

Corporate Solutions Performance Report Q1 2022/23

Corporate Solutions continues to support the recovery and the retention of the best elements of transformation that took place in response to the pandemic and secure permanent changes to the way the Council delivers its services in order to build back better. This approach is based on the creation of a wellbeing economy and it is designed to achieve wellbeing and fairness for our people and the rest of nature. The redesign of services and the changes to build back better are predicated on the overarching principle that in delivering services, whether commissioned internally or externally, we will keep our communities, our employees and our environment safe, at the same time as meeting our commitment to being carbon neutral by 2030.

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

Balancing the 2022/23 budget was reliant of £10 million of one off funding and with inflation pressures and the potential for unfunded pay awards could increase to £13 million. Accordingly the recurring expenditure of £251 million for 2022/23 exceeds recurring funding by that £13 million.

Financial sustainability has continued to dominate the agenda. In respect of inflation as well as rising energy costs and the real prospect of unfunded pay awards the quarter 1 financial reports to Council on 23 August 2022 highlight that the construction industry in Scotland and the UK is currently experiencing unprecedented adverse market conditions, which is 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 and 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 and as a consequence it may be necessary to both revisit existing capital plans and also review the 2022/23 service budgets and implement savings measures in the year.

The Scottish Government's Resource Spending review 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 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 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.

In their Annual Audit Report for the financial year ended 31 March 2021 EY, the Council's appointed External Auditor, rated Financial Sustainability of the Council as amber.

EY stated *“The Medium Term Financial Strategy (MTFS) meant that the Council had a clear financial plan in advance of the impact of Covid-19. We anticipate that updates to the MTFS for the 2022/23 budget to be presented to the Council will continue to rely on one-off measures. A revised MTFS is being developed to support the new administration in May 2022.*

Our assessment of amber reflects the ongoing challenge facing local authorities and the level of risk and uncertainty outside the Council's control which could impact its ability to deliver savings, all of which has been exacerbated by the ongoing impact of Covid-19. However, there remains a need for continued member and officer focus on maintaining financial sustainability and fulfilling the statutory responsibility of members to determine balanced budgets over the medium term".

The challenging grant settlements indicated by the RSR presents challenges not just for the year ahead but over the medium term, with projections of recurring expenditure to provide services exceeding the recurring funding available. Projections are that 2023/24 and beyond will require significant service reductions, focusing on statutory requirements as well as continued service transformation.

Corporate Solutions has gone through a period of transition to shift to a structure with six service areas of Finance, Human Resources, Digital, Customer Services, Legal & Governance and Corporate Resources. Building on our nine drivers for change, Corporate Solutions has a particular focus on the key elements of the route map that encompass the delivery and acceleration of the Capital Programme, delivering digital first and remote working.

These elements of the Midlothian 'Route map for recovery through and out of the pandemic' are also captured in the recommendations from the NESTA 'Listen and Learn Report' and having embraced both strategies, the Corporate Solutions teams have a key role in progressing the following strands of work:

- **Valuing Communities** - Being well together, using social media to engage with communities; meaningful local engagement, strengthen and build upon emerging ties with communities and work in partnership to deliver local, place based services.
- **Remote/Flexible Working** - Local and flexible place based working; working smarter; sustainable futures; and a tailored approach.
- **Digital First** - Access to wifi; technical capability; making things easier; digital by default.

As a strategic partner, NESTA, the UK's innovation agency for social good are, through their people powered results team, supporting us to pioneer new approaches to achieving change and innovation. These approaches are smarter, faster, more collaborative and more inclusive of citizens and people working at the front line. This work recognises that people who are closest to services are the experts in both their own experience and the community they live in, but often don't have enough influence over transformation efforts.

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

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

Remote working brought a range of new challenges but by necessity accelerated the adoption of a range of business tools and systems developments that supported our staff to effectively continue to deliver services. These developments also provide an effective and efficient means to progress and monitor work and teams performance. The adoption of electronic workflows, for example removed

reliance on paper and wet signatures and provided an electronic record of what has been carried out by whom and when. Managers and colleagues continue to use all of the new technology available to them to maintain contact with colleagues, work collaboratively to deliver outcomes and to support continued personal development and learning for staff. Building on this the Hybrid Working Strategic Board is directing work to embed Hybrid working in support of securing a reduced office estate and associated cost base.

Medium Term Financial Strategy (MTFS)

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

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

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

Achievements

- Completion of the 2021/22 Final Accounts for the Council in advance of the statutory deadline.
- Presentation to Council in June of a full suite of financial monitoring reports for last quarter completing the financial governance cycle for financial year 2021/22.
- In depth financial input to key projects embedded in the Medium Term Financial Strategy including Destination Hillend, Early Years Expansion, and demographic pressures in service areas, Midlothian Energy and the Learning Estate Strategy.
- Securing borrowing to finance to approved capital projects in advance of recent interest rates.
- Payments for Free School Meals and Child Bridging Payments completed for Easter and summer holidays. The Scottish Child Bridging payments bring together the Covid Hardship payment and the Family Pandemic payment for those families on low income.
- Scottish Cost of Living Awards successfully credited to Council Tax Accounts, where customer was in an exempt qualifying group they were issued a cheque.
- Resources continue to be prioritised to processing Scottish Welfare Fund and Self Isolation Grants as soon as these are received. Inevitably this has meant that processing times for change in circumstances for benefit applications etc are currently experience some delay as noted later in the report. In the quarter £208,730 was awarded from the Scottish Welfare Fund. 1,841 applications were received for Crisis grants of which 1,055 met the criteria and resulted in payments of £115,168. Community Care grant applications totalled circa 332 of which 128 payments were made totalling £93,562. In addition there were 609 applications for Self Isolation Support grants of which 162 qualified with payments totalling £69,125.

Workforce Strategy

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

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

Achievements

- This quarter we launched the Corporate Workforce Plan and roll out of workforce planning templates across all services. Succession planning will now take place to further understand the organisation and its current environment, analyse the current and potential workforce, determine future workforce needs and identify gaps against future needs.
- Transition from remote to hybrid working completed.
- Continuation of a rolling programme of Wellness@Midlothian initiatives to ensure we continue to support the wellbeing of our staff.
- We will continue to track our gender pay gaps and employee turnover rates. Turnover varies through the year. Consideration of the levels of turnover across services, locations and particular groups of employees helps to inform workforce planning and resourcing. Aside from 2020/21 where staff turnover was 5.9% the turnover rate has been consistent the last 3 years between 9-10.5%. Turnover rate over the last 3 quarters has been static between 2.3 and 2.4%.
- Employment and Reward successfully implemented the Teachers Pay Award and associated backdated payment this quarter.

Digital Strategy and Digital Learning Strategy

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

While responding to the pandemic has also transformed the way the council works, and we are already using technology to allow our services to be more flexible and responsive it was recognised that the Council needs to do much more to harness the opportunities that a digital approach can bring. This includes supporting our communities and local businesses to thrive in a digital world and making sure that our children are prepared for the workplaces of the future.

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

- Refresh the council's approach to customer service, focussing on 'digital first', while making sure alternatives remain in place for those who need them
- Have a council website that meets customer needs, enabling customers to request and pay for services online and to log in to see their interactions
- Implement an update service, so that customers contacting the council online can receive follow up text messages or emails
- Look at opportunities to automate and better integrate processes so that staff can focus on the things that matter most to customers
- Enable people to stay independent and healthy for longer by using data and technology
- Introduce bookable online and face-to-face appointments so that customers don't have to waste time queuing or travelling and to help the council reduce costs
- Review and improve online engagement with customers, including online consultations, communications and social media

- Promote Midlothian as a digital destination, creating an environment that attracts leading digital businesses to the area and supporting the innovation of start-ups
- Cultivate digital skills in our communities, ensuring that young people have access to the technology and support that they need to improve educational outcomes and to prepare them with the skills they need for the future
- Reduce digital exclusion and empower learners of all ages, enabling online access and supporting them to develop digital skills
- Support Midlothian to achieve high speed connectivity, smart infrastructure and resilient cyber defences

Funding was secured in the 20/21 budget to deliver the Equipped for Learning project, providing every school age pupil in the county with a learning device such as an iPad or Google Chromebook as part of Midlothian Council's £10.5 million investment in digital learning. Midlothian is the first local authority in Scotland to launch a digital learning project on this scale.

The ambitious plan recognises the importance of digital tools to support learning. This investment will ensure Midlothian's young people have the digital skills they need to secure a positive destination such as a job or a Further or Higher Education place, which in turn will help support the local economy. Making sure all pupils have a device will also help young people with additional support needs by giving them access to technology that can help with their different learning needs. Primary schools will have the flexibility to select the right device to support their school community until Primary 7 where all pupils from P7 upward will receive a Google Chromebook. Early years settings will also benefit from the digital strategy as they will have access to shared iPad devices.

Achievements

- Continued progression of the new Digital Services Strategy ensuring the Council has the capacity and skills to take forward the associated investment and delivery of plans.
- **Hybrid Working/Office refresh** - Workspaces in Midlothian House and Fairfield House have been upgraded with new monitors and docking stations to support hybrid working.
- **Target Operating Model:** A new structure was agreed to strengthen the core staffing of Digital Services by Council and CMT. A service review has commenced to implement the new staffing structure.
- **Education strategy** – Preparation planning for phase 2 of the Education ambition for 1 to 1 devices (Improvements in Wi-Fi provision across schools to support wider deployment of Chromebooks and underlying technologies now complete.
- Upgrades were carried out this quarter to the Itrent system.
- **Cyber Security resilience:** The cyber risk is high. A new Cyber Analyst has been recruited and joined the Council in July. New software has been deployed to alert staff responding to phishing emails along with new vulnerability scanning software. The team have also depreciated legacy software such as Internet Explorer. Council were provided with a comprehensive update report on the risk and mitigation in June 2022.
- **Cyber Security Compliance:** PSN penetration testing was conducted in April and following mitigation a report has been sent to the Cabinet Office for independent review.

Customer Services Strategy

The Customer Service Strategy defines the key drivers that will enable Midlothian Council to deliver 'customer service excellence' to our communities. It outlines the commitment to provide choice to the customer in the way services are accessed and provided. This includes innovation, partnership working and

optimising the use of technology within resource constraints. The strategy will help us to change the way we deliver services utilising the latest technologies and linking to national frameworks.

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

Customer self-service and new automated processes can help deliver some key services without customers dealing directly with a member of staff and could truly transform the way the Council deliver services. During 2020/21, increasing the pace of digital transformation, particularly in front-facing customer services, will be a service and corporate priority, for Midlothian Council – one that can deliver the required efficiencies without negatively affecting customer experience.

Achievements

- Work continues on implementing the Customer Services Platform (CSP) for Midlothian Council and redesigning key services that will improve the end to end customer journey. The modules in progress (such as missed bins, registrar's certificates, customer feedback, Subject access requests) are being designed, configured, built and tested with services. The FOI/EIR module, launched earlier this year, has received positive feedback and the Registrars module is in the final testing stage and expected to launch early August 2022. Engagement continues with Service Areas and a number of modules are anticipated to launch in the coming months.
- In our Library Services, Lasswade and Newbattle Libraries re-opened to their pre-COVID opening hours, restoring these vital services back to their communities. Across Libraries, outreach services continued to resume such as the drop-in CAB service at Gorebridge Library. Wednesday 11th May saw Scotland's first National Reading Moment where people were asked to 'Keep the Heid and Read!' This campaign asked people to pledge to read for 6 minutes on the 11th as it's been scientifically proven that reading for that amount of time each day boost your mental health by 68%. Midlothian came 7th out of Scotland for the number of people who pledged their time. Thanks to Scottish Government COVID Relief Funding, we launched a new Bibliotherapy service for people living with long term health conditions. The 'Writing for Wellbeing' course has had very positive feedback.

Procurement Strategy

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

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

The team continues to utilise framework agreements with Scotland Excel and Procurement for Housing (amongst others) which not only provides an easier route to market but also delivers value for money. The Procurement team is currently working with Scotland Excel to review the service to ensure it remains fit for purpose. We have also explored with neighbouring Councils albeit with limited success opportunities to collaborate on the joint delivery of procurement services and so will continue to engage with Scotland Excel to help support service development.

Achievements

- Work continues on the development of the SME/Procurement strategy. The team have reviewed and streamlined the non-competitive action process, the request for procurement process and developed a non-regulated procurement process and new contract database. The team are working to implement a review of the procurement arrangement across the Council including continuing to explore options for joint working and neighbouring councils, population and maintenance of the new contract database.
- The team continues to utilise framework agreements with Scotland Excel and Procurement for Housing (amongst others) which not only provides an easier route to market but also delivers value for money.
- A range of high value/complex contracts continue to be awarded. Other key activities include insurance tender renewal, replacement of window/door suppliers, procurement presentation to elected members, Spikes Cavell data upload complete and health and social care contracts reviewed.
- CMT agreement was secured to progress to consultation on a new structure, designed to increase the capacity and capability in this area.

Challenges

In addition to the Financial Sustainability challenge referenced earlier 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 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 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.

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

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.

Proposals for a National Care Service

The Scottish Government's National Care Services (Scotland) Bill, if it becomes legislation, would have fundamental implications for the community and for Local Government itself. The wide reaching changes in the bill and aim to deliver a National Care Service by the end of the parliamentary term will impact on all aspects of the work of the Corporate Solutions team, including financial implications, 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 by a range of officers for the foreseeable future and this will inevitably have knock on implications for other priority work at a time of continued resource constraint.

Service Performance

There continues to be a high volume of calls via our Contact Centre. There remains an increase in offline Social Work contact which has an impact on calls as staff are managing and responding to these contacts. The contact centre and revenues teams continue to facilitate the Scottish Welfare Fund. There remains a significant number of applications for Scottish Welfare Fund. This quarter the criteria for Self Isolation Grants changed but the impact won't be seen until Q2.

Services are focused on the continued recovery from the impact on the pandemic. Particular in Corporate Resources where as a consequence of prioritising Scottish Welfare Fund and Self Isolation Grant applications meaning that claim and change of circumstances processing times continue to be higher. The teams are now focussed on addressing the backlog with additional resources and capabilities secured to assist. The aim is to bring the service back to a business as usual footing by the late summer/early autumn.

Sickness absence days remain similar to that of last year council wide. For Corporate Solutions, of the FTE days lost due to sickness, 71% was due to long term sickness, 16% self-certified, 13% short term absence. While there is no identifiable trend either in short term or long term absences work continues with each service area to review attendance levels and support those staff who are absent to be able to return to work.

Corporate Solutions

Successes and Challenges

Corporate Performance Indicators (latest)

● 4 ✓ 7 ? 0 📊 9

Service Plan PIs (latest)

● 5 ✓ 4 ? 0 📊 19

Corporate PIs Off Target

PIs ● 3

% of invoices paid within 30 days of invoice receipt (cumulative)

Percentage of complaints at stage 1 complete within 5 working days

% of Service PIs that are on target/ have reached their target.

Service Plan PIs Off Target

PIs ● 5

All recovery overpayments - as a % of all HB overpayment debt

% of contact centre calls answered within 60 seconds

% of contact centre calls abandoned

Average processing time for new claims (internally calculated)

Average processing time for change of circumstances (internally calculated)

Service High Risks (latest)

▲ 0

All Risks - Corporate Solutions

Risks ▲ 33 ✓ 85

Key
PIs

- Off Target
- ✓ On Target
- 📊 Data Only
- ? Data Not Yet Available

Key
PIs

- Off Target
- ✓ On Target
- 📊 Data Only
- ? Data Not Yet Available

Key
Risks

- ▲ High Risk/Medium Risk
- ✓ Low Risk