow-up report; and
(b) To approve the management action plan.

6. Private Reports

In view of the nature of the business to be transacted, the Committee agreed that the public be excluded from the meeting during discussion of the undernoted item, as contained in the Addendum hereto, as there might be disclosed information as defined in paragraphs 1, 6 and 9 of Part I of Schedule 7A to the Local Government (Scotland) Act 1973:-

Internal Audit Report – Review of Controls Operating over Care at Home – To note the report and to approve the management action plan.

7. Date of Next Meeting

The next meeting of the Audit Committee would be held on Tuesday 13 December 2016 at 11.00 am.

The meeting terminated at 12.25 pm.

Minute of Meeting

Petitions Committee

Date	Time	Venue
Tuesday 27 September 2016	10.00 am	Council Chambers, Midlothian House, Dalkeith, EH22 1DN

Present:

Councillor Coventry (Chair)	Councillor Baxter
Councillor Bryant	Councillor de Vink
Councillor Rosie	Councillor Russell

In attendance:

John Blair	Director, Resources
Andrew Ralton	Economic Development Officer
Gordon Aitken	Democratic Services Officer

1. Apologies

1.1 No apologies were received.

2. Order of Business

The order of business was as per the Agenda.

3. Declarations of interest

No declarations of interest were received.

4. Reports

Report No.	Report Title	Presented by:
4.1	Minutes of Meeting of 24 March 2015	Director, Resources
Decision		
The Minutes of the Meeting of 24 March 2015 were submitted and approved as a correct record.		

Report No.	Report Title	Presented by:
5.1	Broadband Speed at Cockmuir,Talisker House, Scarcerigg Cottage, Mount Lothian Farm and Mayfield Cottage.	Director, Resources
Outline of report and summary of discussion		

There was submitted report dated 21 September 2016, by the Director, Resources incorporating a petition from Morleymor Fisher calling upon the Council to address the issue of inadequate broadband speed at Cockmuir,Talisker House, Scarcerigg Cottage, Mount Lothian Farm and Mayfield Cottage with the appropriate authorities.

The Committee then heard from Mr Fisher in support of the petition particularly highlighting that he would be grateful if the Council could address this issue with the relevant authorities to improve the line speed within his location.

There followed a general discussion on the detail of the petition, during which several Members, whilst sympathising with Mr Fisher's situation and suggesting possible areas to pursue, stressed that the Council had very little power in initiating any solution to the problems being experienced by him.

Mr Ralton also provided information on several Government supported schemes that may be accesible to Mr Fisher which could possibly assist him in this area and agreed to investigate any other potential assistance that could be provided by the Council.

Decision
That Mr Ralton continue to liaise with Mr Fisher in order to explore all possible areas that may assist him in achieving a better broadband system within his area.

The meeting terminated at 10.50am

Minute of Seminar

Seminar – Creating a World-Class Education System - Examination Attainment 2016

Date	Time	Venue
Tuesday 13 December 2016	12:30	Council Chambers, Midlothian House

Present:

Councillor Constable (Chair)	Vic Bourne
Councillor Baxter Councillor de Vink Councillor Imrie	Margaret Harkness Rev. Ruth Halley
Councillor Milligan	
Councillor Muirhead	
Councillor Pottinger	
Councillor Parry Councillor Rosie	

1   Introduction

Councillor Constable welcomed the attendees and advised that Grace Vickers would lead the presentation supported by the six Secondary Head Teachers.

2   Declarations of interest

No declarations of interest were received.

3   Seminar

(a)   Background

By way of background reference was made to the following report:

"Creating a World-Class Education System – Examination Attainment 2016" which would be submitted to the Council meeting on Tuesday 20 December 2016.

(b)   Purpose of the Seminar

Grace Vickers explained that the purpose of the Seminar was to provide members with an update on the current position with regard to attainment levels within Midlothian Schools. To this end each of the Secondary Head Teachers would provide a brief overview of the attainment levels pertaining to their school. Thereafter an opportunity would be given for elected Members to ask questions on what they had heard.

(c)   Presentation

Thereafter the Seminar received a presentation from Grace Vickers which highlighted the following:-

- Level 4 Literacy and Numeracy showed an improvement of 2.96% when compared with the previous year.
- Level 5 Literacy and Numeracy showed an improvement of 16.2% when compared with the previous year.
- Attainment was now above the virtual comparator and the national average for levels 4 and 5.
- Attainment in level 4 Literacy and Numeracy showed an 8.11% improvement when compared with the previous year.
- Attainment for literacy and numeracy by the end of S6 in 2016 was above the national average but below the virtual comparator.
- Attainment in level 5 Literacy and Numeracy showed a 9.89% improvement when compared with the previous year.
- Attainment in 2016 for literacy and numeracy by the end of S6 was below the virtual comparator and the national average

- A three year improvement trend for Literacy and Numeracy at level 4 for the 30% most deprived learners by the end of S4 had been achieved. Attainment in 2016 was now above both the virtual and the national average. Attainment at this level in 2016 was 8.07% higher than the previous year

- A three year improvement trend for positive destinations for the 30% most deprived S4 cohort by the end of S4 had been achieved. In 2016 this indicator was above the national average but remained slightly below the virtual average by 0.46%.

- A three year improvement trend for positive destinations for the 30% most deprived S4 cohort by the end of S4had been secured. In 2016 this indicator was above the national average but remained slightly below the virtual average by 0.46%.

Thereafter the six Secondary Head Teachers expanded on the various successes and challenges with regard to attainment levels impacting on their own individual school.

(d)   Question and answer session

The Head of Education and the Head Teachers responded with further clarification to questions raised by Councillors during which the following points were noted:

- Initiatives in place to deal with issues such as dyslexia, the benefits of soft play activities and the transition from Primary to Secondary schooling

- The importance of a "one Council" approach linking up Health, Social Care, Housing etc, which all impacted on the learning experience within Schools

- The need to share examples of good practice throughout the Authority

- The need to revisit the issue of employing Business Managers within Schools in order to allow the Head Teacher to take a more strategic role in the running of the school.

Mr Bourne was heard on behalf of the Religious Representatives expressing their appreciation of the information provided during the Seminar and in particular the good news involved in the Positive Destinations initiative.

Councillor Constable thanked all those involved in what had proved to be a most informative and useful Seminar and stressed that this would be the first of an annual event addressing these important issues.

The meeting terminated at 2.25 pm

Independent

"The Council has noted the behaviour of Provost Joe Wallace at the 20th December 2016 meeting of Midlothian Council and agrees that his actions, particularly given that the meeting is broadcast live, brings Midlothian Council into grave disrepute.

Provost Wallace failed to chair the proceedings impartially with no bias to any party or individual. He displayed the most dishonourable behaviour incongruous to the office of Provost of Midlothian Council. The Provost became angry where he should have remained calm and collected and failed to remain in charge of proceedings at this meeting. He threatened an elected representative with removal from the chamber. He subsequently stated following a cooling down interval that in the heat of battle he had used the wrong language and withdrew certain words. The Council meetings are not a battle ground and instead of a well meant apology, there was a withdrawal of wording stating that he knew no other word to use for tittle tattle.

Having reviewed the webcast of the proceedings this Council considers that Councillor Wallace, as Provost of Midlothian, not only let himself down with a performance that was unacceptable as the impartial chair of the December Council meeting. More importantly he brought the reputation of his office in to opprobrium by his inappropriate handling of the meeting and greatly damaged the office of Provost by his conduct.

As this is not the first time that Cllr Wallace has let himself down with his comments in this Chamber this Council request that the Provost learns from his many mistakes and chairs the subsequent two meetings in an impeccable manner"

Proposer of the motion - Councillor Peter de Vink

Seconder of the motion – Councillor Jim Muirhead

Motion to Midlothian Council

People of all ages are carers in Midlothian who care for spouses and family members. Carers play a vital role in ensuring that the vulnerable and sick members of our community are treated with love, care and respect, often in difficult and challenging situations.

Furthermore Midlothian Council recognises the selfless dedication of Janet Malcolm from Penicuik who recently came second in a national contest to find the carer of the year organised by the Edinburgh Headway Group. This recognition reflects the courage of all Midlothian carers who through their dedication carry out a vital role in our society helping to care for family members and friends.

Proposed:

Councillor Andrew Coventry

Seconded:

Provost Joe Wallace

Midlothian Council
Labour Group

Midlothian Council
7 February 2017

Notice of Motion

At the Council meeting on 20 December 2016 Councillor Johnstone stated that as Leader of Midlothian Council she had met Derek Mackay MSP, Cabinet Secretary for Finance and the Constitution, to discuss the Scottish Government proposal to raise the Council Tax in the higher bands with the Scottish Government retaining £1.2 million of the £1.7 million raised in Midlothian.

Following a Freedom of Information request to the Scottish Government asking

1   the date of the meeting;
2   what was discussed;
3   what was decided; and
4   was a civil servant present with the minister and if so, whom?

a reply from the Private office of the Cabinet Secretary for Finance states -- 'The Scottish Government does not have the information you have asked for because no records exist to indicate any such meeting took place between Councillor Catherine Johnstone and Derek Mackay as Cabinet Secretary for Finance and the Constitution. '

Clearly, Council Leader Catherine Johnstone's statement to Midlothian Council has no factual foundation, and she should tender her immediate resignation.

Moved:

COUNCILLOR ADAM MONTGOMERY

Seconded:

COUNCILLOR BRYAN POTTINGER

Schedule of Meeting Dates Post the Local Government Election

Report by John Blair, Director, Resources

1   Purpose of Report

The purpose of this report is to invite Council to consider approving a schedule of meeting dates for the incoming Council following the May 2017 elections to cover the period to December 2017.

2   Background

2.1   The current schedule of meeting dates runs until 28 March 2017, when the last meeting of Council is due to be held prior to the local government elections on 4 May 2017

2.2   In 2012 there was a schedule of meeting dates available for the incoming Council which ran until the end of the following year. It included the date for the first meeting of Council following the elections.

2.3   There is a statutory requirement for the incoming Council to meet within 21 days of the elections and Standing Order 4.1 sets out the business to be dealt with at that meeting.

3   Current 6 Weekly Schedule of Meetings

3.1   Meetings of the Council and Committees presently take place on successive Tuesdays on a 6 week rolling cycle (except in July when the summer recess is held, and with minor variation for the Christmas and New Year breaks)

3.2   The frequency of each type of meeting is set out in the Scheme of Administration.

3.3   There are of course other meetings which are convened separately or are not included within the meetings schedule, e.g. those which meet on a different cycle or which meet on an ad hoc basis - the Appeals Committee, Education Appointment Committee, Midlothian Joint Consultative Group, Seminars, Briefings, Midlothian Integration Joint Board, Community Safety and Justice Partnership Board etc.

4   Post Election Arrangements

4.1   At the first meeting of Council after the elections, the Council will be asked, in terms of Standing Order 4.1(viii), to determine the Scheme of Administration and consider the associated schedule of meeting dates.

4.2 It will be for the incoming Council to decide whether to keep or amend the existing Committee structure and the attached meeting schedule. However, in advance of that debate, the present Council may wish to consider approving a temporary schedule of meeting dates so that there is at least a schedule available which could then be revised depending on the wishes of the new Council.

5 Report Implications

5.1 Resource

There are no resource implications arising from this report.

5.2 Risk

The availability of the schedule of meeting dates contributes to the reduction of risk by:-
- facilitating planning for meetings;
- contributing to the 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.

5.3 Policy

This report is not linked to a policy.

5.4 Strategy

This report is not linked to a strategy.

5.5 Consultation

The issues discussed in this report have been considered by the Corporate Management Team.

5.6 Equalities

An equalities impact assessment has not been required in connection with this report.

5.7 Sustainability

There are no sustainability implications arising from this report.
This report is not linked to a strategy.

6 IT Issues

There are no IT issues arising from this report.

7 **Recommendation**

To consider approving a temporary schedule of meeting dates for the incoming Council based on a 6 weekly cycle as per Appendix 1.

Date: **18 January 2017**

Report Contact: Kyle Clark-Hay, Democratic and Document Services Manager
Tele: 0131 270 5796)
kyle.clark-hay@midlothian.gov.uk

APPENDIX 1 (6 weekly)

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May 2017

Tuesday 23	10.00	Midlothian Council
Tuesday 30	11.00	Police and Fire and Rescue Board
Tuesday 30	14.00	Audit

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June 2017

w/c	Monday 5		Education Appeals Committee
	Tuesday 6	11.00	General Purposes
	Tuesday 6	14.00	Planning
	Monday 12	10.30	Business Transformation Steering Group
	Tuesday 13	11.00	Cabinet
	Tuesday 13	14.00	Local Review Body
	Tuesday 20	11.00	Performance, Review and Scrutiny
	Tuesday 20	14.00	Audit
	Wednesday 21	10.00	Midlothian Licensing Board
	Tuesday 27	10.00	Petitions
	Tuesday 27	11.00	Midlothian Council

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July 2017

<h3 style="text-align:center">SUMMER RECESS</h3>

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Note: Due to time restraints, this schedule does not make provision for meetings of Special Cabinet and Special Performance, Review and Scrutiny Committees. Business which will normally go to these Committees will be referred to the meetings of Cabinet on 13 June and the Performance, Review and Scrutiny Committee on 20 June.

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August 2017

Tuesday 15	10.00	Midlothian Council
Monday 21	10.00	Police and Fire and Rescue Board
Tuesday 22	11.00	General Purposes
Tuesday 22	14.00	Planning
Monday 28	10.00	Business Transformation Steering Group
Tuesday 29	11.00	Cabinet
Tuesday 29	14.00	Local Review Body

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September 2017

Tuesday 5	10.00	Petitions
Tuesday 5	11.00	Performance, Review and Scrutiny
Tuesday 19	11.00	Audit
Tuesday 26	10.00	Midlothian Council

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October 2017

Tuesday 3	11.00	General Purposes
Tuesday 3	14.00	Planning
Monday 9	10.00	Business Transformation Steering Group
Tuesday 10	11.00	Cabinet
Tuesday 10	14.00	Local Review Body
Tuesday 17	10.00	Petitions
Tuesday17	11.00	Performance, Review and Scrutiny

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November 2017

Tuesday7	10.00	Midlothian Council
Monday 13	10.00	Police and Fire and Rescue Board
Tuesday 14	11.00	General Purposes
Tuesday 14	14.00	Planning
Monday 20	10.00	Business Transformation Steering Group
Tuesday 21	11.00	Cabinet
Tuesday 21	14.00	Local Review Body
Tuesday 28	10.00	Petitions
Tuesday 28	11.00	Performance, Review and Scrutiny

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December 2017

Tuesday 12	11.00	Audit
Tuesday 19	10.00	Midlothian Council

Note: Dates of meetings of Midlothian Licensing Board after the summer recess are not included

The Edinburgh and South East Scotland City Region Deal
Update Report by Kenneth Lawrie, Chief Executive

1.0   Purpose of Report

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

2.0   Background

2.1   Members may recall previous reports to Council on 16 December 2014, 24 March 2015, 12 May 2015 and 28 June 2016. In addition a more detailed briefing session was held for Members on 24 May 2016. In summary, City Deals are formal arrangements by which Government resources are awarded to a city region to drive economic growth and, through the uplift in the economy, tackle areas of poverty and deprivation within the region. These resources are primarily financial but also include financial freedom and devolved powers. City Deals were initiated by the UK Government in 2011, with over 30 having been created to date, including Glasgow, Aberdeen and Inverness with a prospective one for Stirling.

2.2   Applications for city deal status are lodged by a consortium of local authorities that comprise the region. For Edinburgh and South East Scotland the relevant Councils are City of Edinburgh, East Lothian, Fife, Midlothian, Scottish Borders and West Lothian. Preparatory work on a bid for city deal status was initiated in 2014 overseen by a Council Leaders' Group, supported by the Councils' Chief Executives and relevant staff. Co-ordination is through a project management office based in the Edinburgh City Council offices.

2.3   Although it is the local authorities that submit the formal application for city deal status, the application needs to demonstrate the integral role of, and engagement with, a broad range of partners including the private sector (most notably business/commerce), the higher and further education sectors, public sector agencies and the cultural sector. Accordingly, substantial activity has taken place to establish that broad base of engagement.

2.4   There has been ongoing contact with the UK and Scottish Governments over the past two years and, during that period, propositions were submitted in September and December 2015, and in April and October 2016. On the basis of the most recent submission there has been further detailed negotiation with UK and Scottish Governments' officials. A statement about progress in pursuing a city deal was contained in the Chancellor of the Exchequer's Autumn Statement. It is hoped that this could now be secured in spring 2017.

3.0   The City Region Deal Proposition : Accelerating Growth

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

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

3.3 The key elements of the city deal are as follows:

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

3.3.2 **Inclusion** – the ambition is to see all parts of the region sharing in economic success. The city region deal is focusing on measures to reduce inequalities and make the region more inclusive through investment in skills, housing and infrastructure. The impact of inclusive growth is a key measure that is being considered in the prioritisation of proposals.

3.3.3 **Employability and Skills –** this programme seeks to deliver a new integrated regional skills system and partnership across public and third sector agencies, education institutes and key industries so as to maximise the quality of the regional labour market, increase productivity and ensure the region's residents are equipped with the skills to meet emerging labour market demand and opportunities.

3.3.4 **Low Carbon** - the city region deal proposes a wide-ranging programme of investment with low carbon embedded within it. The region has distinctive strengths in low carbon innovation and the deal provides an opportunity to further exploit this, ensuring alignment with ambitious propositions relating to skills development, house building and infrastructure.

3.3.5 **Affordable Housing Programme** – central to the inclusion agenda is the issue of housing. Edinburgh has one of the most expensive regional housing markets in the UK and in the projected growth of the city and surrounding areas, rebalancing the housing market is fundamental to delivering inclusion in the region. There is an urgent need to accelerate the supply of affordable and mid-market housing if the housing market is not to act as a drag on the region's labour market by more than doubling housing delivery rates.

The programme is also being designed to have a direct link to the innovation activity, identifying cutting-edge technologies to develop highly-connected, low carbon and energy efficient houses. This scale of housing delivery requires innovative approaches to manufacturing and construction materials, which can make South East Scotland a centre for innovation and manufacturing in new housing. The housing programme has the potential to create an estimated 11,000 sustainable jobs and deliver significant investment in skills and development programmes.

The proposals also includes a **Housing Infrastructure Fund** to deliver substantial numbers of affordable and market homes at major housing sites, with the funding mainly aimed at infrastructure constraints to development, and an **Additional Affordable Housing Grant** over a ten year period to fund primarily new social rented accommodation, giving sufficient certainty to enable leverage of private sector finance for new housing.

In addition a **Regional Land and Property Commission** would be established to accelerate the pipeline of deliverable sites for housing across the region. It would operate as a group of public sector agencies to identify public sector land for the accelerated development of affordable housing.

3.3.6 **Infrastructure** – this is critical to competitiveness and inclusion across the region. Connectivity, both physical and digital, is a key component of driving up productivity and in delivering on the social objectives in improving access to employment for those parts of the region with low income and poor access to jobs. Transport will need to play a key role in linking those areas in the region to the opportunities created. The city region deal focus is on maximising the capacity of the region's existing infrastructure, addressing capacity constraints, public transport and active travel provision.

3.3.7 **Culture** – the city deal proposal also includes a creative/cultural proposition primarily focussed on the City of Edinburgh as a centre of cultural activity.

3.3.8 **Governance –** an essential element which needs to be part of the city deal bid is a robust and durable governance model. At its meeting on 28 June 2016 Council agreed to the establishment of a Joint Committee for the purpose of developing a city region deal. Currently, a Council Leaders' Group, including representation from both the university and business sectors is meeting monthly to help shape the deal and support the negotiations with the Government.

The establishment of a new city region Business Leadership Council is also being considered, to bring together representatives from across the private sector to play a full role across the city deal development and delivery process.

4.0   Report Implications

4.1   Resources
Financial arrangements for agreeing a City Region Deal remain subject to negotiation. Based on other agreed City Deals, it can be assumed that partners will contribute between 10% and 30% of total project costs. In addition, an element of city deal grant funding may be provided on a 'payment by results' basis, with partners required to fund project costs and related financing in advance of grant receipt. The exact nature of the funding models is currently under negotiation.

Further work will need to carried out to determine the final contribution required from the Council as this will depend on the projects approved and associated funding models. At its meeting on 28 June 2016, the Council agreed to earmark £12m of the Capital Fund to be available to contribute to City Deal projects.

4.2 Risk

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

4.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report.

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

4.4 Impact on Performance and Outcomes

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

4.5 Adopting a Preventative Approach

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

4.6 Involving Communities and Other Stakeholders

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

4.7 Ensuring Equalities

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

4.8 Supporting Sustainable Development

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

4.9 IT Issues

None specifically.

5.0 Summary

The six Councils that make up the geographical area of Edinburgh and South East Scotland are preparing to bid for City Deal status, to be submitted to the UK and Scottish Governments. The principal aims of the City Deal are to accelerate growth of the regional economy and to tackle areas of poverty and deprivation.

The interventions to achieve this are a series of programmes and projects comprising region-wide themes of skills development, digital, housing and innovation; as well as project specific infrastructure works within each Council area.

Negotiations continue with the UK and Scottish Governments on each of the investment programmes. A series of workshops was completed during December and early January. Follow up work is underway and discussions will continue on the detailed propositions into February 2017 with the aim of the partners being able to agree Heads of Terms during spring 2017.

6.0   Recommendations

It is recommended that the Council:

i)   notes the continued progress of the City Region Deal since the previous update to Council in June 2016; and

ii)   notes the ambition to achieve an agreed Heads of Terms document during spring 2017.

26 January 2017

Report Contact:
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Financial Strategy 2017/18 to 2021/22

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

1 Purpose of Report

This report provides Council with an update on the Financial Strategy encompassing the years 2017/18 to 2021/22. It sets out recommendations to enable Council to set Council Tax and to determine a budget for 2017/18.

It also includes:-

- An update on Scottish Government Grant;
- Updated budget projections for 2017/18 to 2021/22;
- A sensitivity analysis reflecting the potential impact of different pay and grant settlement scenarios for later years;
- An update on the resources to be provided to the Midlothian Integration Joint Board in 2017/18;
- An update on the strands of the change programme;
- The resultant 2017/18 service budgets;
- An update on reserves.

2 Background

The core objective of the Financial Strategy is that of securing the Council's continued financial sustainability during an ongoing period of substantial financial constraint coupled with continuing service demand pressures and increasing customer expectations.

On 20 December 2016 Council was provided with an updated assessment of projected budgets shortfalls through to 2021/22 together with a verbal update on the recently announced Scottish Government Grant settlement for 2017/18. In respect of 2017/18 the initial assessment of the grant settlement had indicated that the budget shortfall for 2017/18 would increase to £12.880 million from that set out in the report.

Encompassing the savings targets for the change programme and incorporating the full 3% per annum increase in Council Tax resulted in a remaining budget gap to be addressed for 2017/18 of £4.080 million.

3   Scottish Government Grant Settlement

The Scottish Government's draft budget for 2017/18 was published on 15 December 2016 together with Finance Circular 9/2016 which set out the grant settlement package being offered to Council's and included the individual grant figures for each Council. Alongside these the Cabinet Secretary for Finance and the Constitution set out further details of the terms of the settlement in a letter to the COSLA President and Council Leaders (A copy of which was circulated as part of the Administration motion on 20 December 2016 in respect of the Financial Strategy 2017/18 to 2021/22).

At a national level the settlement represented a reduction of £349 million or 3.6% in core revenue funding for Councils. The full funding package set out in the finance circular incorporates an additional specific grant of £120 million for the Attainment Scotland Fund for schools to support closing the attainment gap. This will be distributed to schools based on pupils registered for Free School Meals and at the time of writing there is limited information on the conditions and constraints associated with the fund. Accordingly the projections set out later in this report presume that these resources will be committed towards additional spending.

Integrated Joint Boards will receive an additional £107 million allocated from the Health budget. This additional funding is provided to meet the full year costs of the joint aspiration to deliver the Living Wage for social care workers, sleepovers and sustainability (£100 million) and removal of social care charges for those in receipt of war pensions and pre-implementation work in respect of the new carers legislation pressures (£7 million). To reflect this additional support Councils are able to adjust their allocations to Integration Authorities in 2017-18 by up to their share of £80 million below the level of budget agreed with their Integration Authority for 2016-17.

In a departure from what had previously been indicated by Government the additional income estimated at £111 million as a result of the Council Tax reforms will be available in full to be spent in the Council area it was collected.

The settlement package requires Councils to maintain the overall pupil/teacher ratio at 2016-17 levels (13.7) and secure places for all probationers who require one under the teacher induction scheme.

The package provides flexibility to increase Council Tax by up to 3%.

Earlier projections of the budget shortfall for 2017/18 had been based on a £1.000 million grant reduction together with a reduction in the core grant funding in respect of the monies raised by Council Tax reform. It is now estimated that for 2017/18 Midlothian will receive a total funding package of £150.874 million of which £3.297 million is ring fenced, £2.240 million for the Attainment Scotland Fund and £1.057 for Community Justice. This leaves a core grant allocation of £147.577 million. This core grant allocation is approximately £4.000 million less than the equivalent sum for 2016/17.

At its meeting on 20 December 2016 Council agreed note the terms of the settlement as set out in the letter from the Cabinet Secretary for Finance and the Constitution and agree that the Leader of the Council write to the Cabinet Secretary confirming Midlothian Council's agreement to the offer and accepting the full package of measures and benefits.

It is now estimated that the impact of the overall settlement increases the budget shortfall for 2017/18 by £1.757 million from that set out in the report on 20 December 2016. The 2018/19 to 2021/22 year grant projections set out later in this report have also been reassessed to reflect the impact of the 2017/18 settlement and are now based on a central planning assumption that reductions in grant at a similar level to 2017/18 will continue (a 3.6% reduction at a national level, offset by the impact of the relative growth in the Midlothian population).

It is stressed that the grant settlement figures for 2018/19 to 2021/22 set out table 1 are projections, the actual figures being dependant on future budget decisions taken by Government. However they do provide Council with an assessment of the impact of the grant settlement on the Council's financial position. Critically they highlight the extent of the challenge ahead for the term of the next Council and the extent to which service provision will have to be transformed.

4   Council Tax

The budget shortfalls set out in table 1 are based on the current Band D Council Tax of £1,210 and reflect the additional income from an increase in the number of properties, the changes to discounts on second homes and the anticipated income generated by the reform of Council Tax.

As indicated earlier the funding package set out in Finance Circular 9/2016 means that the additional income arising from reform will be available in full to be spent in the Council area it was collected. The package also provides flexibility to increase Council Tax by up to 3%.

For Midlothian a 3% increase is estimated to generate £1.254 million for 2017/18 rising to £1.334 million by 2021/22 and would result in Band D Council Tax rising to £1,246 in 2017/18 and to £1,403 by 2021/22. Given the grant prospects and budget shortfalls set out in this report it is recommended that Council apply the full 3% increase in 2017/18 to contribute to reducing the projected budget shortfalls.

Appendix 1 sets out the proposed Council Tax levels for 2017/18 based on the recommended 3% increase.

5   Cost of Services

The assessment of the projected cost of services for 2017/18 to 2021/22 set out in this report reflects the latest information available.

The projected cost of services for 2017/18 has increased from that set out in the update provided to Council on 20 December 2016. This is attributable to the grant settlement, and the other cost pressures as detailed in table 3. These changes increase the projected budget shortfall for 2017/18 to £14.546 million, an increase of £3.466 million from the shortfall set out in the previous report.

Table 2 provides an analysis of the principal year on year budget changes which include the following key assumptions and cost drivers:

- Pay inflation averaging 1.4% for Local Government Workers and 1% for Teachers and Chief Officials in 2017/18. Thereafter 1% per annum for all

groups. Since the last report the provision for 2017/18 has been increased by £350,000 to reflect our current best estimate of the likely impact.

- The cost of the Review of Pay and Grading and subsequent incremental pay progression;
- The impact of Pension Reform and anticipated changes in the Council's contribution towards employee pensions costs;
- Provision for the Apprenticeship Levy which is 0.5% of the pay bill and equates to £0.480 million. Previous projections were based on this cost being offset by additional grant or other funding from Government. However there is no provision in the grant settlement and the most recent indication from COSLA officials is that there is now unlikely to be any other funding provided to Councils to offset the impact of the levy.
- Provision for the Devolved School Management allocation to schools based on the indicative pupil numbers and the requirement to maintain the pupil teacher ratio.
- The additional cost, revised since the last report, of delivering the statutory 25 hours of teacher contact each week in primary schools;
- Contractual inflation linked to existing contractual conditions, many of which mirror pay inflation assumptions;
- An initial provision for future years costs of maintain pay levels for procured care services at or above the living wage;
- The impact of current demand for services;
- The demographic impact on the future demand for services;
- Borrowing costs related to capital investment decisions based on future interest rate forecasts provided by the Council's Treasury Advisers;
- Any new government policy requiring budgetary growth will be fully funded through increased Scottish Government grant;
- Council Tax income continues to grow in line with previous trends and planned future housing growth.

The 2017/18 budget shortfall and projections for later years reflecting the assumptions set out in sections 3 to 5 are therefore as follows:-

Table 1: Budget Shortfalls 2017/18 to 2021/22– 7 February 2017

	2017/18	2018/19	2019/20	2020/21	2021/22
	£m	**£m**	**£m**	**£m**	**£m**
Cost of Services	205.573	212.448	220.653	228.351	235.924
Less: Council Tax	(43.450)	(44.100)	(44.750)	(45.400)	(46.050)
Less: Scottish Government Grant	(147.577)	(143.593)	(140.003)	(136.503)	(133.090)
Budget Shortfall	**14.546**	**24.755**	**35.900**	**46.448**	**56.784**

The budget shortfall in 2017/18 equates 7.1% of the net cost of services and the projections indicate this could rise to 24% by 2021/22.

As Council is aware, significant elements of the budget are either fixed or are challenging to change for a number of reasons including:-

- Historic decisions, for example, loan charges and unitary charge contractual payments;
- Specific conditions, for example the maintenance of the teacher pupil ratio; and
- Growing demand for services through demographic pressures.

These elements of the budget equate to £112 million in 2017/18 and are projected to rise to £140 million by 2021/22. Consequently the budget shortfall expressed as a percentage of the remainder of the budget equates to 15.5% for 2017/18 and has the potential to rise to 59% by 2021/22.

Whilst the projected cost of service provision, Council Tax and Scottish Government grant has been projected forward for 2018/19 to 2021/22 these are very much indicative projections based on the assumptions set out in sections 3 to 5 and will inevitable change over the period.

The main purpose of the projections is to provide Council with an assessment of the key factors which influence income and expenditure and the overall impact these may have on the Council's financial position for future years. Critically they highlight the extent of the challenge ahead for the term of the next Council and the extent to which service provision will have to be transformed.

Again it is stressed that the cost of services set out in table 1 above and the analysis set out in table 2 and 3 for 2018/19 to 20121/22 are projections based on an analysis of a range of information sources. The projections and planning assumptions on which they are based will be updated and reported to Council as new information becomes available.

Members should note that the projections are based on the continuation of the existing service delivery and funding arrangements for Local Government both of which Scottish Government has indicated its intention to review during the term of the current Parliament.

The budget shortfalls set out in table 1 arise for the following reasons:

Table 2: Analysis of Shortfalls – 7 February 2017

	2017/18	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m	£m
Opening Shortfall / (surplus)	**2.668**	**14.546**	**24.755**	**35.900**	**46.448**
Pay Inflation and Progression	2.700	1.893	2.344	2.297	2.451
Pensions Reform	0.350	0.000	0.000	0.000	0.000
Pension Contributions	0.000	0.450	0.450	0.450	0.000
Apprenticeship Levy	0.500	0.000	0.000	0.000	0.000
Contractual Inflation	0.465	0.547	0.637	0.571	0.652
Demographics: Care	1.120	1.040	1.040	1.040	1.040
Demographics: School Rolls	2.098	2.260	2.770	2.798	3.083
Demographics: Thorough Care	0.600	0.000	0.000	0.000	0.000
25 Hours in Primary Schools	0.300	0.090	0.000	0.000	0.000
Demand pressures: Children	0.000	0.324	0.024	0.024	0.024
School Estate Investment	0.311	0.381	1.126	0.033	0.036
Waste Disposal Costs	0.320	0.213	(0.285)	0.125	0.125
Non Domestic Rates	0.128	0.132	0.135	0.138	1.142
Borrowing Costs	0.997	(0.003)	(0.089)	0.123	(0.007)
Scottish Government Grant	4.457	3.466	3.590	3.500	3.413
Council Tax Income	(2.850)	(0.650)	(0.650)	(0.650)	(0.650)
Other Movements	0.382	0.066	0.053	0.099	(0.973)
Totals	**14.546**	**24.755**	**35.900**	**46.448**	**56.784**

The principal movement from the figures set out in the 20 December 2016 report are as follows.

Table 3: Movement from 20 December 2016 to 7 February 2017

	2017/18	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m	£m
Shortfall 20 December 2016	**11.080**	**18.867**	**27.422**	**35.470**	**43.393**
Grant Settlement	1.757	4.223	6.813	9.313	11.726
Apprenticeship Levy	0.480	0.480	0.480	0.480	0.480
Pay Inflation	0.350	0.350	0.350	0.350	0.350
Additional Cost of 25 hours in Primary Schools	0.140	0.140	0.140	0.140	0.140
Other movements reflecting current service provision	0.739	0.695	0.695	0.695	0.695
Shortfall 7 February 2016	**14.546**	**24.755**	**35.900**	**46.448**	**56.784**

6 Sensitivity Analysis

Given the level of uncertainty for future year grant settlements and outstanding pay awards table 4 provides a sensitivity analysis reflecting the potential impact of different scenarios/outcomes for these two key aspects of the budget.

Scenario 1. This is a more optimistic scenario which continues to assume a 1% pay award in each of the years but with cash flat grant settlements. Otherwise all other assumptions remain as set out in section 3.

Scenario 2. Is a more pessimistic scenario which assumes a 2% pay award and reducing grant income as set out in section 2.

Table 4: Sensitivity Analysis – 7 February 2017

	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m
Scenario 1				
Central Assumption	24.755	35.900	46.448	56.784
Cash Flat Government Grant	(3.466)	(7.056)	(10.556)	(13.969)
Amended Shortfall	**21.289**	**28.844**	**35.892**	**42.815**
Scenario 2				
Central Assumption	24.755	35.900	46.448	56.784
Revised Pay Award Assumption	1.893	4.237	6.534	8.895
Amended Shortfall	**26.648**	**40.137**	**52.982**	**65.679**

These scenarios help to demonstrate the significance of the impact that changes from the central planning assumption for either government grant or pay inflation have on the projected budget shortfalls.

7   Midlothian Integration Joint Board

The 2017/18 budget as set out in appendix 2 provides for an allocation to the Integrated Joint Board (IJB) for 2017/18 of £37.510 million. This represents a net increase of £0.424 million from the 2016/17 allocation.

The provisions set out in the grant settlement package would allow Council to reduce its allocation to the IJB by a maximum of £1.160 million. However given the demographic and other cost pressures projected for Heath and Social Care such a reduction may not be feasible without a reassessment of the Services delegated to the IJB and as such it is unlikely that the IJB would agree to the reduced allocation. Consequently the reduction is not reflected in the IJB allocation however the feasibility of part or all of the reduction being achieved will be raised with the Chief Officer and Chief Financial Officer of the IJB.

The Chief Officer and Chief Financial Officer of the IJB are currently supporting the IJB to develop its 2017/18 Financial Plan and the Directions it will issue to the Council and NHS Lothian within the context of the indicative allocations from the Council and NHS Lothian.

Subject to Council determining its budget for 2017/18 it is recommended that Council approve the allocation of £37.510 million to the Midlothian Integrated Joint Board for 2017/18 in respect of delegated services, noting that the feasibility of part or all of the £1.160 million reduction being applied will be raised with the Chief Officer and Chief Financial Officer.

8   Change Programme

The strands of work that will continue to be necessary to address the projected budget shortfalls represent a change programme, encompassing:-

- The Delivering Excellence programme;
- The delivery of savings approved in 2016/17 and 2017/18; and the continued control over expenditure;
- The Transformation Programme;
- The EWiM programme;
- An updated Capital Strategy and Reserves Strategy;
- Operational savings encompassing financial discipline measures;
- The development of further savings options for 2018/19 and beyond.

8.1   Delivering Excellence

The Delivering Excellence framework supports the repositioning of services to ensure they have a greater emphasis on and achieve better outcomes for those most disadvantaged and vulnerable in the community. The framework focuses on reshaping service delivery as the most sustainable way to address the financial and service challenges and maintain financial sustainability.

The framework sets out an approach that provides the means to:

- Realise savings of the scale and magnitude required and to continue to deliver high quality services by engaging staff, partners, stakeholders and citizens to determine the nature of service delivery, the level of service standards and the method of delivering these services;

- To perform successfully in this environment, the Council will require to forward plan for the period beyond known financial settlements, to prioritise the services to be delivered and to clearly identify those services which will no longer be funded or indeed provided or may be provided through alternative mechanisms or approaches; and
- To ensure that there is achievement of the outcomes and priorities of the Council and Community Planning Partners.

The savings proposals presented to Council on 20 December 2016 emerged from the focussed Delivering Excellence activity which has taken place over the earlier part of the year. In addition to identifying savings proposals to reduce the 2017/18 budget gap it has also identified key transformational activities which it is anticipated can generate savings in future years. These are summarised in table 5, or where they relate to the existing transformation programme they have been reflected in table 6 included in section 8.2 – Transformation Programme.

As each strand is developed proposals will be presented to the Business Transformation Steering Group for their consideration and direction and then to Council.

Table 5: Delivering Excellence – Emerging Projects – 7 February 2017

	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m
Asset Management	0.078	0.500	2.650	2.650
Waste Services	0.400	0.400	0.400	0.400
Destination Hillend	0.000	1.000	1.000	1.000
Others	0.070	0.284	0.284	0.284
Totals	**0.548**	**2.184**	**4.334**	**4.334**

8.2 Transformation Programme

The existing Transformation Programme remains a major focus with a continued drive towards delivering on the agreed outcomes and targets. The future year's savings targets incorporated in the Financial Strategy are derived from those set out in the Council's Transformation Programme update reports to Business Transformation Steering Group (BTSG) revised to incorporate the transformational activity as outlined in section 8.1 and are set out in table 6 below.

Table 6: Council Transformation Programme Savings – 7 February 2017

	2017/18	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m	£m
Children's Services	0.532	0.806	0.867	0.867	0.867
Services to Communities	0.200	1.050	1.050	1.050	1.050
Education	0.329	0.755	0.790	0.790	0.790
Customer Service	0.175	0.175	0.175	0.175	0.175
Health & Social Care	1.555	2.555	2.555	2.555	2.555
Totals	**2.791**	**5.341**	**5.437**	**5.437**	**5.437**

The savings targets set out in table 6 exclude those already reflected in the 2016/17 approved budget and are predicated on the outcomes of the reviews and any subsequent decisions taken by Council and so remain indicative.

8.3   Asset Management

The position remains as reported on 28 June 2016.

8.4   Capital Strategy and Reserves Strategy

A separate report is on today's agenda setting out the latest projection of the General Services Capital plan. An update on General Fund Reserves is set out in section 11 of this report.

8.5   Operational Savings

The budget projections set out in tables 1 and 2 already reflect the operational savings reported in previous year's budgets.

As reported on 20 December 2016 further operational savings have been identified by the Strategic Leadership Group. These total £2.021 million in 2017/18 rising to £3.139 million by 2019/20.

8.6   Savings

On 20 December 2016 Council approved a range of savings proposals.   These total £2.115 million in 2017/18 rising to £4.121 million by 2019/20.

8.7   Fees and Charges

The position remains as reported on 20 December 2016.

8.8   Summary of Financial Strategy

The updated projections incorporating the impact of the various strands of the Financial Strategy and the full 3% per annum increases in Council Tax are set out in table 7 below. The change programme set out above reduces the remaining budget gap for 2017/18 to £5.965 million.

As part of the development and consideration of the proposals recommended by the Strategic Leadership Group all Heads of Service have provided assurance to me, as Section 95 Officer, that the savings proposals incorporated in 2017/18 are achievable. It is stressed however that ultimately the achievement of savings will also be dependent on decisions taken by Council.

In order to achieve a balanced budget for 2017/18 it will be necessary to utilise £5.965 million of reserves. While this results in a level of contingent reserves below the level previously recommended it is considered a practical response to the post settlement financial position against the alternative of developing and bring forward additional savings proposals for immediate implementation without the opportunity for further consultation.

Table 7: Financial Strategy 2017/18 to 2021/22 – 7 February 2017

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
Budget Shortfall Table 1	**14.546**	**24.755**	**35.900**	**46.448**	**56.784**
Less: Change Programme					
Delivering Excellence 8.1	-	(0.548)	(2.184)	(4.334)	(4.334)
Transformation Programme 8.2	(2.791)	(5.341)	(5.437)	(5.437)	(5.437)
Asset Management 8.3	0.000	0.000	(0.288)	(0.288)	(0.288)
Operational Savings 8.5	(2.021)	(3.029)	(3.139)	(3.139)	(3.139)
Savings Options 8.6	(2.115)	(2.403)	(2.651)	(3.511)	(4.121)
Fees and Charges 8.7	(0.100)	(0.180)	(0.240)	(0.280)	(0.300)
Less:					
Council Tax Increase	(1.254)	(2.528)	(3.823)	(5.138)	(6.472)
Council Tax on Second Homes	(0.300)	(0.250)	(0.200)	(0.200)	(0.200)
Utilisation of Reserves	(5.965)	-	-	-	-
Remaining Budget Gap	**-**	**10.476**	**17.938**	**24.121**	**32.493**

9 Governance and Timetable

Each element of the Financial Strategy continues to have clear governance in place to ensure the timely delivery of the work stream, with proposals being reported through Business Transformation Steering Group and then to Council as appropriate.

Members are reminded that Council has a duty as set out in Section 93 of the Local Government Finance Act 1992 (as amended) to set its Council Tax and a balanced budget for the following financial year commencing 1 April by 11 March.

Accordingly the budget timetable, agreed by Council on 28 June 2016, provides for Council to set Council Tax and determine a budget for 2017/18 at today's meeting.

Furthermore members are also reminded that in terms of Section 112 of the Local Government Finance Act 1992 (as amended) it is an offence to participate in any vote in respect of setting Council Tax where the member has unpaid Council Tax. Members are required to disclose the fact this section of the act applies to them and not vote on any question with respect to the matter.

10 Focussing Resources to Key Priorities

The Financial Strategy is designed to ensure that available resources are as far as possible targeted on delivery of improved outcomes, particularly against the key priorities of:-

- Reducing the gap in learning outcomes
- Reducing the gap in health outcomes
- Reducing the gap in economic circumstances

The Midlothian Community Planning Partnership continues to prioritise the available resources towards the delivery of the partnerships key priorities and the Financial Strategy sets out for partners the parameters the Council is working within and provides a means to better facilitate the sharing of budget and resource planning information.

The Change Programme, incorporating the Delivering Excellence framework and Transformation Programme, is central to ensuring that resources are directed towards the priorities set out in the Midlothian Single Plan. The development activity for the 2017/18 budget has ensured that as far as possible the resultant budget, reflecting the savings outlined in section 10, will be focussed on delivery of the Council's key priorities.

Recognising the impact of continued substantial financial constrain and the projected remaining budget gaps set out in table 7 the Strategic Leadership Group is engaged in developing further options for change so that these can be considered early in the term of the next Council.

11   **Reserves**

The projected position for General Fund Reserves is set out in the Financial Monitoring 2016/17 – General Fund Revenue report also on today's agenda.

As indicated in section 8 to balance the 2017/18 budget it will be necessary to utilise £5.965 million of General Fund Reserves which would reduce the contingency level of General Fund Reserves to £3.413 million.

At £3.413 million the contingency is below the £8 million level set out in the Reserves Strategy approved by Council on 8 November 2016 and equates to 1.7% of projected net expenditure for 2017/18. It still provides a level of contingency against unforeseen events or financial risks.

Table 8 summarises the General Fund reserve position.

Table 8: Available General Fund Reserve 31 March 2017 – 7 February 2017

	£million
General Fund Balance at 31 March 2017	**13.243**
Earmarked for specific purposes	
• Earmarked for Council Transformation	(3.838)
• Borders Rail Economic Development Opportunities	(0.027)
Proposed Utilisation in 2017/18	(5.965)
Available Contingent Reserve at 31 March 2017	**3.413**

In addition the unallocated balance on the Capital Fund at 31 March 2017 is projected to be £8.556 million, equivalent to 4.3% of projected net revenue expenditure.

12 Report Implications

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

12.2 Risk
Within any financial projections, there are a number of inherent assumptions in arriving at figures and budget provisions and therefore risks that may be faced if costs change or new pressures emerge. The following key risks and issues are highlighted in the context of this report:

- The economic outlook and decision by Scottish Government on future years grant settlements and grant distribution;
- Given the nature of the savings options incorporated in the budget proposals the increase risk of non-delivery or late delivery of planned savings, including those arising from reductions in the staffing establishment;
- The risk to service provision and service users associated with a continued decline in available resources to fund services.
- Outstanding pay award settlements and the implications of the National Living Wage for external service providers;
- Actual school rolls for the 2017/18 academic term exceeding those provided for in the budget;
- The impact of the wider economic climate on range of factors including: inflation, interest rates, employment, tax and income levels and service demands;
- Cost pressures, particularly demographic demand, exceeding budget estimates;
- The impact of Universal Credit, and potential pension changes;
- The costs of implementation of national policies varying from the resources provided by Government; and
- Unplanned capital investment requirements and associated cost.

The Financial Strategy aims to mitigate a number of these risks by setting out the key assumptions on which forward plans are based, and through the Change Programme activities, setting out the early identification of future saving proposals.

12.3 Single Midlothian Plan and Business Transformation
Themes addressed in this report:

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

12.4 Impact on Performance and Outcomes

The Financial Strategy facilitates decision on how Council allocates and uses its available resources and as such has fundamental implications for service performance and outcomes. The budget projections indicate that in 2021/22 the Council will have available in the region of £180 million for the provision of services and the pursuit of key outcomes as set out in the Single Midlothian Plan

12.5 Adopting a Preventative Approach

Whilst the proposals in this report do not directly impact on the adoption of a preventative approach, an effective Financial Strategy in turn allows resources to be prioritised to support prevention.

12.6 Involving Communities and Other Stakeholders

Shaping our Future, the consultation strand of the Delivering Excellence framework, has been a key aspect of informing the community and other stakeholders of the financial and service challenges and included consultation on a range of options as the change programme developed.

In addition, there continues to be engagement with the recognised Trade Unions on the Council's financial position and service challenges.

12.7 Ensuring Equalities

Whilst the financial strategy and the supporting proposals have been developed within the context of ensuring that resources are directed towards key priorities, Midlothian Council is committed to the ethos of the Equality Act 2010 and has considered the interests of the most vulnerable in our communities through equality impact assessment for all the budget proposals.

An updated EQIA encompassing the revenue budget for 2017/18 as set out in table 7 is attached as appendix 3.

12.8 Supporting Sustainable Development

There are no direct sustainability issues arising from this report.

12.9 IT Issues

There are no direct IT implications arising from this report.

13 Summary

This report sets out recommendations to enable Council to set Council Tax and to determine a budget for 2017/18.

It also provides:-

- An update on Scottish Government Grant;
- Updated budget projections for 2017/18 to 2021/22;
- A sensitivity analysis reflecting the potential impact of different pay and grant settlement scenarios for later years;
- An update on the resources to be provided to the Midlothian Integration Joint Board in 2017/18;
- An update on the strands of the Change Programme;
- The resultant 2017/18 service budget analysis;

- An update on reserves.

14 Recommendations

Council is recommended to:-

a) In line with the provisions of the Grant Settlement package set a Band D Council Tax of £1,246 for 2017/18 as set out in appendix 1;

b) Note the updated projected cost of services, key assumptions and resultant budget shortfalls as set out in section 3;

c) Note the continuing uncertainties and the potential impact as outlined in the differing scenarios as set out in section 6;

d) Approve the 2017/18 service budget analysis as set out in appendix 2, including the utilisation of £5.965 million of reserves.

e) Approve the allocation of £37.510 million to the Midlothian Integrated Joint Board for 2017/18 in respect of delegated services, noting that the feasibility of part or all of the £1.160 million reduction being applied will be raised with the Chief Officer and Chief Financial Officer of the IJB.

a) Note that the Strategic Leadership Group is engaged in developing further options for change so that these can be considered early in the term of the next Council.

b) In considering the recommendations also consider the contents of the draft EQIA set out in appendix 3;

c) Otherwise note the contents of the report.

Date   31 January 2017

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MIDLOTHIAN COUNCIL

Council Tax for Financial Year 2017/18

This statement gives details of the 2017/18 Council Tax payable in respect of a chargeable dwelling in each of the valuation bands specified in Section 74(2) of the Local Government Finance Act 1992 determined in accordance with Section 74(1) of the Act (as amended) **Based on Band D Council Tax of £1,246.**

Band	Range of Values From £	To £	Band D Proportion	Council Tax £
A	-	27,000	240/360	830.66
B	27,001	35,000	280/360	969.11
C	35,001	45,000	320/360	1,107.55
D	45,001	58,000	360/360	1,246.00
E	58,001	80,000	473/360	1,637.10
F	80,001	106,000	585/360	2,024.75
G	106,001	212,000	705/360	2,440.08
H	212,001	upward	882/360	3,052.70

MIDLOTHIAN COUNCIL   Appendix 2

REVENUE BUDGET 2017/18 SUMMARY

Service Function	Budget 2017/18 £
Management and Members	1,603,944
Education Communities and Economy	
Childrens Services	14,542,843
Communties and Economy	3,987,437
Education	85,023,974
Health and Social Care	
Adult Social Care	37,509,783
Customer and Housing Services	11,578,657
Resources	
Commercial Services	15,472,619
Finance and Integrated Service Support	11,736,179
Properties and Facilities Management	12,949,607
Lothian Valuation Joint Board	555,551
Centrally Held Budget Provisions	1,591,000
Non Distributable Costs	1,338,436
GENERAL FUND SERVICES NET EXPENDITURE	197,890,030
Loan Charges	7,406,000
Investment Income	(300,475)
Council Transformation Programme savings targets	(1,667,125)
Allocations to HRA, Capital Account etc.	(4,782,000)
NET EXPENDITURE	**198,546,430**
Utilisation of Reserves	5,965,430
Scottish Government Grant	147,577,000
Council Tax	45,004,000
TOTAL FUNDING	**198,546,430**

Overview Equality Impact Assessment (EqIA)

on

Midlothian Council

Budget

2017/18

31 January 2017

Midlothian Council

Equality Impact Assessment (EqIA) on Midlothian Council Budget

2017/18

Budget Proposal: Operational Policy	As set out in appendices to Council report 20/12/16
Council Tax	A 3% increase as set out in report 07/02/17
Directorate and service area	List as detailed above

Overview of Budget Investment through the Financial Strategy	The core objective of the Financial Strategy 2017/18 to 2021/22 is that of securing the Council's continued financial sustainability during what is expected to be an ongoing period of financial constraint coupled with continuing service demand pressures and increasing customer expectations.
Completion Date	31 January 2017
Lead officer	Gary Fairley

Aims and Objectives

The public sector continues to face significant service delivery challenges due to reduced income streams, funding constraints, inflationary cost pressures and additional legislative burdens. Demand for public services in Midlothian continues to increase as a consequence of changes in the size and profile of the county's population with greater numbers of young and older people, those in poor economic situations, and those with disabilities be they physical, sensory, mental health or learning disabilities. The Council must continue to prioritise expenditure on public services which prevent negative outcomes for those within its communities whilst securing maximum benefit from all available resources. Accordingly, it is prudent that significant savings and cuts are made over the coming years and projected budget shortfalls stemmed. This will allow the Council to maintain its financial sustainability and also to ensure that all within its communities, irrespective of protected characteristics, (age, disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation plus in Midlothian poor socio-economic circumstances), are not unlawfully discriminated against, and that equality of opportunity and advancement of good relations in upheld between those who have a protected characteristic and those who do not.

1. Does the proposed budget affect people?   Yes ☐   No ☐

2. What is/are the reason(s) for your proposed Council Tax Increase, budget savings and use of reserves?

On 7 February 2017 Council will be provided with an updated assessment of projected budgets shortfalls through to 2021/22 which, based on the assumptions set out in that report, projected a budget shortfall for 2017/18 of £14.546 million rising to £56.784 million . Encompassing the savings targets for the change programme and the recommended 3% per annum increase in Council Tax resulted in a use of reserves in 2017/18 £5.965 million for 2017/18 and a potential budget gap by 2021/22 of £32.493 million.

Scottish Government grant accounts for 80% of external funding. As in previous years the prospects for and the timing of future years grant settlements have been a major factor which dominated the financial projections set out in the Financial Strategy 2017/18 to 2021/22. The Grant Settlement, which was published on the 15 December 2016 resulted in a reduction of core grant funding which increased the budget gap from that previously projected by £1.8 million in 2017/18. In addition since the December report additional budget provision has also been made for pay awards, the provision of 25 hours class contact and the unfunded costs of the Apprenticeship Levy. While these national policy initiatives will all benefit minority groups they do however increase the budget gap.

In addition whilst the grant settlement was only for 2017/18 it will have an impact on medium term plans and as such will significantly influence the timing of and the extent to which Council has to reshape and reduce service budgets in order to maintain financial sustainability.

3. Impact

Which of the protected characteristics* will the proposed budget savings have an impact upon?

Equality Target Group*	Positive Impact	Negative Impact	Relevant evidence/ information
Age			
Disability			
Gender Reassignment			Overall Grid in Appendix 1 attached.
Marriage & Civil Partnership			
Pregnancy and maternity			
Race			
Religion or Belief			
Sex			
Sexual Orientation			

4. Overall Impact of Budget

Each budget proposal which was presented in December 2016 was subjected to an Equality Impact Assessment. The overall grid (Appendix 1) details the protected characteristics which are considered to be most likely to be affected in a potentially negative way. The overall grid includes the currently non-enacted 10th protected characteristic of socio-economic deprivation which Midlothian Council voluntarily considers. It is understood that this 10th protected characteristic will be enacted in 2017 by the Scottish Government.

In no proposal area has any unlawful negative impact been identified, and where possible reduction/removal of services will be monitored to establish the actual affect to those within our communities.

5. How will the implementation of proposed budget savings be communicated to those affected by any changes?

Information will be available on the Council's web site and communicated to affected businesses/customers/service users by letter, email, etc. In addition, information documents, as required, can and will be made available in different formats and languages on request. If an individual or group require this information in another language or format, then they should email equalities@midlothian.gov.uk or telephone the Equality, Diversity & Human Rights Officer on 0131 271 3658.

6. How will you monitor the impact of the changes proposed? When is the budget due to be reviewed?

Changes will be monitored through Covalent, the council's performance management system, discussion groups and forums, fees and charges income, and various other methods detailed in the individual equality impact assessments.

The overall budget is reviewed on an annual basis.

7. Please use the space below to detail any other matters arising from the Equality Impact Assessment (EqIA) process.

If available, mitigating actions for each of the proposals have been outlined in the individual equality impact assessments.

Where no mitigating actions are possible it is considered that any negative effects are not unlawful and are justifiable on a benchmarking/inflationary basis.

Midlothian Council is committed to the ethos of the Equality Act 2010 and has considered this through equality impact assessment of all its budget proposals. For proposals being decided upon on 20 December 2016 the relevant Equality Impact Assessments have been published as legislation requires and this overall EQIA encompasses these decisions, the increase in Council Tax and the resultant 2017/18 service budgets.

Please send an electronic copy of completed forms to lesley.crozier@midlothian.gov.uk

APPENDIX 1 - OVERVIEW EQUALITY ASSESSMENT GRID

Service	Budget Proposals	Age	Disability	Gender re-assignment	Marriage & Civil Partnership	Pregnancy & Maternity	Race	Religion or belief	Sex	Sexual Orientation	Socio-economic deprivation
Council Tax	Increase 3% or £36 per annum for Band D of. to £1,246										√
Commercial Operations											
	Service Review - operational proposal										
Roads											
	Review Spending on Roads Maintenance Capitalising saving for 2017/18 only - policy proposal	√	√								√
	Review Winter Maintenance Spend - policy proposal	√	√								√
	Review Flood Prevention Work - policy proposal	√	√								√
Waste											
	Increase Trade Waste Charges - policy proposal										√
Land & Countryside Services											
	Cease direct provision of the Garden Assistance Programme - policy proposal	√	√								√
	Review the financial contribution to the Pentland Hills - policy										√

APPENDIX 1 - OVERVIEW EQUALITY ASSESSMENT GRID

Service	Budget Proposals	Protected Characteristics									
		Age	Disability	Gender re-assignment	Marriage & Civil Partnership	Pregnancy & Maternity	Race	Religion or belief	Sex	Sexual Orientation	Socio-economic deprivation
	proposal										
	Review grass cutting standards - policy proposal										√
	Review number of football pitches - policy proposal	√	√								
	Review Christmas light funding - policy proposal	√				√					
	Review providing hanging baskets, planters and flower beds - policy proposal										
	Explore Closure Vogrie golf course - policy proposal										
	Reduce play area & right of way budgets - operational proposal	√	√			√					√
Travel & Fleet Services											
	Review travel arrangements for Grey Fleet - policy proposal		√								√
	Reduce bus shelter maintenance - operational proposal	√	√			√	√				√
	Increase sale of Health & Safety training courses - operational proposal										
Communities and Economy											

APPENDIX 1 - OVERVIEW EQUALITY ASSESSMENT GRID

Service	Budget Proposals	Age	Disability	Gender re-assignment	Marriage & Civil Partnership	Pregnancy & Maternity	Race	Religion or belief	Sex	Sexual Orientation	Socio-economic deprivation
	Merger of Communities & Economic Development Teams - operational proposal										√
	Cease funding from the Midlothian Business Partnership - policy proposal	√	√						√		√
	Charging for Section 75 Legal Agreement Monitoring - policy proposal										√
Customer & Housing Services											
	Revenues Service Review 2017 - operational proposal										
Education											
	Reduce central curriculum budget - operational proposal								√		√
	Reduce central training budget - operational proposal										√
	Reduce budgets Devolved to School Management (DSM) - policy proposal	√							√		√
	Review of Inclusion Policy - policy proposal	√	√								√
	Mini Service Reviews within Education - operational proposal										

APPENDIX 1 - OVERVIEW EQUALITY ASSESSMENT GRID

Service	Budget Proposals	Protected Characteristics									
		Age	Disability	Gender re-assignment	Marriage & Civil Partnership	Pregnancy & Maternity	Race	Religion or belief	Sex	Sexual Orientation	Socio-economic deprivation
Finance											
	Review 1 - BT/Q&S/PPT - operational proposal										
	Vacant Posts (Grade 4 - 8) - Freeze (Business Services) - operational proposal										
	Vacant Posts Balance - operational proposal										
	Rationalisation of Support Services (OD/HR) - operational proposal										
	Rationalisation of Support Services (E&R) - operational proposal										
	Removal of Vacant Material Planner Post(Procurement & Stores) - operational proposal										
	Consolidate Stores (Fleet) - operational proposal										
	Technology Changes: Digital Services & Supplies - operational proposal										
	Procurement Rebates SXL Contracts - operational proposal										
	Internalise Arrears Court actions - Customer & Housing Services (Legal Services) - operational proposal										
	Amend Treasury Strategy as a consequence of BREXIT - operational proposal										
	F&ISS Review - Staff Reduction Target of 7% - operational proposal										

Service	Budget Proposals	Protected Characteristics									
		Age	Disability	Gender re-assignment	Marriage & Civil Partnership	Pregnancy & Maternity	Race	Religion or belief	Sex	Sexual Orientation	Socio-economic deprivation
Legal Services											
	Curators' Fees - policy proposal										
	Legal Fees - Licensing - policy proposal	√	√								√
Property & Facilities Management											
Catering											
	Review kitchen staff due to dropping numbers at Dalkeith Campus - operational proposal	√	√						√		√
	Increase school meals by 15 pence - policy proposal – amended to 10p										
	Reduce P1 - P3 free fruit to once a week - policy proposal										√
	Reduce waste in plates/cutlery - operational proposal										
	Increase vending/trolley prices - operational proposal		√								√
	Review public toilet provision - policy proposal – amended reduced saving	√	√			√					
Facilities											
	Merge janitorial S & L staff in Hubs - operational proposal										

APPENDIX 1 - OVERVIEW EQUALITY ASSESSMENT GRID

Service	Budget Proposals	Age	Disability	Gender re-assignment	Marriage & Civil Partnership	Pregnancy & Maternity	Race	Religion or belief	Sex	Sexual Orientation	Socio-economic deprivation
	Review FM Officers from two to one (dependent on shared primary school janitors) - operational proposal	√	√								√
Building Services											
Sport & Leisure											
	Review Sport & Leisure staffing - operational proposal	√	√						√		√
	Reduce opening hours during low usage periods at leisure centres - policy proposal	√	√						√		√
	Introduce soft play at Penicuik Centre - operational proposal										
	Increase Sport and Leisure charges by 10% - policy proposal	√	√				√		√		√
PPP Management											
	Maximise use of contractual entitlement in PPP core hours - operational proposal	√	√								
	Review of PPP Contracts - policy proposal										
Property Assets											
	Introduce Energy Management Systems to control heating / power use remotely - operational proposal										
	Mini service review - operational proposal	√	√						√		√
	Reduce drainage charging by utilising soakaways / SUDS ponds -	√	√				√		√		√

APPENDIX 1 - OVERVIEW EQUALITY ASSESSMENT GRID

Service	Budget Proposals	Age	Disability	Gender re-assignment	Marriage & Civil Partnership	Pregnancy & Maternity	Race	Religion or belief	Sex	Sexual Orientation	Socio-economic deprivation
	operational proposal										
	Review water metering arrangements to downsize meters, reducing charges - operational proposal	√	√				√		√		√
	SALEX funding for energy saving initiatives eg lighting, pool covers etc - operational proposal	√	√				√		√		√
EWIM											
	Independent Stores partnership renting new depot space - operational proposal	√	√				√		√		√
	Bespoke joinery through Independent Stores - operational proposal	√	√				√		√		√
	Property & Facilities Management Service Review - operational proposal										
	Staff consolidation due to reduced locations at new depot - operational proposal	√	√				√		√		√
	Earlier closure of Penicuik Town Hall and Library HQ - operational proposal	√	√				√		√		√
	Creation of IJB Hub at St Andrew's Street - operational proposal	√	√				√		√		√
Children's Services											
	Review of Family Support Staff (2%)	√	√				√		√		√

APPENDIX 1 - OVERVIEW EQUALITY ASSESSMENT GRID

Service	Budget Proposals	Age	Disability	Gender re-assignment	Marriage & Civil Partnership	Pregnancy & Maternity	Race	Religion or belief	Sex	Sexual Orientation	Socio-economic deprivation
	Reduction in purchase of external foster care placements - policy proposal	√									√
	Multi-Agency Resource Group (MARG) - policy proposal	√									√
Health & Social Care	Increase Income from Charges - policy proposal	√	√	√			√		√	√	√

Financial Monitoring 2016/17 – General Fund Revenue

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

1   Purpose of Report

The purpose of this report is to provide Council with information on performance against revenue budget in 2016/17 and details of the material variances.

2   Background

2.1   Budget Performance

The detailed budget performance figures shown in appendix 1 result in a net overspend of £1.771 million which is 0.88% of the revised budget for the year. This is a deterioration of £0.275 million on the quarter 2 position reported to Council on 8th November.

The main areas of variance are outlined below:

Pressures
  • Demand led pressures in Adult Social Care, particularly the Community Care Resource Panel and in Home Care packages. They are currently projected to overspend by £1.646 million which is £0.081 million less than reported at quarter 2. Projections of spend in this area can be very volatile given the fluidity of demand and potential high value of individual packages of care;
  • Running costs for Care Homes for Older people of £0.180 million;
  • Slippage in the opening of Pentland House which has put additional pressure on Bed and Breakfast budgets for Homeless clients. An overspend of £0.411 million is currently projected;
  • Loan charges are currently projected to be £0.264 million over budget due to less slippage in the General Services Capital Plan than anticipated;
  • Achievement of Council Transformation Targets for procurement savings and for tactical reductions in contracted hours has slipped and is projected to overspend by £0.400 million.

Favourable Movements

- Demand for Residential and Day Care placements for children is lower than budgeted and some high value placements are now being provided in a different way. Spend in this area is now projected to be £0.956 million less than the budget of £3.900 million but is very volatile in its nature;
- A continued growth of properties in Midlothian will generate an improvement on budget of £0.600 million for Council Tax Income.

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

2.2   Council Transformation Programme

Council approved utilisation of £7.718 million of General Fund Reserve to fund costs associated with the ongoing transformation programme.

At the report date £3.287 million of this has been applied with future commitments of £0.593 million identified for 2017/18 and 2018/19. This leaves £3.838 million as uncommitted.

2.3   General Fund Reserve

The projected balance on the General Fund as at 31 March 2017 is as follows:

	£ million	£ million
Reserve as at 1 April 2016		24.625
Less earmarked reserves utilised in 2016/17		(5.947)
General Reserve at 1 April 2016		**18.678**
Planned movements in reserves		
Planned Utilisation	(2.668)	
Supplementary Estimates	(0.605)	
Council Transformation Programme Costs	(0.337)	
One-off costs of VSER	(0.042)	
Other	(0.012)	
		(3.664)
Overspend per appendix 1		(1.771)
General Fund Balance at 31 March 2017		**13.243**

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

	£ million
General Fund Balance at 31 March 2017	**13.243**
Earmarked for specific purposes	
Approved contingency level of General Fund Reserve	(8.000)
Budgets earmarked for Council Transformation	(3.838)
Borders Rail Economic Development Opportunities	(0.027)
Available General Reserve at 31 March 2017	**1.378**

The uncommitted General Fund Reserve at 31 March 2017 is £9.378 million of which £8 million is earmarked as a contingency in the context of the continuing challenging financial outlook, the uncertainty associated with future years grant settlements, pay awards, the economic impact of Brexit and also the potential costs to come from the historic child abuse enquiry. This leaves the remaining £1.378 million as uncommitted.

3 Report Implications

3.1 Resource

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

3.2 Risk

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

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

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

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

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

3.4 Impact on Performance and Outcomes

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

3.5   Adopting a Preventative Approach

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

3.6   Involving Communities and Other Stakeholders

No consultation was required.

3.7   Ensuring Equalities

There are no equality implications arising directly from this report.

3.8   Supporting Sustainable Development

There are no sustainability issues arising from this report.

3.9   IT Issues

There are no IT implications arising from this report.

4   Recommendations

It is recommended that Council note the contents of this report and consider the financial position in the context of the Financial Strategy for 2017/18 to 2021/22.

20th January 2017

Report Contact:
David Gladwin Tel No 0131 271 3113
E mail david.gladwin@midlothian.gov.uk

Background Papers:

MIDLOTHIAN COUNCIL

Appendix 1

GENERAL FUND OVERVIEW 2016/17

Function	Revised Budget £	Outturn £	(Underspend) / Overspend £
Management	1,634,240	1,634,240	0
Education Communities and Economy			
Childrens Services	15,598,780	14,857,780	(741,000)
Communties and Economy	4,672,846	4,841,846	169,000
Education	83,748,489	83,825,489	77,000
Health and Social Care			
Adult Social Care	38,713,731	40,121,731	1,408,000
Customer and Housing Services	12,242,933	12,266,933	24,000
Resources			
Commercial Services	16,359,583	16,365,583	6,000
Finance and Integrated Service Support	12,576,663	12,846,663	270,000
Properties and Facilities Management	13,983,055	14,314,055	331,000
Lothian Valuation Joint Board	555,551	555,551	0
Central Costs	625,574	788,574	163,000
Non Distributable Costs	1,338,436	1,338,436	0
GENERAL FUND SERVICES NET EXPENDITURE	202,049,881	203,756,881	1,707,000
Loan Charges	6,582,639	6,846,639	264,000
Investment Income	(300,475)	(300,475)	0
Council Transformation Programme savings target	(2,104,873)	(1,704,873)	400,000
Allocations to HRA, Capital Account etc.	(4,781,596)	(4,781,596)	0
	201,445,576	203,816,576	2,371,000
less Funding:			
Scottish Government Grant	151,516,000	151,516,000	0
Council Tax	40,600,000	41,200,000	(600,000)
Utilisation of Reserves	9,329,576	11,100,576	1,771,000

Financial Monitoring 2016/17 – General Fund Revenue – Material Variances

Education, Communities and Economy

Children's Services

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Children's services review interim staffing position	Ongoing Children's Services Review. At the same time the service is experiencing higher than average levels of maternity leave which is adding to the requirement for temporary staff which has been met using agency workers.	267	267	314	The service is in the process of implementing its new structure. In order to move towards the new structure it has employed supernumerary staff and used high levels of agency staff. These actions have been taken in order to minimise permanent post holders being displaced by the review and to ensure the right people are in post for the new structure.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Children's Services budget.	11	11	(7)	No impact on frontline service.
Gross Overspend		**278**	**278**	**307**	
Offset by:					
Residential and Day Education Placements	The requirement for residential placements is lower than anticipated and provided for in the budget. Demand for new placements was low for the first half of the 2016 calendar year.	(912)	(1,003)	(956)	This represents a 25% underspend on the Multi Agency Resource Group budget of £3.9 million. The group continue to challenge new demand to keep costs under control and has recently been successful in its work to progress children in secure placements to allow them to move to other forms of care.
Family Placements	Slippage in plans for the usage of additional Scottish Government Grant.	(174)	(174)	(92)	A part time team leader and two social workers have been recruited to develop the kinship care service service. Between quarter 2 and quarter 3 forecast expenditure on inter-agency adoption fees increased by £30k.
Net Underspend		**(808)**	**(899)**	**(741)**	

Communities and Economy

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Building Standards Income	There was an artificially high level of income received in 2015/16 as a result of changes to Building Regulations in October 2015. This created a high level of application activity before the new regulations came into force. As a result the numbers and related fee income of warrants in 2016/17 are lower than budgeted.	84	84	94	The income received for Building Warrants is highly variable and is influenced by the timings of building works.
Planning Income	Applications for planning consent are lower than budgeted.	64	64	66	The income received for planning applications is highly variable and is influenced by the timing of major developments.
Landlord Registration income	Fewer registrations are due to be renewed in 2016/17 than budgeted.	25	25	20	Registrations run in a three year cycle.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Communities and Economy budget.	17	17	13	No impact on frontline service.
Gross Overspend		**190**	**190**	**193**	
Offset by:					
Staffing Costs	Posts remaining vacant across the service for longer than planned.	0	0	(24)	
Net Overspend		**190**	**190**	**169**	

Education

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Lifelong Learning and Employability Income	The Skill Development Scotland Employability Fund has been reduced nationally by 40%. As a consequence Midlothian's funding was significantly reduced for 2016/17.	167	167	171	The 2017/18 budget reflects the up to date position in relation to projects.
Vacancies and Performance Factor	Non achievement of employee performance factor.	36	36	36	
Gross Overspend		**203**	**203**	**207**	
Offset by:					
PPP Contracts	Insurance costs are lower than provided for in the contract which leads to a refund from the contractor.	(67)	(67)	(83)	Windfall Income.
	Contractual refund of funding paid to cover reparation of malicious damage that was not utilised.	(17)	(17)	(38)	Deductions for PPP1 have increased between quarter 2 and quarter 3. This has been addressed in the 2017/18 budget setting process.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Education Service budget.	(9)	(9)	(9)	No impact on frontline service.
Net Overspend		**110**	**110**	**77**	

Health and Social Care

Adult Social Care

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Community Care Resource Panel	Assessed needs are currently more than budgeted. The budget is £30 million, demand led and subject to demographic pressures. Individual packages of care sometimes in excess of £100k per annum and as a consequence projections in this area can be volatile.	497	1,453	1,503	An underlying over-commitment of around £900k at the start of the financial year has been partially addressed through the review of high cost packages. A review team is in place and a programme of care package reviews are now underway. The impact of this work will be seen more in 2017/18 when there will be a full year impact from the savings.
Home Care / Midlothian Enhanced Rapid Response and Intervention Team (MERRIT)	Additional employee costs due to the volume of care packages being provided.	254	274	332	The service continues to prioritise hospital discharges. There have been additional complexities associated with moving packages of care to external providers and during this transitional period the costs falling on the internal home care service have been higher.
Care Homes for Older People	Projected overspend on running costs, including cleaning materials and first aid supplies, at both Highbank and Newbyres.	108	83	82	Additional supply costs associated with increased complexity of residents. The 2017/18 budget has been reviewed to address this.
	Projected overspend on staffing costs to cover gaps in the rota.	120	144	98	Sickness absence levels at Highbank have been high particularly at the start of the financial year. Managers are working closely with HR to address this issue and improvements have been seen. The development of the Locum bureau will be taken forward to ensure that when extra staff are required this can be done in the most cost effective manner.
Gross Overspend		**979**	**1.954**	**2,015**	
Offset by:					
Service User Income	Contributions from service users towards their care packages are higher than anticipated.	0	0	(189)	Review team work has contributed to an increase in chargeable income.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Public Protection	Scottish Government funding provided specifically for Adult Support and Protection requirements. Some spend relevant to this funding is in the form of care packages and is met from the Resource Panel budget.	(150)	(140)	(134)	No impact on frontline service but underspend offsets care and support costs related to protection issues.
Learning and Development	Spend continues to be constrained to counter pressures elsewhere in the service.	(128)	(102)	(134)	No impact on frontline service and offsets cost of essential cover for front-line staff with mandatory training requirements.
Joint Equipment Store and Aids and Adaptations	Demand is currently less than budgeted but spend level tends to vary over the course of the year.	(79)	(124)	(97)	No impact on frontline service.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Adult Social Care budget.	(44)	(100)	(53)	No impact on frontline service.
Net Overspend		**578**	**1,488**	**1,408**	

Customer and Housing Services

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Homelessness accommodation	Specialist treatment required in the conversion works to re-use Pentland House has led to delays in the project, with completion now targeted for 1st April 2017. The saving against the Bed and Breakfast budget will therefore not be made.	229	390	411	The budget provided for an average 82 B and B places per week until 1st August 2016 and 36 spaces thereafter once Pentland House was available for use. Average occupancy is currently 85 places. The Polton Centre will be available for use from mid-January and the impact of this is reflected in the projected overspend.
Other non material variances	Miscellaneous over and underspends covering the remaining areas of the Customer and Housing Services.	13	11	50	No impact on frontline service.
Gross Overspend		**242**	**401**	**461**	
Offset by:					
Housing Benefit Subsidy	It is anticipated that income will be higher than budgeted for.	(193)	(163)	(155)	The 2016/17 budget was set based on the experience of previous years. However, in 2016/17 the subsidy receivable is now anticipated to be higher.
Customer Services Staffing	Customer Services is currently under review so current vacancies are being held until the review runs its course.	(123)	(131)	(168)	It is anticipated that vacancies will be filled once the review reaches its later stages.
Revenues Service Vacancies	Vacancies in the Revenues Processing Team that were unfilled for a period or remain unfilled in addition to some maternity savings.	(43)	(68)	(114)	No impact on frontline service. Vacant posts are being retained pending resource requirements for full service commencement of universal credit in April 2017 becoming clearer.
Net Overspend / (Underspend)		**(117)**	**39**	**24**	

Resources

Commercial Services

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Waste Disposal Charges	Movement in tonnage and price.	119	119	239	Market conditions in the recycling market have resulted in issues with disposing of recyclate. A report to Council on 9th February 2016 covered this in more detail and efforts continue to resolve the situation. Whilst the longer term outcome remains uncertain there is a risk that in-year and future year projected costs may vary considerably.
Fleet Repairs	The cost of vehicle parts and repairs carried out by third parties are expected to exceed budget.	0	0	141	An element of repairs to the Councils fleet requires to be completed externally due to specialist skills.
Burials Income	Income from lairs and interments is lower than anticipated at this stage in the year.	90	71	35	The number of burials varies throughout the year.
Zero Waste	Procurement and transition costs for the Zero Waste project exceeds the remaining budget	0	33	33	An update was provided to Council on 8th November 2016 and the 2017/18 budget was adjusted accordingly.
Taxi-cards	The taxi-card scheme was closed to new entrants in 2015/16 but usage by remaining participants is higher than budgeted.	26	26	18	
Gross Overspend		**235**	**249**	**466**	
Offset by:					
Land Services chargeable income	Income is expected to exceed budget due to additional income from work undertaken on capital projects.	0	0	(107)	One-off income in 2016/17.
Street Lighting Electricity	Spend is lower than at the same point last year.	0	(82)	(84)	Conversion to LED lighting leads to lower consumption but this is offset by growth from new Housing Developments.
Staff Vacancies	Vacancies across the service have exceeded the performance factor.	(76)	(52)	(50)	This predominantly relates to Waste Services due to changes in the service provided and delays in recruiting to new posts.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Fuel Costs	Waste Services vehicles have lower fuel usage than was anticipated when setting the budget.	(68)	(68)	(114)	This will be reflected in future years budgets.
Bus Shelter maintenance	Expenditure on bus shelter maintenance is largely reactive with lower demand to date in 2016/17.	0	0	(61)	The 2017/18 budget has been reviewed.
Other non-material variances	Miscellaneous variances covering the remaining areas of the service.	16	(6)	(44)	No impact on frontline service.
Net Overspend		**107**	**41**	**6**	

Finance and Integrated Service Support

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Mi-Future	The costs of staff in SWITCH during the year are projected to exceed budget.	130	133	130	6 months budget is moved to Switch with displaced employees. The Mi-Future team continues to work towards a satisfactory resolution for each employee in SWITCH and when compared to severance costs SWITCH remains a cost effective solution. As at 30th November 2016 there were 16 people in SWITCH on placements, some of whom are funded by services.
Telephone costs	The council's telephone budget has been centralised and current costs exceed budget. There is also demand led pressures relating to growth in the school estate.	0	0	64	A tender process is underway which may contribute to reducing costs.
Central Postages	The volume and cost of postages exceeds budget of £122k.	49	45	40	Despite changing suppliers and securing better prices the volume and mix of postages continues to exceed budget. Work continues to address this by reducing postage volumes, avoiding all unnecessary postage costs and maximising compliance with contractual requirements.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
External Legal fees	Continuing costs associated with residual equal pay claims and a higher than anticipated incidence of children's permanence cases.	0	0	28	The residual legal issues related to Equal Pay claims are expected to be concluded in 2017/18 with no further costs anticipated.
Photocopying	Costs associated with the new centralised Council wide contract are greater than estimated due to higher than anticipated volume of use. The budget is £129k.	33	33	18	A review of activity is underway with the aim of minimising volumes and reducing reliance on paper in accordance with EWiM principles.
Bank Charges	The shift towards electronic payments has led to increased transaction costs.	24	23	24	A review of bank charges is underway with the aim of negotiating lower rates with service providers.
Occupational Health	A change to the external provider has resulted in an unexpected cost. The budget is £86k. This cost has now been mitigated.	15	13	0	The previous provider was very competitive but is no longer operating. Budgets for future years will be revised to incorporate the new terms.
Other non-material variances	Miscellaneous variances covering the remaining areas of the service.	0	0	(34)	No impact on frontline service.
Gross Overspend		**251**	**247**	**270**	

Properties and Facilities Management

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Property Costs for EWiM phase 2	Slippage in planned building closures and disposals resulted in unbudgeted costs.	0	0	192	Disposal of Dundas Building has been postponed pending determination of plans for the adjacent site. Eskdaill Court and Jarnac Court remain occupied pending long term decisions on Dalkeith Town Centre and conversion of Eskdaill court.
Catering – food costs	The unit cost of meals provided is increasing due to market pressures. There has also been an increase in demand.	0	0	93	Menus are reviewed regularly to maintain economy, maximise nutritional value and to minimise waste.
Energy Costs	The price mix between standing charges and for consumption has changed for electricity supply.	0	41	41	Standing charges have increased.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional information / Action taken
Loanhead Leisure Centre – loss of income	Loanhead Leisure Centre will close temporarily in January 2017 before re-opening as part of the new Loanhead Community Hub in August 2017.	34	38	50	Work is ongoing to identify alternative locations for various activities and classes currently held at the centre.
Gross Overspend		**34**	**79**	**376**	
Offset by:					
Catering Staffing	Difficulty recruiting to vacant posts.	(30)	(45)	(45)	Efforts continue to recruit to vacant posts targeting entry level applicants where appropriate.
Net Overspend		**4**	**34**	**331**	

Other

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Quarter 3 £000	Additional Information / Action taken
Loan Charges	The 2016/17 budget provided for planned slippage in the General Services Capital Plan. To date slippage has been less than planned.	283	283	264	
Central Costs	Insurance costs – an increase in the likely settlement costs of existing claims.	112	163	163	Detail of these claims is being reviewed and any mitigating action required will be put in place. A review of likely settlement costs since quarter 1 gave rise to increased exposure to one high value claim.
Transformation Savings - Procurement	A target of £350k for procurement savings was set for 2015/16 which mainly reflected slippage in targeted savings for previous years. It is projected that £200k of this will be achieved.	150	150	250	Procurement plans are currently being refreshed and this may identify further savings in 2016/17. Contract savings have been made or are planned for 2016/17 which impact on the Capital Account and the Housing Revenue Account.
Transformation Savings – Tactical Reductions in contracted hours	The target of £150k will not been achieved in 2016/17	150	150	150	Progress in taking forward a voluntary reduction in hours initiative and promoting flexible retirement options have been delayed because of the focus on low pay. Work in the remainder of the year is expected to deliver a part year saving.

Council Tax Income	A continued growth in Band D equivalents results in a higher than budgeted Council Tax yield.	(452)	(500)	(600)	The continued growth in Band D equivalents has been factored into Council Tax income budgets for future years.

General Services Capital Plan 2016/17 to 2021/22
Report by Gary Fairley, Head of Finance and Integrated Service Support

1   Purpose of Report

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

- An update of the General Services Capital Plan incorporating new projects approved since the previous report to Council on 08 November 2016 (Section 2.1/2.2);
- Information on further additions to the Capital Plan for approval (Section 2.3);
- Information on the projected performance of the General Services Capital Plan against budget for 2016/17 (Section 3);
- Forecast expenditure and income for the General Services Capital Plan for 2017/18 through to 2021/22 (Section 4);
- Update Council on the projected balance on the Capital Fund (Section 5) and the projected balance on debt outstanding (Section 6).

2   Update of General Services Capital Plan for rephasing and new projects approved

2.1   Rephasing

The General Services Capital Plan presented to Council on 27 September 2016 allowed, over the period 2016/17 to 2021/22, for expenditure of £128.072 million, funding of £77.213 million, and a total borrowing requirement of £50.859 million, phased as shown in table 1 below:-

Table 1: General Services Capital Plan as approved 27 September 2016

Item	2016/17 Budget £000's	2017/18 Budget £000's	2018/19 Budget £000's	2019/20 Budget £000's	2020/21 Budget £000's	2021/22 Budget £000's	Total Budget £000's
Expenditure	35,953	22,867	22,867	21,869	14,072	10,444	**128,072**
Funding	13,994	13,791	15,579	15,501	10,494	7,854	**77,213**
Borrowing Required	**21,959**	**9,076**	**7,288**	**6,368**	**3,578**	**2,590**	**50,859**

The General Services Capital Plan Q2 Monitoring for 2016/17 was presented to Council on 08 November 2016 and reported:-

- New projects already approved of £0.250 million;
- New projects for approval of £0.565 million;
- New additional funding of £0.366 million;
- Net rephasing from 2016/17 to 2017/18 of £0.165 million expenditure and £0.462 million funding.

This revised the overall levels of expenditure, funding and borrowing required over the period 2016/17 to 2021/22 as shown in table 2.

Table 2: General Services Capital Plan revised per Q2 Monitoring Report

Item	2016/17 Budget £000's	2017/18 Budget £000's	2018/19 Budget £000's	2019/20 Budget £000's	2020/21 Budget £000's	2021/22 Budget £000's	Total Budget £000's
Expenditure	36,605	23,032	22,867	21,869	14,072	10,444	**128,889**
Funding	13,898	14,253	15,579	15,501	10,494	7,854	**77,579**
Borrowing Required	**22,707**	**8,779**	**7,288**	**6,368**	**3,578**	**2,590**	**51,310**

2.2 Approved Projects

Since the report to Council on 08 November 2016, the following projects have received approval by Council for inclusion in the General Services Capital Plan.

- **Gore Glen Bing**: Excavation of heated areas and removal of burning material at Gore Glen Bing. £0.270 million budget approved by Council 20 December 2016. Part funded through utilisation of £0.086 million of the existing provision for Contaminated Land;
- **Purchase of 49 Abbey Road, Dalkeith**: Land purchase to provide for extension of King's Park Primary. £0.215 million budget approved by Council 20 December 2016;
- **Purchase of 31 Jarnac Court**: Purchase of existing shop at 31 Jarnac Court to provide Disability Discrimination Act access to the upper floor (Council owned offices). £0.205 million budget approved by Council 20 December 2016;
- **Grass Cutting Machinery**: Investment in rotary cutting machinery of £0.120 million, approved by Council 20 December 2016 as part of Choices for Change Savings Proposals.

2.3 Projects presented for approval

Since the report to Council on 08 November 2016, the following new projects are being presented for inclusion in the plan:-

- **King George V Park Outdoor Fitness Trail**: Introduction of a fitness trail with new outdoor fitness equipment at King George V Park in Bonnyrigg. £0.021 million budget recommended by CMT 23 November 2016 on the basis that it is fully funded by external contributions from Tesco, Bank of Scotland and Environmental funds raised by Bonnyrigg & Lasswade Community Council;
- **Hillend Freestyle Jump Slope**: Replacement and redevelopment of the existing Snowflex surface to bring facility up to national/international standard. £0.208 million budget recommended by CMT 18 January 2017, part funded by £0.104 million contribution from Sportscotland;
- **Beeslack Community High School 3G Pitch**: Installation of new 3G pitch to replace existing 2G pitch. £0.360 million budget, fully funded through contributions from Sportscotland, Penicuik Athletic Youth

Football Club, Army Covenant, Beeslack Community Fund, Beeslack High School, & a Midlothian Council education contribution;

- **Saltersgate Alterations Phase II**: Further internal alterations to Dalkeith Schools Community Campus to keep the physical environment of the school suitable for the needs of the pupils. £0.254 million budget recommended by CMT 19 October 2016;
- **Cycling, Walking & Safer Streets**: Installation of lighting columns on the Bonnyrigg Bypass to Gorton Road. £0.127 million budget (£0.050 million falling in 2016/17) fully funded by Sustrans contribution;
- **Cycling, Walking & Safer Streets**: Widening of existing footpath to become "shared use" pedestrian/cycleway and conversion of existing puffin crossing to a toucan crossing, adjacent to the B6482, complementing the existing and proposed cycling facilities at the Newbattle Centre. £0.084 million budget fully funded by Sustrans contribution;
- **Marc Building Alterations**: Alterations to kitchen space, toilets and cleaners stores. £0.018 million budget fully funded by external contributions from Grassy Riggs, MVA, Marc (White Goods) and Member's Environmental Funds.

The inclusion of these projects revises the overall levels of expenditure, funding and borrowing required over the period 2016/17 to 2021/22 as shown in table 3 below.

Table 3: General Services Capital Plan including Projects Approved / for Approval

Item	2016/17 Budget £000's	2017/18 Budget £000's	2018/19 Budget £000's	2019/20 Budget £000's	2020/21 Budget £000's	2021/22 Budget £000's	Total Budget £000's
Expenditure	38,206	23,313	22,867	21,869	14,072	10,444	**130,771**
Funding	14,537	14,414	15,579	15,501	10,494	7,854	**78,379**
Borrowing Required	**23,669**	**8,899**	**7,288**	**6,368**	**3,578**	**2,590**	**52,392**

3. 2016/17 Projection against budget

3.1 2016/17 Budget

The 2016/17 capital plan budget of £38.206 million for 2016/17, as reported above, has been rephased to £34.604 million to account for updated expenditure profiles provided in the period, as shown in the table below:-

Table 4: Rephasing of project budgets

Project	Description of amendment to budget	Previous Budget £000's	Revised Budget £000's	Budget Movement £000's
EWiM Phase III: New Depot at Hopefield	Revised programme of works provided	1,631	28	-1,603
Stobhill Depot Upgrade	Rephasing based on actual expenditure to date	569	100	-469
Hopefield Primary School	Related to development of accommodation schedule brief	500	100	-400
Digital Services inc. Website upgrade	Various	2,273	1,934	-339
Property Upgrades	Rephasing based on actual expenditure to date	1,884	1,550	-334
Assistive Technology	Less equipment that envisaged has been purchased. Ongoing requirement of £0.150 million to be reviewed.	355	75	-280
Borders Rail – Economic Development Projects	Reflects timing of projects coming forward	250	0	-250
New Bilston & GoreGlen Primary Schools	Refinement of final contractual & project payments	8,104	7,861	-243
Member's Environmental Funds	Revised estimate based on current & previous year's expenditure	140	70	-70
Loanhead Centre & Roslin Primary School	Acceleration of build by both contractors	12,410	12,780	+370
Other	Minor variances	1,512	1,528	+16
Total		**29,628**	**26,026**	**-3,602**

In line with this, the expected level of funding available to finance the plan has also been rephased and totals £14.152 million, a decrease of £0.368 million which reflects the additional £0.104 million capital grant no longer required for the Public Sector Housing Grant scheme, reduction in the application of developer contributions due to rephasing of expenditure on new primary school projects of £0.490 million.

This reduces the projected in-year borrowing requirement from £23.669 million to £20.452 million. The projected performance against budget for 2016/17 is shown in table 5 below:-

Table 5: General Services Capital Plan Projected Performance against Budget 2016/17 – as at Quarter 3

Item	2016/17 Budget £000's	2016/17 Rephased Budget £000's	Actual To Period 9 £000's	2016/17 Projected Outturn £000's	2016/17 Variance £000's	2016/17 Carry Forward £000's
Expenditure	38,206	34,604	16,858	34,702	+98	-3,602
Funding	14,537	14,152	7,955	14,152	0	
Borrowing Required	**23,669**	**20,452**	**8,903**	**20,550**	**+98**	

3.2 Expenditure

Expenditure to date is £16.858 million with a projected expenditure outturn of £34.702 million. At this stage it is anticipated that budgets for the projects detailed in Appendix 2 will be fully spent in the current year with the following exceptions:-

Table 6: Adjustment to expenditure budget of projects

Item	Description	Projected (Underspend)/ Overspend £000's
Millerhill Access Road / Site Services	Final settlement payment to Scottish Water Horizons.	+15
Digital Services: Back Office Server Replacement	Costs associated with upgrade of backup server within schools, to mitigate risk of service failure, were higher than expected.	+19
Waste Service Review Collection Vehicles	Additional costs due to price inflation on purchase costs (*as reported at Quarter 2*)	+64
Total		**+98**

It is therefore expected that there will be a net overspend against budget for the year of £0.098 million.

3.3 Funding

The funding available to finance the Capital Plan in 2016/17 is expected to total £14.152 million, in line with the rephased budget. Funding of £7.955 million has been received to date.

3.4 Borrowing

The budgeted level of borrowing for 2016/17 is £20.452 million. Based on the forecast expenditure and funding levels, the revised estimate of the level of borrowing required to fund the investment identified in Table 5 is £20.550 million, an increase of £0.098 million. The impact on the Council's borrowing costs is reflected in the Financial Monitoring 2016/17 General Fund Revenue and Financial Strategy 2017/18 to 2021/22 reports elsewhere on today's agenda.

4. Capital Plan 2017/18 to 2021/22

4.1 Expenditure

In the report to Council on 27 September 2016, it was noted that work had been undertaken to progress the development of full asset management plans and the associated investment requirements for the Council's core asset bases. At that stage, provisions sums were included within the General Services Capital Plan for the Council's core asset bases of Property, Roads, Street Lighting, Footway & Footpaths, Vehicles and Digital Services equipment

Whilst this work is currently still ongoing, for the purposes of forward planning the following revised provisional sums are proposed for inclusion within the General Services Capital Plan. These provisions will be subject to further review and refinement with final requirements presented to Council in due course.

**Table 7: Core Asset Bases: Asset Management Plans
Additional Investment Requirements**

Asset strand	Provisional Additional Investment Requirement 2017/18 to 2021/22 £000's		Notes	Indicative Plan Received/ Costed
	Sep 2016	Feb 2017		
Vehicle & Plant Replacement Programme	10,274	10,446	Variable annual profile over period 2017/18 to 2021/22	Yes
Road Upgrades	4,000	6,200	Annual budget of £1.5 million plus additional £0.2 million in 2017/18	No
Street Lighting Upgrades	4,000	4,000	Annual budget of £1 million	No
Property Upgrades	4,000	4,000	Annual budget of £1 million	No
Footways & Footpaths	2,500	2,500	Annual budget of £0.5 million	No
Digital Services	8,759	8,759	Variable annual profile over period 2017/18 to 2021/22	Yes
Total	**33,533**	**35,905**		

Expenditure forecasts have been rephased based on the most recent project information available.

Based on the new projects as presented in Sections 2.1, 2.2 and 2.3, and the revised levels of investment requirements in the Council's six core asset bases as shown in Table 7 above, the forecast level of expenditure over the life of the plan is forecast to increase from £128.072 million to £133.629 million, an increase of £5.557 million. This includes £0.657 million of "unallocated" capital expenditure (see Section 6 below and Appendices 1 and 2).

Council will also be aware that there are a number of projects associated with the development of the Council's Learning Estate Strategy which will have significant investment requirements which will not be met by developer contributions. These will be reflected in the plan as they come forward and the wider implications for borrowing, the cap on debt outstanding and the funding required to support that borrowing will need to be considered as the strategy is developed.

4.2 Funding

The planning assumption for the level of General Capital Grant funding from the Scottish Government over the life of the plan was £45.247 million, as reported to Council in the *General Services Capital Plan 2016/17 to 2021/22* report on 27 September 2016. The Local Government Finance (Scotland) Settlement 2016-17 (Finance Circular 9/2016) issued on 15 December 2016 provides for an increase in the level of General Capital Grant in 2017/18 compared to the previous planning assumption.

The indications are that Scottish Government will set out a two year settlement in December 2017 covering the years 2018/19 and 2019/20. In advance of this and future year settlements, the planning assumption included in the General Services Capital Plan is that the level of General Capital Grant funding beyond 2017/18 will remain cash flat at 2017/18 levels.

As such the forecast level of General Capital Grant funding from the Scottish Government over the life of the plan is projected to increase from £45.247 million as reported to Council on 27 September 2016 to £51.896 million, an increase of £6.649 million.

This funding continues to include the re-profiling reduction of £1.763 million applied in the 2016/17 capital grant allocation for Midlothian, albeit that this will now be paid over the period 2018-20 as opposed to the previous indication that this would be paid over the period 2017-2020.

In line with revised levels of expenditure, the forecast level of developer contributions that can be applied to finance the plan has been reprofiled and has reduced from £15.612 to £15.078, a reduction of £0.534 million. This also reflects more accurate estimates of the proportion of new

primary school facilities that are eligible for developer contribution funding.

In addition, the level of other contributions available to finance the plan has increased from £4.355 million (per 27 September 2016 report) to £5.472 million, an increase of £1.117 million. This reflects the additional funding contributions as reported in Sections 2.1, 2.2. and 2.3.

Overall, the funding available to finance the planned expenditure has increased from £77.213 million to £84.447 million, an increase of £7.233 million. A more detailed breakdown is shown in Appendix 1.

4.3 Borrowing

As a result of the revised expenditure and funding forecasts as reported in Sections 2.1 to 2.5, the forecast level of borrowing over the period 2016/17 to 2021/22 has decreased from £50.859 million to £49.183 million.

Table 8: General Services Capital Plan 2016/17 to 2021/22

Item	2016/17 Budget £000's	2017/18 Budget £000's	2018/19 Budget £000's	2019/20 Budget £000's	2020/21 Budget £000's	2021/22 Budget £000's	Total Budget £000's
Expenditure	34,702	24,263	22,744	19,849	20,576	11,495	**133,629**
Funding	14,152	14,320	16,220	17,470	12,626	9,659	**84,447**
Borrowing Required	**20,550**	**9,944**	**6,523**	**2,379**	**7,950**	**1,836**	**49,183**

More details are provided in Appendix 1.

5. Capital Fund

The Capital Fund at the start of the 2016/17 financial year was £15.378 million. Capital Receipts of £5.178 million are forecast to be received in 2016/17 (£0.343 million to Period 9), and will be transferred to the capital Fund. This will increase the balance in the Capital Fund to £20.556 million as at 31 March 2017.

Council, on 27 September 2016, approved the medium to long-term strategy for the Capital Fund, specifically, to maintain the current arrangements for crediting all capital receipts for the disposal of assets to the Capital Fund, and for £12.000 million to be earmarked from the Capital Fund for the Edinburgh and South East Scotland City Region Deal.

The projected balance on the Capital Fund at 31 March 2022, inclusive of the release of £12.000 million City Deal funding, is £26.338 million.

6   Overall Cap on Debt Outstanding

The projected level of debt outstanding, based on the expenditure and income assumptions outlined in Table 8, and net of any forward funded projects, is shown in Table 9 below:-

Table 9: Debt outstanding net of any forward funded projects

Item	2016/17 Budget £000's	2017/18 Budget £000's	2018/19 Budget £000's	2019/20 Budget £000's	2020/21 Budget £000's	2021/22 Budget £000's
Debt Outstanding 01 April	99,959	116,877	122,939	125,504	124,023	128,067
Borrowing arising from Capital Plan	20,550	9,944	6,523	2,379	7,950	1,836
Debt Repayments	-3,632	-3,882	-3,958	-3,860	-3,906	-3,980
Debt Outstanding 31 March	**116,877**	**122,939**	**125,504**	**124,023**	**128,067**	**125,923**
Less: Net debt on Forward Funded projects	-5,434	-6,865	-6,819	-5,161	-3,109	-1,923
Debt Outstanding 31 March exc. Forward Funded projects	**111,443**	**116,074**	**118,685**	**118,862**	**124,958**	**124,000**
Agreed Cap	**124,000**	**124,000**	**124,000**	**124,000**	**124,000**	**124,000**
Headroom	**12,557**	**7,926**	**5,315**	**5,138**	**-958**	**0**

The previous Council approved cap on debt outstanding is £124.000 million, net of the debt outstanding on any projects that are forward funded (e.g. where the Council build the asset and recover monies from e.g. developers).

As can be noted from the table above, the overall level of debt outstanding (net of forward funded projects) is projected to temporarily exceed this cap in the year ended 31 March 2021 but remain back within this revised cap of £124.000 million as at 31 March 2022.

Based on the current expenditure and funding assumptions, there remains limited headroom within the cap (£0.657 million of "unallocated" capital expenditure over the life of the capital plan, phased in full in 2021/22 – see Appendix 1) and therefore any new investment requirements being brought forward over the life of the plan will require to be evaluated to ensure the appropriate prioritisation of projects to ensure that the overall level of debt outstanding remains within the £124.000 million cap. The loan charges presented to Council in the Financial Strategy report elsewhere on today's agenda are based on the overall level of debt outstanding remaining within the cap of £124.000 million as at 31 March 2022 as noted in Table 9 above, and exclude the impact of any net capital expenditure presented in reports elsewhere on today's agenda.

As a result, any capital expenditure that results in the level of debt outstanding rising above this £124.000 million cap will result in a corresponding increase in the level of loan charges that are included in the Financial Strategy 2017/18 to 2021/22 report also presented on today's agenda.

It is proposed that over the course of the spring, officers shall continue to review the level of the cap, the additional investment requirements arising from the developing asset management plans, the Emerging Learning Estate projects, and the prioritisation of any new projects, and bring a report back to Council in June 2017 setting out options and their implications.

7.   Report Implications

7.1   Resource

The borrowing required to finance the planned investment in 2016/17 to 2021/22 is currently £49.183 million. The loan charges associated with this borrowing are reported to Council in the Financial Monitoring 2016/17 General Fund Revenue and Financial Strategy 2017/18 to 2021/22 reports presented elsewhere on today's agenda.

7.2   Risk

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

As noted in Section 6, there is limited headroom within the £124.000 million cap on the level of debt outstanding, this headroom existing only in 2021/22, and therefore limited headroom for any additional capital expenditure that will not result in additional loan charges. This risk is exacerbated through the need for more fully developed asset management plans, with only provisional sums for the Council's 6 core asset bases (Property, Roads, Street Lighting, Footway & Footpaths, Vehicles and Digital Services equipment) currently included in the capital plan. In order to mitigate this risk it is proposed that over the course of the spring, officers review the level of the cap, the additional investment requirements arising from the developing asset management plans, the emerging Learning Estate Strategy, and the prioritisation of any new projects, to ensure that the overall level of debt outstanding remains affordable.

7.3   Single Midlothian Plan and Business Transformation

Themes addressed in this report:

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

☐ Business transformation and Best Value
☐ None of the above

7.4 Impact on Performance and Outcome

There are no issues arising directly from this report.

7.5 Adopting a Preventative Approach

There are no issues arising directly from this report

7.6 Involving Communities and Other Stakeholders

No external consultation has taken place on this report.

7.7 Ensuring Equalities

There are no equalities issues arising directly from this report.

7.8 Supporting Sustainable Development

There are no sustainability issues arising directly from this report.

7.9 Digital Services Issues

There are no Digital Services implications arising from this report.

8 Recommendations

Council is asked to:

a) Note the General Services Capital Plan Quarter 3 monitoring position for 2016/17;

b) Approve the projects as outlined in Section 2.3 to be added to the General Services Capital Plan;

c) Approve the allocated expenditure and funding in the General Services Capital Plan 2016/17 to 2021/22 (as shown in appendices 1 and 2);

d) Note that based on the current forecasts and provisional sums, that the level of debt outstanding is forecast to be £124.000 million at 31 March 2022;

Date 27 January 2017

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Background Papers:
Appendix 1 – Summary General Services Capital Plan 2016/17 to 2021/22
Appendix 2 – Detailed General Services Capital Plan Expenditure 2016/17 to
              2021/22

Appendix 1

General Services Capital Plan 2016/17 to 2021/22

GENERAL SERVICES CAPITAL PLAN 2016/17 to 2021/22	2016/17 Budget £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	Total Budget £'000
EXPENDITURE							
Resources	11,073	7,871	13,159	12,143	17,807	10,116	**72,169**
Education, Community & Economy	23,293	15,820	5,535	1,556	519	519	**47,243**
Health & Social Care	127	452	150	150	150	203	**1,232**
Council Transformation	208	120	3,900	6,000	2,100	0	**12,328**
Unallocated	0	0	0	0	0	657	**657**
Total Approved Expenditure	34,702	24,263	22,744	19,849	20,576	11,495	**133,629**
FUNDING							
Government Grants	7,386	8,854	9,355	9,355	8,473	8,473	**51,896**
Receipts from Sales transferred to Capital Fund	5,178	6,682	0	8,700	0	0	**20,560**
Transfer from Capital Fund to Capital Plan	-5,178	-6,682	3,900	-2,700	2,100	0	**-8,560**
Developer Contributions	3,485	3,469	2,771	2,115	2,052	1,186	**15,078**
Other Contributions	3,281	1,996	195	0	0	0	**5,472**
Total Available Funding	14,152	14,320	16,220	17,470	12,626	9,659	**84,447**
Approved Borrowing Required	**20,550**	**9,944**	**6,523**	**2,379**	**7,950**	**1,836**	**49,183**

Appendix 2

Detailed General Services Capital Plan Expenditure 2016/17 to 2021/22

GENERAL SERVICES CAPITAL PLAN 2016/17 to 2021/22	2016/17 Budget £'000	2017/1 Budget £'000	2018/19 Budget £'000	2019/2 Budget £'000	2020/2 Budget £'000	2021/2 Budget £'000	Total Spend £'000
RESOURCES							
Customer Services							
Front Office - Device & Interactive Asset Upgrades	481	265	143	0	0	0	889
Back Office - Anti Virus Upgrades	0	0	49	26	0	0	75
Back Office - Server Replacement	194	0	0	0	0	0	194
Back Office - UPS Devices	1	0	0	0	0	0	1
Network Enterprise - Network Assets (Power & Data)	157	81	44	0	0	0	282
IGS - Compliance - Data Encryption	0	0	15	8	0	0	23
IGS - Compliance - PCI	39	0	0	0	0	0	39
Disaster Recovery	0	0	0	0	26	14	40
Service Desk - ITMIS Service Improvement	64	86	0	0	0	0	150
Committee Management System	3	0	0	0	0	0	3
Paperless Meetings	16	0	0	0	0	0	16
Business Application Upgrades inc. mobile working	19	120	0	0	0	0	139
Interactive White Board Replacement	652	161	0	0	0	0	813
SWAN Programme	208	350	0	0	0	0	558
New GoreGlen & Bilston Digital Assets	147	0	0	0	0	0	147
Digital Services Asset Management Plan	0	0	1,645	2,496	2,355	2,264	8,759
Commercial Operations							
Street Lighting Upgrades	728	650	1,000	1,000	1,000	1,350	5,728
Street Lighting LED Upgrade (Salix Funded)	0	0	0	0	0	0	0
Footway & Footpath Network Upgrades	1,122	325	500	500	500	675	3,622
Road Upgrades	1,524	1,105	1,570	1,500	1,500	2,025	9,224
Millerhill Access Road / Site Services	15	0	0	0	0	0	15
Zero Waste Capital Contribution	0	0	0	0	7,380	0	7,380
Cycling, Walking & Safer Streets Projects	242	187	167	102	94	122	913
Ironmills Park Steps	185	0	0	0	0	0	185
Emily Bing	13	0	0	0	0	0	13
New recycling facility - Penicuik	281	0	0	0	0	0	281
Waste Collection Vehicles	204	361	195	0	0	0	760
Vehicle & Plant Replacement Programme	1,523	2,181	2,343	1,707	2,957	2,226	12,938
Electric Vehicles - Powerpoint Installation	73	0	0	0	0	0	73
Grass Cutting Machinery	0	78	42	0	0	0	120
Install Geogrid - Barleyknowe Lane	68	0	0	0	0	0	68
Loanhead Memorial Park	5	0	0	0	0	0	5
20mph Limits	12	28	0	0	0	0	40
Vogrie Car Parking Barriers	33	0	0	0	0	0	33
CCTV Upgrades	30	0	0	0	0	0	30
Mayfield Park Amenities	81	0	0	0	0	0	81
King George V Park Outdoor Fitness Equipment	21	0	0	0	0	0	21
Gore Glen Bing	270	0	0	0	0	0	270
Property & Facilities							
Stobhill Depot Upgrade	100	469	0	0	0	0	569
New Depot: EWiM Phase III	28	421	4,448	3,804	994	91	9,786
Straiton Bing Site Investigation	70	0	0	0	0	0	70
Property Upgrades inc. Lighting/Lightning	1,550	1,002	1,000	1,000	1,000	1,350	6,902
Purchase of 7 Eskdaill Court, Dalkeith	285	0	0	0	0	0	285
Purchase of 49 Abbey Road, Dalkeith	215	0	0	0	0	0	215
Purchase of 31 Jarnac Court, Dalkeith	205	0	0	0	0	0	205
Hillend Freestyle Jump Slope Upgrade	208	0	0	0	0	0	208
Primary 1-3 Free School Meals	3	0	0	0	0	0	3
TOTAL RESOURCES	**11,073**	**7,871**	**13,159**	**12,143**	**17,807**	**10,116**	**72,169**

EDUCATION, COMMUNITY AND ECONOMY	2016/17 Budget £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000	Total Spend £'000
Early Years							
Woodburn Family Learning Centre	180	0	0	0	0	0	**180**
Gorebridge Development Trust (EYG Funded)	100	0	0	0	0	0	**100**
Gorebridge Development Trust	116	0	0	0	0	0	**116**
Gorebridge Development Trust (EYG Funded)	70	0	0	0	0	0	**70**
Further Early Years Provisions	0	0	519	519	519	519	**2,078**
Primary							
New Bilston Primary	3,414	213	0	0	0	0	**3,627**
New Gorebridge North Primary	4,447	179	0	0	0	0	**4,626**
Cornbank Primary Extension	19	0	0	0	0	0	**19**
St Andrews Primary Extension	-18	0	0	0	0	0	**-18**
Newtongrange Primary Extension	20	0	0	0	0	0	**20**
Paradykes & Roslin Primaries Preparatory Works	436	0	0	0	0	0	**436**
Paradykes Primary Replacement	8,562	6,130	232	0	0	0	**14,924**
Roslin Primary Replacement	3,782	2,927	109	0	0	0	**6,818**
Former Hopefield Primary School	100	4,838	3,977	855	0	0	**9,769**
Inspiring Learning Spaces	310	0	0	0	0	0	**310**
Secondary							
Lasswade High School inc. 2nd MUGA	479	384	154	0	0	0	**1,017**
Newbattle High School Preparatory Works	395	407	544	182	0	0	**1,528**
Beeslack Community High School Pitch	360	0	0	0	0	0	**360**
General							
Online Payments for Schools	45	0	0	0	0	0	**45**
PPP1 Land Acquisition	27	0	0	0	0	0	**27**
Saltersgate Alterations Phase II	254	0	0	0	0	0	**254**
Children and Families							
Planning & Development							
Environmental Improvements	70	491	0	0	0	0	**561**
Borders Rail - Economic Development Projects	0	250	0	0	0	0	**250**
Property Asset Management System	6	0	0	0	0	0	**6**
East High Street Public Realm & Burns Monument	120	0	0	0	0	0	**120**
TOTAL EDUCATION, COMMUNITY AND ECONOMY	**23,293**	**15,820**	**5,535**	**1,556**	**519**	**519**	**47,243**
HEALTH AND SOCIAL CARE							
Adult & Social Care							
Assistive Technology	75	377	150	150	150	203	**1,105**
Travelling Peoples Site Upgrade	17	0	0	0	0	0	**17**
Homecare	35	75	0	0	0	0	**110**
Customer & Housing Services							
TOTAL HEALTH AND SOCIAL CARE	**127**	**452**	**150**	**150**	**150**	**203**	**1,232**
COUNCIL TRANSFORMATION							
Purchase to Pay	21	0	0	0	0	0	**21**
Online Housing Applications	27	0	0	0	0	0	**27**
Corporate Telephony Services Upgrade	9	0	0	0	0	0	**9**
EWiM - Buccleuch House Ground Floor	33	0	0	0	0	0	**33**
Website Upgrade	119	120	0	0	0	0	**239**
City Deal	0	0	3,900	6,000	2,100	0	**12,000**
TOTAL COUNCIL TRANSFORMATION	**208**	**120**	**3,900**	**6,000**	**2,100**	**0**	**12,328**
UNALLOCATED							
Unallocated	0	0	0	0	0	657	**657**
TOTAL UNALLOCATED	**0**	**0**	**0**	**0**	**0**	**657**	**657**
GENERAL SERVICES CAPITAL PLAN TOTAL	**34,702**	**24,263**	**22,744**	**19,849**	**20,576**	**11,495**	**133,629**

Treasury Management and Investment Strategy 2017/18 & Prudential Indicators

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

1   Purpose of Report

The purpose of the report is to seek the agreement of Council to the Treasury Management and Annual Investment Strategies for 2017/18 and the Prudential and Treasury indicators contained therein.

2   Treasury Management & Investment Strategy 2017/18

2.1   Current Loan and Investment Portfolio

The Council's current loan and investment portfolio, as at 27 January 2017, is shown in tables 1 and 2 below:-

Table 1: Current Loan Portfolio as at 27 January 2017

Loan Type	Principal Outstanding £000's	Weighted Average Rate
PWLB Annuity	739	8.90%
PWLB Maturity	197,224	3.77%
LOBO	20,000	4.51%
Temporary Market Loans	36,000	0.25%
Other Loans	357	0.00%
Total Loans	**254,320**	**3.34%**

Table 2: Current Investment Portfolio as at 27 January 2017

Investment Type	Principal Outstanding £000's	Weighted Average Rate
Bank Call Accounts	0	n/a
Money Market Funds	17,941	0.30%
Bank Notice Accounts	64,985	0.85%
Total Investments	**82,926**	**0.73%**

2.2   Borrowing Requirement 2016/17 to 2021/22

The Council's capital plans contain projections of capital expenditure and income over the forthcoming financial years. Any expenditure not financed directly by income, requires funding through borrowing.

The projected borrowing requirement arising from the Council's Capital Plans, and the maturing long-term loans that require to be

refined, over the period 2016/17 to 2021/22 is shown in table 3 below:-

Table 3: Total Borrowing Requirement over the period 2016/17 to 2021/22

	2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	Total £000's
Capital Expenditure							
General Services	34,702	24,263	22,744	19,849	20,576	11,495	**133,629**
HRA	18,393	41,945	27,095	19,434	6,711	5,758	**119,336**
Total Capital Expenditure	**53,095**	**66,208**	**49,839**	**39,283**	**27,287**	**17,253**	252,965
Total Available Financing	-23,851	-15,608	-16,513	-17,765	-12,923	-9,960	**-96,620**
Principal Debt Repayments	-7,293	-7,927	-8,883	-9,531	-10,299	-10,863	**-54,796**
Capital Expenditure less available Financing	**21,951**	**42,673**	**24,443**	**11,987**	**4,065**	**-3,570**	101,549
Maturing Loans	2,090	10,271	10,452	9,131	9,142	1,394	**42,480**
Total Borrowing Requirement	**24,041**	**52,944**	**34,895**	**21,118**	**13,207**	**-2,176**	144,029
Borrowing secured	-20,000	-10,000	-10,000	0	0	0	-40,000
Total Remaining Borrowing Requirement	**4,041**	**42,944**	**24,895**	**21,118**	**13,207**	**-2,176**	104,029

2.3 Borrowing Strategy for remainder of 2016/17 and 2017/18

Long-term borrowing rates from the Debt Management Office's (DMO) Public Works Loans Board (PWLB) are currently sitting at, or close to, historical lows. Whilst the Council has already secured the majority of its borrowing requirement for financial year 2016/17, as can been noted from Table 3 above the Council has a significant borrowing requirement across the forthcoming 2 financial years (2017/18 and 2018/19).

Part of this borrowing requirement has already been secured through two forward dealt loans. This involved the Council committing to draw down two £10 million loans at fixed interest rates that were priced against historically low borrowing rates, with minimal cost of carry and allowed the Council to hedge against future borrowing rate movements, thereby representing an extremely viable alternative to traditional PWLB borrowing and adding certainty to the Council's loan portfolio. The first of these two loans is to be drawn on 29 June 2017 and the second on 15 November 2018, with these dates matched to two £10 million PWLB loans maturing on the same dates.

It is expected that the majority of the remaining borrowing requirement to fund capital expenditure incurred in 2017/18 and 2018/19 shall be sourced from PWLB. However, the opportunity continues to exist to consider further loans on a 'forward dealing' basis, and officers will continue to explore the viability of these loans throughout the remainder of 2016/17 and into 2017/18.

In addition to the longer-term element of the borrowing portfolio as noted above, the current low Bank of England base rate level of 0.25% and the expectation that base rate will not rise markedly in the

short-medium term, means that continued utilisation of an element of temporary borrowing within the Council's overall loan portfolio (current level of £36.0 million as at 27 January 2017 at an average borrowing rate of 0.25% as shown in Table 1) would continue to provide a cost-effective solution to the Council. The quantum of this will continue to be assessed against the backdrop of potential long term costs if the opportunity is missed to take PWLB loans at historically low medium-long term rates, particularly given the projected gradual rise in PWLB rates.

Officers will ensure that any loans taken are drawn to match the existing maturity and projected capital expenditure profiles as closely as possible, that proposed interest rates continue to sit below forward interest rate projections, and that the overall borrowing remains within the Authorised Limit of £384.042 million proposed below.

Any other borrowing undertaken in advance of need would be supported by a business case which will appraise the anticipated savings in borrowing costs (from expected increases in rates later in the year / in forthcoming years) against the carrying cost associated with borrowing in advance of need.

The Council's projected loan portfolio over the period 2016/17 to 2021/22 is shown in graphical format below.
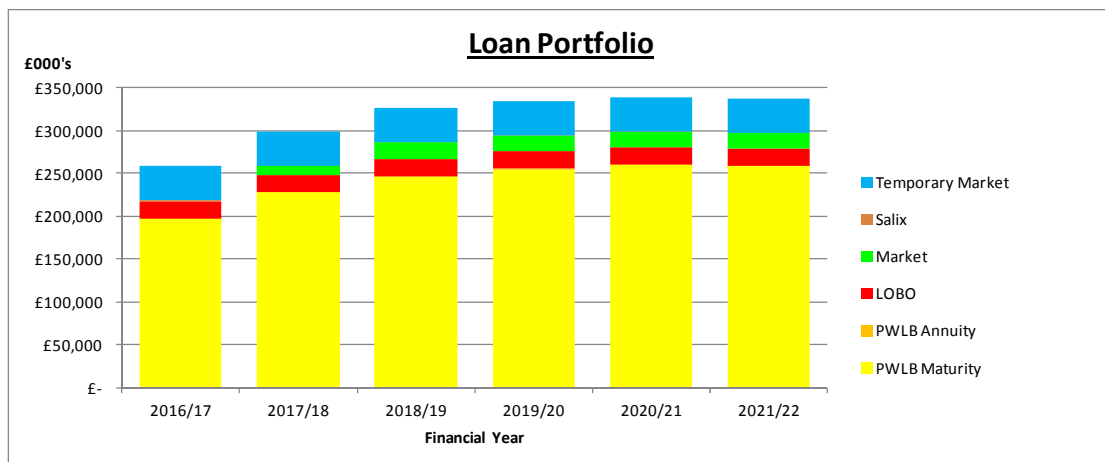
2.3 Investment Strategy

The investment environment remains challenging, with the continued scrutiny over the creditworthiness of counterparties resulting in an ever tighter counterparty list. At the same time, the low 0.25% Bank of England base rate dictates low returns of typically sub 1% for a 12 month fixed term deposit.

The position on potential investment opportunities remains broadly as reported to Council in the Treasury Management Mid-Year Update report on 08 November 2016.

£40.000 million of the Council's investments are held in fixed term deposits which mature in late March / early April 2017 and £24.985 million in bank notice accounts (with the notice period equating to broadly 6 months). Council officers, in conjunction with Capita Asset

Services will continue to review the range of investment options available to the Council, within the proposed Permitted Investments included as Appendix 1, in order to select only the most creditworthy counterparties to ensure the security of Council funds, and from that list select the range of investment products that offer best value to the Council's investment portfolio.

3   Prudential Indicators

<u>Prudential Code for Capital Finance in Local Authorities</u>

The Prudential Code for Capital Finance in Local Authorities requires that Councils can demonstrate that their Capital Plans are affordable, prudent and sustainable, taking into account the financial provisions made in current and future revenue budgets; and that Treasury Management decisions are taken in accordance with good practice.

The Prudential Indicators that Councils need to consider relate to both actual, historic outcomes, and future estimated outcomes (covering the same period as the Council's Capital Plans), as follows:-

- Original indicators and actual outcomes for 2015/16;
- Revised estimates of the 2016/17 indicators; and
- Estimates of indicators for 2017/18 to 2021/22.

The Prudential Indicators required by the Code are listed individually in Appendix 2. The key indicators relating to external borrowing are shown in graphical format below.
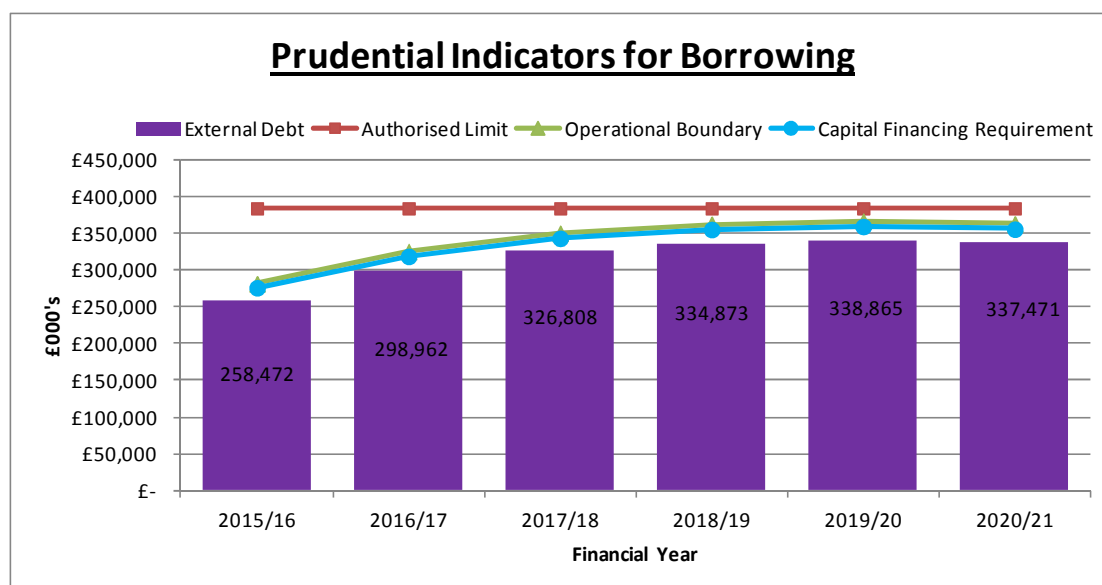
The **Capital Financing Requirement (CFR)** denotes the Council's underlying need to borrow for capital purposes. The CFR includes borrowing arising as a result of the Council's Capital Plans, plus the long-term liability arising from the Council's two PPP contracts. The Underlying Borrowing Requirement strips out the latter of these (long-term liability arising from the two PPP contracts) from the CFR.

The **Authorised Limit for Borrowing** represents the limit beyond which borrowing is prohibited, and needs to be set and revised by

Members. It is the expected maximum borrowing need with some headroom for unexpected movements.

The Authorised Limit for Borrowing has been calculated by taking the maximum value of the CFR over the next 5 financial years (2017/18 to 2021/22), with the total forecast level of capital receipts and developer contributions added back to this figure (given the inherent uncertainty regarding the timing and value of these receipts/contributions). This is shown in table 4 below.

Table 4: Authorised Limit for Borrowing: Calculation

Authorised Limit	Amount £000's
CFR – General Services (31 March 2021)	128,063
CFR – HRA (31 March 2021)	231,089
Unrealised Capital Receipts & Developer Contributions 2016/17	10,105
Forecast level of Capital Receipts & Developer Contributions 2017/18 to 2021/22	14,785
Proposed Authorised Limit	**384,042**

Council is therefore asked to approve an adjustment to the authorised limit for borrowing to £384.042million, if market conditions support this action. This would have the effect of securing lower costs for future years but care would be taken to ensure that the cost of carry from borrowing early is minimized and that the maturity structure of all debt is sufficiently robust to ensure that the CFR at 31 March 2022 remains achievable.

The authorised limit therefore reflects a level of borrowing which, while not desired, could be afforded but is not sustainable.

Statutory repayment of loans fund advances

Under Finance Circular 7/2016, Council is now required to set out its policy for the statutory repayment of loans fund advances prior to the start of each financial year. The repayment of loans fund advances ensures that the Council makes a prudent provision each year to pay off an element of the accumulated loans fund advances made in previous financial years.

A variety of options are provided to Councils so long as a prudent provision is made each year. The Council is recommended to approve the following policy on the repayment of loans fund advances:-

- For loans fund advances made before 1 April 2016, the policy will be to maintain the practice of previous years and apply what is termed "the Statutory Method", with all loans fund advances being repaid by the annuity method.

- For loans fund advances made after 1 April 2016, the policy for the repayment of loans advances is proposed to continue to operate under the "Statutory Method" – i.e. loans fund

advances will be repaid by the annuity method. This annuity rate that is proposed to be applied to the loans fund repayments is based on historic interest rates and is currently 3.20%.

Under current legislation, the Statutory Method i.e. the annuity approach can be applied up to and including 31 March 2021, at which point consideration will need to be given to a number of alternative methods, with the broad aim to ensure that repayment periods are 'reasonably commensurate with the period and pattern of the benefits provided to the community from capital expenditure'. Officers will review the impact of this on loan charges from 31 March 2021 and report back to Council in due course.

4.   Report Implications

4.1   Resources

There are no direct resource implications arising from this report.

4.2   Risk

The strategies outlined in this report are designed to improve the overall risk management of Treasury activity. Providing the limits outlined in the strategies are observed they will enhance the controls already in place in the Treasury Management Practices within which the treasury function operates.

The Prudential Indicators contained in Appendix 2 improve the overall risk management of Capital Investment and Treasury Management.

4.3   Single Midlothian Plan and Business Transformation

Themes addressed in this report:

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

4.4   Impact on Performance and Outcomes

The strategies to be 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.

4.5   Adopting a Preventative Approach

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

4.6 Involving Communities and Other Stakeholders

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

4.7 Ensuring Equalities

There are no equality issues arising from this report.

4.8 Supporting Sustainable Development

There are no sustainability issues arising from this report.

4.9 Digital Issues

There are no IT issues arising from this report.

5 Summary

The Treasury Management and Investment Strategies outlined in this document, and in the detailed document that has been placed in the Member's Library / uploaded to the Council's Committee Management System, have been formulated to comply with the revised Codes of Practice and relevant Regulations and provide the framework for achieving best value in the management of the Council's borrowing and investment portfolios.

6 Recommendations

It is recommended that the Council

a) Approve the Treasury Management and Investment Strategy for the 2017/18 financial year, as detailed in Section 2 of this report;
b) Approve the list of Permitted Investments outlined in Appendix 1;
c) Adopt the Prudential Indicators contained in Appendix 2 of this report;
d) Approve an adjustment to the Authorised Limit for Borrowing to £384.042 million (as shown in Section 3) if market conditions indicate that this is prudent;
e) Note that the policy to repay loans fund advances made before 1 April 2016 will be to continue to use the 'Statutory annuity method';
f) Approve the policy for the statutory repayment of loans fund advances made from 1 April 2016 to be the 'Statutory annuity method' and that the current annuity rate applied is 3.20%.

Date:- 31 January 2017

Report Contact:-

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Tel No 0131 271 3230
E mail gary.thomson@midlothian.gov.uk

Background Papers:-
Appendix 1:-   Permitted Investments
Appendix 2:-   Prudential Indicators
Appendix 3:-   Treasury Management & Annual Investment Strategy
                      Statement – 2017/18 Detailed – placed in Member's Lounge /
                      uploaded to Committee Management System

Permitted Investments

The Council uses the Capita creditworthiness service. This utilises credit ratings from the three main credit rating agencies – Fitch, Moody's and Standard & Poors, along with credit watches, outlooks, CDS spreads and country sovereign ratings in a weighted scoring system with an end product of a series of colour coded bands which indicate the relative creditworthiness of counterparties for investment.

These colour codes are used by the Council to determine the maximum suggested duration for investment with that counterparty. These are as follows:-

Capita Colour Code	Maximum Suggested Duration for Investment
Yellow	6 years*
Dark Pink	6 years**
Light Pink	6 years**
Purple	3 years
Blue	2 years***
Orange	2 years
Red	8 months
Green	120 days
No colour	Not to be used

*   *Note the yellow colour category is for:- UK Government Debt, or its equivalent, constant NAV Money Market Funds (MMF's), and collateralised deposits where the collateral is UK Government Debt*

**   *Dark Pink for Enhanced MMF's with a credit score of 1.25; Light Pink for Enhanced MMF's with a credit score of 1.5*

***   *Only applies to nationalised or semi-nationalised UK banks*

****   *The Green Limit was formerly for 3 months but the Financial Conduct Authority set (in July 2013) a requirement for qualifying deposits for bank liquidity buffers of a minimum of 95 days so the Green Limit has been slightly extended to accommodate this regulatory change*

Note that the maximum suggested durations listed above have been extended by 1 year (when compared to the suggested maximum durations provided by Capita) for the Yellow, Dark Pink, Light Pink, Purple, Blue and Orange categories, to allow flexibility around these durations on the margins e.g. the placement of a 13 month fixed term deposit for a counterparty rated Orange or Blue. Equally, the maximum suggested duration for the Red category has been extended by a month to 8 months, and the maximum duration for the Green category has been extended by 20 days to 120 days, on the same basis. A thorough appraisal of the additional risk involved in extending the duration of any deposit (marginally) beyond the maximum suggested by Capita, against any enhanced value to the portfolio, will be undertaken prior to the placement of any deposit.

1.1 Deposits

Investment Category	Minimum Credit Criteria	Liquidity risk	Market risk	Max %/£m of total investments	Max. maturity period
Debt Management Agency Deposit Facility	--	Term	No	**100%**	**6 months**
Term deposits – local authorities	--	Term	No	**100%**	**2 years**
Call accounts – banks and building societies	Green	Instant	No	**100%**	**1 day**
Term deposits / Notice Accounts – banks and building societies	Yellow Purple Blue Orange Red Green No Colour	Term	No	**100%**	**Up to 6 yrs Up to 3 yrs Up to 2 yrs Up to 2 yrs Up to 8 mths Up to 120 days Not for use**
Fixed term deposits with variable rate and variable maturities: - Structured deposits	Yellow Purple Blue Orange Red Green No Colour	Term	No	**100%**	**Up to 6 yrs Up to 3 yrs Up to 2 yrs Up to 2 yrs Up to 8 mths Up to 120 days Not for use**

1.2 Deposits with counterparties currently in receipt of government support / ownership

Investment Category	Minimum Credit Criteria	Liquidity risk	Market risk	Max %/£m of total investments	Max. maturity period
UK nationalised banks – Call accounts	Blue	Instant	No	**100%**	**1 day**
UK nationalised banks – Term Deposits / Notice Accounts	Blue	Term	No	**100%**	**2 years**
UK nationalised banks – Fixed term deposits with variable rate and variable maturities: - Structured deposits	Blue	Term	No	**100%**	**2 years**
Non-UK(high sovereign rated country) nationalised banks – Call accounts	Green	Instant	No	**100%**	**1 day**
Non-UK (high sovereign rated country) nationalised banks:- Term Deposits / Notice Accounts	Yellow Purple Blue Orange Red Green No Colour	Term	No	**100%**	**Up to 6 yrs** **Up to 3 yrs** **Up to 2 yrs** **Up to 2 yrs** **Up to 8 mths** **Up to 120 days** **Not for use**
Non-UK (high sovereign rated country) nationalised banks:- Fixed term deposits with variable rate and variable maturities: - Structured deposits	Yellow Purple Blue Orange Red Green No Colour	Term	No	**100%**	**Up to 6 yrs** **Up to 3 yrs** **Up to 2 yrs** **Up to 2 yrs** **Up to 8 mths** **Up to 120 days** **Not for use**

If forward deposits are made, the forward period plus the deal period equate to the maximum maturity period.

1.3 Collective investment schemes structured as Open Ended Investment Companies (OEICs)

Investment Category	Minimum Credit Criteria	Liquidity risk	Market risk	Max %/£m of total investments	Max. maturity period
Government Liquidity Funds	AAA	Instant	No	100%	1 day
Money Market Funds	AAA	Instant	No	100%	1 day
Enhanced Money Market / Cash Funds with a credit score of 1.25	AAA	T+1 to T+5	Yes	100%	1 day
Enhanced Money Market / Cash Funds with a credit score of 1.5	AAA	T+1 to T+5	Yes	100%	1 week
Bond Funds	AAA	T+2 or longer	Yes	50%	2 days
Gilt Funds	AAA	T+2 or longer	Yes	50%	2 days

1.4 Securities issued or guaranteed by governments

Investment Category	* Minimum Credit Criteria	Liquidity risk	Market risk	Max %?£m of total investments	Max. maturity period
Treasury Bills	UK sovereign rating	Sale T+1	Yes	100%	50 years
UK Government Gilts	UK sovereign rating	Sale T+1	Yes	100%	50 years
Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government e.g. National Rail	UK sovereign rating	Sale T+3	Yes	100%	50 years
Sovereign bond issues (other than the UK govt)	AAA (or state your criteria if different)	Sale T+1	Yes	100%	50 years
Bonds issued by multilateral development banks	AAA (or state your criteria if different)	Sale T+1	Yes	10)%	50 years

1.5 Securities issued by corporate organisations

Investment Category	* Minimum Credit Criteria	Liquidity risk	Market risk	Max % of total investments	Max. maturity period
Certificates of deposit issued by banks and building societies	Yellow Purple Blue Orange Red Green No Colour	Sale T+1	Yes	**100%**	**Up to 6 yrs Up to 3 yrs Up to 2 yrs Up to 2 yrs Up to 7 mths Up to 100 days Not for use**
Commercial paper other	Yellow Purple Blue Orange Red Green No Colour	Sale T+0	Yes	**100%**	**Up to 6 yrs Up to 3 yrs Up to 2 yrs Up to 2 yrs Up to 7 mths Up to 100 days Not for use**
Floating rate notes	Yellow Purple Blue Orange Red Green No Colour	Sale T+0	Yes	**100%**	**Up to 6 yrs Up to 3 yrs Up to 2 yrs Up to 2 yrs Up to 7 mths Up to 100 days Not for use**
Corporate Bonds other	Yellow Purple Blue Orange Red Green No Colour	Sale T+3	Yes	**100%**	**Up to 6 yrs Up to 3 yrs Up to 2 yrs Up to 2 yrs Up to 7 mths Up to 100 days Not for use**

1.6 Other

Investment Category	Minimum Credit Criteria	Liquidity risk	Market risk	Max %/£m of total investments	Max. maturity period
Local authority mortgage guarantee scheme.	Blue	Term	No	**50%**	**5 years**
Loans to Third Parties	n/a	Term	No	**£25m**	**20 years**
Subordinated Debt Subscription to Newbattle Centre SPV	n/a	Term	No	**£1m**	**27 years**
Property Funds	n/a	T+4	Yes	**50%**	**15 years**

Prudential Indicators   Appendix 2

1. Prudential Indicators for Affordability

1.1 Estimates of Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Ratio of Financing Costs to Net Revenue Stream							
%	2015/16	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	Original	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
General Services	3.86%	3.69%	3.57%	3.86%	3.86%	3.71%	3.70%	3.74%
HRA	36.37%	35.00%	34.35%	35.40%	38.16%	39.00%	41.57%	42.23%

1.2 Estimates of the Incremental Impact of Investment Decisions on Council Tax and Rents

This indicator shows the change in Council Tax and Rents necessary to support increased spending on the capital account year on year. This is achieved by taking the difference between:-

- the capital plans used to calculate last years' prudential indicators; and
- the current capital plans.

The loan charges on that difference are then expressed as the change to Council Tax or Rents which would be necessary to support those charges.

Incremental Impact of Capital Investment Decisions on Council Tax and Housing Rent Levels							
	2015/16	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	Original	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
General Services	£ 7.95	£ (1.53)	£ (2.07)	£ 2.86	£ 3.81	£ 3.25	£ 1.58	£ 4.49
HRA	£ 0.32	£ (0.08)	£ (1.61)	£ (1.72)	£ 2.98	£ 2.06	£ 0.97	£ 0.21

The figures in 1.1 and 1.2 above are based on the latest Capital Plans presented to Council.

1.3 HRA Ratios

The following indicator identifies the ratio of overall debt on the HRA account compared to annual house rent revenue.

HRA Debt as a % of Gross Revenue							
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
HRA debt £000's	£ 154,065	£ 159,097	£ 195,708	£ 217,586	£ 231,054	£ 231,074	£ 229,648
HRA revenues £000's	£ 23,257	£ 24,882	£ 26,712	£ 28,644	£ 30,700	£ 31,083	£ 31,789
Ratio of debt to revenues %	662%	639%	733%	760%	753%	743%	722%

The following indicator identifies the ratio of overall debt on the HRA account per HRA dwelling.

HRA Debt per Dwelling							
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
HRA debt £000's	£ 154,065	£ 159,097	£ 195,708	£ 217,586	£ 231,054	£ 231,074	£ 229,648
Number of HRA dwellings	6,833	6,864	6,992	7,179	7,301	7,304	7,307
Debt per dwelling £	£ 22,547	£ 23,178	£ 27,990	£ 30,309	£ 31,647	£ 31,637	£ 31,428

2. Prudential Indicators for Capital Expenditure

2.1 Estimated Capital Expenditure

This indicator shows the gross capital spend included in the relevant capital plans.

Capital Expenditure	2015/16 Actual £000's	2016/17 Estimate £000's	2017/18 Estimate £000's	2018/19 Estimate £000's	2019/20 Estimate £000's	2020/21 Estimate £000's	2021/22 Estimate £000's
General Services							
Resources	£ 7,941	£ 11,073	£ 7,871	£ 13,159	£ 12,143	£ 17,807	£ 10,116
Education, Community & Economy	£ 9,772	£ 23,293	£ 15,820	£ 5,535	£ 1,556	£ 519	£ 519
Health & Social Care	£ 85	£ 127	£ 452	£ 150	£ 150	£ 150	£ 203
Business Transformation	£ 1,074	£ 208	£ 120	£ 3,900	£ 6,000	£ 2,100	£ -
Unallocated		£ -	£ -	£ -	£ -	£ -	£ 657
Total General Services	£ 18,872	£ 34,701	£ 24,263	£ 22,744	£ 19,849	£ 20,576	£ 11,495
Total HRA	£ 12,859	£ 18,393	£ 41,945	£ 27,095	£ 19,434	£ 6,711	£ 5,758
Combined Total	£ 31,731	£ 53,094	£ 66,208	£ 49,839	£ 39,283	£ 27,287	£ 17,253

2.2 Financing of Capital Expenditure

This indicator shows how the Capital Expenditure forecasts are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Capital Expenditure and Available Financing	2015/16 Actual £000's	2016/17 Estimate £000's	2017/18 Estimate £000's	2018/19 Estimate £000's	2019/20 Estimate £000's	2020/21 Estimate £000's	2021/22 Estimate £000's
Capital Expenditure							
General Services	£ 18,872	£ 34,701	£ 24,263	£ 22,744	£ 19,849	£ 20,576	£ 11,495
HRA	£ 12,859	£ 18,393	£ 41,945	£ 27,095	£ 19,434	£ 6,711	£ 5,758
Total	£ 31,731	£ 53,094	£ 66,208	£ 49,839	£ 39,283	£ 27,287	£ 17,253
Financed by:							
Capital receipts	£ 1,843	£ 5,232	£ -	£ -	£ -	£ -	£ -
Capital grants	£ 11,481	£ 11,735	£ 9,022	£ 9,523	£ 9,523	£ 8,641	£ 8,641
Capital reserves	£ -	£ -	£ -	£ 3,900	£ 6,000	£ 2,100	£ -
Developer/Other Contributions	£ 11,089	£ 6,884	£ 6,586	£ 3,090	£ 2,242	£ 2,182	£ 1,319
Net financing need for the year	£ 7,318	£ 29,243	£ 50,600	£ 33,326	£ 21,518	£ 14,364	£ 7,293

2.3 Estimated Capital Financing Requirement

This indicator measures the Council's maximum underlying need to borrow for capital purposes and other long term liabilities over the next three years.

Capital Financing Requirement (CFR)							
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Capital Financing Requirement							
CFR – General Services	£ 99,959	£ 116,877	£ 122,939	£ 125,503	£ 124,020	£ 128,063	£ 125,919
CFR – HRA	£ 154,065	£ 159,097	£ 195,708	£ 217,588	£ 231,058	£ 231,089	£ 229,675
CFR – PFI Schemes	£ 56,180	£ 54,972	£ 53,659	£ 52,233	£ 50,683	£ 48,998	£ 47,167
Total CFR	£ 310,204	£ 330,946	£ 372,306	£ 395,324	£ 405,761	£ 408,150	£ 402,761
Movement in CFR	£ (1,006)	£ 20,742	£ 41,360	£ 23,018	£ 10,437	£ 2,389	£ (5,389)
Movement in CFR represented by							
Net financing need for the year (previous table)	£ 7,318	£ 29,243	£ 50,600	£ 33,326	£ 21,518	£ 14,364	£ 7,293
Less Scheduled Debt Amortisation	£ (7,204)	£ (7,293)	£ (7,927)	£ (8,882)	£ (9,531)	£ (10,290)	£ (10,851)
Less PFI Finance Lease Principal Payments	£ (1,120)	£ (1,208)	£ (1,313)	£ (1,426)	£ (1,550)	£ (1,685)	£ (1,831)
Movement in CFR	£ (1,006)	£ 20,742	£ 41,360	£ 23,018	£ 10,437	£ 2,389	£ (5,389)

3. Prudential Indicators for Prudence

3.1 Net Borrowing Requirement

This indicator shows the amount of external borrowing required to finance the current debt outstanding on capital projects.

Net Borrowing Requirement							
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
External Debt							
Debt at 1 April	£ 234,706	£ 237,272	£ 258,472	£ 298,962	£ 326,808	£ 334,873	£ 338,865
Actual/Expected change in Debt	£ 2,566	£ 21,200	£ 40,490	£ 27,846	£ 8,065	£ 3,992	£ (1,394)
Other long-term liabilities (OLTL)	£ 57,300	£ 56,180	£ 54,972	£ 53,659	£ 52,233	£ 50,683	£ 48,998
Actual/Expected change in OLTL	£ (1,120)	£ (1,208)	£ (1,313)	£ (1,426)	£ (1,550)	£ (1,685)	£ (1,832)
Actual/Expected Gross Debt at 31 March	£ 293,452	£ 313,444	£ 352,621	£ 379,041	£ 385,556	£ 387,863	£ 384,637
The Capital Financing Requirement	£ 310,204	£ 330,946	£ 372,306	£ 395,324	£ 405,761	£ 408,150	£ 402,761
Under / (over) borrowing	£ 16,752	£ 17,502	£ 19,685	£ 16,283	£ 20,205	£ 20,287	£ 18,124
Investments							
Cash & Cash Equivalents	£ 13,355	£ 10,000	£ 10,000	£ 10,000	£ 10,000	£ 10,000	£ 10,000
Short-Term Investments	£ 54,985	£ 64,985	£ 64,985	£ 64,985	£ 64,985	£ 64,985	£ 60,000
Total Investments	£ 68,340	£ 74,985	£ 74,985	£ 74,985	£ 74,985	£ 74,985	£ 70,000

4. Prudential Indicators for External Debt

4.1 Operational Boundary

This is the limit beyond which external debt is not normally expected to exceed and will be the focus of day to day treasury management. Typically, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

For this Council:-

- the Operational Boundary for Borrowing has been calculated to equate directly to the value of the CFR for General Services and HRA combined, over each of the next 5 financial years (2016/17 to 2021/22); and

- the Operational Boundary for Other Long-Term Liabilities has been calculated to equate directly to the in-year CFR for Other Long-Term Liabilities, given the known contractual provisions for the repayment of debt within the Council's two PPP agreements.

Table 10: Operational Boundary						
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£000's	£000's	£000's	£000's	£000's	£000's
Operational Boundary - Borrowing	£275,974	£318,647	£343,091	£355,078	£359,152	£355,594
Operational Boundary - Other long term liabilities	£54,972	£53,659	£52,233	£50,683	£48,998	£47,167
Total	**£330,946**	**£372,306**	**£395,324**	**£405,761**	**£408,150**	**£402,761**

Should the Operational Boundary be breached, for example as a result of a decision taken to borrow in advance (should market conditions indicate that it is prudent to do so), this will be reported to Council at the next available opportunity.

4.2 Authorised Limit of Total External Debt

This indicator sets the limit for total external debt.

In an active Treasury Management policy it is sometimes prudent to borrow in advance of need if interest rates are expected to rise.

In order to continue to service the ongoing external debt and finance the current capital programmes the Council needs to increase its external borrowing to £384.042 million by 31 March 2022. Within the Capital Plans, there are assumptions regarding capital receipts and developer contributions which when applied to the Council's capital plans reduce the Council's borrowing requirements. However, the realisation of these capital receipts and developer contributions carry inherent uncertainty around both the timing and value of each receipt/contribution, given that they are largely dependent upon economic and market activity which are outwith the Council's control. Therefore, in order to calculate the Authorised Limit for Borrowing, these capital receipts and developer contributions have been added to the Capital Financing Requirement, to give the Council flexibility to fully borrow in advance of need (if market conditions support this action) should these receipts and contributions be unable to be realised in the short term. This therefore reflects a level of borrowing which, while not desired, could be afforded but is not sustainable.

Council is therefore asked to approve that, rather than restrict borrowing to £275.974 million for 2016/17, £318.647 million for 2017/18, £343.091 million for 2018/19, £355.078 million for 2019/20, £359.152 million for 2020/21 and £355.594 million for 2021/22, that permission be

granted to borrow up to the 2021/22 Authorised Limit for borrowing of £384.042 million as shown in the table below), if market conditions support this action.

Adopting this approach will secure lower costs for future years but care will be taken to ensure that the cost of carry is minimised and that the maturity structure of all debt is sufficiently robust to ensure that the Capital Financing Requirement at 31 March 2022 remains achievable.

Authorised Limit						
	2016/17 Estimate £000's	2017/18 Estimate £000's	2018/19 Estimate £000's	2019/20 Estimate £000's	2020/21 Estimate £000's	2021/22 Estimate £000's
Authorised Limit - Borrowing	£ 384,042	£ 384,042	£ 384,042	£ 384,042	£ 384,042	£ 384,042
Authorised Limit - Other long term liabilities	£ 54,972	£ 53,659	£ 52,233	£ 50,683	£ 48,998	£ 47,167
Total Debt	**£ 439,014**	**£ 437,701**	**£ 436,275**	**£ 434,725**	**£ 433,040**	**£ 431,209**

Reconciliation of calculation of Authorised Limit for borrowing:-

Reconciliation of Authorised Limit for Borrowing	
	£000's
CFR - General Services at 31 March 2021	£ 128,063
CFR - HRA at 31 March 2021	£ 231,089
Capital Receipts 2016/17 unrealised to date	£ 6,306
Capital Receipts 2017/18 to 2021/22	£ -
Developer/Other Contributions 2016/17 Unrealised to date	£ 3,799
Developer/Other Contributions 2017/18 to 2021/22	£ 14,785
Authorised Limit for Borrowing	**£ 384,042**

5. Prudential Indicators for Treasury Management

5.1 Adoption of the CIPFA Treasury Management Code of Practice

The adoption of CIPFA's *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes* is an indication of a clear, integrated and prudent approach to Treasury Management.

5.2 Upper limits on Fixed and Variable Interest Rates

This indicator limits the amount of external debt that may be held at fixed or variable rates. These limits are proposed to be as follows:-

Upper Limits on Exposure to Fixed and Variable Interest Rates 2017/18			
Interest rate exposures			Upper Limit
Limits on fixed interest rates based on gross debt			100.00%
Limits on variable interest rates based on gross debt			30.00%
Limits on fixed interest rates based on investments			100.00%
Limits on variable interest rates based on investments			100.00%

5.3 Maturity Structure of Borrowing

This indicator sets the upper and lower limits of the time scales within which external debt may be held.

The Treasury Management Code of Practice now requires that LOBO's with a call date in the next 12 months are classified as short-term borrowing rather than longer-term (10 year+) borrowing.

In addition, the Code also recommends that where an authority's debt is typically very long term (i.e. for a period of greater than 10 years), that authorities should break down the period in excess of 10 years into several ranges, for example 10 to 20 years, 20 to 30 years, etc.

With the above in mind, the proposed upper and lower limits for each maturity band are shown below, with the overall aim to ensure a spreading approach to avoid a cluster of high value loans maturing/requiring refinancing within a short period of time.

Maturity Structure of Borrowing 2017/18		
Maturity structure of fixed interest rate borrowing 2017/18	**Lower**	**Upper**
Under 12 months	0.00%	50.00%
12 months to 2 years	0.00%	50.00%
2 years to 5 years	0.00%	50.00%
5 years to 10 years	0.00%	50.00%
10 years to 20 years	0.00%	50.00%
20 years to 30 years	0.00%	50.00%
30 years to 40 years	0.00%	50.00%
40 years to 50 years	0.00%	50.00%
50 years and above	0.00%	50.00%
Maturity structure of variable interest rate borrowing 2017/18	**Lower**	**Upper**
Under 12 months	0.00%	30.00%
12 months to 2 years	0.00%	30.00%
2 years to 5 years	0.00%	30.00%
5 years to 10 years	0.00%	30.00%
10 years to 20 years	0.00%	30.00%
20 years to 30 years	0.00%	30.00%
30 years to 40 years	0.00%	30.00%
40 years to 50 years	0.00%	30.00%
50 years and above	0.00%	30.00%

5.4   Total Principal Sums Invested for Periods Longer than 364 Days

This indicator relates to the total level of investments held for periods longer than 364 days.

Principal Sums Invested for > 364 Days	
Limit	£50m

The current strategy as outlined in the body of these reports is to cash-back the Council's balance sheet reserves. It is expected that the majority of this will be in the form of 12 month fixed term deposits and/or certificates of deposit. The limit for prinicipal sums invested for > 364 days has been set at £50m to give the Council flexibility to extend the duration of such deposits on the margins, to e.g. 366 days or 13/14 months. As noted in the Investment Strategy section of this report, a thorough appraisal of the additional risk involved in extending the duration of any deposit (marginally) beyond the maximum suggested by Capita, against any enhanced value to the portfolio, will be undertaken prior to the placement of any deposit.

**Housing Revenue Account
Revenue Budget and Capital Plan 2016/17**

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

1   Purpose of Report

The purpose of this report is to provide Council with a summary of expenditure and income to 16th December 2016 for the Capital Plan and a projected outturn for both the Housing Revenue Account (HRA) and Capital Plan for 2016/17.

2   Background

2.1   Capital Plan 2016/17

The revision of the Capital Plan reported to Council on 27th September 2016 allowed for investment of £22.449 million in 2016/17 as shown in Appendix 1.   £4 million will be required to be carried forward to 2017/18 due to:-

- Issues with site investigations and various remediation works, due to external factors out with our control, will result in slippage of £3 million for New Social Housing;
- Difficulties in gaining access to a number of properties to carry out works will result in slippage of the Sanitary Ware Replacement Programme of £0.300 million;
- General slippage in the Energy Efficiency Programme of £0.700 million;

Offset by:-

- Developer Contributions of £1 million which are now anticipated to be received in 2017/18.

There were no material variances reported to Council 8th November 2016, however it is now anticipated that there will be a net underspend of £0.056 million against the revised budget of £18.449 million principally due to:-

- A fall in the number of Mortgage to Rent cases being presented resulting in a projected underpsend of £0.103 million offset by a reduction in subsidy received of £0.034 million;
- The removal of asbestos and repairs to boilers at Midfield House has resulted in a projected overspend of £0.040 million;

This is offset by an increase in Capital Receipts of £6.195 million due to:-

- Further Affordable Housing Contribution's being awarded from Scottish Government of £3.332 million for Phase 2 and Phase 3 for New Social Housing;
- Right to Buy sales have increased more than anticipated due to the termination of the scheme resulting in an increase in receipts of £3.077 million;
- Some of the properties bought back will not be awarded grant funding as they will be used as temporary accommodation rather than affordable housing resulting in a shortfall of £0.180 million.

The variations on capital expenditure and receipts including carry forwards will result in a reduction of borrowing required of £6.251 million for the year.

2.2   Revenue Account 2016/17

The underspend reported to Council on the 8th November 16 was £0.290 million. This has increased slightly by £0.011 million to £0.301 million, as shown in Appendix 2.

The HRA reserve balance is projected to be £29.214 million at 31st March 2017. The longer term financial projections demonstrate that the majority of this will be required to finance existing investment commitments to 2030/31.

3   Report Implications

3.1   Resource

There are no direct resource implications arising from this report.

3.2   Risk

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

Whilst the HRA reserve balance is projected to be £29.214 million at 31 March 2017, the longer term financial projections demonstrate that the majority of this will be required to finance existing investment commitments.

3.3   Single Midlothian Plan and Business Transformation
Themes addressed in this report:

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

☐ Business transformation and Best Value
☐ None of the above

3.4 Impact on Performance and Outcomes

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

3.5 Adopting a Preventative Approach
There are no issues arising directly from this report.

3.6 Involving Communities and Other Stakeholders

No external consultation has taken place on this report.

3.7 Ensuring Equalities

There are no equality issues arising directly from this report.

3.8 Supporting Sustainable Development
There are no sustainability issues arising from this report.

3.9 IT Issues
There are no IT issues arising directly from this report.

4 Summary

The summarised financial performance for 2016/17 is:

- Capital Expenditure is anticipated to be £18.393 million for the year;
- A net undersend of £0.301 million is projected on the Revenue Account;
- The HRA reserve at 31st March 2017 is projected to be £29.214 million.

5 Recommendations

Council is recommended to note the contents of this report.

Date 16th January 2017

Report Contact:
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Background Papers: HRA Capital Plan and Revenue Budget

MIDLOTHIAN COUNCIL

HOUSING REVENUE ACCOUNT CAPITAL PLAN 2016/17

	Approved Budget 2016/17	Carry Forward to 2017/18	Revised Budget 2016/17	Actuals to Date	Projected Outturn	Variation (Under)/Over
	£'000	£'000	£'000	£'000	£'000	£'000
FUNDING						
Net Receipts from Sales	2,155	0	2,155	3,761	5,232	3,077
Grants						
-Incentivising New Build	764	0	764	1,556	4,096	3,332
-Mortgage to Rent	168	0	168	74	134	(34)
-Buy Backs Funding	300	0	300	0	120	(180)
Council Tax on Second Homes	118	0	118	0	118	0
Developer Contributions	1,000	1,000	0	0	0	0
Borrowing Required	17,944	3,000	14,944	5,171	8,693	(6,251)
TOTAL AVAILABLE FUNDING	22,449	4,000	18,449	10,562	18,393	(56)
APPROVED EXPENDITURE	£'000	£'000	£'000	£'000	£'000	£'000
New Build Houses Phase 1	162	0	162	(140)	162	0
New Build Houses Phase 2	13,019	3,000	10,019	5,714	10,019	0
Buy Backs	1,603	0	1,603	672	1,603	0
Aids & Adaptations	300	0	300	214	300	0
Energy Assistance	1,000	700	300	103	300	0
Homelessness - Mortgage to Rent	303	0	303	117	200	(103)
Homelessness - Pentland House Refurbishment	472	0	472	44	472	0
Homelessness - Midfield House Refurbishment	39	0	39	69	79	40
Environmental Works - McNeill Terrace	0	0	0	7	7	7
Scottish Housing Quality Standard						
-Upgrade Central Heating Systems	650	0	650	529	650	0
-Kitchen Replacement Programme	201	0	201	37	201	0
-Sanitary Ware Replacement Programme	950	300	650	420	650	0
-SHQS Repairs	3,750	0	3,750	2,776	3,750	0
Total Expenditure	22,449	4,000	18,449	10,562	18,393	(56)

MIDLOTHIAN COUNCIL

HOUSING REVENUE ACCOUNT 2016/17   **Appendix 2**

	Revised Budget	Projected Outturn	Variation (Under)/Over
Average No of Houses	**6,864**	**6,845**	**(19)**
	£000's	£000's	£000's
Repairs and Maintenance			
General Repairs	5,400	5,364	(36)
Decant/Compensation	40	40	0
Grounds Maintenance	574	574	0
	6,014	**5,978**	**(36)**
Administration and Management	4,842	4,842	0
Loan Charges	8,649	8,582	(67)
Other Expenses	2,492	2,270	(222)
TOTAL EXPENDITURE	**21,997**	**21,672**	**(325)**
Rents			
Houses	24,882	24,758	124
Garages	529	529	0
Others	586	686	(100)
TOTAL RENTS	**25,997**	**25,973**	**24**
NET EXPENDITURE/(INCOME)	**(4,000)**	**(4,301)**	**(301)**
BALANCE BROUGHT FORWARD	**(24,913)**	**(24,913)**	**0**
BALANCE CARRIED FORWARD	**(28,913)**	**(29,214)**	**(301)**

Danderhall Primary School Feasibility Study

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

1   Purpose of Report

The purpose of this report is to present to Council the outcome of the feasibility study into the best value option for Danderhall Primary School and the options for providing additional primary school capacity across the Danderhall and Shawfair area.

The feasibility study considered 4 options for Danderhall primary education provision:
1)   Extension and refurbishment of existing school building;
2)   New build replacement school on existing school site;
3)   New build community school with leisure and lifelong learning facilities; and,
4)   Retain existing school and provide additional capacity through a primary school in Shawfair.

2   Background

A report to Council on the 15 December 2015 sought approval of the three-stream model for primary education in the Shawfair area and, in Section 8.6, '*approve further investigation into the best value option for Danderhall Primary School, and request that officers bring a further report back to Council in this regard*'. The report stated that in order to foster a sense of ownership a co-design model should be used with all prospective service users, built on the local networks which already exist such as neighbourhood planning.

The report proposed that officers bring a further report back to Council, highlighting the following:-

• The current condition of the Danderhall Primary School building in the wider context of the Schools Estate Management Plan;
• Design and cost modelling of the options for Danderhall;
• Any potential funding, and the timing of such funding, for a replacement of Danderhall; and
• The outcome of consultation with the school and community (this will be undertaken following Members' decision on the outcome of the feasibility study).

As part of the full consultation process (Pre-Application Consultation) in accordance with Council priorities, all facilities within the Danderhall vicinity will be examined and will form part of any primary school consultation process for Danderhall.

1

The December 2015 report gave consideration only to the requirement for a 2-stream school at Danderhall. Since then the analysis of pupil growth from new housing in Midlothian as experienced in Bonnyrigg and Mayfield, has demonstrated up to 50% higher numbers of pupils than modelled. To cater for this also being the case at Danderhall and Shawfair, officers consider that Danderhall Primary School should be made into a 3-stream primary school, in line with the 3-stream model approved for the new settlement of Shawfair. As a result, the school space requirements and costings in this report are based on a 3-stream model.

In addition to the increase in pupil growth highlighted above, consideration also requires to be given to the further housing development identified in the wider Shawfair area in the proposed Midlothian Local Development Plan. Housing sites are identified at Cauldcoats and at Newton House/Wellington Farm and financial provision is to be made for education as part of the s75 legal agreement for both sites. The proposed Local Development Plan requires that land is safeguarded for primary schools on both housing sites. In time and as the development takes place it is likely that one or both of the safeguarded school sites will not be required and will be available for further housing development. The safeguarding of the school sites effectively future proofs the wider area in relation to land requirements for primary schooling.

Based on a pupil product of 0.31 pupils per house there will be a need for 9 streams of capacity across Danderhall and Shawfair, and it is proposed to deliver this through three 3 stream primary schools: one in Danderhall and two in Shawfair. Should the pupil product follow the Hopefield development in Bonnyrigg at 0.47 primary pupils per house there will be a need for a further four streams of capacity and it is proposed to provide this through two 2 stream schools, one each at Cauldcoats and Newton Farm. It would be difficult to locate a further four streams within Shawfair. Leaving these schools to be delivered at a later stage allows the Council an opportunity to monitor the number of pupils coming forward, and then to provide capacity of the size and in the location required.

The timing of the first of the required additional capacity at Danderhall is currently projected to be August 2020 which is one year earlier than expected at the time of writing the December 2015 council report. The pupil roll projections have been updated to reflect the provision of additional denominational primary school places at St David's Primary School in Dalkeith. The original projection assumed 9% of primary pupils residing in Danderhall and Shawfair would opt to attend a denominational school based on that being provided in the neighbourhood. The number of pupils from Danderhall currently attending St David's Primary School only represents 2.5%. Accordingly the current projections reflect this lower percentage of children likely to attend a denominational school which is situated some distance away. This increases the projected number of pupils who will attend the non-denominational school in Danderhall which in turn brings forward to 2020 the point at which the first of the additional capacity will be required.

2.1 Council Facilities in Danderhall

The Council owns several facilities in the Danderhall area; these are identified in the plan at APPENDIX 2.

Danderhall Primary School, built in the 1950's, is located within the settlement and lies to the north east of Danderhall. The catchment draws its pupils from the villages of Edmonstone, Millerhill, Newton and Danderhall. There is a nursery class within the school with 50 part time places. Following a recent condition survey the school currently has a "C" Condition Rating (poor) and a "C" Suitability Rating (poor).

The 1950's building has limitations for disabled access or circulation within the school. The main entrance is located on the first floor and is accessed by external stairs. The activity/assembly hall is located on the first floor and the dining hall is located on the ground floor. Furthermore, both the first and second floors consist of two wings with a level change of 2 metres joined by a dog leg stair-case. The minimum adaptations that would be required to improve Disability Discrimination Act (DDA) access would be a lift between the ground and first floors, providing access to the necessary core accommodation (the second floor would remain out of bounds to any disabled pupils/staff). An external stair lift would also be required to the first floor main entrance. In Midlothian 2.5% of pupils are assessed as disabled, and around 1 in 300 children in mainstream primary schools require physical adaptations. With the current roll of Danderhall over 250 and an increase to 630 as a three stream school it is anticipated that these DDA adaptations will be required in due course.

Danderhall Leisure Centre is to the south of the settlement. It was built in the early 1970's, has a flat roof and access to the gymnasium facilities is through the games hall. The building is in need of some refurbishment and as part of the Sport and Leisure Service operates at a net annual operating cost before capital charges of £168,000.

Sports Pavilion adjacent to the Danderhall Miner's Club is used by football teams on a Saturday as well as the Danderhall Play Group during the week (Monday - Friday 9-3pm). The Sports pavilion is also well used by the local community. It is immediately adjacent to the pitches and is currently incurring around £3,000 in annual maintenance costs.

Danderhall Library lies to the south east of the village. This was built in the early 1970's and needs some refurbishment. This facility has a flat roof and is currently incurring around £3,000 per year in annual maintenance costs. The Library budget for Danderhall is £9500 per year.

Two grass football pitches are owned by The Council to the northeast of Danderhall Primary School, which it currently leases to the Miner's Club. The football pitch to the north is on a slope and would benefit from levelling out. New floodlights would enable the facility to be open during non daylight hours and increase the earning potential. Current football matches are played on the pitch closer to the main road, but levelling off the back pitch and installing floodlights would relocate the matches to there.

Land services are currently undertaking a Sports pitch Survey which will include the issues associated with these pitches.

Two 5-a-side all weather football pitches are currently adjacent to the Miner's Club. The Sport and Leisure Section are currently looking at a rationalisation of all their all weather pitches in Midlothian. A sports hub would encourage additional footfall to this facility.

The single football pitch south of Ramsay Bing is owned by the Council. This is accessible from Danderhall via a single track path from the existing Pavilion next to the Miner's Club and a footpath near the Doctor's Surgery.

Children's Play Park was constructed in 2013 and consists of fairly new play equipment.

Land to the West of the Bowling Green access road
This would facilitate the introduction of a car park for the school and is needed towards the legislative site size requirements for a 3 stream primary school, see **Site Area restrictions** paragraph below.

Small play area to the East of Miner's Club access road
Land Services are currently exploring the use of land for a new skate park. This would supplement the nearby Children's play park. This is one of a number of sites that has been identified. See Appendix 3.

Other Public Facilities in Danderhall include:

Danderhall Medical Practice serves Danderhall and the wider Shawfair Area and is located in the south-east of Danderhall village. The practice has a patient list of around 3,000 patients and the building will expand to circa 6,000 patients to provide primary care for more patients as they move into the area. A proportion of Danderhall Medical Practice consists of a temporary unit which will need to be replaced to accommodate an increase in the practice's population. The building and the land are owned by the General Practice. Neither the building nor land is owned by Midlothian Council or NHS Lothian.

2.2 **Opportunities for rationalisation of current facilities.**

The option to construct a new primary school could provide a positive benefit to the community in the light of the wholesale changes to the wider area which will arise over a number of years. In addition, consolidating facilities will be more cost effective in terms of future operation and maintenance.

There is an opportunity to integrate other council facilities in the Danderhall and Shawfair areas. If the Council's preferred town centre site for the new Shawfair secondary school is secured then a new primary school in Danderhall integrated with other council facilities would create a new 'Community Hub' for the area. This would be along similar lines to the facility at Paradykes Primary School, where Library and Leisure facilities will be co-located on the school site. If the alternative Woolmet site is progressed for the new Shawfair secondary school this would provide the location for the integration of services. Both approaches are in line with the Council's EWIM objectives.

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Site Area restrictions

The current school site has an area of 1.89 hectares, and land available on the other side of Edmonstone Road, to the west of the bowling club access road, has an area of 0.64 hectares.

The School Premises (General Requirement and Standard) (Scotland) Regulation 1967 (as amended) sets out site and garden play/playing field areas required for secondary schools, primary schools and nursery schools. As discussed further in this report, a significant expansion in early learning and childcare is proposed to take place by 2020 however standards for this expansion have not yet been set. Table 1 sets out the site size required by the school based on the current school specification - as used in the costing model (630 primary pupils and 90/90 early learning and childcare places, no 2 year old places) - at a total of 2.13 hectares. This is above the current school site size and would require the use of some of the land across Edmonstone Road. Table 2 projects the site size required for the **minimum** number of places required by the proposed expansion of early learning and childcare using the School Premises Regulation at 2.57 hectares, 0.04Ha greater than the land available. This demonstrates that to provide 3 streams at Danderhall, including 2 year old places, either revisions to the regulations or relaxation from the Scottish Government will be required. Similar issues will be encountered across the wider school estate as work progresses towards 1140 hours.

Table 1: site size requirements – current model

Age	Number of children	Site (Hectares)	Garden/playing field (Hectares)	Total (Hectares)
3 and 4 years old	90	0.25	0.08	0.33
Primary	630	1.20	0.60	1.80
Total required		1.45	0.68	2.13
Current School site				1.89
Land available across road				0.64
Total available				2.53
Unused space				0.40

Table 2: site size requirements – 1140 hours model

Age	Number of children	Site (Hectares)	Garden/playing field (Hectares)	Total (Hectares)
* 2 years old	25	0.10	0.02	0.12
3 and 4 years old	180	0.475	0.17	0.64
Primary	630	1.20	0.60	1.80
Total required		1.78	0.79	2.57
Current School site				1.89
Land available across road				0.64
Total available				2.53
Shortfall				0.04

* 2 year olds are not included in current (Table 1) calculations

2.3   Feasibility Study for Danderhall Primary School

2.3.1   Extension or New Build

4 options have been explored in this Feasibility Study:

1. Retain the existing Danderhall Primary School, addressing backlog maintenance and DDA compliance issues and provide an 11 class extension to bring Danderhall, which is an 11 class school up to 3-stream capacity (22 classes in total), plus adding additional nursery and 0-2's capacity along with expanded core facilities.
2. A new build 3-stream school on the existing school site.
3. A new build 3-stream school including a community library and leisure facilities to form a community hub on the existing school site.
4. Retain the existing Danderhall Primary School, addressing backlog maintenance and DDA compliance issues and provide additional capacity by building a new primary school in Shawfair.

The projection of pupil numbers used in this feasibility study is based on the assumption that the Shawfair development will deliver 150 new houses per annum and that this will produce 31 primary pupils for every 100 new houses. The long term plan for primary schools in Danderhall and Shawfair is to have three 3-stream primary schools, one in Danderhall and two in Shawfair, each providing capacity for 630 pupils. As noted in Section 2 of this report, additional primary schools can be provided at Newton Farm and Cauldcoats if required.

2.3.2   OPTION 1 - An eleven class extension to Danderhall Primary School *(Appendix 6a)*

An extension to Danderhall Primary School would be built for the August 2020 intake to provide space for an additional 11 classes and core spaces, such as a dining hall, large enough to accommodate up to 630 primary pupils. The extension would be linked to the existing school building for which essential backlog maintenance issues and DDA access would be addressed. The extension would be funded by developer contributions.

An eleven class extension to Danderhall would provide places for an additional 330 primary pupils, which, based on the projected growth, would give sufficient primary school spaces for the next 4 years, up to the 2024/25 school session. One of the Shawfair primary schools would then need to come on stream for the start of the next school session in August 2025.

There are a number of significant technical, operational and educational issues with this option in respect of the existing building:
a) The existing school building does not lend itself to refurbishment, given that it was built in the 1950's to the standards then in place, and provides a restricted environment for teaching and learning. It is rated 'C (Poor)' for suitability from a possible range of 'A (Good)' to 'D (Bad)'. It would not be flexible enough to accommodate current educational developments such as 'inspired learning spaces' and 'flexible learning environments', see paragraph e).
b) The existing building is constructed on several different levels and two new lifts would be required to improve DDA access standards and even then a strict management regime would have to be put in place to accord with DDA requirements.

c) The existing building has poor thermal efficiency with limited scope to improve this.

d) 33% of the internal floor area in the existing building is taken up by circulation space, compared to 15% in modern day design. This is particularly onerous and does not lend itself to flexibility in modern learning environments. The extension will have an expected minimum operational life of 40 years whereas the 60 year old existing building would, based on professional technical assessment, need to be replaced in approximately 20 years time.

e) As set out in the table below, the types and sizes of space provided in a fit for purpose new school are considerably different to those at Danderhall, so retaining the original building will result in a compromise and a significant variation across the school in the facilities provided to pupils. For example in a new school the classrooms are larger and shared multi-purpose atria, tutorial rooms and an expressive arts room are provided, compared to smaller classrooms and two general purpose rooms in Danderhall. New facilities may be specified in accordance with the outcomes from the New Generation Learning Spaces work as per paragraph 3.3 but this is unlikely to be possible in the old building. The dining hall is smaller than would be specified for a three stream school and this could result in significant difficulties for the operation of the school. Overall the usable space in the existing school combined with the extension would be around 500m2 smaller than their equivalent in a new three stream school (Appendix 5a).

f) No temporary units would be required if refurbishment of the existing school and building the extension can be programmed to take place while pupils continue to attend the school.

g) For the technical, operational and educational reasons set out above this option is not considered to provide a sustainable solution for the delivery of education for Danderhall.

2.3.3 OPTION 2 -   New Build School *(Appendix 6b)*

Build a new three stream school on the existing Danderhall Primary School site to be completed by August 2020. The new school, if built over two storeys, can be constructed on the Woolmet Crescent side of the school site while the current school remains in operation. Once completed the existing school building would be demolished and playgrounds reinstated.

A new three stream Danderhall Primary School would provide places for an additional 330 primary pupils, giving sufficient primary school spaces for the next four years, and requiring the first of the Shawfair primary schools to come on stream by August 2025 for the start of the 2025/26 school session.

The cost of providing the additional capacity would be funded by developer contributions however the cost of replacing the existing capacity would be require to be funded by the Council.

The new build option presents a once in a generation opportunity to redesign the public sector built infrastructure for the community and consolidate facilities. If the alternative site for the Shawfair secondary school at Woolmet is developed then Option 2 would be preferred. Subject to progressing with the town centre site for the Shawfair secondary school it is considered that Option 3, outlined below, provides the better strategic approach.

2.3.4 OPTION 3 - New Build Hub *(Appendix 6c)*

Build a new three stream school incorporating both community library space and leisure facilities to form a community hub on the existing Danderhall Primary School site for the August 2020 intake. This option would be delivered in three phases. Phase 1 as described in Option 2 would deliver a two storey school building on the Woolmet Crescent side of the school site. Phase 2 would include demolition of the existing school building and Phase 3 the building of the community wing including the library, leisure and community spaces. The existing Library and community centre facilities in South Danderhall would remain open until the new community facilities are completed then demolished and the sites used to generate capital receipts. The existing sites for the Library and Leisure Centres would be suitable for new housing. Both sites (Leisure and Library) are within the built up area and residential use is, in principle, a suitable use for these sites.

Under this option the leisure centre and the library are relocated to form a hub. There is an opportunity with the correct design to create a community space where the programme can be managed by local residents to allow space for self help and volunteer managed activities to take place, alongside Lifelong Learning and Employability (LLE) activities. This requires a separate entrance system to allow for evening and weekend uses, and potentially for keyholder arrangements to minimise janitorial costs, as has been demonstrated at Newbattle Community Learning Centre and Carnethy Centre Penicuik. This would be in line with the Community Asset Strategy.

The cost of providing the additional school capacity would be funded by developer contributions however the cost of replacing the existing school capacity and community facilities would be funded by the council. There is currently £5.5M in the Legal Agreement for community facilities for the Shawfair development.

The Shawfair town centre is the preferred site for the secondary school campus and principal community facilities; however the town centre site has not yet been secured. The Woolmet site is the fall-back site. As a result there is a risk of creating community facilities at a newly built hub in Danderhall which would be duplicated on the Woolmet site, less than 500 metres away. This risk would be eliminated by delaying the implementation of phase 3 until there is certainty about the location of community facilities in Shawfair.

The new build option presents a once in a generation opportunity to redesign the public sector built infrastructure for the community and consolidate facilities. Subject to progressing with the town centre site for the Shawfair secondary school it is considered that Option 3 provides the better strategic approach. If the alternative site for the Shawfair secondary school at Woolmet is developed then Option 2 would be preferred.

- Approve Option 3, for progression to public consultation if the town centre site is secured for the secondary school;
- Approve Option 2, for progression to public consultation if the secondary school will be located at Woolmet.

2.3.5 OPTION 4 - New Build School, built in Shawfair (No appendix)

Retain the existing capacity at Danderhall Primary School and provide additional capacity by building a new three stream primary school in Shawfair by August 2020. The new school would be built as per the specification used in Option 2, which is a 3-stream school with nursery, without community facilities. The existing school, library and leisure centre in Danderhall would remain as they are and be reviewed in due course. Danderhall Primary School's essential backlog maintenance and DDA access enhancements would be programmed and brought forward.

Under Options 1, 2 and 3 pupils coming forward from the first houses completed in the Danderhall, Shawfair, Cauldcoats and Newton Farm developments would be accommodated in the expanded Danderhall Primary School until the other schools in Shawfair are built. Under Option 4 the pupils coming forward from these developments would be accommodated in the new three stream primary school in Shawfair.

A new three stream school would provide places for an additional 630 primary pupils, which, based on the projected growth, would give sufficient primary school spaces for the next 9 years, up to the 2028/29 school session. The second Shawfair primary school would then need to come on stream for the start of the next school session in August 2029.

The additional capacity provided by a new primary school in Shawfair would be funded by developer contributions.

The main issues with this option are that:
1) A site for the school is still to be finalised and is subject to concluding negotiations regarding the securing of a town centre location for a school and community campus. It is not possible at this point to predict how long it will take to conclude those negotiations. There is a significant risk that this option would not be deliverable within the timeframe required.
2) In the first few years the new school would operate significantly below capacity which would bring issues from both an operational and educational perspective.
3) If there is capacity available at the new school in Shawfair some parents may choose to send their children to the new school, reducing the roll and creating overcapacity at Danderhall Primary School.
4) This option leaves Danderhall Primary School in its current condition and does not address suitability issues.

2.3.6 Outcome of Feasibility Study

As discussed above, Options 2 and 3 will deliver a fit for purpose school building that can be completed by August 2020. Whether that is a standalone 3 stream primary (Option 2) or a community hub, (Option 3) will be determined once the site for the Shawfair secondary school has been determined. It would not be sustainable from a financial or operational perspective to commit to the community hub if the Woolmet site is progressed for the secondary school as this would result in duplication of community facilities in close proximity to each other.

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2.3.7 Expansion of Early Years Provision

Since the December 2015 report the Scottish Government has made a clear commitment to expand early learning and childcare from 600 hours per year per child to 1140 hours by the year 2020, therefore the existing model of early learning and childcare provision in Midlothian will require substantial revision. The funding, draft legislation and design guide for this expansion have not been published, with the latter proposed for publication in March 2017, and therefore the detailed specification of the new model of early learning and childcare provision cannot be undertaken at this time. As a result the schedules of accommodation used for options considered in the feasibility study include a standard 90 morning/90 afternoon place nursery.

The flexible specification will incur capital costs however this would be offset when capital for the 1140 hours is received from Scottish Government. The timing of this is not currently known but is expected prior to the expenditure being incurred.

Where the schools are required to be specified prior to the detail of the space requirements and legislation (and capital funding) for expanding to 1,140 hours early learning and childcare being published by the Scottish Government a flexible specification will be used that allows the capacity to be adjusted in due course.
The sketch plans included in Appendix 6 (a, b and c) include space for potential Early Years accommodation should this be required.
The proposed accommodation schedule for a 630 pupil school with a 90/90 nursery provision is attached in Appendix 5b.

2.3.8 Community Consultation

In accordance with Council priorities, all facilities within the Danderhall vicinity will be examined and will form part of the primary school consultation process for Danderhall.

Consultation will take place with parents, staff and pupils from Danderhall Primary School as well as with the general community and users of other facilities in Danderhall.

Once Council Members have decided which Option is to be pursued, public consultation will be initiated.

2.4 NHS Involvement at Danderhall

The existing practice in Danderhall is owned by the General Practice and the current agreement with the Practice is that the service will remain on the site and expand to accommodate a growth in the practice from 3,000 to 6,000 patients. An additional practice will need to be built in Shawfair (subject to a separate Council report) and is planned to be built on or close to the school campus site within and to the north-east of the town centre.

NHS Lothian will be kept apprised of plans for Council facilities in Danderhall and Shawfair.

2.5   After School Provision

The space within the existing school which is occupied by Danderhall After School Club is not sufficient to cater for the increased population. Space provision of 60m² has been included in the funding calculation.

This space will be delivered to meet the current space standards required to enable the after school provision at Danderhall Primary School to meet the requirements of the Care Commission.

2.6   Library / Digital Learning Centre Provision

Option 3 proposes to incorporate library and learning centre space into the new school building. This new facility will include a secure area for the children/school staff to use on a bookable basis similar to the approach within the new Paradykes, Lasswade and Newbattle School facilities. The facility will be designed to allow both the school and public to use in tandem and separately. Co locating this alongside community and LLE facilities with a local steering group as at Bilston Primary School, would potentially enable further flexibility of staff on site and support shared management with community groups**.**

2.7   Existing School and Community Facilities

The schedule and use of the current school / community facilities is detailed in Appendix 3.

Option 3 would have required four community activities to be re-located or moved to a different time and are noted in the table at Appendix 3.

3   Site Layout, Programme & Capital Costs

3.1   Site Layout

Indicative site plans for the three options involving the extension and redevelopment of Danderhall Primary School and are included within Appendix 6a, b, c.

3.2   New Generation Learning Spaces

It is recognised that the design principles which underpin the construction of new Scottish schools vary little from previous generations of school buildings.

Even in the most recently built schools, classroom spaces are almost always cellular in layout with furniture arranged in a fixed and rigid setting. Learners are typically educated in enclosed rooms where furniture faces the teacher's desk, whiteboard and data projector. The use of such spaces is typically teacher-oriented with little opportunity for learners to influence the nature and direction of learning. Such physical environments, it is argued, constrain student-centred approaches and can lead to learners being passive and disengaged.

Midlothian is piloting a new approach to the layout and design of learning spaces – *New Generation Learning Spaces* (NGLS) – which are much more open and flexible than the rigid, enclosed spaces of current school buildings. Essentially this means that instead of building walled classrooms, schools are provided with an open plan area that they can use to create much more open and flexible learning zones.

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Should they wish, they can install temporary partitions to define the walls or boundaries of a learning space, but these can be quickly removed.

The NGLS is designed to change the way that teachers teach and children learn. It promotes much higher levels of challenge, personalisation and choice, collaboration, creativity, and self-directed learning.

NGLS not only remove classroom walls, their design involves radically different types of classroom furniture and fittings that are modular and more flexible in use. There is also far greater use of mobile technology, with teachers making less use of whiteboard-delivered directive teaching approaches.

Dependent upon the extent to which the New Generation Learning Spaces is developed before final design proposals are agreed for the school proposal, it may be that the internal layout of the building is amended to reflect the New Generation Learning Spaces.

3.3   Site Investigation - Desktop Study

A desktop study site investigation was carried out in December 2015 by Wardell Armstrong, Engineers.

The executive summary notes the following:
- The site is within a coal mining area, although it is not within a high risk development area.
- There is no record of economic coals beneath the site and therefore the potential for ground instability associated with shallow coal mining or other minerals can be discounted.
- There are no significant contaminative sources noted during the historical researches or site walkover in the proposed development area, although it is likely that there are a number of underground service ducts and the school is known to have a large basement located to the north of the proposed development area.
- SEPA have no record of any significant environmental events within 0.5km of the site and state there is no groundwater quality or groundwater level monitoring locations within 5km. Midlothian Council have no record of any contamination issues associated with the site.
- In the local area there is a history of coal mining and there are records of coal mining under the site, albeit at significant depth. Site investigation will determine if there is any localised made ground or spoil in the shallow surface soils which may be associated with coal mining or colliery activity, although this is considered unlikely.
- It is recommended that site investigation is undertaken to provide information for foundation design, to assess the potential for contamination including ground gas and to establish whether any remedial measures are necessary, although Wardell Armstrong are aware that Midlothian Council specify ground gas protection measures must be used for publically financed projects.

3.4 Programme

The current programme for development of the school is as shown in Table 4 below:-

Table 4: Current Programme

Internal Stakeholder Consultation	Easter 2017
Design	During 2017
Planning consent	Mid 2018
Building Warrant	Mid 2018
Procurement	End 2018
Start on Site	Early 2019
Completion of primary school	Mid 2020

3.5 Table 4a: Total Schools Delivery

Programme

	Options 1,2 & 3		Option 4	
	Requirement	Year	Requirement	Year
Danderhall P.S. additional capacity	11 classes	2020	11 classes	2029
Town Centre PS	3 streams	2023	3 streams	2020
Hilltown PS	3 streams	2027	3 streams	2026
Cauldcoats PS*	2 streams	2030	2 streams	2030
Newton Farm PS*	2 streams	2033	2 streams	2033
Extension to St David's PS	4 classes	2023	4 classes	2023
Shawfair HS	1,200 pupils	2023	1,200 pupils	2023

* denotes schools if required, refer to section 2

3.6 Procurement

The procurement route for the delivery of this project is design and build. This procurement route has been chosen as a means of risk transfer therefore reducing the Council's exposure to additional costs from the contractor after a start on site.

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Table 4b: Project Programme

ACTIVITIES	2016	2017	2018	2019	2020
Initial brief	━━━	━━			
Detailed feasibility study		━━			
Education consultation (as required)		─ ─ ─			
Pre-planning application consultations		━			
Planning			━━		
Building Warrant			━━		
Procurement			━━		
D&B Tender			━		
Works				━━	━━

In order to achieve the required opening date of August 2020 the governance to proceed with the Council's preferred option is required now. This allows full consultation with all stakeholders and the public, to produce the design brief in enough detail to inform the planning and procurement process prior to the required construction period. This is set out in Table 4b.

3.7 Accommodation Schedules

The financial projections detailed in the Resources Section below are based on the current draft areas for each of the facilities shown in Table 5. Under Option 4, the new school in Shawfair would have an area of 4316m^2 as for Option 2.

Table 5 Proposed Accommodation Schedule

Facility	Original Area (m^2)	Proposed Area – Option 1 (m^2)	Proposed Area Option 2 (m^2)	Proposed Area Option 3 (m^2)
Danderhall Primary School / Nursery	2706*	4261	4316	5213
Danderhall Library	243	243	243	150**
Danderhall Leisure Centre	1146	1146	1146	430**
Danderhall Medical Practice	N/A	N/A	N/A	N/A
Danderhall Sports Pavilion	247	247	247	247

*   from the school estates statistics, the school only has 11 classes at present.
**   included in proposed area for Danderhall Primary School/Nursery. As these will share facilities with the school, the area available for use would be comparable with the current provisions.

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As noted earlier in this report, the total area for each facility proposed above will be subject to detailed review prior to a further report being brought forward to Council, to ensure the overall educational accommodation fits within the Scottish Futures Trust space metrics and the overall space provided represents the most optimal use of Council resources.

3.8 Estimated Capital Cost of Works

Based on the current draft accommodation schedule as detailed in Appendix 5b the total facility areas as shown in Table 5 above, the estimated cost of the construction of the new facilities is shown in Table 6:-

Table 6 - Construction Costs

Option number	Total cost £000's	S75 funded £000's	Capital Receipt £000's	Council Funded £000's
Option 1	8,210	6,491	0	1,719
Option 2	12,742	6.491	0	6,251
Option 3	15.317	6.491	1,140	7,686
Option 4	12,392	12,392	0	0

Note: The capital receipt, on today's prices, for a 2.2 acre total area (both sites; Leisure and Library) would be £500K/acre = £1.14M.

4 Report Implications

4.1 Resource

Capital

The estimated capital costs associated with Option 3 are £15.317 million. This would require to be allocated in the General Services Capital Plan across the period 2017/18 to 2020/21 as follows:-

Table 7: General Services Capital Plan – Option 3 only

Item	Total Cost £000's
2017/18	1,000
2018 /19	2,328
2019/20	9,311
2020/21	2,678
Gross cost	15,317
Developer Contributions	-6,491
Capital receipts	-1,140
Net Council Capital Costs	7,686

Whilst no developer contributions in respect of education or community use in Shawfair have been collected to date, developer contributions of £6.491 million from the Shawfair Section 75 agreement are expected to be recovered over the medium-long term and these can be utilised to reduce the borrowing costs incurred by the Council.

Revenue

Based on the capital expenditure as outlined for Option 3 in Section 3.8, the additional loan charges arising as a result of the capital expenditure as outlined above would add the following per annum to the Council's revenue budget:-

Financial Year	2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's
Loan Charges	7	49	248	520	575

This would add to the projected budget shortfalls reported in the Financial Strategy report elsewhere on today's agenda and in absence of any external funding support would require further reductions in the budget to offset them.

4.2 Risk

It is necessary to highlight to Council the following key risks:-

4.2.1 Affordability

The implications of this project on the Council's budget are that it incurs additional borrowing and hence increases the budget gap. This can be mitigated through:-

• Maximising operational efficiencies in the new building.
• Explore alternative options for Council borrowing.

4.2.2 Risk of Planning Objections

At this stage there remains a risk of objections being received which may delay the planning process. This can be mitigated through:-

• Detailed pre-application discussions.
• Comprehensive community consultation.
• Good design and provision of new facilities.

4.2.3 House Building/Pupil Projections

Option 3 will add 11 classes of capacity at Danderhall Primary School, therefore given the substantial number of houses to be built in Shawfair and the surrounding areas there is minimal risk that developers will not construct sufficient houses to fully utilise this capacity.

4.2.4 Ground Conditions at Danderhall Primary School Site

There is a risk that the ground conditions are unsuitable for a new building. This risk will be quantified by carrying out a detailed feasibility study incorporating site survey and investigations.

4.2.5 Construction Inflation

A rise in construction activity has been noted throughout the central belt of Scotland and therefore there is a potential inflationary risk. The implications for this on the construction costs will be monitored through continuous discussion with the developer, Shawfair LLP.

4.2.6 Risk in Value of Residential Land at Danderhall

There remains a risk in terms of the residual value and that this may change. This can be monitored but cannot be mitigated.

4.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

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

4.4 Key Priorities within the Single Midlothian Plan

Providing fit for purpose community schools to present every child with the opportunity to attend the school which serves their community and supports improvement in pupil attainment and achievement along with enhancing the provision of early years' services supports the Single Midlothian Plan's key priority of reducing the gap in learning outcomes,

This in due course contributes to reducing gaps in economic circumstances and health.

This project supports the provision of suitable infrastructure for the efficient and effective delivery of services to meet the full range of community needs. The co-location of facilities would ensure closer working relationships and assist in the delivery of strategic initiatives such as the Ageing Well, GIRFEC, Midlothian Active Choices and Get Going programmes involving key public sector partners.

4.5 Impact on Performance and Outcomes

This work is a part of the Single Midlothian Plan's key priority of reducing the gap in learning outcomes, providing fit for purpose community schools to present every child with the opportunity to attend the school which serves their community and supports improvement in pupil attainment and achievement.

4.6 Adopting a Preventative Approach

Providing fit for purpose community schools that provide every child the opportunity to attend the school which serves their community and enhancing the provision of early years' services supports the preventative approach by improving achievement and attainment of pupils, reducing the gap in learning outcomes and increasing their prospects of progressing onto positive destinations.

4.7   Involving Communities and Other Stakeholders

Proposals for community consultation are set out in section 2.3.8 of this report.

4.8   Ensuring Equalities

An initial EQIA has been prepared. This is similar to the approach taken with other projects.

4.9   Supporting Sustainable Development

The proposals take into account the need to deliver fit for purpose, sustainable services through the design and use of appropriate and sustainable facilities and infrastructure.

4.10   Digital Services Issues

Digital Services will develop an IT asset schedule which will be incorporated into the specification of the school.

5   Danderhall Primary School – Summary

Four options have been considered for the best value option for Danderhall Primary School and to provide additional primary school capacity across the Danderhall and Shawfair area.

Option	Council Funded
1) Extension and refurbishment of existing school building	£1,719,000
2) New build replacement school on existing school site	£6,251,000
3) New build community school with leisure and lifelong learning facilities	£7,686,000
4) Retain existing school and provide additional capacity through a primary school in Shawfair	£0

Option 1 and Option 4 require less capital investment by the Council initially but leave the issues with the current Danderhall Primary School building of condition, suitability and accessibility unaddressed. As stated in paragraph 2.3.2 d) these options only defer the need to invest in replacing the school building and do not offer a sustainable solution for the Danderhall community or provide best value.

Capital investment is required to provide Danderhall with a high quality education provision, built to modern standards for accessibility, energy efficiency and with facilities designed for current and future delivery of education. Rather than delaying this, Options 2 and 3 bring forward the investment and allow the community of Danderhall to benefit in the short term. Options 2 and 3 provide a more sustainable solution and therefore present better value.

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6   Recommendations

It is recommended that Council:-

- Approve Option 3 if the town centre site is secured for the Shawfair secondary school.
- Approve Option 2 if the Shawfair secondary school will be located at Woolmet.
- Authorise officers to carry out a detailed feasibility study and to progress the project programme as detailed in section 3.6.
- Approve the inclusion of £15.317 million of Capital Costs within the General Services Capital Plan, to progress school Option 3 and that this should be amended to a provision of £12.742 million of Capital Costs within the General Services Capital Plan, to progress Option 2, should the town centre site secondary school be located at Woolmet.
- Note that £6,491 million is expected to be recovered in the medium-long term from developers as part of the Shawfair Section 75 agreement and that £1.140 million is expected to be realised in capital receipts from the sale of the existing Danderhall Leisure and Danderhall Library sites.

7 February 2017

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Background Papers:

Appendix 1:   Plan of Shawfair ……………..
Appendix 2:   Council ownership within Danderhall
Appendix 3:   Existing school and community facilities
Appendix 4:   Danderhall P.S. Site Area Plan
Appendix 5a: Comparison areas – new build vs Extension
Appendix 5b: Schedule of accommodation for 4 Options
Appendix 6a: Option 1 Plans
Appendix 6b: Option 2 / 4 Plans
Appendix 6c: Option 3 Plans

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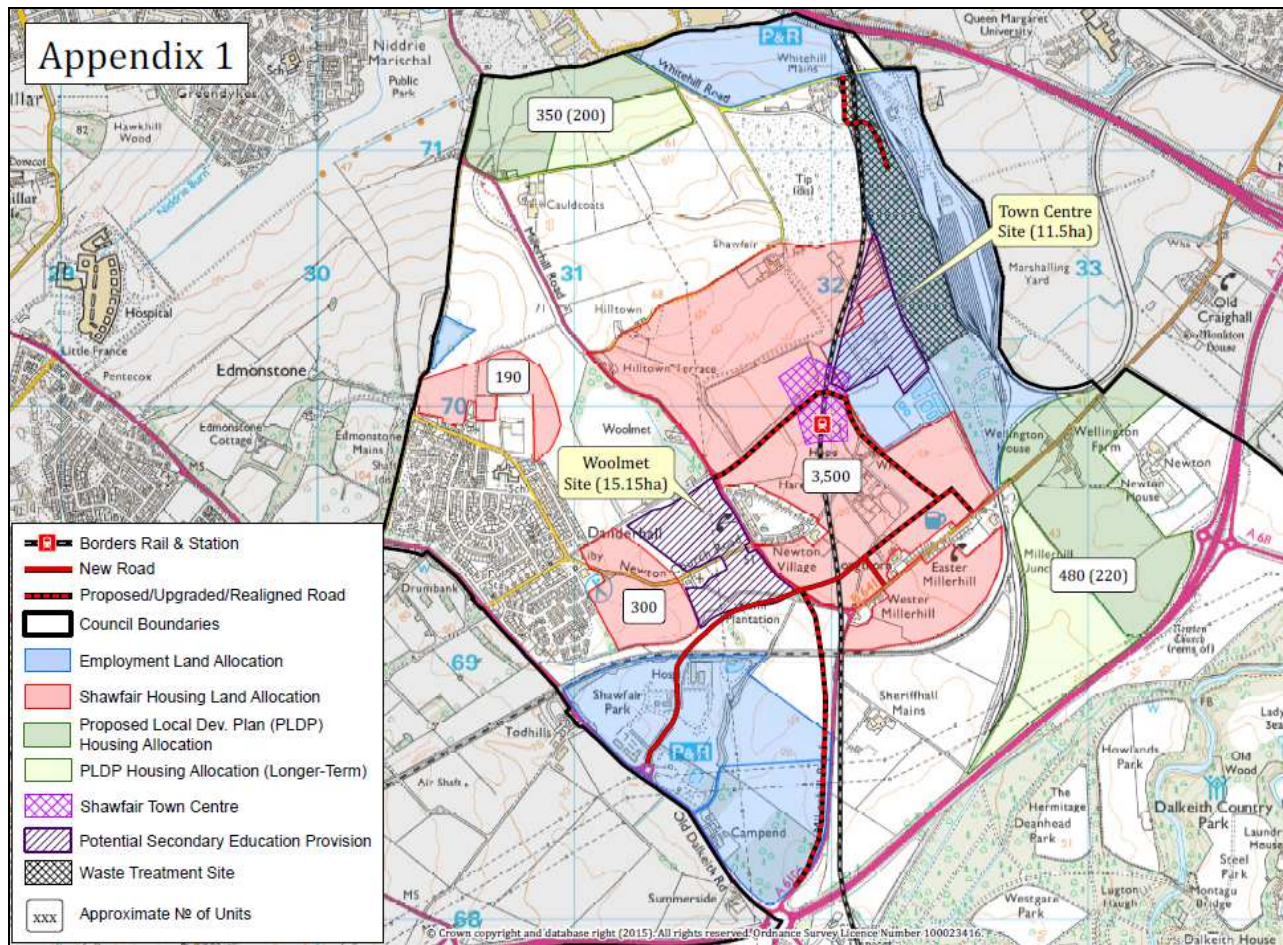
APPENDIX 1

APPENDIX 2

SITE PLAN

DANDERHALL

COUNCIL OWNERSHIP

1. LIBRARY

2. SPORTS PAVILION

3. 5 - A - SIDE FOOTBALL PITCHES - x2

4. GRASS FOOTBALL PITCH

5. KICK ABOUT AREA OFF EDMONSTONE ROAD

6. DANDERHALL PRIMARY SCHOOL

7. LEISURE CENTRE

8. CHILDREN'S PLAY PARK

9. MEDICAL CENTRE (Land not owned by Council)

10. GRASS FOOTBALL PITCH (on Bing)

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APPENDIX 3

Existing School Facilities

Recent experience from similar Hub designs requires clarity that the school will be using some of the communal areas at certain times and there appears to be no conflict with this proposal.

TYPE OF ACTIVITY							
SCHOOL	**Mon**	**Tues**	**Wed**	**Thurs**	**Fri**	**Sat**	**Sun**
Breakfast club – room in school	7:20am - 9:00am	7:20am - 9:00am	7:20am - 9:00am	7:20am - 9:00am	7:20am - 9:00am	closed	closed
Breakfast club - gym hall	7:45am – 8:45am				7:45am – 8:45am	closed	closed
After school club – room in school	12:45pm – 2:45pm (admin) 2:45pm – 5:45pm (children)				11:45am – 5:45pm	closed	closed
After school club - gym hall	4:30pm – 5:30pm				2:30pm – 5:30pm	closed	closed
After school Holiday Club	8am-6pm (room in school)				8am-6pm (room in school)	closed	closed
School	8:50am - 3:15pm					closed	closed
Nursery	8:30am – 3:35pm					closed	closed

Existing Community Facilities

TYPE OF ACTIVITY	Mon	Tues	Wed	Thurs	Fri	Sat	Sun
COMMUNITY MAIN HALL							
Gym hall - Football coaching	15.40 – 17.40					closed	closed
Gym hall - Badminton	8pm – 10pm					closed	closed
Gym hall - Gymnastics			3 – 9pm	12 – 4pm** 5 – 9pm	10 – 3pm** 4.30 – 8.30pm	10 - 12	closed
5 a-side Football	9am - 9pm	9am - 9pm	9am - 9pm	9am - 9pm	9am - 9pm	9am - 9pm	9am - 9pm
Gym hall - Over 60's Club		10am – 12noon**			10am – 12noon**	closed	closed
Gym hall - Mini Kickers		3.15pm – 4pm				closed	closed
Gym hall - Black Diamond		6.30pm – 8.30pm				closed	closed
Gym hall Bowls			1.30-3.30**			closed	closed
Gym hall - Trampolening				5 -7pm		closed	closed
FUNCTION HALL							
Judo	4pm – 6.30pm					closed	closed
Karate			6.30pm – 8.30pm			closed	2 - 4pm
Lunch Club	12 - 4pm					closed	closed
TKD		5pm – 6pm				1.30pm – 2.30pm	closed
Brownies		6.15pm – 7.45pm				closed	closed
Toddlers			9.30-11.30			closed	closed
Primary Play				4 – 5.30pm		closed	closed
Pilates				12 – 1pm		closed	closed
Phoenix Dance					6 – 9pm	closed	closed
Tone Zone	9-9	9-9	9-9	9-9	9-9	9-6	2-9

*   denotes outside facility only
**   would require to be relocated or moved to another time

APPENDIX 4

Site Area
18739m²

APPENDIX 5a

Table 3: Comparison of areas Option 1 (extension) to Option 2 (new build)

All areas in m²	Danderhall	Total	3 stream	Total	Difference
Class bases	11x65+58+58+54+54+58+51+43+54+51+54+58	1308	22x65	1430	122
Tutorial rooms	25+2x20+54		25+2x20		
Atriums			25m² per class x 11 classes		
Expressive arts			80		
General purpose	51+67	509	-	695	186
Dining hall	141		175		34
Activity hall	167		180		13
Activity hall changing	-		20		20
Activity hall store	12		20		8
After school club	58		92		34
Staff room	58		70		12
Medical room			8		8
Contemplation room			8		8
Library	44		95		51
Kitchen inc. Changing	88		120		32
				Total	528 m²

APPENDIX 5b – Schedule of Accommodation for 4 Options

OPTION 1
Schedule of Accommodation
3 Stream - 11 Class extension Option - 14.10.16

Room Description	No. of rooms	Min area sq.m	Tot. min area
NURSERY (NEW)			
Playroom inc 15m2 kitchen (90/90)	1	240	240
Nursery support base	1	18	18
PRIMARY CLASSES (NEW)			
Primary 1 Class Base	4	65	260
Primary 2 Class Base	3	65	195
Tutorial Room	1	25	25
Primary 1/2 Communal Area (25sqm per class)	1 7x25		175
Primary 3 Class Base	3	65	195
Primary 4 Class Base	1	65	65
Tutorial Room	2	20	40
Primary 3/4 Atrium Area (25sqm per class base)	1 4x25		100
Plant	1	40	40
SUB TOTAL NEW			1,353
Circulation Space NEW	15%		203
EXISTING SCHOOL			
Primary 4 Class Base			117
Primary 3/4 Atrium Area (25sqm per class base)			
Primary 5 Class Base			167
Primary 6 Class Base			149
Primary 7 Class Base			105
Primary 7 Class Base (convert Parent's Room)			59
Tutorial Rooms (3) - see "Existing Danderhall Filter Alphabetically" sheet (shaded green)			51
Gymhall			167
Gymhall Store			12
Stage			24
General Purpose Room (convert Computer Room)			51
General Purpose Room (convert Nursery)			67
After School Club			58
Staff Room			58
Kitchen inc. Stores, Changing (10sqm) etc inc/ Fridge			88
Dining/Cafeteria Area			141
Headteacher's Office			12
Depute Headteacher			11
School Office			37
Stores			241
Ladies Toilet			100
Male Toilet			22
Other Toilets			41
Dental Inspection/Treatment Room			30
Janitor's Room			23
Learning Support			14
Waiting Area			6
Cloakrooms - various			69
LEISURE			
LIBRARY			
School Learning			44
COMMUNITY			
PLANT			
Plant			62
sub-total			2,027
Circulation Space (Existing School)	33%		679
Gross Floor Area			**4,261**
External Areas for Primary School		6,000	6,000
External Areas for Nursery School		837	837
Total Site Area			**2.13Ha**

Other Requirements
3 x new boilers (outwith SFT metric)
3 x new lifts (outwith SFT metric)
New car-parking across Edmonston Road (0.65Ha) (part of SFT Metric)

£420,000 work required to bring building back to B: Work on replacing roof and external areas, which are both listed as C and D

OPTION 2
Schedule of Accommodation
3 Stream - school only option - 14.10.16

Room Description	No. of rooms	Min area sq.m	Tot. min area
NURSERY (NEW)			
Playroom inc 15m2 kitchen (90/90)	1	240	240
Nursery support base	1	18	18
PRIMARY CLASSES			
Primary 1 Class Base	4	55	220
Primary 2 Class Base	3	65	195
Tutorial Room	1	25	25
Primary 1/2 Communal Area (25sqm per class)	1 7x25		175
Primary 3 Class Base	3	65	195
Primary 4 Class Base	1	65	65
Tutorial Room	1	20	20
Primary 3/4 Atrium Area (25sqm per class base)	1 4x25		100
Plant	1	40	40
Primary 4 Class Base	2	65	130
Primary 3/4 Atrium Area (25sqm per class base)	1 2x25		50
Primary 5 Class Base	3	65	195
Primary 6 Class Base	3	65	195
Primary 7 Class Base	2	65	130
Primary 7 Class Base	1	65	65
Tutorial Room	1	20	20
Primary 5/6/7 Atrium Area (25sqm per class base)	1 9x25		225
Activity Hall & Changing Area	1	200	200
Activity Hall Store	1	20	20
Expressive Arts Hall (music/drama/dance)	1	80	80
Wrap Around Care	2	46	92
Staff Room	1	70	70
Resources/Work Base	1	30	30
Kitchen inc. Stores, Changing (10sqm) etc	1	120	120
Dining/Cafeteria Area (210 seats)	1	175	175
Headteacher's Office	1	15	15
Depute Headteacher	1	12	12
School Office and Store/Community Education Office	1	25	25
Medical Room	1	8	8
Contemplation Room	1	8	8
Central Store	1	45	45
Equipment Store for SEN	2	10	20
Cleaner's cupboards	4	6	24
IT Hub Room	2	4	8
Adult Toilets	3	10	30
Girls Toilets	4	25	100
Boys Toilets	4	25	100
Disabled Toilets	2	8	16
Hygiene Room	1	15	15
Depute HT (2nd)	1	10	10
Nursery kitchen	1	20	20
Janitor	1	8	8
Children services	1	20	20
Learning Support	1	60	60
Nursery toilet	1	30	30
LEISURE			
LIBRARY			
School Learning			63
Store			20
Library Office			8
COMMUNITY			
PLANT			
sub-total			3,753
Circulation Space	15%		563
Gross Floor Area			**4,316**
External Areas for Primary School		6,000	6,000
External Areas for Nursery / Early Years		837	837
Total Site Area			**2.13Ha**

New car-parking across Edmonston Road (0.65Ha) (part of SFT Metric)

OPTION 3
Schedule of Accommodation
3 Stream - school/Lib/Community/Leisure - 14.10.16

Room Description	No. of rooms	Min area sq.m	Tot. min area
NURSERY (NEW)			
Playroom inc 15m2 kitchen (90/90)	1	240	240
Nursery support base	1	18	18
PRIMARY CLASSES			
Primary 1 Class Base	4	55	220
Primary 2 Class Base	3	65	195
Tutorial Room	1	25	25
Primary 1/2 Communal Area (25sqm per class)	1 7x25		175
Primary 3 Class Base	3	65	195
Primary 4 Class Base	1	65	65
Tutorial Room	1	20	20
Primary 3/4 Atrium Area (25sqm per class base)	1 4x25		100
Plant	1	40	40
Primary 4 Class Base	2	65	130
Primary 3/4 Atrium Area (25sqm per class base)	1 2x25		50
Primary 5 Class Base	3	65	195
Primary 6 Class Base	3	65	195
Primary 7 Class Base	2	65	130
Primary 7 Class Base	1	65	65
Tutorial Room	1	20	20
Primary 5/6/7 Atrium Area (25sqm per class base)	1 9x25		225
Activity Hall & Changing Area	1	200	200
Activity Hall Store	1	20	20
Expressive Arts Hall (music/drama/dance)	1	80	80
Wrap-Round Care room/ Play Group (moved from community section)	2	46	92
Staff Room	1	70	70
Resources/Work Base	1	30	30
Kitchen inc. Stores, Changing (10sqm) etc	1	120	120
Dining/Cafeteria Area (210 seats)	1	175	175
Headteacher's Office	1	15	15
Depute Headteacher	1	12	12
School Office and Store/Community Education Office	1	25	25
Medical Room	1	8	8
Contemplation Room	1	8	8
Central Store	1	45	45
Equipment Store for SEN	2	10	20
Cleaner's cupboards	4	6	24
IT Hub Room	2	4	8
Adult Toilets	3	10	30
Girls Toilets	4	25	100
Boys Toilets	4	25	100
Disabled Toilets	2	8	16
Hygiene Room	1	15	15
Depute HT (2nd)	1	10	10
Nursery kitchen	1	20	20
Janitor	1	8	8
Children services	1	20	20
Learning Support	1	60	60
Nursery toilet	1	30	30
LEISURE			
Leisure			430
Leisure Plant			30
LIBRARY			
Library			150
School Learning			63
Store			20
Library Office			8
COMMUNITY			
Community Room	1	30	65
Conference Room (moved from community section)	1	65	65
Creche	1	20	20
Multipurpose room	1	20	20
PLANT			
Plant			inc
sub-total			4,533
Circulation Space	15%		680
Gross Floor Area			**5,213**
External Areas for Primary School		6,000	6,000
External Areas for Nursery School		837	837
External Areas for Community		20	20
Total Site Area			**2.13Ha**

New car-parking across Edmonston Road (0.65Ha) (part of SFT Metric)

APPENDIX 6a – OPTION 1

OPTION 1

Existing school - to remain and an 11 class extension formed in the North Western corner (Section 75 Agreement, clause 1.40 and Part 12 of the Agreement Schedule notes a 4 Class extension will be paid for). Extra 7 classes is required to bring the school up to a 3 Stream Primary.

TOTAL AREAS
- Ground floor — 11 Class extension

- Core area increases:
- Total area – 619m²

New Site Area — **2.54 Ha**

Community Facilities

Leisure area - retain existing Leisure Centre in S. Danderhall
Library - retain existing Library in S. Danderhall

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APPENDIX 6b – OPTIONS 2 and 4

NEW BUILD REPLACEMENT SCHOOL
GROUND FLOOR OPTION 2

Proposed Parking Plan (Aerial View)

N

service

existing building to remain

service yard

early years

nursery

primary school

admin

activity/ dining

main entrance

e d m o n s t o n e   r o a d

w o o l m e t   c r e s c e n t

G R O U N D   F L O O R

Midlothian

NEW BUILD REPLACEMENT SCHOOL
FIRST FLOOR OPTION 2

Proposed Parking Plan (Aerial View)

N

existing building to remain

service yard

primary school

plant

F I R S T   F L O O R

APPENDIX 6c – OPTION 3

NEW BUILD COMMUNITY SCHOOL WITH LEISURE
AND LIFELONG LEARNING
GROUND FLOOR (PHASE 1) - OPTION 3

Proposed Parking Plan (Aerial View)

service

existing building to remain

service yard

early years

nursery

primary school

admin

activity/ dining

main entrance

w o o l m e t   c r e s c e n t

P H A S E   1

e d m o n s t o n e   r o a d

N

Midlothian

NEW BUILD COMMUNITY SCHOOL WITH LEISURE
AND LIFELONG LEARNING
GROUND FLOOR (PHASE 2) - OPTION 3

Proposed Parking Plan (Aerial View)

service

lines of existing building

leisure

library

primary school
built in Phase 1

w o o l m e t   c r e s c e n t

P H A S E   2

e d m o n s t o n e   r o a d

N

AREAS
Leisure
•430m²
Community
•170m² + Library

Midlothian

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Midlothian Council Digital Strategy and Midlothian Council's Strategy for Digital Learning

Report by Gary Fairley (Head of Finance and Integrated Service Support) and Grace Vickers (Head of Education)

1   Purpose of Report

The purpose of this report is to ask Midlothian Council to consider and approve the Midlothian Council Digital Strategy and the Midlothian Council's Strategy for Digital Learning. The two strategies are being submitted together to highlight the close alignment of digital services across corporate and education sectors.

2   Background

Midlothian must take full advantage of the opportunities offered by technology to make its services fit for purpose in the 21st century.

Midlothian citizens expect excellent digital services, while our staff and our learners must be equipped with the relevant knowledge and skills to live and work in a period where the fast pace of change is the new normal.

To influence expectations and deliver services, Midlothian must re-align its strategies for the digital age.

There are significant demands on the resources in Midlothian Council, therefore it is essential to identify key objectives, priority projects and actions to ensure that demands are met and that adequate resource can be allocated, as required.

Midlothian Council must ensure that Council employees have the skills and time to conceive and implement innovative digital solutions to support today's challenges.

The Council is expected to deliver a wide range of objectives and a diverse range of services in partnership with a complex web of public, private and voluntary sector agencies. The challenges in coming months and years are even more wide reaching, as a result of local government financial pressures combined with the fast pace of digital transformation across society.

Together, the Midlothian Council Digital Strategy and Midlothian Council's Strategy for Digital Learning aim to align Midlothian Council's capabilities with business requirements over a 4-5 year period; although the main focus is on the next 3 years. High-level priorities and actions have been identified to complement the strategy documents and governance and approval will be via the Digital Strategy Group.

It is recognised that the strategies are working documents and additional priorities may be included from time to time.

3   Report Implications

3.1   Resource

It is necessary to adequately plan for the demands on council resource, as failure to do so could seriously affect the ability of the Council to deliver on its key objectives, including any efficiency savings which may result from delivery of digital technology, learning and services.

The digital strategies in themselves do not commit further resources but between both documents provide a framework to which we can consider future investment priorities.

All new projects in support of the strategies will require a robust business case so that future investment decisions can be prioritised in line with agreed strategic priorities.

The successful implementation of the Midlothian Council Digital Strategy and Midlothian Council's Strategy for Digital Learning will help to deliver transformational change and better outcomes for all.

3.2   Risk

Failure to adequately plan for the required skills and demands on Council could seriously affect the ability of the Council to deliver on its key objectives.

3.3   Policy

Strategy

The two strategies - Midlothian Council Digital Strategy and Midlothian Council's Strategy for Digital Learning set out a clear framework to deliver, digital leadership, digital services and the digital foundation and link to national and corporate objectives.

Consultation

No consultation has been carried out in relation to this report, although there has been significant consultation on the strategy documents themselves; both strategies have benefited from input from members of the Digital Strategy Group and the Digital Learning Strategy has been written in consultation with parents, teachers and learners.

Equalities

Midlothian Council has a commitment to equality for all its customers.
In designing and redesigning services, we will adhere to standards to be agreed for digital services and we will meet our equality duty.
In alignment with the Digital Learning and Teaching Strategy for Scotland, our vision is to deliver equity of opportunity across schools ensuring that every child has the same opportunities with regards to use of digital technology and

access to digital. Midlothian Council will also promote equity and digital inclusion, thus ensuring that children and young people from our most disadvantaged communities have access to the technology and digital literacy skills that support full participation in modern society.

Sustainability

Failure to adequately plan for the digital age could seriously affect the ability of the Council to deliver on its key objectives.

4   Summary

The Midlothian Council Digital Strategy and the Midlothian Council's Strategy for Digital Learning both set out the goals and objectives for the Council and aim to align resource capabilities with business requirements over a 4-5 year period. It is essential that staff and Elected Members acknowledge the capabilities of and constraints upon staff.

5   Recommendations

Midlothian Council is asked to

- approve the Midlothian Council Digital Strategy (2016-2021) and Midlothian Council's Strategy for Digital Learning (May 2016)

- note that further reports will be presented to CMT for any resources requirements arising from the digital transformation programme endorsed by the Digital Strategy Group.

- endorse governance for all new projects that support these strategies to be approved and verified by the Digital Strategy Group.

- note that the strategies will ensure that all new digital projects must be supported by a strong business case and an identified Digital Leader who will be responsible for overseeing the programme \ project.

Date: 19 January 2017

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Item 8.9

Midlothian Council

Digital Strategy

Delivering the Future

2016 - 2021

Version 1.0

December 2016

Table of Contents

Introduction

Context

This document sets out Midlothian Council's strategy for delivering digital services to its customers. It aligns with the following:

- National ICT Strategy for Scotland (Scotland's Digital Future -Delivery of Public Services)

- Single Midlothian Plan

- Midlothian Council Customer Services Strategy

- Midlothian Council Web Strategy

- NHS Lothian e-Health Strategic Plan

- Enhancing Learning and Teaching through the Use of Digital Technology -   A Digital Learning and Teaching Strategy for Scotland - Sep 2016

- Midlothian Council's Strategy for Digital Learning

- Digital First Service Standard (http://resources.mygov.scot/dfss-poster-oct-17.pdf)

Digital technology will continue to define and redefine business for an entire generation to come and digitisation is moving from an innovative trend to a core competence for every organisation.

Digital is multidisciplinary and includes the following:

- Marketing and Communications

- Information Technology

- Data Analytics

- Business Transformation

- Digital Learning

We recognise that our customers include citizens, businesses, educators and learners and council employees. We will deliver digital services to improve outcomes for all.

Purpose

The key aim of this strategy is to help Midlothian Council deliver better outcomes for its customers through the delivery of digital services.

This strategy outlines:

- the governing strategic aims, vision and principles that will enable Midlothian to deliver efficiencies by leveraging technology and information to engage with its customers digitally;

- the steps that Services should take to ensure that their business strategies are aligned with the above; and

- an initial suite of priority projects

This will lay the foundations for further strategy delivery over subsequent years and will be refreshed as Midlothian Council moves forward.

The overall lifespan of the aims, vision and principles of this strategy will be five years, with an end-date of March 2021. This strategy document will have a shorter life-cycle and will be reviewed every year during that period to ensure that it still supports that lifespan. At each review, a new iteration of the strategy document will be produced.

Scope

This strategy applies to all of Midlothian's Directorates and Services and should, so far as is practical, apply to any partnership arrangements with other organizations led by Midlothian Council.

To ensure and support delivery of truly joined-up public services, this strategy also recognises that cross-organisational collaboration and sharing is required with other local authorities and partners across other sectors. The principles and aims must align with other government strategies.

Our ambition and what success looks like

Digitally enabled services supporting the needs of all of our customers

Midlothian Council will adopt a "digital first" approach; the preferred channel for delivering services will be digital and we will use this channel for all services that can usefully and efficiently be delivered in this way. In designing and redesigning services, we will adhere to standards to be agreed for digital services and we will meet our equality duty.

Our customers will have confidence in our services, finding them simpler and easier to use and have a satisfying experience when interacting with us. Our digital solutions must meet the needs of customers.

When we are successful, our teachers, children and young people will be equipped with the knowledge and digital skills essential for learning, life and work in the 21st century.

In alignment with the Digital Learning and Teaching Strategy for Scotland, our vision is to deliver equity of opportunity across schools; ensuring that every child has the same opportunities with regards to use of digital technology and access to digital services such as:

- Scottish Wide Area Network (SWAN)
- WiFi and broadband
- A range of fixed and mobile assets

We will support digital participation to ensure everyone, regardless of income, age, gender, ethnicity, employment, or ability has equal and affordable access to technology and the digital literacy skills that support full participation in modern society.

Digital will allow us to provide services that are both customer centred and efficient.

Council services available digitally will be as good as, or better than, those available in the commercial sector and customers will choose our services.

Digital will allow us to deliver better outcomes for citizens.

New services will be digital by default.

Major services will be transformed to include digital delivery and data analytics.

Internal transactions will be digital.

Citizens choose and trust to use digital.

Digital services which are easily accessible and well supported

Midlothian Council will aim to offer digital services across multiple platforms to engage across a wide demographic range. There will be a single point of entry for citizens to all digital services in Midlothian. We will provide appropriate support for all those who need help in interacting with us digitally.

We will actively align with the national portal (www.mygov.scot) to give Midlothian citizens consistent access across a range of services.

When we are successful, our customers will be able to use our services easily. The services provided will be capable of responding quickly to changing needs and staff will be able to provide tailored support for those who need it.

Digital services that are cost effective streamlined and efficient

The McClelland Review of ICT Infrastructure in the public sector in Scotland (2011) identifies a number of opportunities for streamlining services and achieving savings and overall efficiencies.

When Midlothian Council is successful, we will have reduced duplication and inefficiencies across our digital services, saved money and removed unnecessary barriers to data sharing.

IT systems and platforms that shape the digital foundation are flexible in response to changing customer needs

Midlothian Council will actively look for opportunities to continually invest in sustainable technical platforms which will form the foundations for all digital services across the council.

When we are successful, we will have a rock solid ICT in terms of reliability and performance which is easy to manage from an ICT resource perspective. Our ICT will be compatible and fit for purpose.

Our ICT solution will be cost effective and demonstrate best value.

Our systems are secure and data is protected.

Midlothian Council will innovate, implement and adapt systems and technologies that better support evolving business needs and are shareable across public bodies. We will aim to take a more modular approach to solutions, where individual components can be repurposed or enhanced more easily and at less cost.

Where it is possible we will procure, implement and maintain infrastructure, applications and processes in partnership with other organisations. We will do this both through the use of national frameworks and by proactively seeking partners.

When we are successful, we will have lowered overall lifetime system and maintenance costs.

Our systems will be able to adapt to changing requirements without requiring complete replacement.

Why we are doing this

Our customers expect digital services

This strategy will play a key role in creating a more effective and efficient range of services by encouraging collaboration, reducing duplication, making appropriate use of digital technologies and sharing services wherever possible.

The range of services offered by Midlothian Council is diverse and delivered to a wide range of customers. Despite the differences in the size, shape and functions of the departments delivering these services, there are many common drivers and aspirations, particularly in terms of achieving overall efficiency and delivering better services.

In line with the objectives of the Single Midlothian Plan, Scotland's Digital Future – Delivery of Public Services (2012), this strategy supports public service reform that focuses on achieving outcomes while becoming more efficient.

This strategy supports the objectives of the NHS Lothian e-Health Strategic Plan to deliver Health and Social Care integration.

Today's learners, citizens and workforce need to be equipped with the confidence and skills required for learning, life and work in the 21st century.

Other key drivers come from the economic climate that we find ourselves in, the needs of our customers, and our aspirations for the future of Midlothian.

These drivers are broadly grouped as:

Cultural:

- Meeting increased customer expectations and demands
- Making public services more accessible, faster, simpler, and joined up

Economic:

- Reducing costs to make funding go further
- Achieving savings identified by the McClelland Report and delivering economies of scale
- Demonstrating greater accountability on spending
- Recognising our reliance on technology and fully utilising what already exists in the most effective way

How we will get there - the Four Core Principles

The **four core principles** set out below are fundamental to successful delivery of our strategic aims and vision:

1.   Customer/Citizen Focused

2.   Skilled and Empowered Workforce

3.   Privacy and Openness

4.   Collaboration and Value for Money

1. Customer/Citizen Focused

Our digital services will be designed around the customer and will always be delivered digitally where it is practical and efficient to do so.

Services designed around users, not technologies.

Citizens and businesses will be able to access public information and services in the same way as they do from commercial service providers. Our presumption will be that redesigned services or new services will be delivered digitally, shaped by the needs of users and involve service users directly in their design. Services will be inclusive – taking into account the differing needs and capabilities of users, providing assistance and alternatives to digital access where necessary.

Midlothian Council will improve access to digital technology for all learners and educators to facilitate their access to a wide range of digital technologies, thus enabling them to learn in a personal style and pace.

Platform Neutrality

The digital age is heightening the expectations of the public on service availability, accessibility and convenience. Services from Midlothian Council will be available on-line and through a range of digital devices and platforms wherever possible.

Cloud based systems will provide all types of services.

We will expect the ICT solutions that Midlothian Council employs in offices, schools and in the field will be platform neutral so far as is possible to reduce the cost of future technology changes.

2. Skilled and Empowered Workforce

Our leaders will push digital harder and integrate it into their core business processes, planning and developing a workforce which will be skilled in its general use of ICT.

Leadership and Governance

The Chief Executive, Directors, Service Managers will lead cultural change in order to drive service redesign for a digital age. The Digital Strategy Group will support the Divisional Management Teams and the Corporate Management Team to drive service redesign for a digital age (Appendix A).

Our Digital Strategy Group, which is made up of senior managers, will lead Midlothian's Digital Strategy. The purpose of this group is to ensure that all digital programmes and projects at Midlothian Council align with the Midlothian Council Digital Strategy. All members of the Digital Strategy Group are Digital Leaders. Terms of Reference of this group and the expected role of a Digital Leader are described in Appendix B.

Midlothian Council will encourage all staff engaged in delivery of digital services to be outward focused – to think about why they are

doing something and not just what they are doing.

Midlothian Council will promote the value of ICT as a profession and encourage a culture that supports the need for continuous change and learning.

Midlothian Council will promote and support digital learning for all staff and learners.

Capability

Midlothian Council will invest in all of our workforce to help them build digital skills and work confidently with ICT solutions in a flexible and empowered way.

For ICT professionals, we will build on existing technical and management capabilities, build further skills in the new technologies and develop skills around project/ programme management, contract management, customer service, information management and commercial understanding. We will maintain a register of skills and expertise which will inform future training and development plans. To enable and encourage sharing of best practice across the ICT profession, we will support short-term secondments and skills transfer between public and private organisations.

Capacity

Midlothian Council will build and retain capacity against a constrained economic background. We will adopt flexible working practices that ensure best use of our skilled

resources. To enable recruitment of young people into ICT in the public sector, we will look to make greater use of student placements and Modern Apprenticeships as well as provide training and development opportunities.

Policy

Digital will help deliver on key policy objectives, will improve outcomes and save money.

Digital has a role in prevention by providing early warnings of things going wrong, by better access to information.

Digital has a role in partnerships by enabling data to be shared.

Digital can help engage communities.

Digital can make processes more efficient by:

- Achieving budget savings in customer process costs

- Taking out transaction costs

- Giving customers a better, faster and more transparent process

personal data   open data
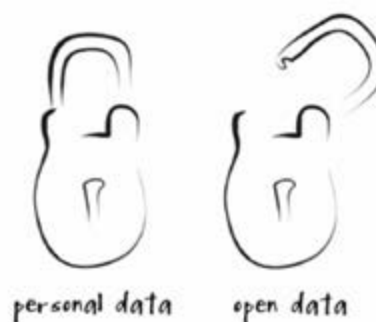
3. Privacy and Openness

Managing Information

We recognise that Midlothian Council manages large amounts of customer data and information and is trusted to manage it in a resilient and secure manner. We will work to embrace a data sharing policy that achieves a balance between privacy, confidentiality and the opportunity to reuse data to improve the customer experience and the evidence base for decision making.

Midlothian Council will support integration of

Health and Social Care, which is one of Scotland's major programmes of reform with the objectives of ensuring that the necessary information is shared between organisations. In turn, we will be supporting those who use the services, ensuring they get the right care and support whatever their needs, at any point in their care journey.

Midlothian Council will support schools e-safety education to ensure young people know how to stay safe online and agree an approach with our schools to best configure our networks to allow access to a wide range of useful material while still protecting learner safety.

We will also support sharing information with other third sector organisations where there is a requirement to do so.

We will continue to ensure compliance with legislative and information assurance requirements while actively addressing barriers to sharing and implementing data sharing frameworks and agreements.

Authentication

Midlothian Council will adopt mechanisms for identity and authentication management in line with a common approach for the Scottish public sector. In particular we will adopt the use of "myaccount", the authentication layer of www.mygov.scot, for customer identification.

Access to information

In line with the Digital Learning and Teaching Strategy for Scotland, Midlothian Council is committed to ensuring that teachers can access a broad range of valuable resources and information for teaching and pupils can access information for learning. Parents and carers can access information about their school's curriculum and can communicate with teachers and support their child's learning.

Midlothian Council is committed to seeking ways to publish more non-personal information in reusable formats and under licence terms that permit or encourage reuse. Publication can lead to wider benefits; encourage economic activity; enhance political accountability and transparency; and provide a means to achieve efficiencies in data handling and sharing.

We will continue to build on current initiatives to publish data in these ways. In addition, we will build on existing programmes to create a culture where legal, ethical, and secure sharing and linkage of personal data is accepted and expected.

We will do this while minimising the risks to privacy and enhancing transparency by driving up standards in sharing and linkage procedures.

4. Collaboration and Value for Money

Midlothian Council's digital solutions will be cost effective and will seek to develop them in partnership with other councils. Solutions will be chosen with a high emphasis on interoperability and open standards.

Collaboration and interoperability

Midlothian Council aims to take full advantage of reusing and sharing existing and future systems solutions. We will maximise use of online technology whilst acknowledging that other service channels will continue to operate. For this to succeed, our technical architectures must become more aligned, to ensure more effective interoperability, and Midlothian Council should adopt national standards and frameworks wherever possible.

We will identify new technologies, trends and ways of working and share them with the business to deliver both improved outcomes and more efficient services.

Midlothian Council is aware that our Digital Strategy is service driven, not technology driven, and we will continue to work collaboratively with colleagues across the council to understand the requirements for digital services.

We will promote the use of digital technology in education and will support learners to use the technology to collaborate with other learners and experts far and wide. We will ensure that all learners and educators within the local authority area can access nationally recognised digital resources and services.

Midlothian Council recognises that digital infrastructure is a key consideration for all new schools being built in Midlothian and is committed to be involved in their development. This will ensure a fit for purpose digital foundation is provided, within funding and geographical constraints.

We will continue to work collaboratively with neighbouring authorities to share expertise and maximise the efficiency and effectiveness of service.

Shared services

Midlothian Council will commit to looking first at whether services can be shared before commissioning or purchasing. We will assess the ability of existing shared services to meet business needs and business processes against the cost of doing something independently.

Sharing and reuse of technologies

We will take forward "share and re-use before buying and only build as a final recourse" as the procurement paradigm for sourcing ICT services, capability and equipment. By sharing and reusing, we will endeavour to gain maximum benefit from existing investments, and will always look to gain maximum leverage by collaborating when procuring new systems. Building and bespoking will be a last resort when other options have been examined.

Scottish Wide-Area Network (SWAN)

Working in partnership, with the Scottish Government and key stakeholder organisations, Midlothian Council is actively participating in the SWAN programme to form a single, holistic telecommunications network service for the use of all central government bodies and public service bodies within Scotland.

The SWAN Programme is strategically aligned with the McClelland Review of ICT Infrastructure in the public sector in Scotland.

A roadmap for Midlothian Council

Midlothian Council must look at its costs, resources and contracts for delivering digital services. The Chief Executive, Directors and their management teams all have a key role in probing deeply and asking searching questions about whether there are opportunities to share services, reduce contract costs, or share resources.

The focus is on delivering digital services and so this strategy applies to more than ICT. It requires fundamental integration of digital services into the business. Midlothian Council needs to look at how it delivers services and operates business processes to assess the most efficient way of using digital delivery methods.

Timescales and Milestones

In order to pursue and implement Midlothian Council's Digital Strategy at organisation level a number of actions will need to be taken:

By Q4 2016/2017:

- The Corporate Management Team will have approved the Digital Strategy

- The Corporate Management Team will have agreed that all senior managers should actively champion the Digital Strategy across the Council

- The Digital Strategy Group will have reviewed all other service strategies in light of the four key principles outlined in this strategy to ensure that the overall aims and objectives align

- The Digital Strategy Group will have agreed a Midlothian Council Digital Programme of work (Appendix C)

- The Digital Strategy Group will have assigned a named Digital Leader for each programme strand

- The Digital Strategy Group will have will have assigned a Project Lead and a Project Manager for each project

- The Digital Strategy Group will have prioritised the Digital Projects

Through implementation in 2016-17 the Digital Strategy Group will:

- Scope, resource, govern, plan and track progress of the top priority Digital Projects

Digital Strategy governance

Governance Structure

Midlothian Council delivers a diverse number of services. This variety poses challenges, as well as opportunities, to delivering the digital vision.

To address this challenge we will put in place a structure where governance is delivered through the Corporate Management Team aligned to the Digital Strategy Group and aligns with the council service strategy (Appendix A).

Midlothian Council Digital Strategy Group is made up of Senior Managers who will lead Midlothian's Digital Strategy. The group will be made up of Digital Leaders and have clear Terms of Reference and roles (Appendix B).

A Midlothian Council Digital Programme of work is agreed and projects are prioritised (Appendix C).

A named Digital Leader for each stream.

A Project Lead and Project Manager for each project are assigned.

Project and Programme Boards will be created to support and deliver on the prioritised Digital Projects and provide assurance to the CMT.

The CMT will ensure that delivery of prioritised digital projects is embedded in their own governance arrangements.

Projects align with the 4 principles of the Digital Strategy:

1. Customer/Citizen focused
2. Privacy and Openness
3. Collaboration and value for money
4. Skilled and empowered workforce

Deliverables and Measurements: Who will deliver what and how Midlothian Council will measure benefits

In order to deliver the intended outcomes of this strategy, accountability and responsibilities must be clearly defined. All services within the council must factor the expected strategic aims

of the Digital Strategy into their forward business plans.

Progress and benefits will be reported annually in a format consistent with requirements of Midlothian Council. The Digital Strategy Group will ensure that:

- cost savings and efficiencies are identified and delivered from implementation of the Midlothian Council Digital Programme

- processes are developed to routinely measure service users' and customers' experience of digital services and technology

Appendix A - Governance Structure

The Corporate Management Team will be supported by the Digital Strategy Group.

Three Divisional Service Management Teams will deliver service-specific objectives and actions.

The Digital Strategy Group will guide and action and deliver the High Level ICT Operating Framework.
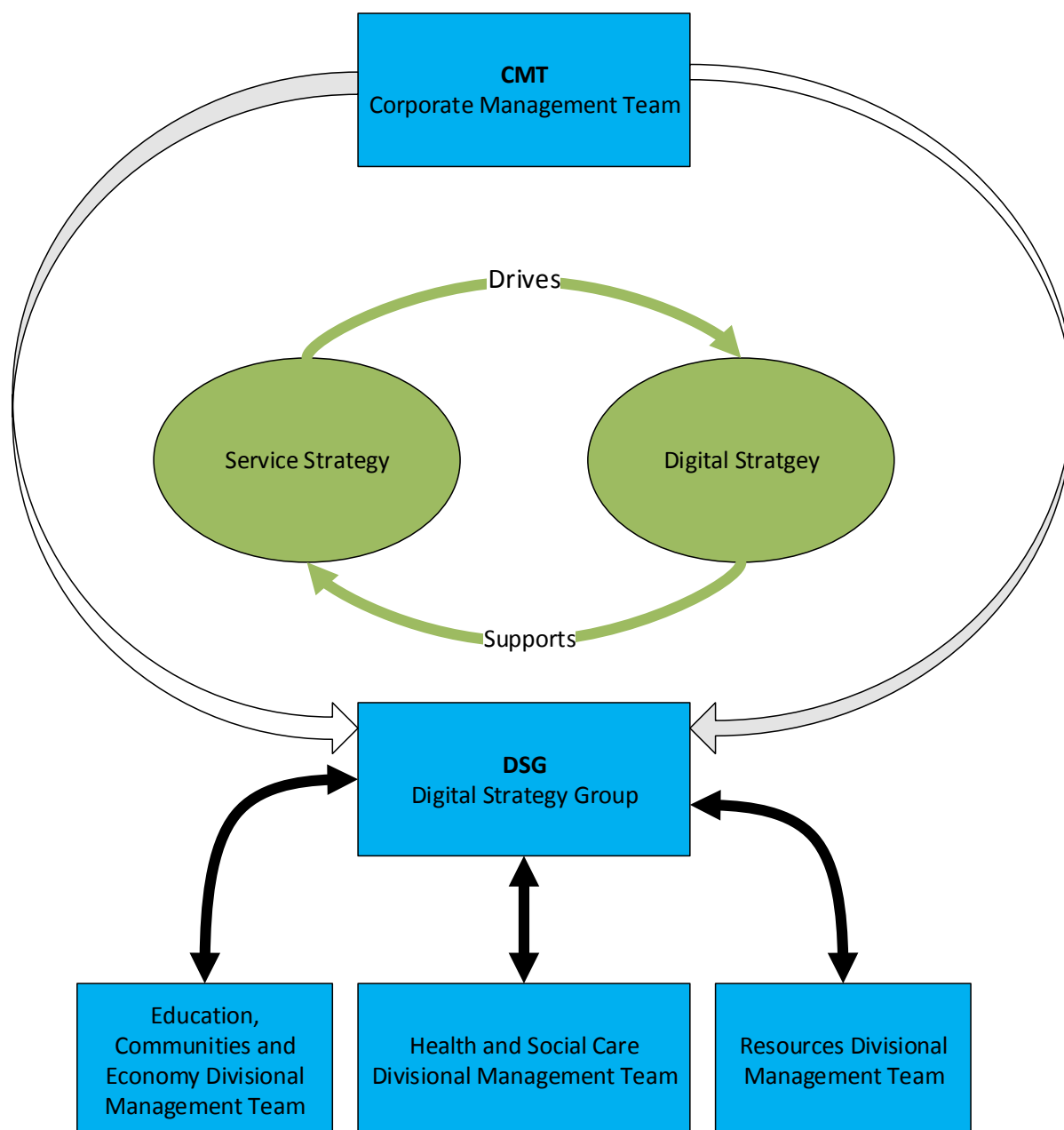
Appendix B - Digital Strategy Group Terms of Reference

Purpose of the Digital Strategy Group

The remit of the Digital Strategy Group is to ensure that all digital programmes and projects at Midlothian Council align with the Midlothian Council Digital Strategy, and aligned strategies. The group will understand the scope and implications of the digital programmes that it oversees and will evaluate requests for new work in that context. The group will also initiate new digital programmes and projects, particularly where they will deliver cross organisational benefits which cannot be justified at an individual Service or unit level.

Composed of influential senior managers, the group will be Digital Leaders for Midlothian Council and will be responsible for communicating, questioning and challenging the Midlothian digital agenda They will be responsible for ensuring that the digital programmes are 'joined up' , strategic and relevant.

Member Role

Members of the Digital Strategy Group have the following responsibilities:

- Act as Digital Leaders and help others become Digital Leaders

- Lead Midlothian's Digital Strategy and agenda

- Understand the opportunities that digital technologies provide and how services can be redesigned

- Ensure that all services are redesigned to maximise the use of digital technologies to improve outcomes for citizens and reduce costs

- Agree overall Midlothian Council Digital Programme and prioritisation of projects

- Ensure effective governance of the Midlothian Council Digital Programme

- Take ownership and responsibility for the programme strand which they have been assigned

- Ensure that priority projects have a Business Case, Project Lead and Project Manager

- Ensure that priority projects have an implementation plan and are resourced appropriately

Digital Leader Role

- Strategic thinkers who are service driven and possess the authority to make change happen

- Clearly communicate the vision of digital transformation with relevant Divisional Management Teams and ensure that all services are being consulted, included and engaged

- Act as a persuasive advocate for digital solutions and approaches

- Actively share and exploit successes across the council

- Support collaboration where required - e.g. NHS, SEEMIS, other councils

- Adopt a Digital by Default approach

- Push digital harder - in some case remove other choices

- Disrupt existing council culture, business rules and customer interactions to deliver digital services

- Understand Digital Strategy and aligned strategies

- Spread the word - help create other Digital Leaders at all levels throughout the council

- Develop and promote digital services (where it makes sense to do so)

- Adopt a mobile-first approach for online customers

- Take responsibility for the end to end customer journey

- Ensure that any future procurements for digital services are joined up with council Digital Strategy

- Ensure that council organizational silos do not exist to impact digital services

- Use information provided e.g. web stats, benchmarking reviews and customer feedback to strive for continuous improvement of digital services

- Ensure adequate/trained resource with clear roles and responsibilities to support digital services

Digital Strategy Group Meetings

The DSG Chairman will schedule a meeting at least once every two months or as circumstances demand.

Group Membership

The DSG is made up of the following Digital Leaders:

Digital Strategy Group Chairman	Gary Fairley
Digital Leaders	
Digital Customers	Kevin Anderson
Digital Estates	Garry Sheret
Digital Learning	Alan Wait
Digital Business Services	Jacqui Dougall
Digital Employees	Marina Naylor
Digital Scotland	Phil Timoney
Digital Compliance	Ian Wragg
Minute Taker	TBA

Appendix C - Midlothian Council Digital Programme

DSG Programme Schematic v3
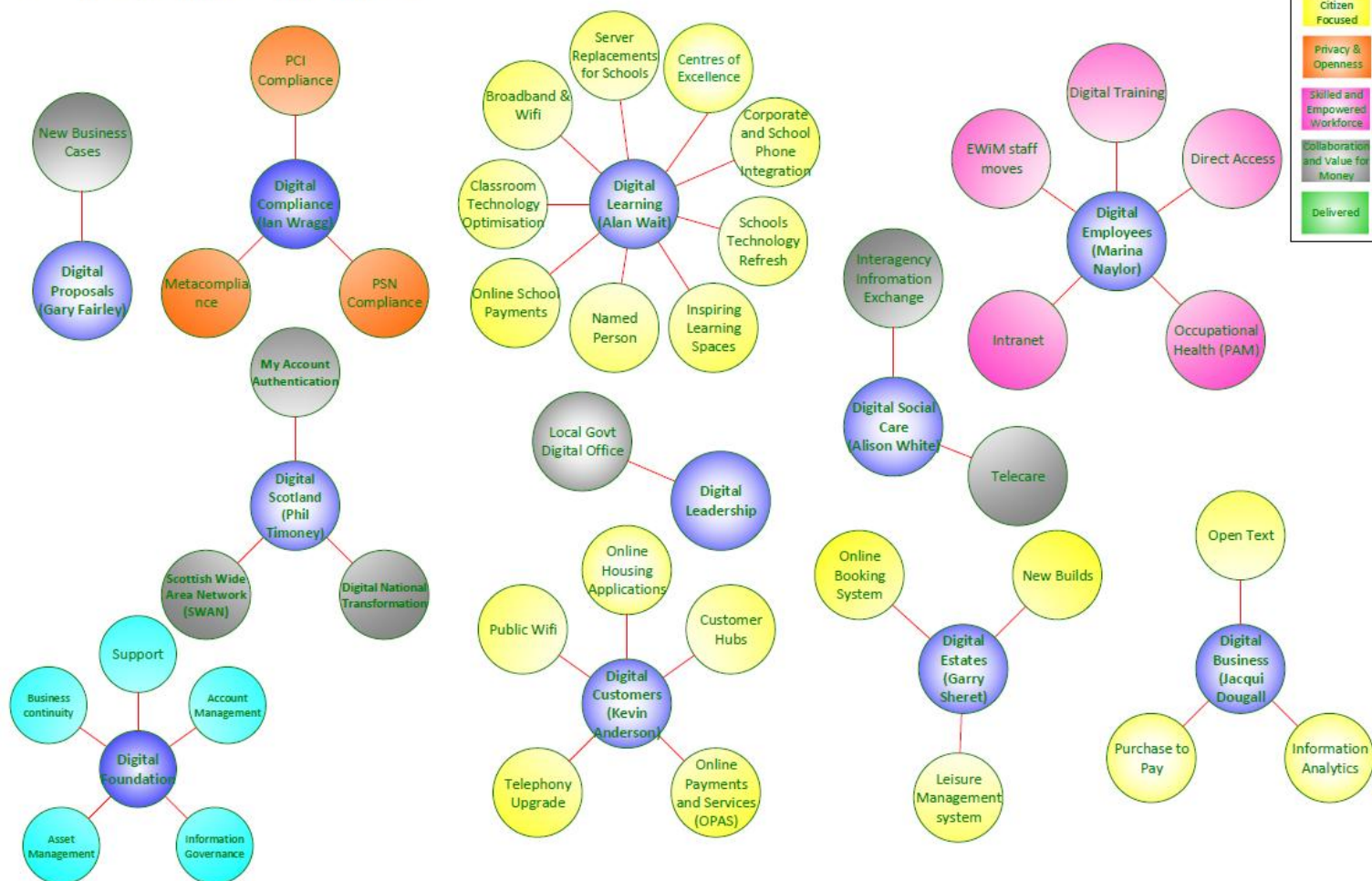
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Learning in the Digital Age

Midlothian Council's Strategy for Digital Learning

May 2016

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1

LEARNING IN THE DIGITAL AGE

(a) Purpose and Aim

This document presents Midlothian's vision for learning in the digital age. It sets out our strategy for ensuring that today's learners are equipped with the confidence and skills required for learning, life and work in the 21st century.

(b) Midlothian's Vision for Digital Learning

Midlothian will take full advantage of the opportunities offered by technology to equip our children and young people with the knowledge and digital skills essential for learning, life and work in the 21st century.

(c) Strategy for Digital Learning

Midlothian's Digital Learning strategy is central to the Council's aim of delivering a world class education system. It is closely aligned with Scottish Government's policy and advice on digital learning and it also articulates with key national and local priorities including:

- Scotland's National Improvement Framework for Education (2016)
- The Scottish Attainment Challenge (2016)
- Midlothian's *Delivering Excellence* programme
- Visible Learning

Midlothian's strategy covers 4 key aspects associated with learning in the digital age:

1. **Curriculum, learning and teaching**
2. **Leadership and professional learning**
3. **Digital participation**
4. **Infrastructure**

In each of these areas we review some of the key considerations, and identify what needs to be done to implement our vision for learning in the digital age.

(d) Consultation and Research

In developing our vision and strategy for learning in the digital age, Midlothian carried out an extensive consultation to establish the views of a wide range of stakeholders including education professionals and classroom practitioners, school leaders, parents, children and young people.

We also sought the views of some of the leading voices in digital learning both nationally and internationally and reviewed the work of other local authorities in this field. We held a series of focus group sessions where we captured many different perspectives, and feedback from stakeholders has helped to shape our vision for digital learning.

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Executive Summary

a) Digital technology is embedded in all aspects of modern life. Today, children, young people, and adults have access to technologies that are transforming how they connect, share, work and play in innovative and exciting new ways. From the rapid growth of the Internet, online services and social networks, to the development of a wide variety of mobile devices and applications, digital technologies offer tremendous opportunities for education.

b) Innovative use of technology transforms learning and improves educational outcomes for young people. In our schools teachers and learners are making increased use of technology to engage in dynamic learning experiences involving exploration, discovery, collaboration and creation. Learners can access an ever-increasing range of digital tools, resources, and environments that support learning; they can collaborate with others learners far and wide, and learn in a personalised style that best suits their individual needs.

c) Teachers and other practitioners can access a broad range of resources; network with fellow professionals; collaborate and share approaches to practice; and personalise teaching strategies and methodologies to match specific learner needs.

d) Midlothian's schools have already embraced a broad range of technologies which support learning and teaching. Learners and teachers are developing skills in using computer programs and software, iPads, digital cameras, robots and web-based applications. The development of Glow (Scotland's online education intranet), Google apps and other web-based tools has created a new and exciting landscape for digital learning which promotes creativity and innovation in schools.

e) Although the use of learning technology in Scottish schools has grown rapidly in recent years, the prevailing strategy has been for education authorities to determine and provide the technology required, and for teachers and learners to adapt classroom practice accordingly. We have, however, reached a point where learning technology is now so integral to the work of our schools that our teachers and learners require increased flexibility in determining the nature of that technology and how it is deployed.

f) While decisions about the nature and deployment of technology are important, the key challenge lies in ensuring that Midlothian's young people are equipped with the digital skills required for a rapidly changing world. In the years ahead there needs to be greater focus on the digital skills that young people require to support their learning and to ensure a successful transition to life and work beyond school.

g) Our schools need to ensure that the curriculum is fit for purpose in the digital age. The development of digital learning should be systematically planned and evaluated, at both school and education authority levels.

h) As a Council, we need to continue to encourage innovation and embrace new and emerging learning technologies. Technology is changing how young people learn and our classrooms and learning spaces need to more fully reflect this. Learning and

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teaching should make increased use of mobile technologies, including tablets, netbooks and smart phones, thus facilitating more flexible approaches to learning. Increasingly it is for teachers and learners to determine which solution is best for the learning activity and select the technology which is most appropriate. This means that schools need to have increased ownership over decisions relating to technology, requiring a move away from providing education establishments with a standardised suite of digital technology to a more flexible 'one-size-fits-one' approach.

i) Technology can provide a catalyst and a mechanism for improving parental engagement and help to bridge the gap between home and school. Schools should actively encourage the use of social technology to communicate with parents and to share pupils' work and achievements. Although this strategy focuses mainly on the work of schools, there is no doubt that digital technology also has a crucial part to play in family learning and adult education, and it is an increasingly important component of lifelong learning and employability.

j) In the years ahead it is expected that schools will take increased ownership over decisions relating to technology. Schools should, however, continue to work in partnership with the authority with regard to the provision of digital technologies and to ensure adequate technical support. Midlothian should also seek to work collaboratively with neighbouring education authorities to share expertise and maximise the efficiency and effectiveness of service.

k) Digital learning must be a key aspect of the professional learning of all staff. We need to support teachers in identifying the benefits of using technology to improve pupil learning and staff should be able to access high quality training in the leadership and application of digital learning. Schools should also adopt a 'digital by default' approach to the production of educational content and resources.

l) It is also important to recognise that many children possess a powerful computer, tablet or smartphone of their own, but the use of personal devices is often prohibited within schools. This is a situation that needs to change in order to help our children fully develop the range of digital skills they require. Learners and teachers should be able to connect their own technology to school wifi networks to support learning and teaching (usually referred to as *Bring-your-own-Technology*). It is important, however, to ensure that all learners are able to access technologies that support learning, irrespective of socio economic background. Ensuring digital participation is central to Midlothian's vision for digital learning.

m) We must also ensure that teachers and learners benefit from a broadband infrastructure and school networking system capable of meeting the increasing demands placed upon them. This means having sufficient bandwidth to our establishments, robust and reliable wifi networks within school buildings, and easily accessible technical support.

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1. CURRICULUM, LEARNING & TEACHING

(a) Digital Literacy Skills

Digital literacy means having the knowledge and ability to use a range of digital technology tools and media for varied purposes. A digitally literate person can use technology to find and evaluate information, connect and collaborate with others, produce, share and present digital content, ideas and knowledge, and use the Internet and technology tools to achieve academic and personal goals.

Digital literacy is much more than being able to use a computer. It's about is about knowing when and why digital technologies are appropriate and helpful to the task at hand and when they are not. It's about cultural and social awareness and understanding, and it's also about being creative. The skills associated with digital literacy can be classified under 6 headings.

- Creativity
- Collaboration
- Communication
- Research and Finding Information
- Critical Thinking and Evaluation
- eSafety

Feedback from employers and further/higher education indicates a skills gap when it comes to programming and coding. In the years ahead we need to promote software development, computing science and the skills associated with coding in primary and secondary schools. The promotion of digital skills for learning, life and work in our schools is at the heart of our vision and strategy for digital learning. These skills are elaborated more fully in Appendix 1.

(b) Integrating Personal Technologies

Many learners arrive in school with more computing power on their person than the school is able to provide in the classroom. There is a strong educational argument for enabling pupils to use personal technology devices to support their learning by connecting to the school's wifi network and online learning platforms such as Glow. This connectivity and integration personal devices already happens in many schools throughout the UK and is commonplace in further and higher education

The ICT in Education Excellence Group Report (2013) concluded that there are no significant technical barriers to a connecting learners' own technology in Scottish schools, and that the barriers that do exist are social, organisational and managerial. The majority of pilot studies worldwide show that this has resulted in positive experiences for learners.

Such a policy assumes that the majority of pupils will own their own internet-enabled device and that they are willing to bring it to school and use it for schoolwork. Of course, there will be pupils who for financial or personal reasons do not own a suitable device; and there may be others who own a device but are unwilling to use it in a school context. To address this

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issue, and to ensure digital participation for learners from less affluent communities, schools must have a pool of suitable devices for pupils to borrow.

An increasing number of teachers are immersed in digital technology throughout their working and home lives. The technology they use is often much more powerful and their applications more integrated than the devices which are provided in schools. Teaching staff would benefit from being able to integrate their own technology into the classroom and use their devices as part of their teaching. This would also improve the learning experiences of pupils. There is, however, a need to ensure adequate separation and protection for data that must be secure, for example the administrative functions associated with SEEMIS.

If learners and teachers are able to connect their own devices, over time the level of technology required by schools will be significantly reduced. This does not mean that Midlothian Council will stop purchasing and replenishing technology.   Schools will continue to require a range of desktops, laptops, netbooks and tablets, the quantity of which depending on the volume and suitability of learners' own devices.

This policy also raises questions about the criterion for lending devices to pupils; about the responsibilities of pupils who borrow a school device, and also about the operational management of both pupil and teacher-owned devices in the classroom. The key technical issue that has to be addressed is the provision of universal wireless network access to the Internet for all schools. This has cost implications, implications for network support and for the broadband capability provided to the school as a whole.

Although there are operational and technical issues relating to learners and teachers connecting their own technology, these are outweighed by the potential significant gains to learning and pupil achievement. The significantly reduced requirement for annual purchasing and replacement of devices will also reduce that financial burden on the Council and allow financial resources to be reallocated to infrastructure – in particular increasing bandwidth and improving wifi networks.

This connectivity is therefore is central to our vision and our digital learning strategy.

(c) Emerging Technologies

In some education authorities the technology provided for schools is standardised, ie teachers and learners are provided with an almost identical suite of digital hardware and resources. The rationale for this is to ensure that there is a baseline ICT provision for all pupils, regardless of which establishment they attend and standardisation also makes it easier to manage technical support for schools.

Standardisation, however, places restrictions on creativity and innovation in schools. Many teachers, learners and school leaders believe that schools require more autonomy when it comes to making decisions about which devices, programmes and apps to use to support day-to-day classroom activities.   Learners and teachers need to experiment with software and hardware and use technology in innovative ways. It is therefore increasingly important

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that schools are able to diversify and embrace emerging technology to explore new ways of learning and teaching.

The most significant change in the technology landscape in schools in recent years has been the increased use of mobile technology including tablets and netbooks. This allows the technology to come to the learner rather than learner to technology. It facilitates a greater number of devices for the same overhead costs and offers new and more flexible ways of working in and around the classroom.

In the near future there will be changes in the way that teachers use technology within day to day learning and teaching.   Traditionally teachers share/cast content from a laptop or desktop computer to a large single display (eg a whiteboard) in their classrooms. Technology is now available that allows the teacher to share/cast content to multiple pupil devices, with interactivity taking place on the device instead of solely on the class whiteboard. Learners can also share content with other devices including those belonging to their classmates. In the years ahead this is likely to be an integral feature of digital learning, particularly with the increase in the deployment of mobile technology in schools.

(d)   Collaboration

The Scottish Government in partnership with Education Scotland and Midlothian Council provides connectivity to the Glow learning environment for all school-aged learners and teachers. Glow is not the only learning platform, but it is free to schools, offers unlimited storage and contains a wide range of digital tools and resources for teachers and learners to share content and collaborate beyond the walls of their own establishment.

Teachers need to adopt a 'digital by default' approach to the creation and use of learning resources. This requires a change in thinking so that digital becomes the default format for sharing learning activities and resources with learners. The availability of digital versions helps many young people access the curriculum more effectively, for example learners with additional support needs and those unable to attend school.   Where resources are being digitized locally, it is essential that the work is shared and not repeated across schools.

(e)   Online Security and Safety

Beyond Glow there are many Internet based resources and services that support learning and teaching, for example Google Classroom, Edmodo and Class Dojo. The requirement of schools to carry out privacy impact assessments and a risk assessment on data security and protection, however, makes access to such resources challenging. Although the Headteacher retains the overall responsibility for data protection, the Council should support schools in carrying out the necessary processes and documentation to access the most popular internet services.

Content filtering is essential in any school environment but it must be fit for purpose. Too rigid and it can stifle creativity and reduce access to content essential for learning. Too loose and it risks allowing inappropriate content.   Midlothian teachers have always made decisions about content filtering in conjunction with the school and with advice from the

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Council's Learning Technology Service.   Introducing greater flexibility for schools to adjust filters is an important step in ensuring that decisions relating to online content are supervised primarily by curriculum specialists.

Schools should continue to deliver e-Safety education and ensure that young people know how to stay safe online. The use of single sign-on where possible, and improvements to password protocols enhances online security and delivers a more satisfactory user experience.

ACTIONS

1   Schools must ensure that the curriculum is fit for purpose in the digital age. They should continuously review the delivery of digital literacy skills to ensure that learners are developing digital skills for learning, life and work.

2   Midlothian should enable learners and teachers to connect personal devices to school wifi networks as part of day-to-day learning and teaching.

3   Midlothian should continue to encourage innovation and embrace new and emerging learning technologies. Schools should make increased use of mobile technology including tablets, netbooks and smart phones, facilitating more flexible approaches to learning.

4   Schools should have increased ownership over decisions relating to technology, so that teachers and learners determine which technologies are best suited to learning. This requires a move away from providing education establishments with a standardised suite of digital technology and software solutions to a more flexible 'one-size-fits-one' approach.

5   *Glow* will be the major learning platform for Midlothian schools and its features and benefits should be strongly promoted by the Council and schools. A range of other Internet services, such as *Edmodo* and *Google Classroom*, provide additional educational benefit for schools and Midlothian Council should help teachers to access the most popular online resources.

6   Schools should continue to deliver e-Safety education and ensure that young people know how to stay safe online. Improvements should be made to online security, including single sign-on where appropriate, improved access to online resources and enhanced password protection for users. All Schools and staff will take appropriate steps to protect the confidentiality of personal information they access, process or store.

7   Increased opportunities should be provided for learners to engage in software development and computing science in secondary school. Skills associated with digital literacy, including coding and computational thinking, should be promoted in both primary and secondary.

8

2. LEADERSHIP AND PROFESSIONAL LEARNING

(f) Leadership of Change

Effective leadership of change is essential in ensuring that education is fit for purpose in the digital age and this requires leadership at all levels within schools. The single most enabling and influential leader of digital learning is the Headteacher. S/he need not be an expert in digital technology, but must have the skills to lead change and promote digital learning strongly throughout the school, whilst ensuring that it takes place within an environment that is safe and legally compliant. This knowledge and understanding can be developed through appropriate professional learning and by drawing on the expertise that already exists within schools.

Although the Headteacher has a key role, leadership of digital learning must exist at all levels within schools and structures should be in place that allow teachers, support staff and young people to initiate and lead change. It should be recognised that many children and young people, as well as newly qualified teachers have highly developed skills and knowledge and are well placed to be leaders of digital learning in our schools.

The increasing importance of digital learning in our schools, together with the ongoing acquisition and maintenance of technology requires careful planning. The development of digital learning should therefore be reflected in whole school and departmental improvement plans, with clearly stated targets, outcomes and timelines. A sustainable financial model also needs to be developed that takes into account the rapidly changing nature of technology and the increasing demand for digital and online learning across the different stages, sectors, subjects and buildings.

Since digital technology is such an important aspect of the work of the school, there needs to be effective communication between schools and service providers. Effective dialogue between school leaders, the education service and service providers at operational, tactical and strategic levels is essential. From a Council perspective increased collaboration with neighbouring education authorities, external agencies and service providers will increase knowledge and expertise, drive up standards and potentially reduce costs.

(g) Quality Assurance and Self Evaluation

It is important to ensure that technology is used appropriately, securely and to the full advantage of learners and teachers. Schools must, therefore, systematically plan and evaluate the quality of digital learning and its impact on learners. Education Scotland's *How Good is our School 4* publication provides national benchmarks against which schools and the authority can assess the quality of digital learning. School attainment information and positive destination data can also provide a wider context for planning and review. Schools should also evaluate the effectiveness of partnership working with, for example, the Learning Technology Service, and Digital Services.

(h) Professional Learning

Career long professional learning is the key to ensuring that teachers and other staff are equipped to implement digital learning approaches effectively. Teachers don't need to possess an in-depth knowledge in digital technologies, but they do require knowledge of the pedagogical changes that the application of technology demands. They also need the skills to manage learning effectively in the digital age, particularly with the increased use of mobile devices in the classroom.

The Council, in partnership with schools and external agencies such as Education Scotland, needs to ensure teachers have access to high quality programmes of professional development and training in relation to digital learning. Teachers and support staff should ensure that the use of digital learning technologies remains a key aspect of their professional learning and the new GTCS arrangements for career long professional learning creates opportunities for practitioner enquiry and Masters level learning.

It is important for teachers to develop local networks to share practice around digital learning. An increasing number of schools are using video to capture and share classroom practice with colleagues, for example through technologies such as *IRIS Connect*. Social media is also becoming an increasingly important mechanism for sharing knowledge and expertise and collaborating with other professionals locally and more widely.

Finally, teachers need to recognise the knowledge and skills that many learners possess and can bring to the learning environment. Some young people, even younger learners, are far more skilled in using certain types of technology than school staff, and teachers should embrace and build upon this knowledge for the benefit of all learners.

ACTIONS

> **8   Digital learning must be a key aspect of the professional learning of all staff. School leaders, teachers and support staff should be able to access high quality training in the leadership and application of digital learning.**
>
> **9   The development of digital learning should be systematically planned and evaluated at school and Council levels. Education Scotland's *How Good is our School 4* provides national benchmarks against which schools and the authority can assess the quality of digital learning. School attainment information and positive destination data can also provide a wider context for planning and review.**
>
> **10   Schools should adopt a 'digital by default' approach to the production of educational content and resources. Curriculum development work should be shared in digital format across schools and care taken to avoid duplication.**

10

3   DIGITAL PARTICIPATION

(i) Reducing the Digital Divide

Digital participation is the term used to describe people's ability to access and use digital technology. Whilst this includes the ability to access the internet, it also encompasses an ever widening range of technologies such as digital televisions, smartphones, and games consoles.

The implications of not being online, often referred to as 'digital exclusion' or the 'digital divide', can impact negatively on an individual's wellbeing, educational attainment, financial situation and employment opportunities.

For young people, digital participation it is essential in developing the skills required for learning, life and work.   A significant number of children and young people, however, live in areas of social and economic disadvantage learning where poverty creates and extends the digital divide. For Midlothian Council and its schools the two most critical challenges are:

(a) ensuring access to devices that support digital learning, and
(b) overcoming bandwidth/data limitations.

Many young people have access to, although not necessarily ownership of, at least one digital device. A young person in poverty, however, is unlikely to enjoy the same breadth of access to technology, and the functionality of their devices may not readily support learning. The bandwidth available to support fixed broadband and mobile connectivity is typically much lower than for young people from more affluent socio-economic backgrounds.   They are also likely to have lower data limits for their mobile devices which places restrictions on, in particular, access to the extensive range of multimedia content that can support learning.

There is a need to close this gap and ensure that all youngsters have appropriate access to mobile devices, bandwidth and data that suits their learning needs. Ensuring digital participation is central to Midlothian's vision for digital learning.

(j) Promoting Inclusion

In our schools, technology makes an increasing difference to the lives of those learners with additional support needs. A wide range of technological solutions are available which enable young people access the curriculum and help them develop the skills required for learning, work and independent living. The technologies involved are often leading edge and need technical support to function well within the classroom. Our special school at Saltersgate, for example, requires enhanced assistive technology provision and technical support to deliver the curriculum.

Digital technology also is a significant enabling factor for those that are unable to attend school due to illness or other reasons. By ensuring that resources are digital by default, learners can access resources outwith timetabled contact. This enhances a learner's ability

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to seek and receive support from their peers and teachers, pursue collaborative tasks and generally be less isolated as a learner outwith the classroom.

(k) Parental Engagement

Technology can provide a catalyst and a mechanism for improving parental engagement and help to bridge the gap between home and school. Schools should actively encourage the use of social technology to communicate with parents and to share pupils' work and achievements. Although this strategy focuses mainly on the work of schools, there is no doubt that digital technology also has a crucial part to play in family learning and adult education, and it is an increasingly important component of lifelong learning and employability.

ACTIONS

11	**The Council and schools will continue to identify innovative ways for learners to access mobile devices that support learning, irrespective of socio economic background.**
12	**The Council and schools should ensure that access to mobile devices, wifi coverage and capacity, and bandwidth is adequate to support the needs of the learners and teachers.**
13	**The Council should enhance the technological provision and support for learners with additional support needs.**
14	**Schools should actively encourage the use of social technology to communicate with parents and to share pupils' work and achievements.**

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4 INFRASTRUCTURE

Midlothian's *Digital Strategy* (2016) covers the infrastructure aspects associated with digital learning and reference should be made to that document for more detailed information. The digital programme of work which supports the strategy will ensure that a robust, flexible, sustainable infrastructure will exist to satisfy the following service demands.

- Adequate bandwidth to each establishment and for the authority as a whole, taking into account the inevitable growth in demand for web-based services in the future.

- Wired and wireless connectivity for centrally managed, school managed and user-owned devices.

- Systems to enable learners and teachers to connect their own technology to school wifi networks.

- Cloud-based communication, file storage and collaboration environment, which supports learning across all sectors, and which facilitates connectivity from all major platforms.

- Server infrastructure that provides adequate storage and a range of management applications.

- Secure connection to confidential administrative services.

- Services to support the communications infrastructure, servers and associated services, managed desktops, laptops, printers, as well as more traditional peripherals.

ACTIONS

> **15** **School wifi networks should be updated to provide sufficient coverage and capacity to match the needs of establishments. The bandwidth should be sufficient to meet the needs of learning. Systems should be in place to facilitate *Bring your own Technology*.**
>
> **16** **Asset management and investment plans should take account of the individual needs of establishments, school improvement priorities, service plans, future budget provision, and the need for secure access to administrative platforms.**
>
> **17**   **Midlothian Council should continue to provide technical support for a broad range of technology in schools. Technical and other support services should be adapted to meet the needs of schools as they take greater ownership, responsibility and accountability in relation to decisions about technology.**

IMPLEMENTATION AND MEASURES OF SUCCESS

In implementing Midlothian's Digital Learning Strategy it is important to identify at the outset what success will look like and what the benefits will be to learners, schools and the Council as a whole.

Digital innovation (HIGIOS 3.3)

Children and young people will be able to work individually and in teams to create digital solutions. As their digital literacy becomes more sophisticated they will be able to embed computation to solve problems. Increasingly they will apply the core principles underpinning digital technologies to develop their own ideas. Their digital skills will be up-to-date with technological advances informed by a range of sources including the expertise of the young people themselves.

Digital literacy (HIGIOS 3.3)

Children and young people will be innovative, confident and responsible in the use of technologies and staying safe online. They will be able to critically examine and make informed choices about the use of digital technology to enhance and personalise learning in school and where appropriate, beyond the school day. They will anticipate and respond to new opportunities and threats caused by digital technology developments now and in the future.

Learning and engagement (HIGIOS 2.3)

Our children and young people will be eager and active participants who are fully engaged, resilient, highly-motivated and interact well during activities. Learners' experiences will be appropriately challenging and enjoyable and well matched to their needs and interests. Learners will be able to exercise choice, including the appropriate use of digital technology, and take increasing responsibility as they become more independent in their learning.

For Schools and Midlothian Council

For schools and for Midlothian Council the Digital Learning Strategy will build workforce capacity in the use of digital technology and ensure high quality professional learning and collaboration for teachers and support staff in schools. It will help to bridge the gap between home and school and promote lifelong learning and employability. It will also promote equity and digital inclusion, whilst ensuring that children and young people from our most disadvantaged communities have access to the technology and digital literacy skills that support full participation in modern society.

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TIMESCALES AND MILESTONES

In order to pursue and implement Midlothian Council's Digital Learning Strategy a number of actions will need to be undertaken:

By Q4 2017 Midlothian Council must have:

- Discussed the Digital Learning Strategy at the Corporate Management Team Meeting and agreed the key principles and actions that form the basis of the strategy.

- Agreed a Digital Learning Strategy implementation programme.

- Assigned a Project Lead for implementation of the strategy.

- Shared the strategy with schools and discussed the strategic principles with Headteachers and staff.

- Shared the strategy with other stakeholders and partners, including parents and promoted the key approaches, such as connectivity of learners' and teachers' own technology.

- Commenced work around ensuring that the infrastructure, such as broadband and school wi-fi networks, meets the needs of learners and teachers, particularly in relation to the use of personal technology devices in schools.

During the initial phase of implementation in 2017 Midlothian Council will:

- Review the curriculum in Midlothian schools to ensure the curriculum is fit for purpose in the digital age.

- Commence work with schools to enable learners and teachers to connect personal devices to school wifi networks as part of day-to-day learning and teaching.

- Enable schools to have increased ownership over decisions about which technologies are best suited to learning.

- Commence the deployment of the Technology Skills framework recently published by Education Scotland.

- Planned and commenced delivery of professional learning and training for schools staff.

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Appendix

Digital Literacy Skills

Digital literacy means having the knowledge and ability to use a range of digital technology tools and media for varied purposes. A digitally literate person can use technology to find and evaluate information, connect and collaborate with others, produce, share and present digital content, ideas and knowledge, and use the Internet and technology tools to achieve academic and personal goals.

Digital literacy is much more than being able to use a computer. It's about is about knowing when and why digital technologies are appropriate and helpful to the task at hand and when they are not. It's about cultural and social awareness and understanding, and it's about being creative.

The skills that young people need to develop for learning, life and work can be classified under 6 broad headings.

a) Creativity
b) Collaboration
c) Communication
d) Research and Finding Information
e) Critical Thinking and Evaluation
f) eSafety

(a) Creativity

Becoming digitally literate involves not just being active in exploring digital media but also in creating it. Digital technologies provide an array of exciting opportunities for young people to create their own digital media and online content. Many will already be using digital technologies to document their lives in some way and to create digital outputs by, for example, editing a social networking profile page, manipulating digital images, making films or compiling playlists of songs. Participating and communicating in an increasingly digital world requires the creative ability to effectively utilise these opportunities.

Among other things using digital technologies can facilitate the creation of:

- pictures or illustrations
- websites
- films
- animations
- podcasts
- photos/photo montages

- blogs
- wikis
- online content on social networking sites
- music and song
- audio-visual presentations
- learning diaries

Choosing between these different sorts of creative outputs will require critical thinking skills as students consider what is effective for what purpose. This may involve consideration of how

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best to create something that communicates information and meaning in particular cultural and social contexts.

(b) Collaboration

Learning involves dialogue, discussion and building on each other's ideas to create shared understandings. When learners participate in collaborative group work they need to be able to explain and present their ideas and negotiate when those ideas do not align with others in the group. Learning how to collaborate can therefore also help learners to develop skills of debate, cooperation, compromise and listening.

Digital technologies provide multiple opportunities for team work and there are many free web-based tools that have been developed specifically to support collaboration. Glow provides opportunities for learners to collaborate with others to create digital content through blogs, wikis and OneNote digital notebooks. A wiki is a website that can be developed collaboratively by a community of users, allowing any user to easily add and edit content. Wikis make it easy to create a classroom workspace where learners can communicate, collaborate and share content.

Sharepoint enables schools, individual classes and projects to have their own, collaborative online space and Microsoft Lync enables instant web conferences with other users. Microsoft Office 365, also available through Glow, allows text based documents, spreadsheets and presentations to be uploaded and edited collaboratively, enabling a group of students to work on the same document even if they weren't all in the same physical space at the same time.

(c) Communication

Being digitally literate means communicating effectively in a world in which much communication facilitated by digital technology.

The development of smartphone technology has brought opportunities for young people to communicate orally, but also through text and picture messaging, while wifi enabled mobile devices enable young people to access social networking sites, forums, blogs and wikis.

A digitally literate young person is a critical and discerning user of digital communication tools with the knowledge, skills and understanding that enables them to choose the most appropriate communication tool for the task in hand and how to use it effectively.

Communication in the classroom allows learners to share knowledge, ideas and information and present this to others. It can involve choosing appropriate formats, tools and media and thinking about the specific formats, tools and media and how they can be used to convey information and ideas most effectively.

(d) Researching Information

Learners need to be able to find and select reliable and relevant information. This includes an awareness of where it is best to search for information and whether the internet or another method might give the best results.

They need to develop research skills which enable them to select appropriate sources for gathering, classifying and organising information for a particular purpose or activity. They must also be able to critically engage with internet content and judge the value of that information for a given task and evaluate its validity and reliability.

The ability to find and select information involves students critically engaging with the content of material they find on the internet and relating it to the subject knowledge they already have and are seeking to develop. 'Mashing up' is a skill that requires taking knowledge from different sources in order to create something new.

(e)   Critical Thinking and Evaluation

A digitally literate student is not just passively receiving information or meaning but also contributing to it, analysing it and shaping it. This requires critical thinking. Critical thinking involves transforming, analysing or processing given information, data or ideas. It means young people using reasoning skills to engage with material, to question, analyse, scrutinise and evaluate it and to create an argument about it. It is about being reflective, interpreting meaning and determining significance in order to make purposeful decisions and make informed sense of the world.

Students need to engage in critical thought in order successfully develop other elements of digital literacy such as creating outputs and choosing which tools and format to use for particular purposes and audiences and developing cultural and social understanding.

Digital technologies can support critical thinking by providing opportunities for students to present an argument, evaluation or analysis. Students might do this in written form by creating a blog, Wiki, presentation or report. They might use visual or audio formats by creating podcasts, films or animations. In each of these cases, the student is practicing their critical thinking skills and developing their digital literacy in order to create and communicate an argument. This means critically engaging not only with subject knowledge but also with how to write and communicate using different technology and media.

(f)   E-Safety

E-safety is an important component of digital literacy. Supporting young people to become competent, discerning users of technology is about helping them to develop the skills that allow them to critically question their own and others' technology use. Becoming digitally literate will enable young people to make informed choices that will keep them safe when using digital technologies, including the internet and mobile phones. This covers a wide range of E-safety issues including age appropriate content, predatory behaviour of adults, acceptable use, cyber-bullying, and issues of plagiarism, copyright and virus protection.

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Digital Centre for Excellence: Newbattle Community High School

Report by Dr Grace Vickers, Head of Education

1   Purpose of Report

1.1   The purpose of this report is to provide Council with an overview of the proposed development of Newbattle Community High School as a Digital Centre for Excellence.

1.2   Approval is being sought to establish Newbattle as the first Centre for Excellence and in doing so note the funding requirement for the technical infrastructure and staffing necessary to develop the Centre of Excellence.

1.3   At this time approval is sought for funding to allow the appointment of a Centre Co-ordinator to be in place by May 2017.

2   Background

2.1   The location of Midlothian's first Centre of Excellence at Newbattle addresses the challenges faced by one of the region's most disadvantaged communities. The provision of this sector leading facility will:

- Help to tackle social and economic inequalities.
- Build capacity within the local community and beyond.
- Develop skills, knowledge and ambition.
- Reduce the poverty-based attainment gap.
- Promote digital inclusion.
- Improve occupational mobility of labour.
- Improve outcomes and positive destinations for young people.

2.2   Centres of Excellence are a key part of Midlothian's vision of creating a world class education for children and young people.   Based primarily within secondary schools, Centres of Excellence would offer opportunities for deeper learning through an enhanced curriculum, specialist teaching, dedicated resources and high quality vocational experiences.

2.3   The Centres of Excellence proposal both integrates and augments Scottish Government's Developing Young Workforce programme, which highlights the importance of all young people developing and using the skills and abilities necessary to become an active part of the labour force and contributing to the economic growth of their communities.   Centres of Excellence will enable more young people to progress directly into employment or into a relevant career pathway where vocational skills can be further developed within further and higher education, or through apprenticeships.

2.4 Centres of Excellence will offer young people (and adult learners) the opportunity to experience high quality learning and teaching within a framework that blends deep and immersive academic learning with the development of relevant vocational skills. Students will have access to dedicated teaching areas, as well as state-of-the-art technology and equipment. They will have the opportunity to work closely with local employers, universities and colleges to ensure deep learning and specialisation through programmes of mentoring, work placements and internships.

2.5 A Centre of Excellence would also be a regional hub, so that students from other Midlothian schools could access specialist teaching and resources through digital technologies, such as video links and online learning. The availability of high quality digital and online learning means that students are able to access specialist curricular provision no matter where they live within Midlothian.

2.6 It is important to recognise that the Centre of Excellence model requires a whole school approach; ie it is not an independent specialist unit which operates as a separate department or provision within the building. Although there are staff who are able to provide opportunities for specialist study and vocational training, the vision is for the whole school to be a Centre for Excellence so that the skills and knowledge permeate and enhance the broad general education, as well as the senior phase.

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2.7 It is our vision that, over time, Centres of Excellence will be established across Midlothian in a range of specialist areas covering, for example:

- Digital Industries
- Science
- Technology
- Health and Sport
- Engineering
- Creative Industries
- Languages

The first phase of this strategy is the establishment of a Digital Centre of Excellence at Newbattle Community High School.

3 Newbattle Centre of Excellence

3.1 The first pilot phase of the project proposes the creation of a Centre of Excellence to support the growth of digital industries across the region. The Centre would be based at Newbattle Community High School, which is located in an area of significant socio-economic disadvantage. The school, which is being redeveloped with a new building opening in March 2018, will offer students opportunities to specialise in disciplines related to digital industries, including:

- Film and video production
- Software design and engineering
- Programming and coding
- Games development and publishing
- Digital engineering (eg, CAD)
- Sound/audio engineering and music production
- Business administration and e-commerce
- FinTec (financial technologies)

- Data management and analytics
- HealthTech
- Telecommunications and networking

3.2 Within the senior phase (S4-6) students will have opportunities for deeper learning and specialisation through an enhanced curriculum, specialist teaching and dedicated resources. They would have access to dedicated teaching areas, as well as state-of-the-art technology and equipment. Students would have the opportunity to work closely with local employers, universities and colleges to ensure deep learning and specialisation through programmes of mentoring, work placements and internships.

It is intended that Newbattle will become established as a Digital Centre of Excellence, enabling students to develop the skills and knowledge required to pursue vocational education pathways or enter employment in the region's rapidly growing digital sector.

3.3 In order to establish Newbattle as a Digital Centre of Excellence, the building will be equipped to meet the technical specification required to deliver the enhanced curriculum, including the infrastructure associated with broadband, wi-fi and cabling, as well as the technologies required for learning and teaching the enhanced curriculum.

3.4 There will also be a requirement for additional staffing resources over and above that currently allocated to the School in accordance with the Devolved School Management (DSM) scheme. The additional staffing will be required to develop and deliver the enhanced curriculum at Newbattle, particularly in the initial period until the enhanced curriculum is embedded across the whole school. It is expected in the initial phase that this would comprise a Centre Co-ordinator, additional academic staffing (2-3 teachers) and technical support. (This is set out in Section 5: Funding Requirements).

3.5 Digital Industries: Labour Market Analysis

Across the UK, some 1.46 million people are currently employed in the digital industries, with job growth in the sector predicted to outperform all other occupation categories by the end of the decade.

3.6 The Digital sector is considered to be a major driver of the UK economy over the next 10 years and forecasts all predict the continuation of the demand for high level skills in the sector. Digital sector workers are also amongst the most highly qualified members of the UK workforce.

3.7 Edinburgh was highlighted as a digital industry hotspot in the 2015 Tech Nation Report, which provided a detailed analysis of Britain's digital technology clusters. The Report found that within Edinburgh and its surrounding area, the number of 'digital companies' has grown by a third during the past 3 years, and supports nearly 20,000 jobs.

3.8 The region has particular strengths in software development, financial technology and education technology. In recent years a number of local incubator businesses have emerged as sector-leading commercial enterprises including *SkyScanner*, *FanDuel*, *Craneware*, *Codebase* and *Cloudsoft*. Key computing science strengths in areas such as machine learning, natural language processing and cloud architecture in the Edinburgh universities have helped create a developer talent pool which has fed the growth of such companies, as well as the wider business community.

3.9 Employers, however, raise serious concerns about the future supply of skilled and talented people that will be needed to fill the ever growing number of roles created by these emerging technologies. Within the Edinburgh City region, talent production and talent migration have emerged as barriers to growth, despite Edinburgh University being the most highly regarded institution in the UK for undergraduate Computing Science courses.

3.10 Sourcing the required numbers of suitably skilled staff to capitalise on the opportunities that these technologies offer is a key challenge for employers in the sector, which if not addressed will seriously compromise future business growth potential for the City region. There is evidence suggests that digital skills gaps are affecting the ability of organisations to grow and develop as quickly as they might be able to, should they be able to source skills more easily.

4 Project Outcomes

4.1 It is expected that the Digital Centre for Excellence will deliver the following outputs:

- 800 students trained in relevant specialisms over 5 years and beyond
- 650 students progressing into employment or higher level employment over 5 years and beyond

4.2 The project will deliver additional outcomes - more students obtaining relevant skills enabling them to access higher skilled jobs or progress into higher education with a career pathway towards employment. It will respond to the current and future recruitment and skills needs of employers particularly those employers who experience recruitment challenges in the digital sector.

5 Funding Requirements

5.1 A bid for funding of £1.3m to establish a Centre of Excellence at Newbattle Community High School is included as part of Edinburgh and South East Scotland City Region (ESESCR) submission and this is included in the Skills and Innovation bid (City Deal Project G). Discussions on the content and timing for the City Deal bid are ongoing with the earliest possible award being secured shortly after the UK Government's March 2017 budget.

The Council remains optimistic that The ESESCR will secure a City Deal and that Centres of Excellence will for part of that. However given that the new Newbattle is scheduled for completion in March 2018 it is necessary now to secure initial resources to appoint the Centre of Excellence Co-ordinator, in advance of a City Deal, to allow the school to be able to be established as a Digital Centre of Excellence when the new building opens.

Overall funding of £1.3m will be required to establish a Digital Centre of Excellence at Newbattle for the initial 3-year period. Thereafter, the ongoing revenue costs will be subsumed within a business as usual model, potentially funded through a combination of school DSM, Government grant and sponsorship from commercial partners and higher education.

The projected costs include both initial capital set up costs and ongoing revenue elements which will be used to:

a) Provide dedicated equipment and resources;

b) Establish a Centre of Excellence Co-ordinator, additional academic staffing and technical support for a period of 3 years, together with resource and staff development.

<u>Anticipated Capital Expenditure</u>

Digital Film and Video Production	£ 80k	
Sound and Radio Production	£ 40k	
Coding and Gaming Laboratories	£ 40k	
Digital Engineering, CAD	£ 50k	
Business Applications; e-commerce	£ 20k	
Networking and Infrastructure	£ 80k	
Computing technology and multimedia	<u>£200k</u>	
Total Capital Expenditure		£510k

These assets are in addition to the mainstream digital asset requirements for the new school which are currently being evaluated. Proposals for both the mainstream assets and those set out above and will need to be brought forward for approval in the next General Service Capital plan report scheduled for June 2017 Council to allow procurement and installation by March 2018.

<u>Initial Revenue Expenditure</u> (3 years)

Centre co-ordinator	£170k	
2 x Technical Support officers	£180k	
2 Apprenticeships	£ 70k	
*Enhanced academic staffing	£280k	
*Other revenue support	<u>£100k</u>	
Total Revenue Expenditure		£800k

* Enhanced academic staffing accounts for 2-3 teachers.
* Other revenue support includes a flexible travel fund to enable student travel, resource development, staff training, enhanced curriculum, consumables.

5.2   At this point, and in advance of any City Deal funding award, funding of £170k is sought to allow the appointment of the Centre of Excellence Coordinator.

6   Project Timeline

May 2017	Appointment of Centre of Excellence Co-ordinator
June 2017	Consideration of Technical Infrastructure and remainder of staffing
Dec 2017	Appointment of academic and support staff
Feb 2018	Completion of building adaptations/technology
Mar 2018	Opening of Digital Centre of Excellence

7 Items to be Progressed

7.1 Appointment of Centre Co-ordinator

The Appointment of a Centre Co-ordinator is integral to the successful establishment of the Centre of Excellence at Newbattle. The post-holder is expected to be part of the school senior management team and the strategic leadership requirements would justify a salary at depute head teacher level (subject to job sizing). In order to have the Co-ordinator appointed and in place in well in advance of the centre opening, a job specification must be drawn up and the post advertised by March 2017.

7.2 Infrastructure

Work is underway to ensure that the Newbattle building infrastructure will meet the needs of the enhanced curriculum and the vision for learning and teaching.   A scoping exercise will be progressed to assess the building's capacity in terms of broadband delivery, wi-fi capability, cabling/electrical etc with any changes and enhancements agreed and implemented during the build.

In view of the timeline for this work, Midlothian's Education Officer for Learning Technology will be deployed 2 days per week until June 2017 to support the successful delivery of the Learning Technology required for the Newbattle Centre of Excellence reporting progress directly to the Newbattle Project Board This will require 0.4FTE staffing backfill, funded from existing budgets, in the Learning Technology team for the duration of this deployment.

7.3 Communication and Awareness-Raising

The Headteacher has outlined the proposal to Newbattle staff, who have responded positively. The Parent Council has also responded positively. Midlothian Council needs to embark on a wider programme of awareness-raising about the proposed Centre of Excellence – the rationale, the aims, timelines, expectations and projected outcomes.

7.4 Collaboration and Partnership

The success of the Centre for Excellence depends on there being strong and effective collaboration between the Council and key partners, including the University of Edinburgh and the major technology companies in the region, such as Skyscanner, Fanduel and Codebase. This is being progressed at a senior level within the Council with work ongoing with The University of Edinburgh aimed at developing a memorandum of understanding in this respect. Developing collaboration and partnership with the FE sector and business will also be a significant component of the work of the Centre Co-ordinator.

The current Headteacher of Newbattle, Colin Taylor, has communicated his decision to retire in June 2017. It is proposed that between August 2017 and Easter 2018, Mr Taylor continues to work one day per week on supporting the development of the Newbattle learning community in preparation for the opening of the Centre.

8 Report Implications

8.1 Resource

A bid for funding of £1.3m for a Centre of Excellence at Newbattle has been made as part of Edinburgh and South East Scotland City Region (ESESCR) City Deal submission and this is included in the Skills and Innovation bid (City Deal Project G). The outcome of the submission is likely to be known by Spring 2017. £12 million has been earmarked in the Capital Fund to provide for the Council's capital contribution toward City Deal projects.

At this point, in advance of Council formally approving its participation in a City Deal and securing City Deal funding Council is asked to approve the resources necessary to progress with the appointment of the Centre of Excellence Coordinator post. This will require the utilisation of an additional £56,000 of reserves in 2017/18.

A further report, seeking funding for the mainstream digital assets for the new school together with the additional items required for the Centre of Excellence will need to be presented to Council in June 2017. This report will also address the funding required for the remainder of the revenue costs required for the school to operate as a Digital Centre of Excellence, reflecting the impact of City Deal funding.

If City Deal funding is not secured the capital expenditure, estimated at £510,000 for the Centre of Excellence could alternatively be met from the resource set aside for City Deal projects in the Capital Fund. However further consideration would need to be given to how best to fund the remainder of the revenue costs for the initial three year period estimated at £744,000.

8.2 Risk

The approach set out in this paper negates the risk of having to delay the establishment of the Centre of Excellence until City Deal funding is secured with direct funding being allocated through Council budgets to allow appointment of the centre coordinator. Without the remainder of the required funding to meet the revenue and capital costs, there is a significant risk that the Centre cannot be established. The remainder of the funding requirements will be set out in the report planned for Council in June 2017 reflecting the position with the City Deal bid.

8.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

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

This work is a part of the Single Midlothian Plan's key priority of Reducing the Gap in Learning Outcomes.

8.4 Impact on Performance and Outcomes

The provision of high quality secondary schools suitable for the current and future delivery of education, supports work towards the Single Midlothian Plan's key priority of reducing the gap in learning outcomes and presents every child with the opportunity to attend the school which serves their community. Establishing Centres of Excellence in Midlothian will bring about improvement in pupil attainment and achievement, and hence positive destinations, it also contributes to reducing gaps in economic circumstances and health.

8.5 Adopting a Preventative Approach

Reducing the gap in learning outcomes is a preventative contribution to work towards reducing gaps in economic circumstances and health.

8.6 Involving Communities and Other Stakeholders

The pre consultation process has included some consultation with parents, staff and community representatives. Further consultation and awareness-raising is required with the community and other stakeholders.

8.7 Ensuring Equalities

Not applicable at this stage.

8.8 Supporting Sustainable Development

The proposals take into account the need to deliver fit for purpose, sustainable (for both now and the future) secondary schools through the design and use of appropriate and sustainable facilities and infrastructure.

8.9 IT Issues

The recommendations in this report address the IT requirements to ensure the technology will be in place to operate as a centre of excellence. The core digital asset requirements for the new school are currently being assessed and will be presented to Council in June 2017. Midlothian's Education Officer for Learning Technology will be deployed 2 days per week until June 2017, to support the successful delivery of the Learning Technology required for the Newbattle Centre of Excellence and reporting progress to the Newbattle Project Board.

9 Recommendations

It is recommended that Council:

a) Note the nature of the proposal and the rationale for the Centres of Excellence model.
b) Approve the establishment of a Digital Centre of Excellence at Newbattle.
c) Approve the appointment of a Centre co-ordinator and the allocation of £56,000 from reserves in 2017/18 to fund the post.
d) Note that a further report, seeking funding for the mainstream digital assets for the new school, together with the additional items required for the Centre of Excellence, will be presented to Council in June 2017. This report will also address the funding required for the remainder of the revenue costs required for

the school to operate as a Digital Centre of Excellence, reflecting the impact of City Deal funding.

e) Note the ongoing work of the Council in developing key partnerships with the University of Edinburgh and commercial partners from digital industries.

f) Note that the current Headteacher of Newbattle will retire in June 2017 but will continue to work one day per week on supporting the development of the Newbattle learning community in preparation for the opening of the Centre.

g) Note the proposal to extend the Centres of Excellence model to other Midlothian secondary schools.

Date: 23 January 2017

Report Contact:
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Educational use of the former Hopefield Primary School Site

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

1.   Purpose of Report

This report provides an update and recommendation for the use of the new primary school to be built on the former Hopefield Primary School site, as requested at the Council meeting on 20th December 2016.

2.   Background

In May 2016 Council agreed the paper "Educational use of the former Hopefield Primary School site" which set out the following recommendations:

- 7.1 Approves the construction of a 2 stream non-denominational primary school on the former Hopefield Primary School site, to be completed by August 2018, to serve the additional pupils coming forward from the Hopefield Farm development and the first phase of the emerging housing development in Bonnyrigg;
- 7.3 Instructs a further report to be brought back to Council to address the future school capacity requirements of the Bonnyrigg/Lasswade area;
- 7.4 Agrees in principle to build a new school to replace the existing St Mary's Primary School, and instructs a feasibility study to be undertaken and a further report to be brought back to Council outlining the outcome of this study.

The "School Estate Capacity and Pupil Intake Limits - School Session 2017/18" report to Council in December 2016 requested Council designate the non-denominational primary school to be built on the site of the former Hopefield Primary School to be part of Burnbrae Primary School, thereby enabling the school to plan its intake on the basis of growing into a four-stream school. Council agreed to delay this decision until further meetings and discussion were held on the provision of primary schools across Bonnyrigg and Lasswade.

A number of further alternative models for the delivery of primary school provision for the area have been considered and this report presents the recommendation forthcoming from these meetings.

3.   Use of the New School

The recommendation from these meetings is that Council revises its May 2016 decision to designate the two stream primary school to be constructed on the former Hopefield Primary School site as non-denominational such that one stream will be the replacement St Mary's Roman Catholic Primary School. It is also recommended that Council approves the use of the second stream of the school as additional capacity for Burnbrae Primary School until such time as it is no longer required to provide places for non denominational primary education. This will bring the capacity at Burnbrae up to three stream with accommodation for up to 630 pupils. The additional accommodation will be managed by the school to best meet the needs of the pupils and the community.

In Midlothian there are already joint campus primary schools in Mayfield and Loanhead, both with a denominational and a non-denominational school. The Loanhead St Margaret's campus is recently built and will be used to inform the design of the new school campus building.

A number of proposals were included in the informal consultation carried out in December 2015 and January 2016 and over half of respondents rated a joint campus proposal for St Mary's and a non-denominational primary school as good or okay. A slightly higher proportion rated using the site only for a new single stream St Mary's as good or ok.

Allocating one stream of the school as a replacement St Mary's fulfils Council's decision in May 2016 regarding recommendation 7.4 (above). Allocating the other stream as additional capacity for Burnbrae Primary School provides capacity to accommodate the additional children coming forward from the Hopefield Farm housing development and other developments in the area in the short term.

In the longer term additional primary school capacity will be built in the settlement which will accommodate a significant proportion of the children coming forward from the Hopefield Farm housing development.

It is recommended that the strategy for school capacity in the wider Bonnyrigg and Lasswade area be set out in the learning estate strategy which is to be submitted to Council in Summer 2017. The joint campus approach at the former Hopefield Primary School site aligns with the overall strategy which is being developed and provides flexibility and time to put in place the schools required across the settlement.

4. Report Implications

4.1 Resource

The capital and revenue costs of the new school at Hopefield were set out in the May paper to Council and allocated in the General Services Capital Plan. The construction contract for the school has not been tendered and the changes in the school's specification as a result of the joint campus will be incorporated into the tender.

4.2 Risk
This report addresses the risk of insufficient primary school provision in Bonnyrigg and the surrounding area and removes the risk of allocating the Hopefield site to non-denominational education and then being unable to secure a suitable site for a replacement of St Mary's Roman Catholic Primary School.

4.3 Single Midlothian Plan and Business Transformation
Themes addressed in this report:

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

4.4 Key Priorities within the Single Midlothian Plan

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

4.5 Impact on Performance and Outcomes

It is proposed to provide new and replacement primary school provision which is fit for 21st Century delivery of education and gives children and families and the local community access to modern educational facilities.

4.6 Adopting a Preventative Approach

The proposals adopt a preventative approach through taking advantage of the opportunity to provide new educational facilities at reduced cost to the Council and to create long term sustainable primary school provision for the Bonnyrigg and Lasswade area. The recommendation regarding the use of the new school building aligns with the overall strategy for primary school provision for the area.

4.7 Involving Communities and Other Stakeholders

An informal consultation on a range of possible options for primary school provision in Bonnyrigg, Lasswade and Rosewell was undertaken with parents, communities and stakeholders in December 2015 and January 2016 and a table summarising the feedback was included in the May report to Council.

Where required, formal consultation will be undertaken on the proposals adopted by Council.

4.8 Ensuring Equalities

This paper proposes to Council the provision of additional primary school capacity in the Bonnyrigg and Lasswade area and replacement of the St Mary's Primary School building. An Equality Impact Assessment has been carried out and is available in the Members' Library.

4.9 Supporting Sustainable Development

This proposal supports sustainable development of the primary school estate which serves Bonnyrigg and the surrounding area.

4.10 IT Issues

There are no IT issues arising at this stage. The IT requirements of the new schools and extensions/refurbishments of existing schools resulting from this paper will be developed as part of the projects' specification.

5. Recommendations

It is recommended that Council:

5.1 Revise the May 2016 decision and approve the construction of a joint campus on the former Hopefield Primary School site with one stream as non-denominational and one stream as the replacement St Mary's Roman Catholic Primary School;

5.2 Authorise officers to commence formal consultation on the relocation of St Mary's Roman Catholic Primary School;

5.3 Approve the use of the non-denominational stream of the school as additional capacity for Burnbrae Primary School until such time as it is no longer required.

26 January 2017

Report Contact:
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Background Papers:

Members' Library:
Options appraisal for the Bonnyrigg, Lasswade and Rosewell primary school provision
Equality Impact Assessment

Catchment Review Programme report presented at the 15th December 2015 Council
Educational use of the former Hopefield Primary School site report presented at the 17th May 2016 Council
School Estate Capacity and Pupil Intake Limits – School Session 2017-18 report presented at the 20th December 2016 Council

5

Community Empowerment Act Implementation

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

1 Purpose of Report

The purpose of this report is to update Council on the progress and implementation of the Community Empowerment Act 2015.

2 Background

2.1 Asset Transfer

Under the Act, an asset transfer request is a request made by a community transfer body to a relevant authority (these terms are explained in chapters 4 and 5). *The community transfer body can ask to buy, lease, manage or use any land or buildings which belong to or are leased to the relevant authority. They have to set out what they plan to do with the property, and how much they are prepared to pay.*

The relevant authority has to decide whether to agree to the request or not, taking into account whether the community transfer body's proposals (including the price) provide more benefit than the current use, or any other proposals that have been made. Equalities and the relevant authority's functions and obligations are also considered. *The request must be agreed to unless there are reasonable grounds for refusal.* Then the community transfer body makes an offer, and a final contract is negotiated.

If the request is refused, or no answer is given, or the community transfer body does not agree with conditions set by the relevant authority, *the community transfer body can ask for the decision to be reviewed or can appeal to the Scottish Ministers*. They can also appeal if the request is agreed and an offer made but no contract is completed within 6 months of the date of the offer.

The formal guidance makes clear the Government's policy intent:-

"Ownership or control of land and buildings is a powerful tool for communities to drive change and achieve their own goals. In the first place it provides a base for activities and services that might not otherwise be accessible to members of a particular community, and can provide jobs, training and bring income to the local area. More widely, it can provide stability and sustainability for the community organisation, allowing them to develop new initiatives and support other developing groups, and it can create a stronger sense of community identity, cohesion and involvement".

The Council adopted a Community Asset Transfer policy in July 2015, in advance of the passage of the Act and subsequent statutory guidance. Formal procedures were established alongside the policy which is currently being revised to ensure alignment with the statutory guidance and to clarify the roles of different sections of the Council.

As required by the Act, a Council asset register has been produced. The policy has been presented by the Property Manager to partner organisations. The first formal request for community asset transfer is being prepared by the Ladywood Centre management committee with support from the Communities Team; with property, finance and legal services staff considering the business case. This will be the first such application since the pilot request by the Bonnyrigg Hub in 2015 for the transfer of the former Bonnyrigg Leisure Centre, considered under draft procedures which were rejected by the Council in favour of an alternative charitable group being given an operating agreement (rather than an asset transfer), seconded staffing and subsequent capital investment support.

An officer Community Management Assessment Group will be established as a priority to ensure a consistent and transparent approach to asset transfer.

2.2   Revised Governance Arrangements
Part 2 of the Community Empowerment (Scotland) Act 2015 came into force on 20 December 2016. It places new expectations on public authorities to work together with local communities to make a positive difference on the issues that matter most in local areas.

The Act requires CPPs to:

• Prepare and publish a Local Outcomes Improvement Plan (LOIP) which sets out the local outcomes which the CPP will prioritise for improvement.
• Identify smaller areas within the local authority area which experience the poorest outcomes, and prepare and publish locality plans to improve outcomes on agreed priorities for these communities (the outcomes prioritised for improvement in a locality plan may differ from those in the local outcomes improvement plan).
• Review and report publicly on progress towards their LOIP and locality plans, and keep the continued suitability of these plans under review.

The CPP Board has confirmed with Scottish Government representatives that the process through which the Single Midlothian Plan is produced is compliant with these expectations and as such constitutes a LOIP.

The CPP Board has also confirmed with Scottish Government representatives that the existing neighbourhood planning processes for the area which experience the poorest outcomes, (Dalkeith, Mayfield and Gorebridge) enable the CPP provide a mechanism to fulfil the requirement to LOIP based on agreed priorities for these communities.

An 'area targeting' group has been established reporting to the Board, which is working with these communities. A revised neighbourhood plan is in place and published in Gorebridge and a new plan has now been adopted and published in Dalkeith, with work currently underway to revise the Mayfield plan.

Part 2 of the Act also expands the number of public sector bodies that are subject to community planning duties. Statutory partners under the 2003 Act are the local authority; the Health Board; Scottish Enterprise / Highlands and Islands Enterprise; Police Scotland; the Scottish Fire and Rescue Service, and the Regional Transport Partnership. Schedule 1 to the 2015 Act expands this list to include:

- Historic Environment Scotland
- The Health and Social Care Integration Joint Board for the area
- National Park Authority
- The Board of Management of a Regional College
- Regional Strategic Body under the Further and Higher Education (Scotland) Act 2005
- Scottish Environment Protection Agency
- Scottish Natural Heritage
- Sport Scotland
- Skills Development Scotland
- Visit Scotland

The five statutory partners are now also required to co-facilitate community planning rather than this duty falling on the Council alone. Following agreement at the December CPP board, a governance review has been initiated to effect this change. This is anticipated to report both to the CPP board and to Council after the election.

Other partners listed above are either not relevant to Midlothian (national park authority) or are already partners at a specific level. For example, Sport Scotland whilst not on the CPP Board, are partners in the delivery of the Physical Activity Health and Sport strategy; Visit Scotland are partners in the sustainable growth thematic partnership's tourism strategy sub group. The review will invite each partner listed to consider whether their level of engagement is suitable.

2.3 Participation Requests (Part 3 of the Act)

A community participation body is defined in section 20. It can be a community body (with or without a written constitution), a community council, or a body designated by the Scottish Ministers. A community controlled body does not have to be incorporated. It can have a written constitution that includes:

- A definition of the community to which the community body relates.
- A provision that the majority of members of the body are members of that community.
- A provision that the body is open and controlled by members of that community.
- The aims and purposes of the body, including the promotion of a benefit for that community.
- A provision that the funds and assets of the body are to be used for the benefit of that community.

A community body could also be a more loosely associated group without a written constitution but which has similar features to a community controlled body described above.

These are the public authorities who can receive a participation request from a community participation body.

- A Local Authority
- A Health Board
- The Board of Management of a College of Further Education
- Highlands and Islands Enterprise

- A National Park Authority
- Police Scotland
- Scottish Enterprise
- The Scottish Environment Protection Agency
- The Scottish Fire and Rescue Service
- Scottish Natural Heritage
- A Regional Transport Partnership
- Or any other body added by Scottish ministers order

A Community Participation Body must:

- Specify an outcome that results from (or is contributed to by virtue of) the provision of a service provided to the public by or on behalf of the authority.
- Set out the reasons why the community participation body considers it should participate in the outcome improvement process.
- Provide details of any knowledge, expertise or experience the community participation body has in relation to the specified outcome.
- Provide an explanation of the improvement in the specified outcome which the community participation body anticipates may arise as a result of its participation.

The Act sets out that the community participation body must specify an outcome that results from the provision of a service provided to the public by the public body. The Act does not define what an outcome is.

Typically outcomes are the changes, benefits, learning or other effects that result from what the organisation makes, offers or provides. This is often compared to outputs which are the products, services or facilities that result from an organisation's activities.

Draft statutory guidance has been consulted on and it is anticipated regulations covering this part of the Act will be issued by Scottish Government early in 2017, coming into force after parliamentary approval. Midlothian Council is unable to produce the required procedure as the statutory guidance for this part of the Act has not yet been issued.

2.4 **Land Reform**
When deciding whether land is eligible to be bought by a community body, either because it is abandoned or neglected or because the use or management of it is causing harm to the environmental wellbeing of the local community, Ministers are required to have regard to prescribed matters:

- The physical condition of the land or any building or other structure on the land, and the length of time for which it has been in such a condition.
- Whether, and to what extent, the physical condition of the land or any building or other structure on the land is detrimental to the amenity of land which is adjacent to it.

- Whether, and to what extent, the physical condition of the land is a risk to public safety.
- Whether the physical condition of the land or any building or other structure on the land is causing or is likely to cause environmental harm.
- Whether the physical condition of the land complies with the standards for good agricultural and environmental condition.
- The purpose for which the land or any building or other structure is being used or has been used, and the length of time for which it has been so used.
- If it appears to the Scottish Ministers that the land or any building or other structure on the land is not being used for any particular purpose, the length of time for which it has not been so used.
- Whether, and to what extent, the land or any building or other structure on the land is being used for public recreation.
- Whether, and to what extent, the land is being held for the purposes of permanent preservation for the benefit of historic or national interest and for the preservation of its natural aspect and features and animal and plant life.
- Whether, and to what extent, any building or other structure on the land is being held for the purposes of the permanent preservation for the benefit of historic or national interest and for the preservation of its architectural or historical features so far as of national or historic interest.
- Whether the land, or any part of the land, is or forms part of a nature reserve or conservation area.
- Whether the land, or any part of the land, is designated a special site.
- Whether any building or structure on the land is a listed building.
- Whether any building or structure on the land is a scheduled monument.

Section 97C(5)(a) of the 2003 Act provides that land which is eligible for purchase by a community body does not include land on which there is a building or other structure which is an individual's home *other than a building or other structure which is occupied by an individual under the terms of a tenancy*. Similarly, land which is to be treated as a person's home will not be 'eligible land' which can be bought by community bodies, *unless that home is occupied by an individual under the terms of a tenancy.*

The Guidance considers that land pertaining to a person's home may include a number of elements. Each of these elements may have a number of roles for the home. It proposes that land within the curtilage of a home should be land 'pertaining to a home', with a series of detailed definitions.

Section 97C (5)(f) provides that Ministers may set out in regulations, descriptions or classes of other land which is not eligible land for the purposes of Part 3A of the 2003 Act. Comments are invited on what these should be.

Section 97C (6)(b) of the 2003 Act allows Ministers to set out in regulations the descriptions or classes of occupancy or possession which are, or are to be treated as, a tenancy for the purposes of Part 3A of the Land Reform (Scotland) Act 2003.

Section 97J(7) of the 2003 Act allows Ministers to, by regulations make provision for, or in connection with, enabling a Part 3A community body, in such circumstances as may be specified in the regulations, to apply to them to seek reimbursement of the expense of conducting a ballot under this section.

Section 97T of the 2003 Act allows any person, in the circumstances listed in section 97T(1) of the 2003 Act, including the current or former landowner, to recover loss or expense from either the community body (if the application was consented to) or Scottish Ministers (if the application was refused).

3 Report Implications

3.1 Resource
The Act makes clear that there is now a legal duty that the 5 core partners, Council, NHS, Police, Fire and Scottish Enterprise share resources to deliver the outcomes agreed in the local outcomes improvement plan (which in Midlothian is the Single Midlothian Plan).

3.2 Risk
Failure to implement the terms of the Act would be a breach of the law .

3.3 Single Midlothian Plan and Business Transformation
Themes addressed in this report:
All these are affected by the Guidance and Regulations.
☐ 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

3.4 Key Priorities within the Single Midlothian Plan
The Act is now the basis of community planning duties, expectations, structures and resource sharing.

3.5 Impact on Performance and Outcomes
As the CPP (and Council) have an agreed set of outcomes for the period up to 2019, and there is an agreed annual updating and revising process involving community groups, it is not anticipated that there will be significant change in the Midlothian level. What will change is the legal duty to report publicly and jointly with CPP partners on performance towards these outcomes and the rights of community groups to initiate requests to participate in outcome improvement plans.

3.6 Adopting a Preventative Approach
The Single Midlothian Plan already commits partners to working in this way.

3.7 Involving Communities and Other Stakeholders
The new Act and this guidance, makes a major shift in rights of community groups to request participation in public service decision making processes. New systems and procedures are required to address this duty.

3.8 Ensuring Equalities
The guidance makes clear that there must be a demonstrable effort to support involvement in decision making of excluded groups in the community. This includes requiring community facing staff to be provided to assist and enable such participation. No Integrated Impact assessment is required for this report which summarises progress rather than introducing a new strategy or policy or resource allocation.

3.9 Supporting Sustainable Development
The guidance makes clear a continuing expectation that use of public land and assets is sustainable, including requiring a food strategy, provision of land for allotments, re-use of derelict land or surplus buildings by the community for social benefit.

3.10   IT Issues

   There are no specific IT issues.

4   Recommendations

   Council is requested to:

- Note progress on implementation of the Community Empowerment Act.

- Note the proposal to report back on Governance arrangements following the Local Elections as set out in Section 2.2.
- Seek a further report on procedures for managing participation requests once the statutory guidance is issues, as outlined in Section 2.3.

Date 10 January 2017

Report Contact:
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Background Papers: None

MIDLOTHIAN COUNCIL

'TO FOLLOW' report insert

Consultation Response UK Green Paper – Work, Health and Disability – report by Director, Education, Communities and Economy

MAPPA Annual Report 2015 - 2016

Report by Eibhlin McHugh, Joint Director Health and Social Care

1   Purpose of Report

This is a cover report for the MAPPA Annual Report for 2015 - 2016, the final report of the national MAPPA Joint Thematic Review which was published in November 2015 and the Lothian and Borders response to the areas for development identified in the Joint Thematic Review report.

2   Background

MAPPA was established in Scotland in 2007 to co-ordinate the response of a range of agencies in the management of registered sex offenders and restricted patients. In March 2016 MAPPA was extended to include violent offenders assessed as posing a risk of serious harm. The Joint Thematic Review took place in 2015 and therefore did not include the MAPPA extension. The Thematic Review was carried out jointly by the Care Inspectorate and HMICS.

The Joint Thematic Review found that MAPPA is well established across Scotland and that robust arrangements are in place to manage registered sex offenders with good information sharing and partnership working.

The report identified 17 areas for development. The Lothian and Borders Strategic Officers Group have prepared a response to all 17 suggestions. The response has been circulated to Members, along with the Joint Thematic Review report and the 2015-16 MAPPA Annual Report.

Members of the Lothian and Borders SOG were given verbal feedback by the inspectors about findings in the SOG area. The only criticism was the late review of one risk assessment in an audited file. This was not in Midlothian. Generally the inspectors were happy with how MAPPA arrangements are working in the SOG area and were impressed by the strength of partnership working.

The MAPPA Annual Report for 2015-16 showed no significant changes from the previous year. 915 registered sex offenders were managed in Lothian and Borders over this period with 91.25% being managed at MAPPA level 1, 30% at level 2 and 0.43% at Level 3.

Reoffending rates were very low. 10 Level 1 offenders were convicted of a Group 1 (violence) or Group 2 (indecency) offence in 2015-16, 1 Level 2 offender and no Level 3 offenders. No Midlothian sexual offender was convicted of a further Group 1 or Group 2 offence in 2015-16.

3   Report Implications

3.1   Resource
There are no resource implications in this report.

3.2   Risk
The MAPPA process makes a significant contribution to the management of risk and the protection of the public in Midlothian.

3.3   Single Midlothian Plan and Business Transformation
Themes addressed in this report:
☐ Community safety
☐ Adult health, care and housing
☐ Getting it right for every Midlothian child

3.4   Impact on Performance and Outcomes
The East and Midlothian Offender Management Group is working to a plan that identifies improvement actions for the management of high risk offenders in East and Midlothian. In turn this group reports to the Public Protection Committee and the Critical Services Oversight Group.

However while this is a challenging area of work there is no evidence of any concerning performance in Midlothian. Criminal Justice social workers are highly skilled and extensively trained in risk assessment and management of sexual offenders and in delivering accredited interventions to support behaviour change. We continue to analyse and learn from Serious Case Reviews from around the country when they are published.

3.5   Adopting a Preventative Approach
Not applicable.

3.6   Involving Communities and Other Stakeholders
The MAPPA Joint Thematic Review report and the MAPPA Annual Report are both accessible to the general public. A range of community engagement activities have taken place in Midlothian over the past few years about the MAPPA process. The most recent was a presentation to the Federation of Community Councils in September 2016.

3.7   Ensuring Equalities

Not applicable.

3.8   Supporting Sustainable Development

Not applicable.

3.9   IT Issues

None

4   Recommendations

4.1   The only recommendation is that the content of this report and the background papers listed below is noted.

Date: 6 January 2017

Report Contact: Margaret Brewer   Tel No: 271 3833
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Background Papers:

MAPPA Annual Report 2015-16
Joint Thematic Review of MAPPA in Scotland 2015
Edinburgh Lothian and Scottish Borders Review of Areas of Development MAPPA

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East Lothian and Midlothian Public Protection Committee Biennial Report 2014/16

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

1   Purpose of Report

The convener of East Lothian and Midlothian Public Protection committee are required to submit a Biennial Report to Scottish Government on the exercise of the Committee's functions under Section 42 of the Adult Support and Protection (Scotland) Act 2007. This report reflects the work undertaken of East Lothian and Midlothian Public Protection Committee 2014/16 thereby informing council of its progress in that time.

2   Background

2.1   The East Lothian and Midlothian Public Protection Committee (EMPPC) is the key strategic group dealing with public protection matters across East Lothian and Midlothian adult support and protection falls within the remit of EMPPC. This includes representatives from key partners (e.g. Social Work, Police Scotland, NHS Lothian, Education, Housing, 3rd Sector etc). The committee reports to senior officers through the East Lothian and Midlothian Critical Services Oversight Group. It remains committed to an outcome focused approach to supporting and protecting adults and children who may be at risk of harm, based on an understanding of need gained from evaluation activity.

2.2   There are two sub-groups which support EMPPC with this approach, one of which focuses on Performance and Quality Improvement across all areas.

2.3   The Learning and Practice Development sub-group, oversees the development and delivery of the EMPPC Learning and Development Strategy. During 2015/16 we carried out a service review of the training and development function within the team and have introduced a new role of Public Protection Learning and Development Co-ordinator to lead the implementation of the Learning and Development strategy. Page 20-21 of the report details the training activity over the year 2015/16.

2.4   The East Lothian and Midlothian Public Protection Team support the work of the EMPPC and is based in the East Lothian and Midlothian Public Protection Office (EMPPO) in the Brunton Hall, Musselburgh. It includes officers from adult support and protection, child protection and the domestic abuse service and is co-located with the local Police Scotland Public Protection Unit and Midlothian and East Lothian Drug and Alcohol Partnership. The primary aim of the team is to work in a

more integrated way to strengthen practice across the whole public protection arena.

3 Report Implications

3.1 Resource
The key driver for the service continues to be ensuring sustainable services and streamlining future provision by sharing staff capacity and knowledge wherever possible. All posts in the team are joint posts across both council areas.

3.2 Risk
The Public Protection service contributes to addressing corporate risk that the councils and their partners would be unable to maintain or improve the quality and standard of public protection work due to increased complexities and depleting resources thus leaving service users in Midlothian at risk of harm.

3.3 Single Midlothian Plan and Business Transformation
Themes addressed in this report:

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

3.4 Impact on Performance and Outcomes
The EMPPC developed a Performance Framework which was implemented from 1st April 2015, providing its reporting framework for self-evaluation, audit and scrutiny. This framework was reviewed in January 2016, and an amended version implemented for 2016/17. During this time, Lead Officers worked closely with operational teams to ensure the performance framework and improvement plans are embedded within practice.

3.5 Adopting a Preventative Approach
It is increasingly clear that the reality for most of our service users is that their needs usually span more than one category of Public Protection i.e. many children on the child protection register have substance misusing parents or domestic abuse as a "cause for concern". This evidence-led model links to the prevention aspect of single outcome agreements.

3.6 Involving Communities and Other Stakeholders
East and Midlothian Public Protection Committee remains committed to involving communities and other stakeholders wherever possible, although this can prove a challenge in this area of work.

3.7 Ensuring Equalities
An Equalities Impact Assessment is not currently required as no policy or people changes have been identified. This will be undertaken in line with streamlining operational practice.

3.8 **Supporting Sustainable Development**
Multi-agency staff are based in a co-located hub and opportunities are sought to streamline services with less meetings and consequently less travel between bases.

3.9 **IT Issues**
This report does not highlight any IT issues.

4 **Summary**

4.1 This is the second annual report of the East Lothian and Midlothian Public Protection Committee (EMPPC) and it provides an opportunity to reflect and take stock of our activities and our achievements within this complex area of service.

4.2 People do not neatly fit into one category and issues like domestic abuse and substance misuse are common themes with many of the service users with whom we work. Bringing together the individual partnerships into one Public Protection Committee across two local authorities has streamlined processes considerably and now demonstrates a significant level of trust and integrity for example, senior officers chairing case reviews for the other local authority.

5 **Recommendations**
Council is asked to:

- Note the report and the progress made by the East and Midlothian Public Protection Committee during 2014/16.

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Background Papers:
East Lothian and Midlothian Public Protection Committee Biennial Report 2014/16