

Place Performance Report Q2 2022-23

Challenges

Inflation as well as rising energy costs are affecting the construction industry in Scotland and the UK is currently experiencing unprecedented adverse market conditions, leading to significant rises in tender prices for a wide range of materials. There is evidence that inflation of between 10% and 15% beyond BCIS predictions is affecting projects. Whilst measures such as value engineering are partially mitigating cost increase there is a risk that the capital budgets will need to be increased with a resultant impact on the funding strategy. The situation continues to be monitored however it is necessary to revisit existing capital plans and also review the 2022/23 service budgets and implement savings measures in the year.

The current year's budget, 2022/23, approved on 15 February 2022, was reliant on £12 million of one off funding measures. As reported at Council in October 2022, on the assumption that funding flexibilities will offset any unfunded costs associated with current pay offers and that there no further unfunded costs, the figure is now projected to be £10.600 million. That is the extent to which the recurring expenditure in the current year's budget is financed by non-recurring funding sources.

As a consequence of the inflationary increase in costs and the cash flat grant settlements, the projected budget gap for 2023/24 now stands at £11.084 million rising to a projected £23.154 million by 2027/28, albeit later years are based on the existing service responsibilities with no adjustment for the consequences of the National Care Service (Scotland) Bill. These budget gaps represent the extent to which recurring service expenditure is projected to exceed recurring income for future years.

The Scottish Government's Resource Spending Review (RSR), published on 31 May 2022, presented very challenging financial planning parameters for Local Government. It indicated cash flat grant settlements through to 2025/26 with a £100m increase for 2026/27. Commentators on the RSR have recognised the impact on Local Government, with both SPICe and the Fraser of Allander Institute stating that the proposals essentially represent a 7% real terms decrease in funding between 22/23 and 26/27. This is in contrast to the 4.7% real terms increase that the Scottish Government will see overall (2% if social security transfers are excluded), and the real terms increases that Health, Social Justice and Housing services will see. The real term decrease planned for Local Government comes on top of significant real term reductions since 2013/14, which has driven ongoing reform, rationalisation, innovation and transformation work across Local Government.

The Scottish Government's National Care Services (Scotland) Bill, if enacted, would have fundamental implications for the community and for Local Government itself. The wide reaching changes in the bill aim to deliver a National Care Service by the end of the parliamentary term, which will impact on all aspects of the work of the Corporate Solutions team, including financial implications, in both revenue and capital, our asset base, our workforce, governance and legal arrangements and our digital infrastructure and platforms. It will require an immediate focus for the foreseeable future and this will inevitably have implications for other priority work at a time of continued resource constraint.

Place is where people, location and resources combine to create a sense of identity and purpose. The Place service ambition is to deliver joined-up, collaborative, and participative approaches to services, land and buildings, across all sectors within a place, enabling better outcomes for everyone and increased opportunities for people and communities to shape their own lives.

We have endorsed the place principle because we are committed to strengthening the co-ordination and integration of all place based activity. The principle is a way of bringing together ideas about services, investments, resources and assets to achieve a shared vision. We are creating a shared understanding of what a place is for and what it wants to become with partners and communities collaboratively agreeing the joint actions required to make that happen and delivering these. This approach provides our key stakeholders with a way to exercise local or regional accountability over decisions taken about the way resources, services and assets are directed and delivered.

In implementing the place principle we:

- consider the benefits of planning, investment and implementation activity at the regional level of place - where that focus could drive faster rates of sustainable and inclusive economic growth
- ensure that place based work at the local level being led by Midlothian Council and its agencies/partnerships is taken forward in a way that is integrated and complementary of all the work being taken forward in associated policy areas and plans
- exemplify the behaviours reflecting the core of the principle, working and planning together with our partners and local communities to improve the lives of people, support inclusive growth and create more successful places.

Over recent years, innovative ways of working have been introduced and services adapted at pace to respond to the needs of our citizens, in particular those experiencing the greatest levels of poverty and inequality. This has resulted in a complete transformation of how the Council works. Our services are continuing to build on this learning moving forward, harnessing the energy, flexibility and creativity demonstrated by our workforce, to embed a culture of continuous improvement and innovation across Place.

Hub and Spoke, one of Midlothian's key drivers for change, will see a locality approach to service delivery adopted, developed in conjunction with community planning partners. The opportunity to review and redesign services will result in a more efficient and effective operation of sites within local communities. This will improve service delivery, and ensure better outcomes for local communities. The continued rollout of enhanced ICT capabilities will strengthen cross service working, produce resource efficiencies and support the localisation of services.

Quarter 2 (July – September 2022) was a challenging quarter for Place as it continues to support post-pandemic recovery, operate a business as usual approach to service delivery and progress a range of transformation projects.

Environmental

Midlothian Council was one of the first local authorities to sign Scotland's Climate Change Declaration, publicly acknowledging the challenges and opportunities that climate change brings with a commitment to make the Council's activities net zero carbon by 2030. Work continues to implement the Council's Climate Change Strategy and focus continues within Place services to achieve future emissions targets. The ambitious strategy sets out how we will reduce our greenhouse gas emissions, encourage and work with others in our community to mitigate and adapt to changing climate. The strategy incorporates an action plan with a number of initiatives and ongoing programmes which together are helping to reduce our emissions and carbon footprint. The annual progress report on Climate Change was presented to Cabinet at its meeting of 18 October 2022.

Economic Development continues to promote the Midlothian Carbon Pledge, culminating in a virtual business event during Carbon Week. There are now 36 businesses committed to the Carbon Pledge, which is now a prerequisite for any businesses looking to secure grant support from the LACER Green fund.

Work continues with Midlothian Energy to develop business case options for addressing building fabric and energy decarbonisation of the existing estate. Good progress has been made with City of Edinburgh Council to secure the site for the new Midlothian Energy Centre at Millerhill, as a key step in the delivery of District Heating at Shawfair.

The annual Capital Works Programme for carriageway resurfacing continues to make good progress this quarter with 9.43km of carriageway resurfaced over Q1 and Q2 (1.38% of the total road network). Our initial annual target of resurfacing 1% of the total road network has been achieved and a new revised target of 2.2% has been set for the remainder of the year. In addition 1.88km of footways were resurfaced to the end of this quarter (0.27%), bringing this indicator back on target.

Work is progressing to offer a reuse cabin at Stobhill Recycling Centre for the collection of household bric-a-brac for "play through learning". The reuse cabin is expected to reopen in Q3.

A further 319 customers have signed up to the chargeable garden waste collection service this quarter. The service has a total of 18,563 customers and 19,639 bins. Domestic residual waste collection tonnages remain high, which is a continued trend from the COVID-19 pandemic effects. Recycling rates are estimated to have increased over Q1 and Q2 quarter.

With support from our volunteers at both locations, Vogrie Country Park and Loanhead Memorial park received green flag awards this quarter. Land Services continue to progress projects across Midlothian including a new play area in Waterfall Park, community garden in Penicuik, Burnbrae Primary School play area, Danderhall Pavilion play area and new equipment installations as part of Scottish Government's capital spend on play improvements. New path works at Straiton pond were completed this quarter.

Overall grounds maintenance standards have been good this year. The dry weather in Q2 reduced grass cutting requirements. Working towards Midlothian's aim to be Carbon Neutral by 2030, Land Services have purchased additional battery powered small plant and machinery and a large charging unit which records and reports on carbon savings made. In

Q2 the operation of Pellenc battery operated equipment resulted in a 334.8kg reduction in Co2 emissions and also provided an equivalent saving of £223.00 in fuel costs.

73% of public health requests were responded to this year, which is similar to that responded to in Q1 21/22. In the previous year the service was impacted by the diversion of Environmental Health resources to proactively deal with the COVID pandemic. This figure reflects those cases where response has been recorded in the Data Management System. EH service is further impacted by a number of staff vacancies.

As part of the Environmental Crime Strategy a procedure to deal with abandoned vehicles has been developed and implemented. Within Q2, 54 requests for service have been received.

Economic and Regeneration

Midlothian Council's Economic Renewal Strategy sets out our ambitious approach to managing the transition from lockdown and planning for the longer term challenges the local economy will face. The strategy aims to mitigate the adverse economic impact on the local economy from COVID-19. Key aims are to protect jobs and aid business recovery using a place based partnership approach that maximises the opportunities developing from the pandemic. Taking this partnership approach, the strategy will foster entrepreneurship, upskilling and training, addressing gaps in the market and changing the way business is done to better align this to customer behaviour. Alongside support for agriculture, tourism and the leisure and hospitality sectors, the council will also promote local jobs and self-employment opportunities, particularly for young people, to give them the necessary skills and support they need to benefit from economic recovery. A report on EU-Exit impacts and the economy was presented to Council in October which will inform the refresh of the Economic Strategy to be presented for approval to Council in early 2023.

The Business Gateway service continues to be digitally delivered. The number of new business start-ups has dropped for the quarter. Concerns around EU Exit and post COVID trading conditions is a probable cause. The cost of living is having an effect on businesses and will continue to do so. There is an atmosphere of uncertainty, which results in less investment in people or capital and a resulting decrease in growth. The increase in costs of doing business, especially fuel, raw materials, import duties and availability has had a big effect on trading and will continue to affect growth. However, there is a strong pipeline of "pre-start" businesses engaging with the Business Gateway service with a resulting spike in starts for the next quarter expected.

Advisers have attended local networking events with partners to increase service reach. The use of the Gateway CRM has improved the quality of reporting and data available to Midlothian Council on business trends. The Social Enterprise development events have continued to stimulate interest in social enterprise as a business structure. This quarter, Business Gateway has supported 14 clients that were unaware of the model but did have social or environmental aims, and this includes 2 enterprises that are "spin offs" from Local Authority teams. One of the local social enterprises was visited by Louise Macdonald, National Director for Economy, for the Scottish Government.

Plans are in place for the virtual delivery of community enterprise sessions across Midlothian in 2022/23 contributing to Community Wealth Building objectives. The Locate in Midlothian website continues to be a valuable tool for employability opportunities and

employment support with 4,075 website visits this quarter. Each social media channel is targeting different audiences and each is performing well in terms of audience growth and interaction with 1,828 'Business Gateway Midlothian' followers and 1,695 'Locate in Midlothian' followers across Facebook, Twitter and LinkedIn.

This quarter saw the introduction of a procurement mentor service to the client journey providing 1-2-1 support in public sector tendering, with the aim to increase the volume and quality of local bids. Clients are being referred via the Business Gateway Advisers and already feedback is showing interest in this service. Business Gateway will continue to promote to clients and work to develop the mentoring offering, as well as work closely with the procurement team to implement the local procurement strategy.

We have continued to maximise opportunities to support recovery of the tourism sector by supporting the development of the tourism forum's digital presence and representation on the steering group. A £10,000 grant to the Midlothian Tourism Forum will allow the forum to design and build a website to increase membership and interest. The new Economic Strategy planned for 2023 approval will include Tourism, Culture and Heritage.

At its meeting in August 2022 the Planning Committee considered a report that highlighted that the Council has secured £9.5m and also received £12.1m in developer contributions towards infrastructure and local facilities for the period 2021/22. Planning permission has been granted for the erection of 100 dwelling houses and associated works on the 'Doctor's Field', Rosewell and planning permission has been granted for 430 dwelling houses at land at Cauldcoats, Danderhall.

Whilst work is progressing to develop proposals for the Hopefield Economic Development site in conjunction with the Development, the estates team have been successful in acquiring a mixed Industrial and office development adjacent to the Council's existing Hardengreen Industrial Estate. This represents a further expansion and diversification in the style and size of units the Council will be able to make available to support growing Midlothian enterprises.

Housing and homelessness

Midlothian Council's updated Rapid Rehousing Transition Plan (RRTP) was submitted to the Scottish Government at the end of June 2022 which sets out key actions for delivery in 22/23 and addresses the next phase in transforming the services provided to meet housing need. These activities are crucial to reduce the time spent in temporary accommodation, improving the quality of temporary accommodation provided, continue to deliver Housing First and improve the health and wellbeing of those most vulnerable households. The plan also explains how Midlothian Council will address the next phase of its approach to transforming the services provided to those in housing need by developing other initiatives during 2022/23 and into 2023/24, with an emphasis on the prevention of homelessness, tenancy sustainability and early intervention.

There continues to be a significant demand placed on homeless and temporary accommodation services. A potential key challenge will be an increase in homelessness as the financial measures put in place to protect households during the Covid pandemic are now withdrawn, alongside the recent increase in energy, food and fuel costs, requiring a comprehensive preventative approach as set out in the Council's Rapid Rehousing Transition Plan.

During Q2 the number of households assessed as homeless or potentially homeless was 118, which is a 13.5% increase from Q2 20/21. The number of cases provided with Advice & Assistance in Q2 was 211. 69 clients were prevented from homeless by accessing advice and assistance. We continue to promote this service to ensure early successful intervention when possible. There were 4,596 active housing applicants placed on the Common Housing Register at the end of this reporting period. Re-let time for permanent properties has decreased to 36 days this quarter compared to 45 days for Q1. Temporary re-lets has decreased to 25 days from 34 days in Q1.

This quarter, Cabinet agreed to develop a new Youth Homeless and Prevention Support Project as part of the Councils RRTP. The aim of this service is to prevent youth homelessness by supporting young people to remain in their current accommodation, or secure alternative accommodation as part of a planned move. Where this is not possible, young people would be supported through their homeless journey and into permanent accommodation. Support would also be available to Midlothian Council tenants at risk of eviction due to rent arrears or other breaches of their tenancy agreement to prevent recurring homelessness. This project is currently going through the tendering process and we anticipate it will commence during Spring 2023.

During Q2 we have worked closely with Social Work, Melville Housing Association and the Ministry of Defence to support refugees through the respective Governments Resettlement Schemes. This has included providing housing and advice and support to households and assisting in sourcing housing options for families involved in the scheme.

Capital programme

As Scotland's fastest growing local authority area, it is critical to delivery that investment in community infrastructure, such as housing, the learning estate, economic investment and green infrastructure, is in the right place at the right time. This will help our communities to live well, live locally and prosper.

How we invest in community infrastructure must also respond to changes in our working and living patterns brought about by the COVID-19 pandemic. Communities need to be able to readily access the services they require. Capital investment is also an opportunity to support our local economy through job creation and skills enhancement, particularly in relation to supporting a transition to a green economy as we invest in sustainable, highly energy efficient buildings.

As a growing Council, we have the opportunity to transform parts of Midlothian in a way that reflects how we live now. We will invest in community infrastructure with a focus on place-making, reducing inequalities, improving economic opportunities and improving education and health and wellbeing outcomes.

The Capital Investment Strategy brings together many strands of the Council's activities to build upon our past successes and drive forward innovation in a co-ordinated and achievable manner for the benefit of Midlothian and its citizens.

The Capital Investment Strategy sits centrally within the Council's future planning activities and in doing so has to reflect the demands of Council services to ensure positive outcomes are achieved in the right place, at the right time for the maximum benefit to Midlothian. The extensive capital programme, totalling £0.8bn, delivers new schools, a record investment in council housing, improved community infrastructure, investment in

the local transport network and innovative developments such as the new low carbon heat network in Shawfair.

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

The Education Learning Estate Strategy programme has been developed and is subject to regular review meetings with Education and stakeholders to ensure effective monitoring, reporting and delivery of improvement and expansion of the Education estate including Early Years provision. This currently covers approximately 30 projects at various stages of development.

In relation to our ambitious affordable housing programme, in total there were 334 site starts last year with 154 homes continuing construction into 22/23. In total, Midlothian Council attracted over £15m of Scottish Government grant funding into its affordable housing programme in 2021/22.

Midlothian Council is overseeing a significant housing programme. This includes the largest Passivhaus programme in Scotland, with 182 homes to be built to the exacting Passivhaus standard, in line with Midlothian Council's Net Zero Housing Design Guide. This ensures exceptionally high levels of energy efficiency and low utility bills for our residents.

Growing Council

In addition to the financial sustainability challenge referenced earlier, other challenges for Midlothian continue with our recovery out of the pandemic, the cost of living crisis, the growing and ageing population and the increasing demand for services that this brings.

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

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

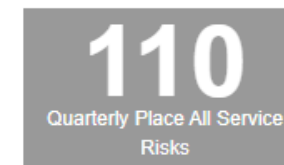
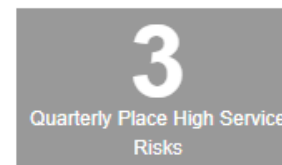
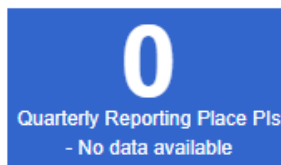
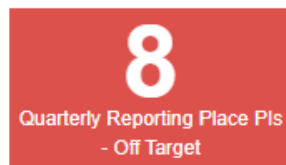
The approved Capital Strategy sets out the infrastructure required to meet those demographic pressures and includes the financial contributions Midlothian will make to the Edinburgh and South East Scotland City Region Deal. Encompassing five main themes the City Region Deal will bring significant investment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

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

- Culture: £45 million
- Housing: £313 million

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

Quarter 2 - Place ▾



Quarterly Reporting Place PIs - Off Target

| Code & Title | Gauge | Value | Target | Next Update Due | Last Update | History |
|--|-------|---------|---------|-----------------|-------------|---------|
| BS.PLACE.P.4.2a Re-let time permanent accommodation properties (calendar days) | | 36 days | 35 days | 01 Jan 2023 | Q2 2022/23 | |
| PLACE.MPI.04 % of invoices paid within 30 days of invoice receipt (cumulative) | | 88% | 90% | 01 Jan 2023 | Q2 2022/23 | |
| PLACE.MPI.05 % of Service PIs that are on target/ have reached their target. (does ...) | | 73.81% | 90% | 01 Jan 2023 | Q2 2022/23 | |
| PLACE.P.5.2a Percentage of the Council's housing stock meeting the 'Free from seri... | | 98.9% | 100% | 01 Jan 2023 | Q2 2022/23 | |
| PLACE.P.5.2c Percentage of the Council's housing stock meeting the 'Healthy, safe ... | | 34.3% | 100% | 01 Jan 2023 | Q2 2022/23 | |
| PLACE.P.13.1a Number of volunteer hours in countryside sites | | 2,736 | 3,000 | 01 Jan 2023 | Q2 2022/23 | |
| PLACE.SPSO.05.1 Percentage of complaints at stage 1 complete within 5 working d... | | 88.95% | 95% | 01 Jan 2023 | Q2 2022/23 | |
| PLACE.SPSO.05.2 Percentage of complaints at stage 2 complete within 20 working ... | | 50% | 95% | 01 Jan 2023 | Q2 2022/23 | |

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Quarterly Place High Service Risks

| Code & Title | Current Assessment | Date Assessed | Score | Impact/Target | Likelihood/Target |
|--|--------------------|---------------|-------|---------------|-------------------|
| PL.HHS.02 Staff Wellbeing | High High | 09 Feb 2022 | 16 | | |
| PL.HHS.06 Homelessness and Temporary Accommodation - Duties as a Statutory s... | High High | 09 Feb 2022 | 20 | | |
| PL.HHS.07 Housing Services Staffing resource - To enforce the provisions of the Ho... | High High | 09 Feb 2022 | 16 | | |

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