

Notice of Meeting and Agenda



Midlothian Council

Venue: Virtual meeting,

Date: Tuesday, 17 November 2020

Time: 11:00

Executive Director : Place

Contact:

Clerk Name: Verona MacDonald

Clerk Telephone: 0131 271 3160

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

Further Information:

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

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1 Welcome, Introductions and Apologies

2 Order of Business

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

3 Declaration of Interest

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

4 Deputations

None

5 Minutes

Minute of Midlothian Council of 6 October 2020 submitted for approval as a correct record and Minutes of Meetings for approval, noting, information and consideration of any recommendations contained therein (as per Minute Volume)

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6 Questions to the Council Leader

None

7 Motions

7.1 Motion by the Provost and seconded by the Depute Provost - 6 - 6
Redacted

7.2 Motion by Councillor Munro, seconded by Councillor Smaill - 7 - 7
Redacted

7.3 Motion by Councillor McCall seconded by Councillor Hardie - 8 - 8
Redacted

8 Public Reports

8.1 External Audit Annual Audit Report 2019-20 – Report by EY, 9 - 66
External Auditors

8.2	Scotland's Strategic Framework - Report by Executive Director Place	67 - 72
8.3	Best Value Assurance Update - Report by Chief Executive	73 - 93
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8.10	Local Housing Strategy 2021-26 Consultative Draft - Report by Executive Director Place	172 - 293
8.11	UNISON's Plug the Gap In Local Government Finance Campaign - Report by Executive Director Place	294 - 297

9 Private Reports

None

10 Date of Next Meeting

The next meeting will be held on 15 December 2020

Midlothian Council Minute Volume



**Presented to the Meeting
of Midlothian Council
on Tuesday, 17 November 2020**

1 Minutes of Meetings submitted for Approval

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2 Minutes of Meetings submitted for Consideration

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

Local Review Body 18 February 2020	15 - 22
Audit Committee 18 August 2020	23 - 28
General Purposes Committee 1 September 2020	29 - 34
Planning Committee 1 September 2020	35 - 42
Cabinet 8 September 2020	43 - 52
Business Transformation Steering Group 14 September 2020	53 - 56

3 Minutes of Meetings submitted for Information

Approved Minutes of Outside Organisations to which Council appoints representatives

Midlothian Integration Joint Board 27 August 2020	57 - 66
Special Midlothian Integration Joint Board 10 Sept 2020	67 - 72

Item 7.1

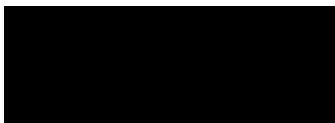
Motion to Midlothian Council – November 2020

"Midlothian Council congratulates Landrat Stephan Pusch, the head of Midlothian's twinning partner Heinsberg, on being awarded the Order of Merit by the German Parliament; for his work and that of his Council in handling the Coronavirus crisis.

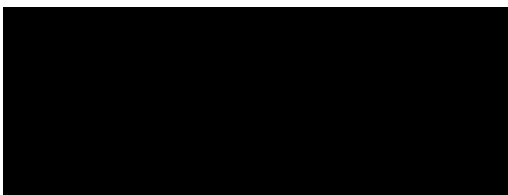
Heinsberg by reason of its geographical position and a carnival event in February 2020, was one of the worst affected parts of Germany in the early phase of Covid-19 in terms of number of infections (1,246 by 29 March), and remains an important case study for the recovery phase.

Further, Council requests that the Provost write to Landrat Pusch congratulating him accordingly and offering sympathy to those who have suffered as a result of this pandemic, which affects us all."

Proposed by Councillor Smaill, Provost



Seconded by Councillor Russell, Depute Provost



Date: 1 October 2020



Reform of Accounting Policy for Pothole Repairs

“ That Midlothian Council write to Kate Forbes MSP, Cabinet Secretary for Finance; Hazel Black, Head of Local Authority Accounting and LASAAC/CIPFA requesting an urgent review of the current restrictive accounting rules which discourage quality pothole repairs.

Under current LASAAC/CIPFA rules only a full road rebuild cost can be spread over time, typically 20 years. There is thus a bias towards the cheapest one-year repairs with poor durability, which fail quickly, but least impact the Roads Budget in the short term.

Where appropriate, partial and more thorough reconstruction giving an intermediate life of up to ten years would be preferable, but under the existing rules this more expensive (but better value) must nevertheless be totally written off to the General Account in the year of repair.

In line with the recent move to recognising asset life, and not inflexible artificial accounting rules, the Scottish Government is encouraged to amend the current anomalous regime to the benefit of motorists, cyclists, delivery businesses and other road users”

Proposed by:

A black rectangular redaction box covering the signature of Councillor Kieran Munro.

Councillor Kieran Munro

Seconded by:

A black rectangular redaction box covering the signature of Councillor Peter Smaill.

Councillor Peter Smaill

Date: 2 November 2020

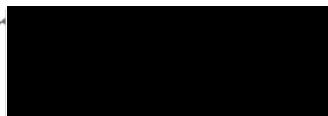
Notice of Motion

Council notes the decision made at the meeting on 25 June 2019 to renew the Penicuik Astro-Pitch and that a report on the condition of the pitch stated that it was 'poor' and 'extensive repair and replacement required'.

Council is alarmed to learn that a child was seriously injured while playing on the astro.

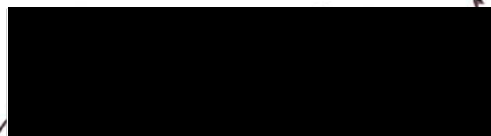
Council further notes with great disappointment that no work has yet been carried out thus far and requests that officers take immediate action to rectify this situation.

Proposed By:



Councillor Debbi McCall

Seconded By:



Councillor Andrew Hardie

Date 2 November 2020

Midlothian Council

**Annual Audit Report to Members
and the Controller of Audit - year
ended 31 March 2020**

12 October 2020

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Introduction	Summarise the respective responsibilities of the council and auditor	05
Financial statements audit	Provide an opinion on audited bodies' financial statements Review and report on, as appropriate, other information such as the annual governance statement, management commentary and remuneration report	09
Best Value and Wider scope dimensions	Demonstrate compliance with the wider public audit scope by reviewing and providing judgements and conclusions on the audited body's: <ul style="list-style-type: none"> ▶ financial position and arrangements for securing financial sustainability ▶ suitability and effectiveness of corporate governance arrangements ▶ effectiveness of performance management arrangements in driving economy, efficiency and effectiveness in the use of public money and assets Provide an update on the our work in respect of assessing the Council's arrangements to secure Best Value across our audit appointment period	21
Appendices	Undertake statutory duties, and comply with professional engagement and ethical standards: Appendix A: audited body's responsibilities Appendix B: required auditor communications Appendix C: independence and audit quality Appendix D: action plan Appendix E: summary of adjusted differences identified during the audit Appendix F: Timing and deliverables of the audit	41

About this report

This report has been prepared in accordance with Terms of Appointment Letter from Audit Scotland dated 31 May 2016 through which the Accounts Commission has appointed us as external auditor of Midlothian Council (the Council) for financial years 2016/17 to 2021/22. We undertake our audit in accordance with the Local Government (Scotland) Act 1973 and our responsibilities as set out within Audit Scotland's Code of Audit Practice. This report is for the benefit of the Council and is made available to the Accounts Commission, the Controller of Audit and Audit Scotland. This report has not been designed to be of benefit to anyone except the recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the recipients, even though we may have been aware that others might read this report.

Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients

Complaints

If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with Stephen Reid who is our partner responsible for services under appointment by Audit Scotland, telephone 0131 777 2839, email sreid2@uk.ey.com. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, or with how your complaint has been handled, you can refer the matter to Diane McGiffen, Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN. Alternatively you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

Executive Summary: Key Conclusions from our 2019/20 audit

We intend to issue an unqualified audit opinion on the Council and Group 2019/20 financial statements.

We have continued to update our risk assessment in response to the global pandemic, and as a result placed additional focus on:

- ▶ the adequacy of the Council's disclosures in relation to the pandemic; and
- ▶ management's assessment of going concern and the financial impact of Covid-19 on its future financial position.

Financial Statements

We have concluded our audit of the Council's financial statements for the year ended 31 March 2020. During the course of the audit, 9 adjustments were required to be made, which are outlined within Appendix E. One unadjusted difference is also noted that we are required to communicate to the audit committee. The draft financial statements and supporting working papers were provided in time and were of a good quality. We worked with management to update and make enhancements to the Management Commentary, Annual Governance Statement and notes to the financial statements, in particular to reflect the implications of the Covid-19 global pandemic on the financial statements, the Council's governance arrangements and future plans.

We concluded that the other information subject to audit, including the applicable parts of the Remuneration Report and the Annual Governance Statement were appropriate. We were satisfied that the Annual Governance Statement reflects the requirements of the *Delivering Good Governance Framework*, and the key changes in governance arrangements that were required as a result of changes to working practices due to Covid-19.

Going Concern

Management is required to conclude on the going concern basis of preparation of the financial statements. As a result of the financial and operational pressures faced by the Council to respond to Covid-19, we placed additional emphasis on management's assessment of going concern, and particularly the need to report on the impact of financial pressures on the Council and its future financial sustainability.

The Council has concluded that there are no material uncertainties around its going concern status, however it has enhanced the disclosures around its future financial position in the financial statements to reflect the impact of Covid-19. We have included an emphasis of matter in our audit opinion to draw the readers' attention to these disclosures. Our audit opinion is not modified in respect of going concern.

Wider Scope and Best Value

We summarise the conclusions we reached in response to our work on the wider scope dimensions below.

<p>Financial Sustainability</p> <p>The adoption of the Medium Term Financial Strategy and supporting governance meant savings proposals were well advanced prior to Covid-19. Updates to the MTFS will be presented to the Council later in 2020 to provide options to balance the 2021/22 and 2022/23 budgets. Early work to develop Midlothian's local route map through and out of the crisis provides clear and coherent focus on priorities, including economic recovery for the community, and will therefore support the development of future financial plans.</p> <p>The Council has demonstrated shared leadership to respond to the challenge of the pandemic, but there is a need for continued member and officer focus to safeguard financial sustainability.</p> <p>AMBER</p>	<p>Financial Management</p> <p>The Council demonstrates good financial control of the in-year budget, including understanding the impact of Covid-19 in early 2020/21. Financial reporting was clear and consistent throughout the year and improvements have been made to the management and monitoring of the capital programme. We note that while improved governance arrangements have been adopted to approve and monitor savings within the Business Transformation programme, the Council delivered only 71% of planned savings in 2019/20.</p> <p>Some areas, including the delivery of savings and updating of financial regulations, will require continuing focus and attention.</p> <p>GREEN</p>
<p>Governance & Transparency</p> <p>The key features of good governance at the Council are in place and operating effectively. The Council responded quickly to ensure that governance arrangements were appropriate and operating effectively during the lockdown period caused by the global pandemic. We were satisfied that Council members continued to have access to sufficient information as a result of the implementation of virtual meetings, and regular briefings to all members.</p> <p>The Council has taken steps to improve the transparency of financial information during the year. Development sessions help to improve the effectiveness of the audit committee.</p> <p>GREEN</p>	<p>Value for Money</p> <p>The Council's arrangements for performance monitoring, improvement and self-assessment have continued through the global pandemic. The Council has a commitment to self-assessment of its performance to ensure that services remain focussed on improvement.</p> <p>We note that performance in some areas to fall short of the targets set within the Council's own performance management framework. The Council should continue to review the targets to ensure that they are achievable and represent changing priorities. We also note that service performance continues to be mixed compared to other councils.</p> <p>AMBER</p>

Our wider scope audit work, and the judgements and conclusions reached in these areas, contribute to our overall assessment and assurance on the Council's achievement of Best Value. Our work will continue to focus on specific aspects of Best Value over our audit appointment period to ensure we cover all required areas. In light of the Council's focus on responding to and recovery from the pandemic, we have agreed to defer some of our initially planned work in this area until 2020/21.

Introduction

As a result of the impact of Covid-19, Audit Scotland and the Accounts Commission agreed to extend our appointment as external auditor of the Council by at least 12 months, to 2021/22.

Purpose of this report

In accordance with the Local Government (Scotland) Act 1973, the Accounts Commission appointed EY as the external auditor of Midlothian Council ("the Council"). Our appointment term has been extended by a further 12 months, to financial year 2021/22. We undertake our audit in accordance with the Code of Audit Practice (the Code), issued by Audit Scotland in May 2016; Auditing Standards and guidance issued by the Financial Reporting Council; relevant legislation; and other guidance issued by Audit Scotland.

This Annual Audit Report is designed to summarise the key findings and conclusions from our audit work. It is addressed to both members of the Council and the Controller of Audit, and presented to those charged with governance. This report is provided to Audit Scotland and will be published on their website.

We draw your attention to the fact that our audit was not designed to identify all matters that may be relevant to the Council. Our views on internal control and governance arrangements have been based solely on the audit procedures performed in respect of the audit of the financial statements and the other procedures performed in fulfilling our Annual Audit Plan.

A key objective of our audit reporting is to add value by supporting the improvement of the use of public money. We aim to achieve this through sharing our insights from our audit work, our observations around where the Council employs best practice and where practices can be improved. We use these insights to form our audit recommendations to support the Council in improving its practices around financial management and control, as well as around key aspects of the wider scope dimensions of audit. Such areas we have identified are highlighted throughout this report together with our judgements and conclusions regarding arrangements, and where relevant recommendations and actions agreed with management. We also report on the progress made by management in implementing previously agreed recommendations.

Our independence

We confirm that we have undertaken client and engagement continuance procedures, which include our assessment of our continuing independence to act as your external auditor.

The ongoing disruption to the delivery of Council services, as a result of the Covid-19, has a pervasive impact upon the financial statements.

The financial statements have been updated to reflect the impact of Covid-19 on the Council's financial position and performance.

Scope and Responsibilities

The Code sets out the responsibilities of both the Council and the auditor (summarised in Appendix A). We outlined these in our Annual Audit Plan, which was presented to the Council's audit committee on 10 March 2020.

The impact of the Covid-19 Pandemic

We conducted our planning in accordance with Audit Scotland's Code of Audit Practice in February 2020. Following the declaration of the global Covid-19 pandemic and the resulting lockdown arrangements in late March 2020, we considered the implications for our audit approach. As a result, we presented our Audit Plan Addendum to the audit committee on 22 June 2020, which outlined the main anticipated areas of impact on the audit following our reassessment of our audit planning and risk assessments.

The key changes to our audit risk assessment was the increased risk around the valuation of property, plant and equipment and our subsequent classification of this as a significant risk to the financial statements. We also outlined a number of areas of the financial statements impacted by Covid-19, including:

► Management Commentary

The Scottish Government revised some of the content requirements of the management commentary to ensure that it can be streamlined to focus on the headline financial results for the year, financial position and risks. There is an expectation that future risks will include those arising from Covid-19.

► Governance Statement

The Annual Governance Statement requirement to capture how the control environment has changed during the period and what steps were taken to maintain a robust control environment during the disruption. This was required to include how key governance functions continued to operate, such as key committee meetings and the delivery of internal audit's programme of work.

► Accounting estimates and judgements

Additional disclosures required throughout the financial statements to reflect the additional risks facing the Council and how these have impacted the key judgements and estimates made in preparation of the financial statements.

► Events after the balance sheet date

Significant events after the balance sheet date require to be disclosed within the financial statements.

The impact of the pandemic occurred late in the financial year, and as a result there were minimal changes in the anticipated financial results for 2019/20. There were no material additional transaction streams before 31 March 2020 which required new accounting policies or treatments.

Adaption to remote working

As we outlined in the Annual Audit Plan Addendum, our audit fieldwork was completed remotely as a result of the Scottish Government's lockdown restrictions. The key impacts included:

- ▶ In some areas of the audit additional work was required to assess the format of evidence provided and, where necessary, supplementary procedures were performed to validate the authenticity of evidence.
- ▶ All contact with the Chief Officer, Corporate Solutions and the Council finance team was conducted via virtual meetings, with screen sharing as required. The majority of audit information required was already established for electronic sharing through existing arrangements.

Both the audit team and Council finance team worked in conjunction to ensure the additional impact of these working arrangements were minimised as far as possible. We would take this opportunity to thank the full team for their co-operation and support throughout this period.

Our review and reassessment of materiality

We remain satisfied that the values reported to you in our Annual Audit Plan for planning materiality, performance materiality and our audit threshold for reporting differences remain appropriate.

Our Annual Audit Plan explained that our audit procedures would be performed using a materiality of 2% of the Council's net expenditure. We considered whether any change to our materiality was required in light of Covid-19 and we remained satisfied that the materiality measure reported within our Annual Audit Plan were appropriate. Minor changes were made to the value of materiality that we applied during the audit, to reflect the 2019/20 draft financial statements.

Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations. Factors which we consider include the perspectives and expectations of users of the financial statements as well as our risk assessment as to the likelihood of material misstatements arising in the financial statements.

Overall Materiality	Tolerable Error	Level that we report to committee
£6.8 million	£3.4 million	£250,000
2% of the Council's net expenditure	Materiality at an individual account level	Nominal amount

As outlined in our Annual Audit Plan, based on considerations around the expectations of financial statement users and qualitative factors, we apply lower materiality levels to the audit of the Remuneration Report and Related Party Transactions.

Financial statement audit

We are responsible for conducting an audit of the Council's financial statements. We provide an opinion as to:

- ▶ whether they give a true and fair view of the financial position of the Council as at 31 March 2020 and its expenditure and income for the year then ended; and
- ▶ whether they have been properly prepared in accordance with the Local Government (Scotland) Act 1973 and the 2019/20 Code of Practice on Local Authority Accounting in the United Kingdom.

We also review and report on the consistency of the other information prepared and published along with the financial statements. Our findings are summarised in Section 2 of this report.

Wider Scope audit

Our responsibilities extend beyond the audit of the financial statements. The Code requires auditors to provide judgements and conclusions on the four dimensions of wider scope public audit:

- ▶ Financial sustainability;
- ▶ Financial management;
- ▶ Governance and transparency; and
- ▶ Value for money.

Our findings are summarised in Section 3 of this report.

Best Value

Our wider scope audit work, and the judgements and conclusions reached in these areas, contribute to our overall assessment and assurance on the Council's achievement of Best Value. We outline our findings and assessment for 2020/21 on page 41.

In light of the Council's focus on responding to and recovery from the pandemic, we have agreed to defer some of our work in this area, including the Best Value Follow Up process, until 2020/21. This supports our focus on the audit of the financial statements and most immediately impacted aspects of the wider scope audit in 2019/20.

Financial Statements audit

Introduction

The annual financial statements provide the Council with an opportunity to demonstrate accountability for the resources that it has the power to direct, and report on its overall performance in the application of resources during the year.

This section of our report summarises the audit work undertaken to support our audit opinion, including our conclusions in response to the significant and other risks identified in our Annual Audit Plan. Our Annual Audit Plan was considered by the audit committee on 10 March 2020.

The plan highlighted two areas that we identified as a significant risk of material misstatement or fraud risk:

- ▶ the risk of fraud in revenue and expenditure recognition (significant risk); and
- ▶ misstatements due to fraud or error (fraud risk).

Our Annual Audit Plan Addendum identified another significant risk in relation to the valuation of property, plant and equipment as a result of the uncertain impact of Covid-19, which may cause valuers to highlight a material uncertainty.

Our plan also highlighted a number of areas of higher inherent risk within the 2019/20 financial statements:

- ▶ Pension Liability and Asset Valuation;
- ▶ Accounting for Public Private Partnerships (PPP); and
- ▶ Valuation of long term investments in subsidiary undertakings.

Compliance with Regulation

The financial statements were submitted for audit and available for inspection within expected timescales, with no need to draw upon the flexibility provided within the Coronavirus (Scotland) Act 2020.

The Local Authority Accounts (Scotland) Regulations 2014 set out the statutory requirements on the Council to prepare financial statements, ensure their availability for public inspection and consideration by a committee with an audit or governance remit. The Coronavirus (Scotland) Act 2020 allowed the Council to postpone submitting the unaudited financial statements until it was reasonably practicable to do so. Despite the pandemic, the Council complied with the normal timescale concerning preparation, publication and approval of its annual financial statements. We received the unaudited financial statements on 30 June 2020.

The inspection notice was published by the Council on 17 June 2020, in line with the requirements of the Regulations. No objections were received in relation to the financial statements.

The Council has responded to sector developments to improve the presentation and accessibility of the financial statements.

Preparation of the Financial Statements

The Council has responded to increased expectations from CIPFA and external reviews to improve the quality and accessibility of the financial statements. We were pleased to note that the financial statements were reviewed against good practice to ensure that the presentation and clarity of disclosures was improved.

While there were significant additional pressures on the finance team after the year end, information related to the audit and financial statements was provided in a timely manner. The unaudited financial statements prepared by management were to a good standard and were materially compliant with the Code and required disclosures. As part of the audit process, we worked with management and the finance team to make amendments and enhancements to the presentation.

The continuing change to circumstances driven by Covid-19 led to a number of disclosure changes within the financial statements. This reflects developing risks, additional information becoming available in respect of the valuation of key judgements and estimates in the financial statements, and agreement between management and the audit team on key disclosure requirements for areas of specific focus in 2019/20.

Group financial statements

The Council has identified and accounted for the following associates within its group financial statements:

- ▶ Lothian Valuation Joint Board; and
- ▶ Midlothian Integration Joint Board.

The Council also consolidates interests in small subsidiaries, including common good and community funds. No matters were identified as a result of our review of the group consolidation arrangements within the financial statements.

Midlothian Integration Joint Board is the only entity in scope for our group audit arrangements. All required audit work was provided by the IJB audit team to the Council audit team in line with timeframes agreed and with no exceptions or reportable matters noted.

Audit outcomes

We identified one unadjusted judgemental audit difference relating to additional updated information being made available in relation to the Local Government Pension Scheme. Nine adjustments were processed as part of the audit, primarily relating to challenge associated with the valuation of property, plant and equipment. The Local Government Pension Scheme net liability valuation was also amended following updated information being made available after the unaudited financial statements were published. Details of the adjustments are outlined in Appendix E.

Our overall audit opinion is summarised on the following page.

Our audit opinion

Element of opinion

Basis of our opinion

Conclusions

Financial statements

- ▶ Truth and fairness of the state of affairs of the Council at 31 March 2020 and its expenditure and income for the year then ended
- ▶ Financial statements in accordance with the relevant financial reporting framework

We report on the outcomes of our audit procedures to respond to our assessed risk of misstatements, including significant risks within this section of our report. We did not identify any areas of material misstatement.

We are satisfied that accounting policies are appropriate and estimates are reasonable

We have considered the financial statements against Code requirements, and additional guidance issued by CIPFA and Audit Scotland.

We have issued an unqualified audit opinion on the 2019/20 financial statements for the Council and its Group.

Going concern

- ▶ We are required to conclude and report on the appropriateness of the use of the going concern basis of accounting

We conduct core financial statements audit work, including management's assessment of the appropriateness of the going concern basis

Wider scope procedures including the forecasts are considered as part of our work on financial sustainability.

In accordance with the work reported on page 18, our audit opinion is unqualified in this respect.

Other information

- ▶ We are required to consider whether the other information in the financial statements is materially inconsistent with other knowledge obtained during the audit

We conduct a range of substantive procedures on the financial statements.

Our conclusion draws upon review of committee minutes and papers, regular discussions with management, our understanding of the Council and the sector and our participation in the Local Area Network with other scrutiny bodies.

We are satisfied that the other information in the accounts meets the core requirements set out in the Code of Practice on Local Authority Accounting.

Matters prescribed by the Accounts Commission

- ▶ Audited part of Remuneration Report has been properly prepared.
- ▶ Management Commentary / Annual Governance Statement are consistent with the financial statements and have been properly prepared.

Our procedures include:

- ▶ Agreeing the format of the reports to regulations and agreeing the disclosures to underlying accounting records, including to the underlying partner's accounting records.
- ▶ Reviewing the content of narrative disclosures to information known to us.
- ▶ Our assessment of the Annual Governance Statement against the *Delivering Good Governance* Code.

We have issued an unqualified opinion.

Matters on which we are required to report by exception

We are required to report on whether:

- ▶ there has been a failure to achieve a prescribed financial objective,
- ▶ adequate accounting records have been kept,
- ▶ financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records, or
- ▶ we have not received the information we require.

We have no matters to report.

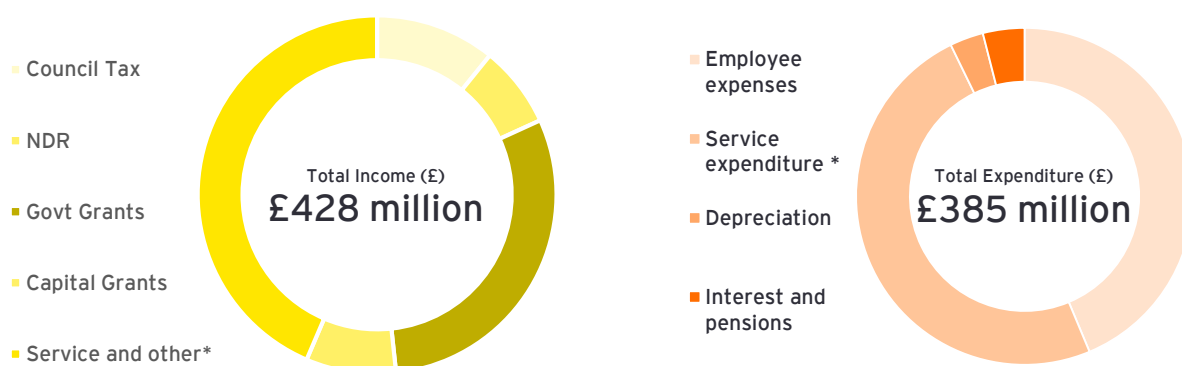
Significant and fraud audit risks

Risk of Fraud in income and expenditure recognition

As we outlined in our Annual Audit Plan, ISA (UK) 240 requires us to assume that fraud risk from income recognition is a significant risk. In the public sector, we extend our consideration to the risk of material misstatement by manipulation of expenditure.

In our audit planning, we rebutted the risk of improper recognition of core grant funding income from the Scottish Government, as well as in respect of council tax and non-domestic rate income because there is no judgement in respect of these income streams. We also rebut the risk around payroll expenditure recognition. We have outlined below how our assessment impacts our testing strategy on the Council's financial statements.

Exhibit 1: Key components of the Council's income and expenditure



Source: 2019/20 Financial Statements: Comprehensive Income and Expenditure Statement

We undertake specific, additional procedures for income and expenditure streams where we identified a fraud risk. For 2019/20 our work included:

- ▶ Review and challenge of management's accounting estimates on revenue or expenditure recognition for evidence of bias.
- ▶ Review transaction listings for individually material transactions as well as unusual items to agree to supporting documentation and third party evidence. Test a representative sample of transactions across the remaining income and expenditure population to ensure coverage of testing across all balances.
- ▶ Review and test revenue recognised around the financial yearend through manual journals and credit notes raised after yearend.
- ▶ Search for material payments and receipts received after year end and ensured these had been accounted for in the correct period.
- ▶ Review of additional revenue streams and cut off testing for additional income received as a result of the Covid-19 pandemic.

Our Audit of Other Income and Expenditure

We undertook walkthroughs in respect of the processes management has established to account for material income and expenditure streams. We obtained data downloads from the Council's financial ledger to allow us to trace key transactions from initiation to recording in the financial statements.

Other audit procedures: non-significant risk areas:

Our audit work on other non-significant accounts identified no audit misstatements. We did not identify any areas of significant estimation or judgement as part of our audit work in these areas.

Council tax income: We established detailed expectations of income based on properties and rates and compared to actual income in the year. We audited the reconciliation between the financial statements and the relevant feeder system.

Non Domestic Rates: We established expectations of income to be collected by the billing authority and agreed the reconciliation between the general ledger and the feeder system. We also audit the Council's NDR grant return to the Scottish Government to ensure that reliefs have been applied appropriately.

Non ring-fenced grant income: We substantively tested these balances to grant confirmation letters from third parties.

Interest income: We agreed balances to bank statements and other third party reports.

Employee expenses: We establish expectations of payroll costs in the year based on staff numbers and salary movements, and compared our expectations to actual results and investigated variances. Our bespoke data analysers provided analysis of all payroll transactions in the year, from which we investigated and corroborated material and unusual transactions.

Depreciation, amortisation & impairment: We undertook testing of these balances in conjunction with our work on property, plant and equipment. We considered the appropriateness of useful lives of assets and recalculated depreciation charged in the year.

Pension costs: We have outlined our consideration of the valuation of pension assets and liabilities held by the Council on page 16. In respect of all pension transactions impacting the CIES we have agreed these journals to the underlying IAS 19 report prepared by the Council's actuary.

Judgements and Estimates

Management disclose their assessment of the critical accounting judgements and key estimates in the financial statements. We reviewed each significant accounting estimate for evidence of management bias, including retrospective consideration of management's prior year estimates.

We identified and considered the appropriateness of key accounting estimates, including provisions, and their susceptibility to bias.

Accounting Policies

We considered the consistency and application of accounting policies, and the overall presentation of financial information. We consider the accounting policies adopted by the Council to be appropriate. There were no significant accounting practices which materially depart from what is acceptable under IFRS or the Code.

Risk of Misstatement due to Fraud or Error

Our Annual Audit Plan recognised that under ISA (UK) 240, management is considered to be in a unique position to perpetrate fraud in financial reporting because of its ability to manipulate accounting records directly or indirectly by overriding controls that otherwise appear to be operating effectively. We respond to this risk on every engagement.

Risk of Fraud

We considered the risk of fraud, enquired with management about their assessment of the risks of fraud and the controls to address those risks. As a result of a specific risk identified in relation to procurement, we were required to undertake additional testing on purchases. The results of this work are summarised within our Financial Management section, on page 31. We also updated and developed our understanding of the oversight of those charged with governance over management's processes over fraud.

Testing on Journal Entries

We tested the appropriateness of manual journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

We obtained a full list of journals posted to the general ledger during the year, and used our bespoke data analysers to identify any unusual journal types or amounts based on our identified risk areas for the audit. We evaluated the business rationale for any significant unusual transactions.

In particular, we reviewed property, plant and equipment expenditure to ensure it fulfils the accounting requirements to be capitalised. We also tested Housing Revenue Account expenditure to ensure funds were not being used to meet General Fund expenditure.

Our conclusions

- ▶ Our testing has not identified any material misstatements relating to revenue and expenditure recognition. We did not identify any areas of significant estimation or judgement as part of our audit work in these areas where we disagreed with management over the accounting treatment.
- ▶ We have not identified any material weaknesses in the design and implementation of controls around journal processing. We did not identify any instances of evidence of management override of controls.
- ▶ There was no disagreement during the course of the audit over any accounting treatment or disclosure and we encountered no significant difficulties in the audit.

Valuation of Property, Plant and Equipment

The Council's property, plant and equipment (PPE) portfolio totals £892 million of assets. The valuation of these assets requires expertise and judgement. In our Annual Audit Plan Addendum, we reported that the Royal Institute of Chartered Surveyors (RICS) had issued guidance highlighting that the uncertain impact of Covid-19 on markets may cause valuers to conclude that there is a material uncertainty in the valuation of assets at 31 March 2020.

As a result we increased our risk assessment around the valuation of property, plant and equipment from inherent to significant. To address the increased risk, we used our internal specialists to examine the work performed by Council valuers, including the assessment of assets not subject to valuation in 2019/20.

Our work focused on the following key areas of judgement:

- ▶ Considered the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.
- ▶ We considered the work and conclusions of the City of Edinburgh Council's valuers in relation of the valuation of the joint Millerhill plant.
- ▶ Sample tested key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre).
- ▶ Reviewed management's assessment of assets not subject to valuation in 2019/20 to confirm that no indicators that earlier revaluation was required to prevent material misstatement of each class of asset.
- ▶ Tested accounting entries to ensure they have been accurately processed in the financial statements.

Our conclusions

- ▶ Appendix E outlines three audit adjustments that were made to reflect the result of our challenge. We continue to identify weaknesses in some of the judgements applied by the internal valuer. In 2018/19, we recommended that the Council should subject a sample of internal valuations to review by an external specialist. While we continue to note some improvements in the challenge process undertaken by the Finance Team, the valuations process continued to require disproportionate audit effort and inconsistencies in judgement resulted in audit adjustments.
- ▶ As anticipated, the valuations completed in 2019/20 were subject to material uncertainties in line with RICS guidance. While this does not mean the valuation cannot be relied upon, the Council has included the uncertainty in its disclosures around key estimates and judgements in the financial statements. The internal valuer was able to lift the material uncertainty in relation to housing.
- ▶ We concluded that management has undertaken sufficient procedures to identify any assets which should be revalued before their cycle valuation date, but this will remain an area of focus in future years.

Valuation of pension liabilities

The Council's net pension liability, measured as the sum of the present value of the long term payments due to members as they retire against the Council's share of the Lothian Pension Fund investments, is a material balance in the Council's financial statements. At 31 March 2020 the net liability totalled £97.7 million.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. The information disclosed is based on the IAS 19 report issued to the Council by the actuary. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates. We highlighted in our Annual Audit Plan Addendum the increased likelihood of significant movements in both the valuations of the pension assets and liabilities due to the impact of Covid-19 on investment assets and actuarial assumptions.

Our audit work focused on the following areas of judgement within these balances:

- ▶ The reasonableness of the underlying assumptions used by the Council's actuary, including those associated with recent developments in relation to the equalisation case judgements known as the McCloud and Goodwin rulings.
- ▶ Ensuring the information supplied to the actuary in relation to the Council was complete and accurate and that the accounting entries and disclosures made in the financial statements were consistent with the actuary's report.
- ▶ The findings of the appointed auditor of the Lothian Pension Fund to obtain assurances over the information supplied to the actuary in relation to the Council, in particular in relation to the valuation of the Pension Fund assets at 31 March 2020.

Our conclusions

- ▶ The assumptions used by the actuary have been reviewed by both PWC, through its nationally contracted role to consider the outputs of actuaries provided to local government bodies, and our EY actuarial team who have both concluded that the assumptions and methodology used are considered to be appropriate.
- ▶ We have assessed the approach taken by actuaries and management to account for the estimated impact of the recent consultation around the McCloud judgement and Goodwin ruling. Due to the timing of events these were not accounted for in the unaudited financial statements and, as such, have been included in the schedule of adjusted and unadjusted differences at Appendix E.
- ▶ The auditor of the Lothian Pension Fund reported no material differences in the valuation of assets held by the Fund. However, it reported a material uncertainty in relation to the valuation of complex investments at 31 March 2020, specifically investment properties. As a result the Council has reported the same uncertainty its own financial statements for its share of the Fund's assets.

Accounting for Public Private Partnerships (PPPs)

The Council has 5 PPP contracts, with liabilities amounting to £96 million (£85 million in 2018/19). Four of the PPPs were operational and recognised in the Council's balance sheet in 2018/19. The most recent PPP is a 25 year contract which was jointly procured between Midlothian and the City of Edinburgh Council for a residual waste treatment plant at Millerhill. The service became operational on 17 April 2019.

Our work focused on the following key areas of judgement:

- ▶ We engaged an internal EY PPP specialist in this area to ensure that the proposed accounting treatment by the Council is appropriate. Due to the nature of the joint contract, the specialist participated in joint calls with the Midlothian and City of Edinburgh procurement and finance teams to provide challenge and insight in relation to the accounting treatment.
- ▶ Our specialist conducted analysis of the contract, and review and consideration of the financial model.

For all pre-existing PPP schemes we reviewed the existing contracts and inquired with management outside the finance team to ensure there were no material changes to the arrangements that should be accounted for. We tested the accounting entries made in the year to supporting schedules and contracts.

Our conclusions

- ▶ Subject to the audit adjustment identified within Appendix E, our PPP specialist team agreed with the approach adopted by the Council.
- ▶ We agreed the PPP liability calculations to supporting contracts.

Valuation of long term investments in subsidiary undertakings

The Council holds a 5.5% shareholding in Lothian Buses Plc. The Council's shareholding was held at £8.1 million as at 31 March 2019. Our Annual Audit Plan Addendum identified a risk that the audited financial statements as at December 2019 may not reflect the impact of the pandemic. Our work focused on the following key areas of judgement:

- ▶ We reviewed management's assessment of the Lothian Buses valuation, including consideration of up to date management accounts to identify any material changes in financial results.
- ▶ We reviewed the Council's disclosures in relation to key estimates and judgements.

Our conclusions

- ▶ Following our challenge process, the Council conducted an updated impairment review in relation to the carrying value of the investment. The adjustment as a result of this is reflected within Appendix E.

Going concern

The rationale for going concern remains the same, but we placed increased focus on management's assertion of going concern and disclosures relating to financial sustainability as a result of the uncertainty and unprecedented budget pressures caused by Covid-19.

Our audit opinion will include an emphasis of matter to draw attention to the Council's disclosures in relation to the impact of Covid-19 on its future financial position.

International Auditing Standard 570 Going Concern, as applied by Practice Note 10: *Audit of financial statements of public sector bodies in the United Kingdom*, requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report.

We are required to review and challenge management's assessment of going concern, including testing of the adequacy of the supporting evidence and the appropriateness of related disclosures. In light of the unprecedented nature of Covid-19, its impact on the funding of public sector entities and uncertainty over the form and extent of government support, we placed increased focus on management's assertion regarding the going concern basis of preparation in the financial statements, and particularly the need to report on the impact of financial pressures on the Council and Group, and its financial sustainability.

Management's going concern assessment reported that:

- ▶ In accordance with the CIPFA Code of Local Government Accounting, the Council shall prepare its financial statements on a going concern basis unless informed by the relevant national body of the intention for dissolution without transfer of services or function to another entity.
- ▶ The Council has significant access to cash to support the cost of delivering services, with balances more than sufficient to cover a plausible downturn in Council income from variable sources.
- ▶ Management noted the Council had £4.05 million in uncommitted general reserves at 31 March 2020, exceeding the £3.3 million minimum required by its reserves policy. The Council also had other useable reserves in committed funds which could be reallocated as necessary. Additionally, management was continuing to review other cost saving mitigating actions to address the forecast budget deficit in 2020/21.

On this basis the Council concluded that there are no material uncertainties around its going concern status.

Our conclusions

- ▶ We reviewed and challenged the going concern assessment provided by management. We verified the assessment to supporting information, including key Council reports and finance treasury management forecasts of future cash balances. We concur with management's assessment that there are no material uncertainties in relation to the going concern of the Council, or of the wider Group where they are material to the consolidated financial statements.
- ▶ We worked with management to enhance the disclosures in the financial statements in relation to the impact of Covid-19 on the Council's future financial performance.
- ▶ Given the significance of the impact of Covid-19 to the Council both in 2019/20 and going forward, we included an emphasis of matter in our audit opinion to draw the reader's attention to the relevant disclosures. Our opinion is not modified in this respect.

Looking ahead

The implementation of IFRS 16 has been delayed until 1 April 2022 following the impact of Covid-19 on local government and to ensure other areas of financial management are prioritised.

Prior to this management had demonstrated progress in undertaking work to understand and disclose the impact of the change on the Council's financial statements.

IFRS 16 - Leases and Other changes

IFRS 16 Leases was issued by the IASB in 2016. Its main impact is to remove (for lessees) the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for as acquisitions (with the asset on the balance sheet, together with a liability to pay for the asset acquired). In contrast, operating leases have been treated as "pay as you go" arrangements, with rentals expensed in the year they are paid. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

As we outlined in our 2019/20 Annual Audit Plan, implementation of IFRS 16 was due to be included in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2020/21 and work was therefore necessary to prepare information required to enable the Council to fully assess their leasing position and ensure compliance with the standard from 1 April 2020.

As part of the consideration of the impact of Covid-19 on local government, CIPFA confirmed the implementation of the standard was to be delayed to 1 April 2021.

As outlined in our 2019 Annual Audit Report, full compliance with the revised standard is likely to require a detailed review of existing lease and other contract documentation prior to the implementation date in order to identify:

- ▶ all leases which need to be accounted for;
- ▶ the costs and lease term which apply to the lease; and
- ▶ the value of the asset and liability to be recognised as at 1 April
- ▶ where a lease has previously been accounted for as an operating lease.

Before the delay in implementation was confirmed we discussed progress made in preparing for the implementation of *IFRS 16 Leases* standard with the finance team over the course of our 2019/20 audit and were satisfied robust arrangements were being established to assess the impact of the changes for inclusion in the financial statements.

We will continue to assess the Council's progress, including the results of its impact assessment, including the accuracy and completeness of disclosures required in the 2020/21 financial statements.

We will continue to work with management to proactively agree any material changes to financial statement accounting and related disclosures following amendments to the underlying CIPFA code.

CIPFA/LAASAC Code for 2020/21

Changes have been made to the CIPFA/LAASAC Code on local authority accounting in the United Kingdom for 2020/21. These changes include:

- ▶ Implementation and emphasis of IFRS amendments relating to the application of materiality, and the requirement to avoid obscuring material information;
- ▶ Implementation of Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement; with guidance on initial proxy assessment of quantitative materiality;
- ▶ Reflection of legislative amendments for England, Wales and Scotland;
- ▶ Amendments to reporting by pension funds to align with presentation practices under the Pensions SORP; and
- ▶ Amendments relating to financial instruments.

The 2020/21 Code also includes agreed reporting text for the implementation of the deferred *IFRS 16 Leases* standard. This appendix will apply from 1 April 2021 and it will allow local authority financial statement preparers to make effective preparations for the implementation of the standard in the 2021/22 financial year.

It is important that management performs its own assessment of the impact in advance of preparation of the 2020/21 financial statements.

Best Value and Wider Scope dimensions

Introduction

We are required to reach conclusions in relation to the effectiveness and appropriateness of the Council's arrangements for the four wider scope audit dimensions. We also draw upon these assessments and other work to form conclusions on the Council's ability to demonstrate Best Value in its activities. In undertaking our work in respect of the wider scope audit dimensions, we also integrate our assessment of the Accounts Commission's five Strategic Audit Priorities.

In doing so, we draw upon conclusions expressed by the Council's Chief Internal Auditor, and the scrutiny bodies that we work with on the Local Area Network (LAN) including Education Scotland and the Care Inspectorate. We also consider national reports and guidance from regulators and Audit Scotland. The LAN determined, in agreement with the Council, that no separate scrutiny plan has been necessary since the 2019/20 plan published in September 2019. We subsequently considered if any additional action was required in response to the global pandemic. LAN members agreed that it remained appropriate to continue to hold the next LAN meeting in line with the usual cycle to allow for fuller consideration of the impact on the Council.

For each of the dimensions, we have applied a RAG rating, which represents our assessment on the adequacy of the Council's arrangements throughout the year, as well as the overall pace of improvement and future risk associated with each dimension.

The wider scope dimensions

Financial Sustainability: Considers the medium and longer term outlook to determine if planning is effective to support service delivery. This will focus on the arrangements to develop viable and sustainable financial plans.

Financial Management: Considers the effectiveness of financial management arrangements, including whether there is sufficient financial capacity and resources, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Governance and Transparency: Is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

Value for Money: Considers whether value for money can be demonstrated in the use of resources. This includes the extent to which there is an alignment between spend, outputs and outcomes delivered and that there is a clear focus on improvement.

Our wider scope audit work, and the judgements and conclusions reached in these areas, contribute to the overall assessment and assurance on the achievement of Best Value.

Financial Sustainability

The adoption of the Medium Term Financial Strategy and supporting governance arrangements meant that savings proposals were well advanced prior to the impact of Covid-19. We understand that updates to the MTFS will be presented to the Council later in 2020 to provide options to balance the 2021/22 and 2022/23 budgets. Early work to develop Midlothian's local route map through and out of the crisis provides clear and coherent focus on priorities, including economic recovery for the community, and will therefore support the development of future financial plans.

Our assessment of 'amber' reflects the early planning and shared leadership to respond to the challenge of the pandemic, balanced with the ongoing challenge facing the Council to deliver savings in light of the level of risks and uncertainty that are outside the Council's control, including Covid-19 factors and decisions on funding allocations and fiscal flexibilities. There is therefore a need for continued member and officer focus to safeguard financial sustainability.

Medium Term Financial Planning

The Council's Medium Term Financial Strategy was approved in June 2019, and represented a step change in the Council's strategic financial planning. Initial resource allocation measures reduced the budget gap over the three years to 2022/23 from £18.8 million to £8.3 million. The cross-party Business Transformational Steering Group was tasked with assessing and approving further proposals to deliver a sustainable financial plan, drawing upon consultation with communities.

The Council received a Medium Term Financial Strategy update, along with finalised 2020/21 budget projections in February 2020. The local government settlement exceeded revenue projections, but a 17% reduction in capital meant that the budget gap grew over the life of the strategy to £9.7 million. Early work undertaken by the Business Transformation Steering Group meant the Council had identified and approved savings of £4.5 million to be delivered in 2020/21 by October 2019. In February 2020, the Council was therefore able to set a balanced budget for 2020/21, along with a risk allowance of £400,000.

Impact of Covid-19

Like all councils in Scotland, the impact of the Covid-19 pandemic has resulted in significant financial pressure in 2020/21. The Council's most recent financial update report, prepared in August 2020, outlines additional costs relating to the pandemic of £7.8 million, comprising:

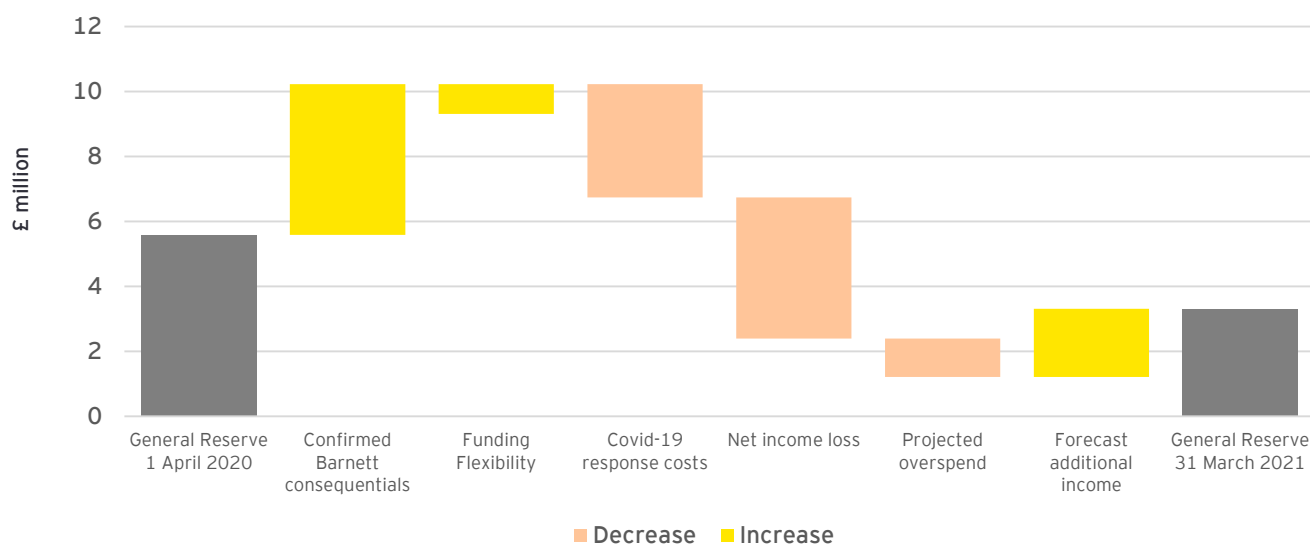
- ▶ £3.5 million in additional response costs to 31 July 2020; and
- ▶ £4.3 million net reduction in forecast income.

These costs have been partially offset by additional resources from the Scottish Government, including the Council's share of 'Barnett consequentials' (£4.6 million) and flexibility in Early Years funding of £0.9 million and an initial estimate of £2.2 million from further government funding in relation to the income loss support scheme.

Projected Impact on Reserves

The full impact and financial flexibilities available to councils as a result of the global pandemic is not yet fully understood. As Exhibit 2, below, highlights, the Council projects that General Reserves will fall over 2020/21 as a result of the impact of the pandemic. The projected reserve at 31 March 2021 is £3.44 million, marginally above the £3.3 million target set within the Council's Reserves Strategy in February 2019.

Exhibit 2: The Council's financial monitoring reports project that General Reserves will reduce by £2.2 million in 2020/21



Source: Midlothian Council Financial Monitoring Report, August 2020

As with other councils, the key areas of additional spend associated with the global pandemic related to the costs of childcare for children of key workers, support for vulnerable groups including homelessness accommodation and provision of free school meals and the costs of personal protective equipment. Around £2.1 million of the costs incurred (61%) were met by ringfenced or flexible funding directed by the Scottish Government, resulting in a net cost of £1.4 million.

The Council has also monitored the financial impact associated with lost income. Key areas include:

- ▶ net lost income for the Snowsports Centre and Leisure Centres are forecast to be £2 million in 2020/21;
- ▶ as in 2019/20, the Council is not expected to receive an anticipated £0.45 million dividend from Lothian Buses; and
- ▶ a reduction in forecast council tax income growth of £0.5 million as a result of the pausing of the extensive house building programme across private and public sector developments.

Risks and uncertainties within the MTFS

There are a number of areas, before the impact of Covid-19, where other uncertainties could materially impact the Council's delivery of financial plans, balanced budgets and the underlying required savings. These include the risks around accuracy of assumptions in existing financial plans, such as around inflation, pay awards and demographic drivers of income and expenditure.

The risk that cost pressures as a result of demographic demand exceed budget estimates is one of the key risks identified within the Medium Term Financial Strategy. Rising school rolls place a significant pressure on the Council's capital and revenue planning. The 2020/21 education budget anticipated savings of £3 million. As a result of delays to consultation, management expectations are now that only £0.6 million will be achieved in year, resulting in a cost pressure of £2.4 million. This has subsequently been mitigated by other measures implemented by the directorate.

Other savings that have not progressed as planned as a result of the pandemic include:

- ▶ the delayed implementation of the second phase of the management review;
- ▶ cost reductions relating to digital service provision; and
- ▶ efficiency targets within the Place Directorate.

Funding disparity

In March 2020, the Scottish Government published the Green Book, which provided additional transparency about the methodology applied to allocate central government funding to councils. One of the key factors adopted within the funding model for 2020/21 is the National Records of Scotland (NRS) population estimate, for which the 2018 mid year estimate is adopted as the indicator. As the Council is experiencing the highest population growth in Scotland, they face a particular challenge as the funding model does not keep pace with population changes. Based on NRS estimates, the Council's population in 2020 has increased by 2.8% since 2018, compared to a 0.4% increase across the whole of Scotland. In addition, management advise that the 2020/21 grant settlement Midlothian is a contributor to the floor mechanism to the value of £1.8 million. That is funding assessed as being required for Midlothian which is redirected to provide a degree of stability to other Councils, including those with reducing populations.

In March 2020, Audit Scotland drew attention to a specific funding challenge within their national report, *Early Learning and Childcare Follow up*, relating to the rollout of additional funded childcare hours. Due to a decision to base funding allocations on 2014 population figures, the funding that the Council will receive is 24% less than required due to the rapid growth in early years population.

As one of the fastest growing populations in Scotland, the Council faces an additional challenge to prepare for the future needs of the community. The difficulty associated with ring fenced funding keeping pace with population change was highlighted within an Audit Scotland report in March 2020.

Covid-19 Recovery Planning

The Council's local route map reflects Scottish Government guidance and will have an impact on other strategies as priorities change to reflect the anticipated impact on vulnerable communities.

In June 2020, the Council approved the local "route map", outlining the steps that will be taken in a four phase recovery through and out of the Covid-19 crisis. The route map identifies a number of key priorities to guide decision-making:

- ▶ Economic Renewal
- ▶ Accelerated Capital Programme for Housing and the School Estate
- ▶ Education Recovery Plan
- ▶ Hub and Spoke Place Service Delivery
- ▶ Health and Social Care Transformation
- ▶ Digital by default, remote working and Carbon Neutral by 2030 approaches to the workplace and active travel.

The route map includes use of a significant, and accelerated, capital programme to prioritise economic and social recovery from the crisis, including additional social housing which will, whenever possible, be located close to community facilities.

The Council has taken early steps to learn from the significant changes in ways of working throughout the pandemic lockdown, to inform future planning.

In addition, the Council has worked with Nesta, a charitable innovation foundation, to learn lessons from the pandemic, and to ensure that improvements in ways of working can be harnessed for the future. Nesta interviewed a range of staff and stakeholders and found that there were a number of benefits to some, including home working, increased attendance at virtual meetings and closer community links. The Council's early willingness to learn from the opportunities and new models of working will inform future priorities and innovation.

Financial Management

The Council continues to demonstrate good financial control of the in-year budget, including understanding the impact of Covid-19 in early 2020/21. Financial reporting was clear and consistent throughout the year and improvements have been made to the management and monitoring of the capital programme. While improved governance arrangements have been adopted to approve and monitor savings within the Business Transformation programme, the Council delivered only 71% of planned savings in 2019/20.

Our interactions with finance through the year identified no material financial control deficiencies. We did not identify any weakening of the financial management arrangements after the year end as the control environment evolved to remote working requirements. Our assessment of 'green' overall recognises that progress has been made against a number of areas where we have noted concern in prior years. Some areas, including the delivery of savings and updating of financial regulations, will require continuing focus and attention.

Financial Outturn

The Council spent £368 million on the provision of services in 2019/20. The Comprehensive Income and Expenditure Statement records a surplus for the year of £114 million, principally as a result of the impact of revaluation of the Council's schools estate (£44 million) and by movements in the pension liability (£43 million).

The Council's recorded a net overspend of £0.506 million on service expenditure, which was offset by higher than forecast Scottish Government grant and Council tax income.

The key factors in the service overspend related to:

- ▶ under-delivery of planned business transformation savings (£2.4 million);
- ▶ a rescinded dividend relating to the Council's share in Lothian Buses (£0.4 million); and
- ▶ additional building and maintenance costs (£0.9 million).

These costs were offset by a number of favourable variances including:

- ▶ £1.78 million as a result of controlling vacancies, in a number of cases for posts that will be deleted from the establishment as transformational reviews are finalised;
- ▶ Scottish Government funding for the teachers pay award was £0.4 million above budget;
- ▶ Fee income increases, including developer contributions, of £1.1 million above budget; and
- ▶ Council tax income growth above budget projections totalling £0.2 million.

Due to the timing of the coronavirus pandemic, there were no material cost implications of the response in 2019/20.

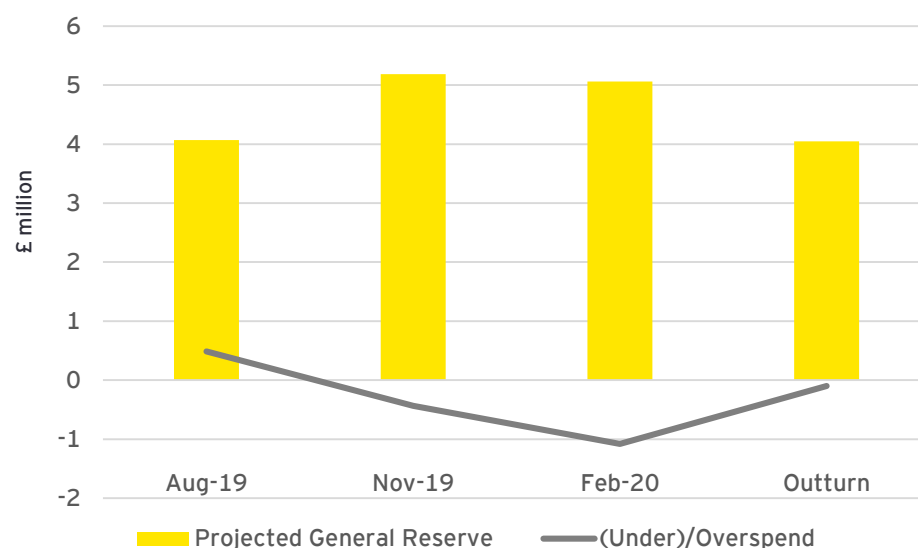
Financial monitoring

We have noted in prior years that there has been significant variation in the projected outturn within financial monitoring reports throughout the financial year. The Council's financial monitoring arrangements in 2019/20 were consistent with previous years and include detailed analysis of key variances across services, along with the forecast impact on the Council's General Reserve.

During 2019/20, recovery actions were initiated to respond to an early projected overspend and enhanced financial control. Actions taken within the Place Directorate included the establishment of a Budget Board to monitor and respond to areas of overspend.

As a result, the Council projected an underspend position throughout the remainder of the financial year. The final outturn was lower than predicted, partly as a result of the rescinding of the Lothian Buses dividend due to the impact of the pandemic late in the financial year. We were therefore satisfied that financial monitoring was sufficiently robust, but as a result of failure to deliver savings, the Council relied upon one off, and therefore unsustainable, sources of income to deliver an underspend.

Exhibit 3: The Council's financial monitoring supported the implementation of recovery actions to address a projected overspend

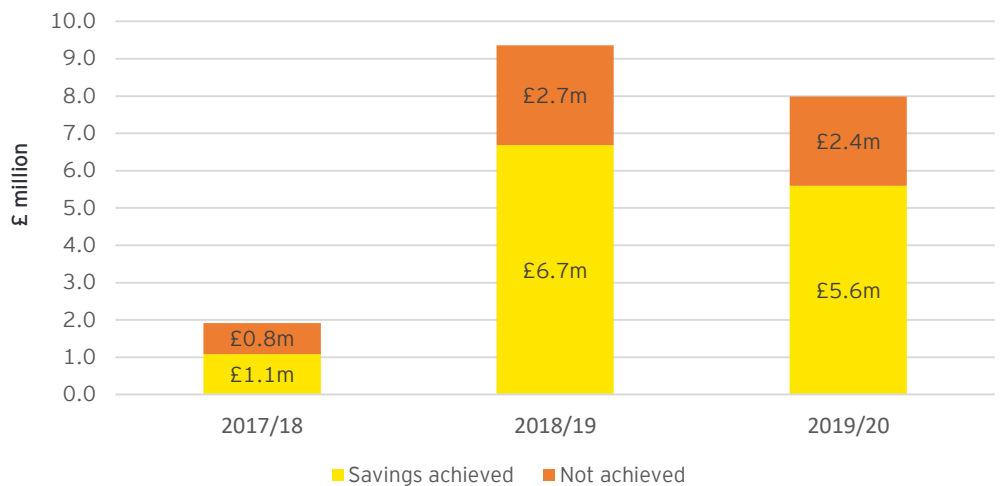


Source: Midlothian Council 2019/20 Financial Monitoring Reports

Delivery of Savings

As in previous years, the Council continued to experience delays in the achievement of savings in 2019/20. As Exhibit 4 highlights, the Council delivered £5.6 million of savings in 2019/20 against a target of £7.988 million (71% of target delivered in year). Audit Scotland noted within the Local Government Financial Overview Report (published in December 2019) that on average, Scottish councils delivered 87 per cent of planned savings in 2018/19.

Exhibit 4: The Council was unable to deliver all planned savings in 2019/20 as a result of continuing slippage in the transformation programme



Source: Midlothian Council Financial Statements 2017/18 to 2019/20

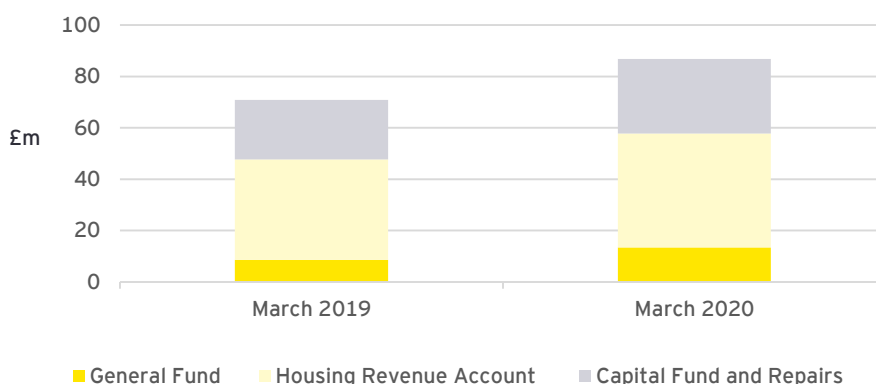
Under delivery of savings places additional pressure on the Council's general reserves. The identification of savings that protect the Council's key priorities has become increasingly challenging, and important, as a result of the global pandemic.

We note that in June 2019, the Council established new arrangements to support the delivery and approval of Business Transformation savings. This allowed savings proposals for 2020/21 to be approved and developed significantly in advance of the start of the financial year. While the pandemic means that planned savings are unlikely to be achieved in full in 2020/21, the cross-party governance arrangements in place to support the development and early approval of savings will support the Council's recovery planning.

Reserves Strategy

One of the key measures of the Council's financial performance in the year is the movement in the Council's useable reserves, which increased by £16 million in 2019/20, mainly due to a £17 million transfer to the HRA reserve to support planned long term investment in social housing.

Exhibit 5: The Council's cash backed useable reserves increased by £16 million in 2019/20, but primarily reflect commitments to meet future costs



Source: Midlothian Council 2019/20 Financial Statements

The Council approved the Reserves Strategy in February 2019. The minimum reserves to be held as uncommitted general funds is 2% of net expenditure excluding the IJB allocation, which equates to around £3.3 million. The uncommitted balance at 31 March 2020 was £4.05 million, a slight fall of £0.05 million from 2018/19.

Budget development

The development of the MTFS, along with supporting governance arrangements improved the development of the budget process. In December 2019, the Council considered a paper on the anticipated budget for 2020/21, along with key areas of sensitivity analysis. The work done to support the development of savings options through the Business Transformation Steering Group meant that a balanced budget was approved in line with planned timescales despite the late notification of the local government funding settlement.

Enhanced monitoring and reporting has been in place to better maintain an understanding of the impact of Covid-19 on the Council's arrangements. The Council has worked with COSLA to submit detailed returns on the costs incurred to date and future forecast impact.

The Council has reviewed the capital programme in the context of changed priorities post-Covid, and changed funding assumptions within the Medium Term Financial Strategy.

Capital programme

The Council spent £58 million on capital expenditure in 2019/20, a £9.8 million underspend against the 2019/20 budget of £67.78 million. A number of delays were experienced to projects as a result of:

- ▶ delays in tendering and remediation works
- ▶ structural issues encountered in planned change to use to support social housing; and
- ▶ changes made to the phasing of capital works.

The Council has a historic trend of slippage against the capital budget. Audit Scotland's Best Value Assurance Report noted that there is scope to improve the capital planning and monitoring process. As a result, the Council established a Capital Plan and Asset Management Board to implement a gateway review and reporting process for all projects over £1 million. The involvement of elected members allows greater transparency on progress of capital projects against milestones, and linked to individual wards.

As a growing Council, Midlothian has a significant capital programme to support key investments to meet the Council's changing demographic demands. The impact of the accelerated capital programme under the local "route map" to respond to the pandemic, together with unexpected changes to the funding allocation from the Scottish Government means that there is now a need to review the programme to ensure that investments are affordable within the updated Medium Term Financial Strategy.

Financial Capacity and Control

As we note within our 2019/20 Annual Audit Plan Addendum, the impact of the Covid-19 pandemic meant that there were significant changes to working arrangements and requirements for the Finance Team prior to the audit.

While the impact of Covid-19 was minimal on the 2019/20 financial management arrangements due to the timing of the lockdown, we considered the impact on the Finance Team throughout our year end audit. We did not identify any significant changes to the main processes and controls across the finance function, with key controls evolving to support remote working without being altered in their purpose or robustness.

While there were significant additional pressures on the Finance Team after the year end, information related to the audit and financial statements was provided in a timely manner. We will continue to monitor the financial management arrangements and the impact on the Finance Team going forward, particularly in 2020/21 as the impact of changes due to Covid-19 continues to evolve.

Procurement

We reported in our Annual Audit Plan 2019/20 that the effectiveness and appropriateness of the Council's arrangements for the prevention and detection of fraud and corruption in the procurement function would be an area of focus for the audit.

Procurement was subject to review by the Council's internal auditors in 2019/20. Their report was issued in February 2020 and internal audit reported that the level of assurance they were able to give was 'Limited Assurance'. Internal audit noted a number of substantial weaknesses including:

- ▶ Lack of capacity within the Procurement Team leading to lack of oversight on some areas of contract oversight and monitoring;
- ▶ A number of cases where contracts had expired and not been retendered; and
- ▶ There is no dedicated contract monitoring system, which limits the effectiveness of monitoring and reporting arrangements.

The Council must address capacity weaknesses within the Procurement Function as a matter of urgency.







The Council's audit committee considered the report at its meeting in March 2020 and noted that internal audit would continue to follow up recommendations and report further on progress. Members also requested a further report to be brought to the meeting of the audit committee scheduled for October 2020 on the 22 expired contracts. We understand that progress to date on the actions has been limited and must, therefore be a priority for action. This weakness is disclosed within the Council's Annual Governance Statement.

As a result of the engagement with the Chief Internal Auditor and Legal Services Manager, we sought advice from our forensics specialists to design additional audit procedures to address the specific risk relating a potential lack of oversight within expenditure in 2019/20. We engaged EY experts from the forensics team to conduct data analysis to allow us to highlight any potential 'red flags' that would merit further investigation, and ultimately allow us to conclude that expenditure was not materially misstated. The analysis focused on:

- ▶ Potential Purchase Order splitting, to address the risk that the combined value of the purchase exceeds their authorisation threshold;
- ▶ Any areas where approval limits were breached; and
- ▶ Unusual trends and relationships within transactions, which included across financial years.

The results are summarised within Exhibit 6 on the following page and highlight areas to strengthen internal control. Following investigation of specific queries, and based on the work performed, we were able to conclude that expenditure was not materially misstated.

Exhibit 6: Results of Procurement Analysis

Area of analysis	Overall assessment	Commentary
1. Supplier trend by financial year <i>Analysis of data to look for unusual or unexpected trends.</i>	Green 	All significant observed movements were in line with our understanding of the Council.
2. Summary of POs where the total PO value exceeds an employees approval threshold (Purchase Order splitting)	Green 	As we highlight in Exhibit A within Appendix G we did not identify any unusual activity that would indicate purchase order splitting.
3. Value and volume of invoices with no purchase order	Amber 	As we note on Page 12, the value of Service Expenditure in 2019/20 was over £180 million. While significant expenditure is managed using other systems (such as Mosaic), the value of expenditure covered (£10.3 million) by purchase order was lower than we would anticipate.
4. Invoices exceeding purchase orders	Amber 	Exhibit B within Appendix G highlights a specific anomaly in relation to the volume of purchase orders raised for £1.
5. Purchase orders exceeding approval threshold levels.	Amber 	As Exhibit C within Appendix G highlights, where expenditure exceeds a threshold, a senior counter-signatory is required to authorise expenditure. This is a manual process performed outwith the purchase ledger and is not therefore logged within the system.
6. Details of invoices with the same supplier, same document date but a different amount	Green 	Our analysis provided assurance that there was no evidence of suppliers being asked to split invoices.

We will continue to work with the Procurement team and Integrity Group to provide additional analysis and commentary on areas of internal control weaknesses. This will include further sharing and analysis of the data obtained.

Source: EY Forensics analysis of purchase order and invoices in 2018/19, 2019/20 and 3 months to 31 July 2020.

Looking ahead: CIPFA Financial Management Code

The CIPFA Financial Management Code was published in October 2019 and designed to support good practice in financial management and assist in demonstrating the local authority's financial sustainability. Councils are expected to work towards full compliance with the code by financial year 2021/22. We will work with management to support a preliminary assessment of its compliance as part of the 2020/21 audit.

Governance and Transparency

The key features of good governance at the Council are in place and operating effectively. The Council responded quickly to ensure that governance arrangements were appropriate and operating effectively during the lockdown period caused by the global pandemic. We were satisfied that Council members continued to have access to sufficient information as a result of the implementation of virtual meetings, and regular briefings to all members.

The Council has taken steps to improve the transparency of financial information during the year. Training and development sessions for audit committee members has helped to improve the effectiveness of the committee.

Local Code of Corporate Governance

Under the CIPFA framework for *Delivering Good Governance in Local Government*, the Council uses the Annual Governance Statement to report on its assessment of the effectiveness of the governance framework throughout the financial year, and key areas of improvement for 2019/20. The governance statement for 2019/20 concluded that "Although areas for further improvement have been identified, the annual review demonstrates sufficient evidence that the Council's Local Code of Corporate Governance is operating effectively and that the Council complies with that Local Code in most respects to meet its principal objectives. Systems are in place to regularly review and improve governance arrangements and the system of internal control."

Arrangements were quickly developed to ensure that the Council was kept informed of the impact of Covid-19, and that key governance arrangements could continue during the lockdown.

The Annual Governance Statement includes a summary of the impact of Covid-19 on governance arrangements and how management has responded to ensure adequate governance arrangements remained in place, particularly through the initial lockdown period. This included reference to the statutory mechanisms available to the Council, both through new and existing legislation, and where the Council took advantage of these mechanisms. We were satisfied regular and consistent communication and decision making arrangements were developed quickly. In the main the Council continued under existing arrangements with minimal use of extraordinary measures.

We reviewed the Annual Governance Statement against the required guidance and we were satisfied that it was consistent with both the governance framework and key findings from relevant audit activity. As part of the audit process we worked with management to further enhance the disclosures, in particular in relation to how governance arrangements were maintained during the revised operating period as a result of Covid-19 and how the priorities for improvement will be consistent with the learning and recovery actions emerging from the global pandemic.

The Chief Internal Auditor has concluded that governance arrangements are adequate and that improvements have been made during 2019/20.

Assurance Statement

Based on the work completed in the year, the Council's Chief Internal Auditor concluded that "the systems of internal control and governance are generally adequate with improvements having been made during the year." The internal audit work planned for the year 2019/20 was broadly completed in line with planned deadlines.

Lockdown governance arrangements

Like all other public bodies in Scotland, the Council moved to revised governance arrangements at the beginning of the UK lockdown period. Council and committee meetings scheduled from the end of March to May 2020 were initially cancelled as a result of the pandemic, however a number then went ahead remotely, including the Audit Committee. Full committee arrangements were reinstated using virtual meetings in June 2020.

The Council considered a paper from the Chief Executive outlining discussions with the political group leaders on resilience arrangements for any local lockdown or second wave of the pandemic. These include:

- ▶ following successful transition in June 2020, the full meetings cycle will proceed by way of virtual meetings; and
- ▶ weekly Group Leader meetings initiated at the start of lockdown will re-commence to ensure that effective communication across the political make up of the Council is maintained.

The Council also agreed that a seminar should be held to discuss winter planning and emergency food provision should this be required in light of the pandemic.

EU withdrawal

Throughout 2019/20 the Council has continued to monitor potential scenarios of EU withdrawal and the possible impact on the Council through the EU Exit Working Group set up by the Corporate Management Team. The Council has received updates on risk through the quarterly risk management reporting arrangements.

As the 31 December 2020 deadline for the end of the transition period approaches, it is expected that increasing focus is given to implementing plans to mitigate identified risks. The Council also continues to liaise with community planning partners, such as NHS Lothian. Our reporting mirrors the position in last year's audit where the deadline for the UK's withdrawal was approaching. We will continue to monitor how the Council monitors and responds to developments while focus is also required on matters related to the pandemic.

The Council has responded to transparency requirements in England to ensure that all expenditure over £500 is published on its website.

Openness and transparency

The Council has clear arrangements to ensure that members of the public can attend council and committee meetings as observers in usual circumstances, and agendas and papers are available in advance of each meeting. As meetings were re-established virtually, the Council took steps to ensure that papers continued to be available on the website in advance of the meeting, and webcasts and minutes of meetings are available shortly thereafter. Work continues to allow the public to access live meetings via webcasts.

In October 2019, the Council approved the publication of all expenditure over £500 on the website. Officers responded to an initial Council motion to applaud developments within local government in England. It is hoped that publishing this level of detail will enhance local engagement and accountability as it gives local people the information they require to ask questions about the management of resources.

Audit Committee

The Audit Committee's annual report was considered by the Council in August 2020. The report noted the key areas of focus for the committee in 2019/20, along with the good record of attendance from members and/or substitutes. The report also noted the results of an annual review of the committee's effectiveness, led and facilitated by the Chief Internal Auditor. The outcome of the self-assessments was a medium degree of performance against the good practice principles and a medium degree of effectiveness. Improvements were identified focussing on enhancing the skills and knowledge necessary to fulfil the role of an audit committee member. As a result, the Audit Committee has scheduled a number of informal sessions to deliver training on specific topics including understanding the financial statements and treasury management.

The Committee has also identified further improvement areas including:

- ▶ Ensuring that the Risk Management Policy and Strategy are reviewed and scrutinised on a regular basis; and
- ▶ Understanding how committees fulfil their remits on which the Audit Committee place reliance, for example the Council's arrangements to monitor progress of the Best Value Action Plan.

Arrangements to prevent fraud and corruption

We have worked with the Council's Chief Internal Auditor to assess the Council's arrangements to prevent and detect fraud and corruption. CIPFA's Code of Practice on Fraud and Corruption notes that leaders of public bodies have a responsibility to embed effective standards for countering fraud and corruption in their organisations. The Council has a counter-fraud team in place as part of the Internal Audit Service.

In August 2020 the Council approved a revised Counter Fraud Strategy, along with support for additional resource for the Corporate Fraud Team. The strategy aims to focus on enhancing fraud prevention and detection to improve the Council's resilience to the risk of fraud. One of the key changes is the establishment of an Integrity Group to enhance the links between the finance team, counter fraud group and services. This should allow fraud risks and controls to be assessed systematically across the Council. We will therefore review the operation of the Group in 2020/21.

The Council draws upon national publications to highlight fraud risks, including the Audit Committee's consideration in 2019 of Audit Scotland's publication *Safeguarding Public Money: are you getting it right?* The Council's policies and procedures in relation to fraud and corruption are subject to routine review, update and approval by the appropriate officers and committees.

Audit Scotland National Fraud Initiative (NFI) programme

NFI is a counter-fraud exercise co-ordinated by Audit Scotland and overseen by the Cabinet Office to identify fraud and error. The NFI exercise produces data matches by comparing a range of information held on public bodies' systems to identify potential fraud or error. In June 2019 we submitted an assessment of the Council's participation in the exercise to Audit Scotland, concluding that the Council has actively participated in the NFI exercise and that it is well embedded within the Council's proactive counter fraud workstream. A follow up review was completed in February 2020, with no further matters to report.

Integration Scheme

In our role as auditor for the Council we consider the governance arrangements at the Council to monitor and scrutinise the wider group as appropriate, in particular where there is the possibility for a financial or operational impact on the Council's services.

The Integration Scheme which governs the working arrangements for the Midlothian Integration Joint Board was due to be updated in 2019/20 by the Board's partners, the Council and NHS Lothian. The Council has reported in its Annual Governance Statement that work was started on this but had to be delayed due to the impact of Covid-19 and prioritisation on immediate delivery of services. Management has confirmed that both partners approved the delay with no impact on the IJB, and will update the scheme in 2020/21 for submission to the Scottish Ministers for approval.

Value for Money

The Council's arrangements for performance monitoring, improvement and self-assessment have continued through the global pandemic. The Council has a commitment to self-assessment of its performance to ensure that services remain focussed on improvement.

We note that performance continues to fall short of the targets set within the Council's own performance management framework. The Council should continue to review the targets to ensure that they are achievable and represent changing priorities. We also note that service performance continues to be mixed compared to other councils.

A
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B
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Performance Management framework

The Council monitors its performance against its plans and performance indicators throughout the year. Quarterly scorecards are provided by management to both Council's Cabinet and the Performance, Review and Scrutiny Committee, and are made available for public information as part of the committee papers on the Council's website. These reports outline the full set of performance indicators included by the Council in its corporate plan, and the current performance of each indicator against target summarised through a 'RAG' rating system.

Impact of Covid-19

The Council's overall performance management framework remains in place and operating despite the impact of Covid-19 on the management priorities and additional urgent business requiring prioritisation at committees. As a result, performance reporting to Cabinet and to the Performance, Review and Scrutiny Committee was delayed until September 2020. Due to the timing of the pandemic, only minor impact was noted on key performance measures as a result of the reprioritisation of resource.

2019/20 Performance Outcomes

The 2019/20 Annual Performance Report outlines a number of key achievements during the year, including progress on educational outcomes and positive destinations for school leavers. Significant work was also progressed on the digital agenda and in asset management, including the housing building programme. However, the key corporate performance indicators for 2019/20, as established and reported by the Council, show that 72% are in the red category. Key areas for improvement include levels of sickness absence (although this compares favourably to most other councils) and response times for complaints handling.

Accountability and delivery of improved outcomes

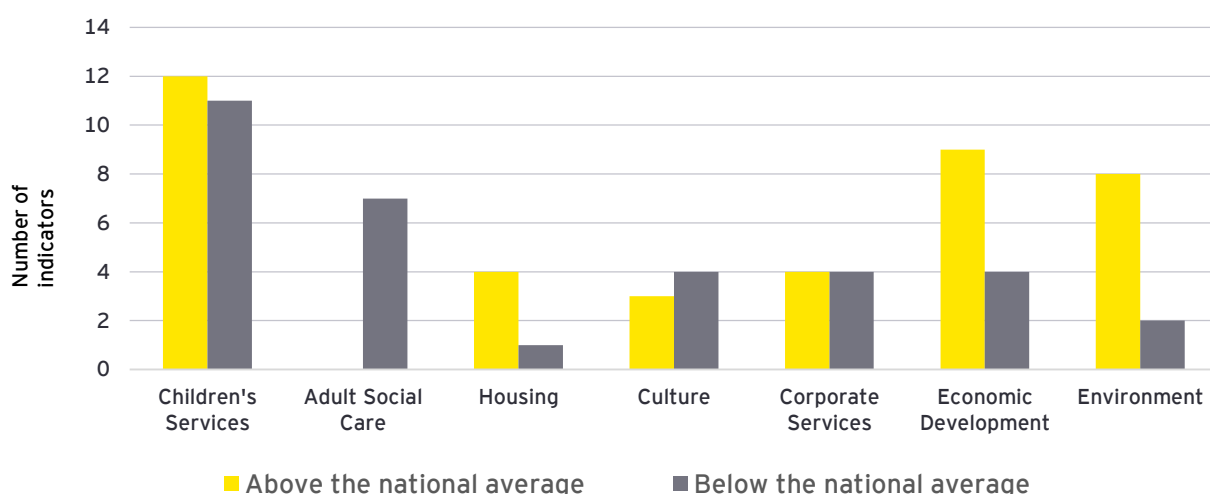
Key indicators within the Council's balanced scorecard provide an assessment of progress against the priorities within the Single Midlothian Plan. The final balanced scorecard for 2019/20 was presented to the Performance, Review and Scrutiny Committee in September 2020. This reports that 56% of indicators are on track for delivery, including:

- ▶ Benefit maximisation for local people supported by the Citizens Advice Bureau and Welfare Rights Team.
- ▶ Improvements in qualification levels within Midlothian.
- ▶ Increasing digital literacy within the community, including the provision of one-to-one IT tuition at home for older people and vulnerable adults.
- ▶ Reductions in exclusion rates in both primary and secondary schools in Midlothian.

Key areas for improvement include the completion of the Children & Young People's Wellbeing and Mental Health Strategy, the level of children living in poverty in Midlothian and levels of support for young people approaching the homelessness service.

As part of its response to the Best Value Assurance Report, the Council has implemented a digital dashboard performance management system to allow elected members to have access to up to date performance data, along with mitigating actions for all indicators. The Council has recently published its analysis of performance against the Improvement Service's 2018/19 Local Government Benchmarking Framework (LGBF) results. Our analysis, within Exhibit 7, below shows that performance continues to be mixed against peers.

Exhibit 7: Performance across council services is mixed against other councils in Scotland



Source: Midlothian Council Analysis of LGBF results 2018/19

Statutory Performance Indicators

The Accounts Commission has a statutory responsibility to define the performance information that councils must publish. The Council has a responsibility, under the duty of Best Value, to report performance to the public. The Accounts Commission issued a revised 2018 Statutory Performance Information Direction in December 2018 which recognises the role and effectiveness of the LGBF, but continues to require councils to report there:

- ▶ performance in improving local public services provided by the Council (on its own and with its partners and communities), and progress against agreed desired outcomes;
- ▶ own assessment and independent audit assessments of how it is performing against its duty of Best Value, and how it plans to improve these assessments; and
- ▶ how it (with its partners where appropriate) has engaged with and responded to its diverse communities.

The Council is required to meet the requirements of the revised Statutory Performance Information Direction, for which 2019/20 is the first year. The Council continues to report a range of performance information to stakeholders and the public to demonstrate the relative value and effectiveness of Council services. This includes reporting of the most recently available LGBF results to the relevant committees and to the public.

The Council must ensure that revised priorities and corporate planning and supported by a performance management framework that demonstrates Best Value.

Information reported covers the quality and effectiveness of local services and progress in outcomes, as well as efficiency information. Due to the timing of much of the relevant reporting, most of the reporting on the period impacted by the revised Statutory Performance Information is yet to be concluded. We will continue to monitor and consider the adequacy of reporting against the revised requirements in 2020/21, but the Council should consider its performance reporting arrangements in the context of changed expectations, and the development of the performance management system.

Best Value

We have drawn upon our wider scope and other work to conclude on the Council's approach to Best Value. We note through work undertaken in the year that the Council has a number of key characteristics of Best Value in place, including effective performance monitoring and robust governance arrangements.

In light of the Council's focus on responding to and recovery from the pandemic, we have agreed to defer the Best Value Follow up work until 2020/21, to ensure focus on the financial statements and most immediately impacted aspects of the wider scope audit in 2019/20.

Forming our judgement

As auditor to the Council, we are required to comment on how effectively, in our view, the Council demonstrates that it meets its Best Value responsibilities. In forming this judgement, we draw upon the work conducted in response to our wider scope responsibilities as outlined in this report. We also draw upon the work we complete around the Best Value coverage areas outlined on the following page of this report, and our wider understanding of the Council's arrangements through the year.

Looking ahead

The Council has rightly focused on the immediate impact and required work resulting from the global pandemic within the local route map. We have concluded that, where we have considered through our work carried out in the year, arrangements around Best Value have improved.

As the immediate impact of Covid-19 transitions to assessing its longer term impact on the Council, its service users and wider public as well as other public bodies, it is important that the Council continues to reassess its own arrangements for Best Value in this changing environment. This should include both the Council's delivery of Best Value as services and priorities evolve and its own internal arrangements for ensuring its priorities are focused correctly and monitored and reported. Our Best Value work planned for the remainder of our appointment period, as outlined on the following page, will be undertaken through this lens.

Future best value audit work

Our formal Best Value Follow Up work has been postponed until 2020/21 to allow the Council to reflect on learning and implications of the recovery from the pandemic.

Our Annual Audit Plan included a follow up of the Council's response to recommendations within the July 2019 Best Value Assurance Report. In order to allow the Council to consider the ongoing appropriateness and validity of the improvement plan, our Annual Audit Plan Addendum, signalled our intention to postpone our work on Best Value Follow Up until 2021/22. This allowed management to focus on key operational priorities during the lockdown and recovery period, and allowed our audit to prioritise the financial statements audit requirements to ensure we were flexible and pragmatic in the current circumstances.

The Council considered a 6 monthly update on the Best Value Improvement Plan in February 2020. At that stage, a number of key actions were complete, including the processes to support a Medium Term Financial Strategy. We understand that a further assessment of progress will be considered at the Council's meeting in November 2020.

We summarise below our planned Best Value work over our initial five year appointment period with the Council. Following the deferral of planned work this year and the extension of our appointment by Audit Scotland to include the 2021/22 financial year audit at least, we will engage in discussions with management and Audit Scotland to agree a re-profiled schedule of work for the next two years, which we will report to the Council's Audit Committee in March 2021.

Five year Best Value Audit Coverage						
	16/17	17/18	18/19	19/20	20/21	21/22
			BVAR	BVFU		
Vision and Leadership	1	1	1	2		
Sound Governance and Accountability	1	1			3	
Effective Use of Resources		1	1	2		
Partnership and collaborative working	1		1		3	
Community responsiveness	1		1		3	
Sustainability				2		
Fairness and equality					3	
Performance outcomes and improvement	1	1	1			

1 - Best Value work completed in first three years of our audit appointment.

2 - Best value work planned in 2019/20 and subsequently deferred.

3 - Best value work indicatively planned in 2020/21 to be re-profiled across next two financial years in conjunction with delayed 2019/20 audit work.



Appendices

A - Code of Audit Practice: responsibilities

B - Independence and audit quality

C - Required communications with the Audit Committee

D - Action plan, including follow up of prior year recommendations

E - Adjusted errors identified during the audit

F - Timing and deliverables of the audit

Appendix A: Code of Audit Practice Responsibilities

Audited Body's Responsibilities

Corporate Governance

Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including audit, risk and governance committees or equivalent) in monitoring these arrangements.

Financial Statements and related reports

Audited bodies must prepare an annual report and accounts containing financial statements and other related reports. They have responsibility for:

- ▶ preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation.
- ▶ maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support their financial statements and related reports disclosures.
- ▶ ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority.
- ▶ maintaining proper accounting records.
- ▶ preparing and publishing, along with their financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that are consistent with the disclosures made in the financial statements. Management commentary should be fair, balanced and understandable and also clearly address the longer-term financial sustainability of the body.
- ▶ Management, with the oversight of those charged with governance, should communicate clearly and concisely relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework.

Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.

Standards of conduct / prevention and detection of fraud and error

Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and also to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

Standards of conduct / prevention and detection of fraud and error

Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:

- ▶ such financial monitoring and reporting arrangements as may be specified
- ▶ compliance with any statutory financial requirements and achievement of financial targets
- ▶ balances and reserves, including strategies about levels and their future use
- ▶ how they plan to deal with uncertainty in the medium and longer term
- ▶ the impact of planned future policies and foreseeable developments on their financial position.

Best Value

Local authority bodies have a statutory duty, under the Local Government (Scotland) Act 1973 and associated statutory guidance, to make arrangements to secure best value through the continuous improvement in the performance of their functions.

Appendix B: Independence and audit quality

Professional ethical standards, and the Terms of our Appointment, require us to communicate all significant facts and matters that have a bearing on EY's objectivity and independence as auditor of the Council.

Matters that we are required to communicate

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY), its directors and senior management and affiliates, and you, including all services provided by us and our network to you, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2019 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Confirmations

We confirm that there are no changes in our assessment of independence since our confirmation in our Annual Audit Plan, dated March 2020.

We complied with the Financial Reporting Council's Ethical Standards and the requirements of Audit Scotland's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that management and members of the Council consider the facts known collectively to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Council on 12 October 2020.

Audit Fees

	2019/20	2018/19
Component of fee:		
Auditor remuneration – expected fee	£144,550	£141,260
Additional audit procedures (note 1)	£TBD	£16,090
Audit Scotland fixed charges:		
Pooled costs	£14,140	£13,700
Performance audit and best value	£64,560	£63,730
Audit support costs	£8,740	£8,870
Total fee	£TBD	£243,650

Note 1: The expected fee for the Council is set centrally by Audit Scotland, and is based on a number of assumptions including sound governance arrangements in place and operating effectively throughout the year, the preparation of comprehensive and accurate draft financial statements and supporting schedules, and meets the agreed timetable for the audit. It also assumes there is no major change in respect of the scope of work in the year and an unqualified audit opinion resulting from the audit.

This year, material additional audit work was required to address the risks related to Covid-19. In particular there was a significant impact on the financial statement disclosures, the risk around valuation of property plant and equipment and the valuation of the Council's share of assets and liabilities in the Lothian Pension Fund. In addition, significant additional audit time was required in relation to Loans Fund and the Millerhill PPP coming on balance sheet. We are discussing the final fee for the 2019/20 audit with management and will report this to the Audit Committee when finalised as part of our 2020/21 Annual Audit Plan.

Matters that we are required to communicate

International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances.

The EY 2019 UK Transparency Report can be accessed on our website at https://www.ey.com/en_uk/who-we-are/transparency-report-2019. This material is published to provide a timely and relevant source of information about EY in general, and our audit business in particular. This includes our inaugural Audit Quality Report.

The disclosures are extensive. For example, they explain our outlook and how we are structured and governed, including the role of our Independent Non-Executives and how we apply the requirements of the UK's Audit Firm Governance Code. We refer to the quality of our audits and our commitment to recruiting, developing and diversifying our people and talent pool. We also explain how we manage our risks and remain innovative and technologically advanced in what we do and how we do it.

Maintaining high audit quality across all of our engagements is of paramount importance to us. Our transformational Audit Quality Programme continues and is a part of the global EY Sustainable Audit Quality Programme (SAQ).

Our Audit Quality Board (AQB) continues to oversee all matters relating to audit quality and sets the agenda for the Audit Quality programme. The AQB meets monthly and also holds an annual strategy session. The AQB reports to the EY UK Board. The AQB receives regular updates on regulatory matters, results of internal and external reviews, results of root cause analysis, resourcing, the SAQ programme and pursuit approvals, as well as a comprehensive dashboard on quality measures.

Our Audit Quality Support Team (AQST), which started within the SAQ programme, reviews 40 to 50 audits each audit cycle providing challenge and guidance to the engagement teams. These are in-depth reviews carried out by experienced auditors independent of the audit team. AQST reviews enhance the quality of both the audit under review and other audits on which team members apply the lessons learned. The AQST has now become a business-as-usual function.

Audit Quality Framework / Annual Audit Quality Report

Audit Scotland's Appointments and Assurance Team are responsible for applying the new Audit Quality Framework across all financial audits and performance and Best Value audits. This covers the quality of audit work undertaken by Audit Scotland staff and appointed firms. The team are independent of audit delivery and provide assurance on audit quality to the Auditor General and the Accounts Commission.

We support Audit Scotland in their commitment to reporting on audit quality through responding to requests for information and providing the results of internal quality reviews undertaken in respect of relevant public sector audits in Scotland.

The most recent audit quality report which covers our work at the Council since appointment can be found at: <https://www.audit-scotland.gov.uk/report/quality-of-public-audit-in-scotland-annual-report-201920>.

Appendix C: Required communications

Required communication	Our reporting to you
Terms of engagement / Our responsibilities Confirmation by the audit, risk and governance committee of acceptance of terms of engagement as written in the engagement letter signed by both parties. Our responsibilities are as set out in our engagement letter.	Audit Scotland Terms of Appointment letter - audit to be undertaken in accordance with the Code of Audit Practice
Planning and audit approach Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Annual Audit Plan Annual Audit Plan Addendum
Significant findings from the audit <ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Annual Audit Plan This Annual Audit Report
Going concern Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	This Annual Audit Report
Misstatements <ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Corrected misstatements that are significant ▶ Material misstatements corrected by management 	This Annual Audit Report - Appendix E
Fraud <ul style="list-style-type: none"> ▶ Enquiries of the audit, risk and governance committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	This Annual Audit Report
Consideration of laws and regulations <ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the audit, risk and governance committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Committee may be aware of 	Annual Audit Report (to be issued on completion of audit work) or as occurring if material.

Required communication	Our reporting to you
<p>Related parties</p> <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	<p>No significant matters have been identified.</p>
<p>Independence</p> <p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Annual Audit Plan</p> <p>This Annual Audit Report - Appendix B</p>
<p>Internal controls</p> <p>Significant deficiencies in internal controls identified during the audit</p>	<p>This Annual Audit Report - no significant deficiencies reported</p>
<p>Subsequent events</p> <p>Where appropriate, asking the audit committee whether any subsequent events have occurred that might affect the financial statements.</p>	<p>We have asked management and those charged with governance. We have no matters to report.</p>
<p>Material inconsistencies</p> <p>Material inconsistencies or misstatements of fact identified in other information which management has refused to revise</p>	<p>This Annual Audit Report</p>
<p>Group audits</p> <ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements 	<p>Annual Audit Plan</p> <p>This Annual Audit Report</p>

Appendix D: Action Plan

We recognise that a number of areas of planned progress have been delayed as a result of the response to the pandemic. We have therefore outlined below where previous recommendations have not yet been fully addressed by management. Additional risks have been identified during the course of our work in 2019/20 in relation to Procurement that will be taken forward with internal audit. We will continue to monitor areas of focus in 2020/21. We have graded these findings according to our consideration of their priority.

Classification of recommendations

Grade 1: Key risks and / or significant deficiencies which are critical to the achievement of strategic objectives. Consequently management needs to address and seek resolution urgently.

Grade 2: Risks or potential weaknesses which impact on individual objectives, or impact the operation of a single process, and so require prompt but not immediate action by management.

Grade 3: Less significant issues and / or areas for improvement which we consider merit attention but do not require to be prioritised by management.

No.	Findings and / or risk	Management response / Implementation timeframe	Our assessment of progress
1	<p>In 2018/19, a movement of £110 million was noted in relation to housing assets compared to 2017/18, largely due to the revaluation in the year.</p> <p>While we are satisfied that the Council has demonstrated that the movement relates to 2018/19, the significance of the movement suggests that housing assets should be subject to a more frequent valuation. The Finance Team had requested that this valuation was undertaken after 4 years, rather than as part of the 5 year rolling programme.</p> <p style="text-align: right;"><i>Grade 2</i></p>	<p>Agreed</p> <p>The triennial revaluation of the Councils Housing stock will be incorporated into the Rolling programme of valuations.</p> <p>Responsible officer: Head of Finance & ISS</p> <p>Implementation date: 31 December 2019</p>	<p>We note that the Finance Team has revised the valuation cycle and has applied indices to ensure that the valuation of significant categories of assets remains up to date.</p> <p>Our assessment: Complete</p>
2	<p>Our review of the valuation report provided by the Council's in house Property and Investment management team identified a number of errors and inaccuracies. To comply with best practice, it is recommended that the Council employs an external valuer on a cyclical basis to review valuations performed by the in-house team.</p> <p style="text-align: right;"><i>Grade 2</i></p>	<p>As part of a de-brief on 2018/19 year end processes the Council will consider options to enhance management review activity in respect of asset valuations.</p> <p>Responsible officer: Head of Finance & ISS</p> <p>Implementation date: 31 March 2020</p>	<p>We continued to note a number of errors within internal valuations, and more audit involvement was required than we would normally expect to conclude on the valuation of property, plant and equipment.</p> <p>Our assessment: Incomplete</p>

Classification of recommendations

Grade 1: Key risks and / or significant deficiencies which are critical to the achievement of strategic objectives. Consequently management needs to address and seek resolution urgently.

Grade 2: Risks or potential weaknesses which impact on individual objectives, or impact the operation of a single process, and so require prompt but not immediate action by management.

Grade 3: Less significant issues and / or areas for improvement which we consider merit attention but do not require to be prioritised by management.

No.	Findings and / or risk	Management response / Implementation timeframe	Our assessment of progress
3	<p>The Council is performing a detailed review to consider the implications of new Loans Fund accounting regulations. As part of this review, the Council has committed to performing a review of their accounting policies to ensure they remain appropriate. The Council should ensure that accounting policies are subject to regular review.</p> <p>The Council should engage with external audit with respect of any changes to the accounting for Loans Fund.</p> <p style="text-align: right;"><i>Grade 2</i></p>	<p>Agreed</p> <p>Responsible officer: Head of Finance & ISS</p> <p>Implementation date: 31 March 2020</p>	<p>We reviewed the Council's proposals for Loans Funds as part of our audit procedures.</p> <p>Our assessment: Complete</p>
4	<p>Continued work is required to finalise a medium-term financial plan, underpinned by identified and agreed budget savings over the term of the plan to not only manage in year financial positions, but also to ensure that the forecast pressures are addressed on a timely basis. The Council must continue to develop a balanced MTFP in the medium to long term.</p> <p style="text-align: right;"><i>Grade 1</i></p>	<p>Agreed, Officers continue to support BTSG to recommend measures to council to achieve a balance MTFS.</p> <p>Responsible officer: BTSG</p> <p>Implementation date: 11 February 2020</p>	<p>We understand that work is ongoing to develop an updated MTFS by the end of 2020 that will deliver a balanced budget for the next two financial years.</p> <p>Our assessment: Ongoing</p>
5	<p>The Council continues to experience timing and data accuracy issues in relation to feeder financial information systems</p> <p>The Council must ensure that services apply greater rigour to feeder financial systems to support improved reporting.</p> <p style="text-align: right;"><i>Grade 2</i></p>	<p>Agreed. As part of the review of the 2018/19 year end an issue and lessons learnt report is being prepared which will set out recommendations for future improvement required for 2019/20 year end.</p> <p>Responsible officer: Head of Finance & ISS</p> <p>Implementation date: 31 March 2020</p>	<p>Within Financial Management, we noted that the level of variation in financial monitoring reports noted in prior years did not occur, signalling improved financial forecasting and control.</p> <p>Our assessment: Ongoing</p>

Classification of recommendations

Grade 1: Key risks and / or significant deficiencies which are critical to the achievement of strategic objectives. Consequently management needs to address and seek resolution urgently.

Grade 2: Risks or potential weaknesses which impact on individual objectives, or impact the operation of a single process, and so require prompt but not immediate action by management.

Grade 3: Less significant issues and / or areas for improvement which we consider merit attention but do not require to be prioritised by management.

No.	Findings and / or risk	Recommendation / grading	Management response / Implementation timeframe
6	<p>The Council has a significant capital investment programme, which has long term implications for future funding and treasury management arrangements.</p> <p>The Council's ambitious plans for capital spend must be matched with training and support for members to explain the long term funding implications.</p> <p style="text-align: right;"><i>Grade 2</i></p>	<p>Agreed</p> <p>A training session on treasury management for Audit Committee members to which all elected members are invited is scheduled for 5 November 2019. A refresh of the capital strategy updating the long term implications and affordability of capital investment plans will be presented to Council on 17 December 2019.</p> <p>Responsible officer: Head of Finance & ISS</p> <p>Implementation date: 17 December 2019</p>	<p>Our assessment: Complete</p>
7	<p>The Best Value Assurance Report highlighted that there is scope to be clearer about priority indicators and targets to track the Council's performance. The Council should ensure that performance reporting arrangements support elected member scrutiny.</p> <p style="text-align: right;"><i>Grade 3</i></p>	<p>Responsible officer: Quality & Scrutiny Manager</p> <p>Implementation date: 31 March 2020</p>	<p>While significant improvements have been made to the Council's performance reporting capability, we note within the Value for Money section that there is scope to refine key performance measures and targets.</p> <p>Our assessment: Ongoing</p>

Appendix E: Adjusted and unadjusted errors identified during the audit

This appendix sets out the significant adjustments processed in the financial statements finalisation.

Adjusted differences			
No.	Description	Income and Expenditure Impact	Balance Sheet Impact
1	<i>Impact of consultation on addressing costs of McCloud judgement on the Council's LGPS liability valuation at 31 March 2020. Due to the timing of the judgement, this was not reflected within the draft financial statements.</i>	CR Actuarial (gains)/losses on pension assets & liabilities £4,773,000	DR Pension Liability £4,773,000
2	<i>Impairment of Lothian Buses investment as outlined on page 17</i>		DR Available for sale financial instruments account £382,872 CR Long-term investments £382,872
3	<i>Reclassification of non domestic rates balance</i>		DR Debtors £411,510 CR Creditors £411,510
4	<i>Millerhill PPP reallocation</i>		DR PPP Liability £1,770,000 CR PPP Donated Asset Account £1,770,000
5	<i>Purchase ledger control account reallocation</i>		DR Creditors £1,316,528 CR Debtors £1,316,528
6	<i>Removal of additions to components included in valuations</i>		DR Revaluation Reserve £334,434 CR Operational Buildings £334,434
7	<i>Millerhill - removal of food waste plant from valuation</i>	DR Expenditure £2,094,915	CR Operational Land £78,415 CR Operational Buildings £2,016,500
8	<i>Adjustment to asset valuations due to short asset lives</i>		DR Revaluation Reserve £2,967,422 CR Operational Buildings £2,967,422
9	<i>Reclassification of land to buildings</i>		DR Operational Buildings £577,151 CR Operational Land £577,151

Unadjusted judgemental difference

No.	Description	Income and Expenditure Impact	Balance Sheet Impact
1	<p><i>Impact of addressing costs of Goodwin judgement on the Council's LGPS liability valuation at 31 March 2020,</i></p> <p><i>The Goodwin judgement was concluded in July 2020, and was therefore unknown at the time of preparing the financial statements. Management has estimated the impact of the ruling based on guidance from the Government Actuaries Department and knowledge of the members likely to be impacted. We are content that management do not propose to adjust for this difference.</i></p>	<p>DR Actuarial (gains)/losses on pension assets & liabilities</p> <p>£437,000</p>	CR Pension Liability £437,000

Disclosure difference

No.	Area	Description
1	Cash Flow Statement	Any other items for which the cash effects are investing or financing cash flows was increased by £3.738 million to £40million

Appendix F: Timing and deliverables of the audit

We delivered our audit in accordance with the timeline set by the Council, in accordance with the annual audit planning guidance from Audit Scotland. Below is a timetable showing the key stages of the audit and the deliverables through the 2019/20 audit cycle, including the remaining areas of work with completion deadlines subsequent to this report.

	Audit Activity	Deliverable	Timing
JAN			
FEB	<ul style="list-style-type: none"> Onsite fieldwork, documentation and walkthrough of key accounting processes Scoping of wider scope work for year 	Annual Audit Plan	28 March 2020
MAR	<ul style="list-style-type: none"> Review progress of NFI exercise 	Submit NFI Questionnaire	28 February 2020
APR	<ul style="list-style-type: none"> Review of current issues impacting the Council Review of reported frauds 	Quarterly current issue return submission	Quarterly
MAY		Quarterly fraud return submission	Quarterly
JUN	<ul style="list-style-type: none"> Reassessment of audit planning and risks due to Covid-19 	Annual Audit Plan - addendum	22 June 2020
JUL	<ul style="list-style-type: none"> Education Maintenance Allowance (EMA) grant claim testing Wider scope work underway 	Certified EMA return	31 July 2020
AUG		Liaison on Best Value Follow up Assessments	NA
SEP	<ul style="list-style-type: none"> Submit Council dataset return to Audit Scotland 	Return for financial overview	18 May 2020
OCT	<ul style="list-style-type: none"> Year-end substantive audit fieldwork on unaudited financial statements Conclude on results of audit procedures Issue opinion on the Council's financial statements 	Whole of Government Accounts assurance statement to NAO (as required)	TBD - due 30 September 2020
NOV		Certify Annual Financial Statements	12 October 2020
DEC		Issue Annual Audit Report	
	<ul style="list-style-type: none"> Completion of Non-Domestic Rates return testing 	Certified Non-Domestic Rates return	TBD - due for submission 9 October 2020
	<ul style="list-style-type: none"> Completion of Housing Benefits claim testing 	Certified Housing Benefit subsidy claim	TBD - Audit Scotland deadline 28 February 2021

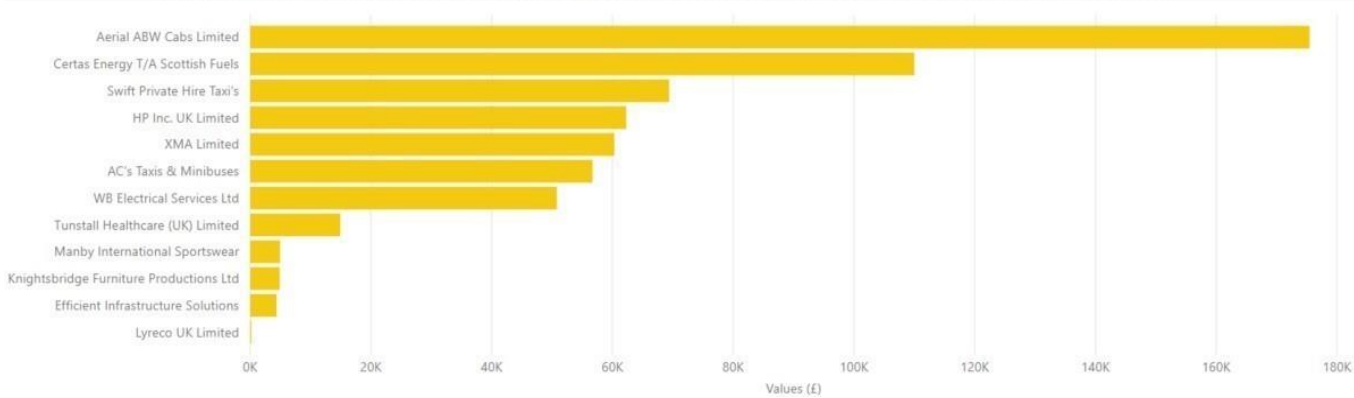
Appendix G: Detailed Procurement Analysis

Exhibit A: Potential Purchase Order Splitting to Circumvent Approval Threshold

The chart below highlights where multiple Purchase Orders were approved:

1. for the same supplier,
2. on the same day; and
3. Where the total combined value exceeds that threshold

Suppliers where multiple PO's raised on the same day which exceed approval thresholds



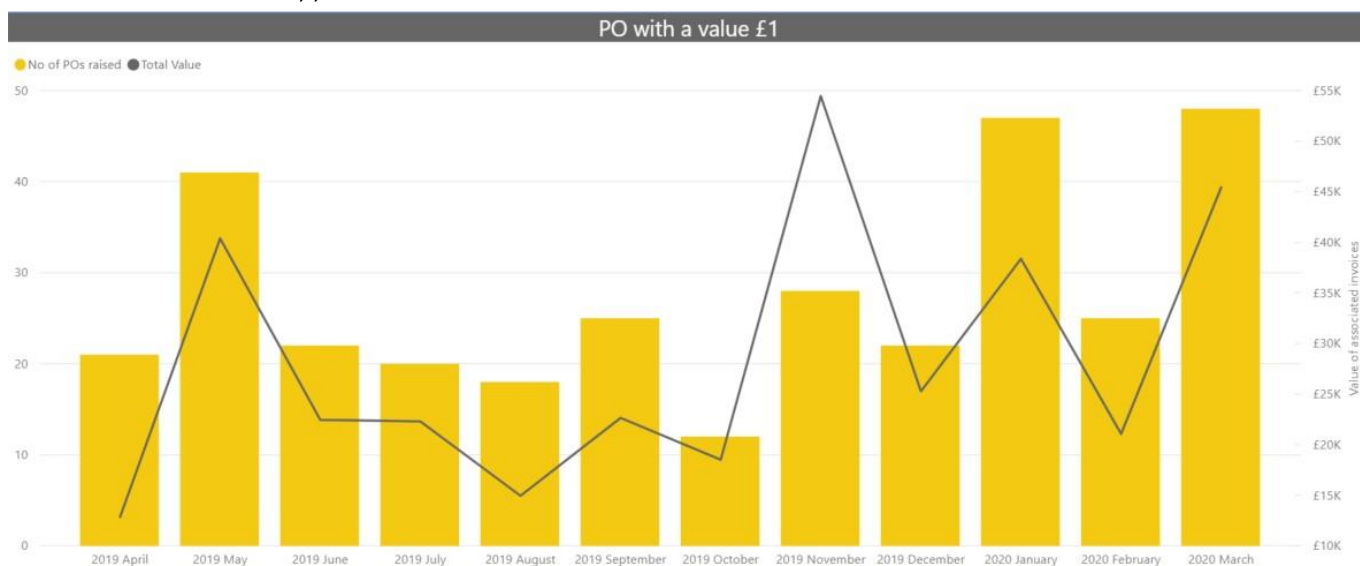
Analysis of authoriser information

Authoriser	Supplier name	Year	Month	Day	No of POs Raised	Total value of PO raised	Approval Threshold
		2019	April	10	17	175,450.00	50,000.00
		2019	April	2	6	110,000.00	50,000.00
		2019	April	23	3	69,400.00	50,000.00
		2020	February	20	2	62,289.90	50,000.00
		2019	April	9	2	56,700.00	50,000.00
		2020	March	19	3	51,865.93	50,000.00
		2020	February	26	7	50,792.24	50,000.00
		2019	April	11	3	5,745.50	4,166.00
		2019	June	12	2	5,003.92	4,166.00
		2019	April	22	2	4,950.00	4,166.00
		2020	January	14	2	4,893.00	4,166.00
		2019	July	9	2	4,384.00	4,166.00
		2019	October	30	3	4,271.44	4,166.00
		2019	May	17	3	4,189.40	4,166.00
		2020	March	20	2	4,177.00	4,166.00
		2019	October	1	2	139.55	100.00

Our conclusion: We reviewed the matches including the underlying purchase orders and invoices, and where necessary discussed with the Finance Team. We did not identify any unusual activity that would indicate purchase order splitting.

Exhibit B: Purchase Orders for £1

Where Purchase Orders (PO) were raised for a value of £1 but the associated invoices were for a value in excess of £1. This exception was identified in relation to two suppliers.



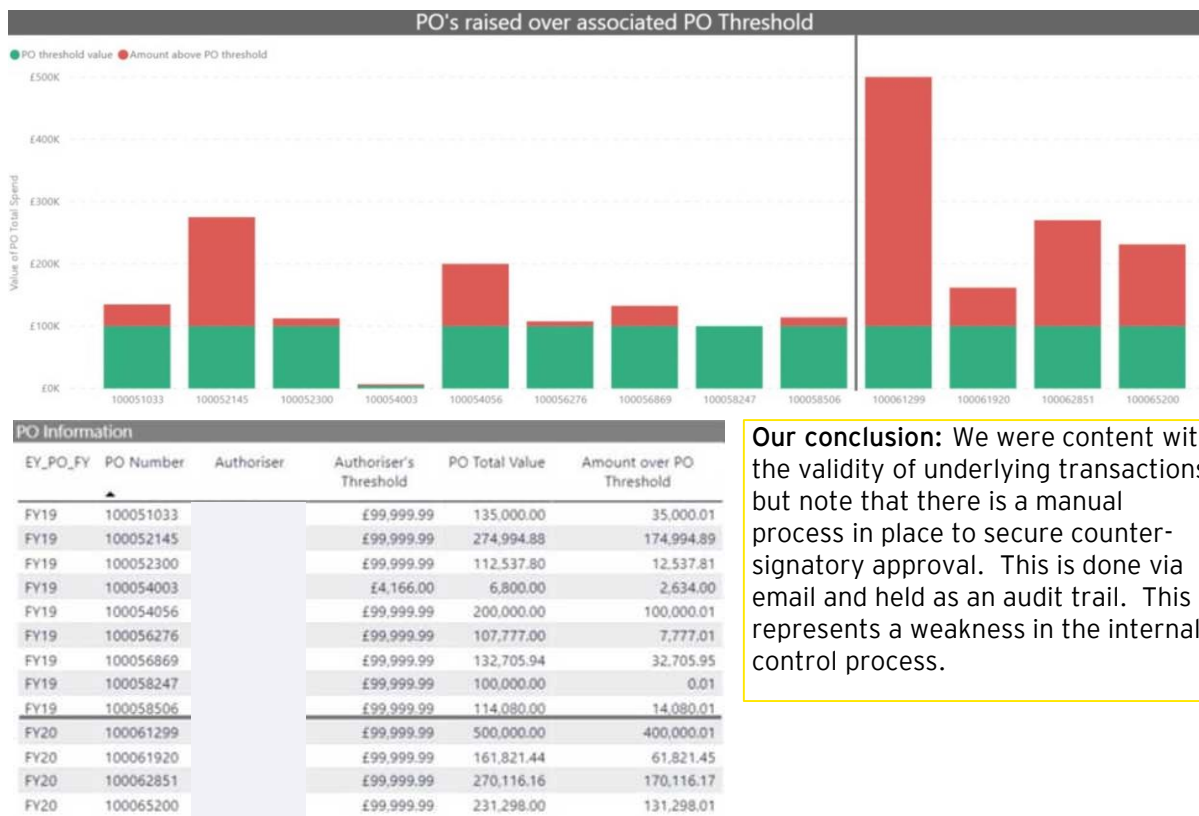
Supplier Information

Supplier Code	Supplier Name	Total value of Invoices	No of associated Invoices
33747500		£2,346.92	1
33587500		£336,383.60	328
Total		£338,730.52	329

Our conclusion: The Council should review the use of purchase orders for £1 to assess whether more appropriate processes can be established to manage this weakness.

Exhibit C: Purchase Orders raised that exceed Approval Threshold

The chart below highlights a number of cases where a senior officer acted as a counter-signatory to purchases which exceeded his nominal authorisation limit of £100,000.



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Scotland's Strategic Framework

Report by Kevin Anderson, Executive Director - Place

Report for noting.

1 Recommendations

Council is recommended to note this report which provides information in respect of *Scotland's Strategic Framework* response to the COVID-19 pandemic.

2 Purpose of Report/Executive Summary

This report notes the initial allocation of the local authority to the new level based approach to restrictions that underpin the Strategic Framework.

Midlothian is allocated to Tier 3 measures.

The levels set out in *Scotland's Strategic Framework* replace measures currently in place in Scotland to suppress the virus. Each local authority in Scotland needs to be placed at the appropriate level for its situation. This should consider the current and future levels of Covid-19, and how much this is affecting local health services. It must also consider social and economic harms and their impact on the local community.

Regulations were developed for the new levels based restrictions which came into force from Monday 2 November. These are initial allocations and will be subject to weekly review. The first review of the levels allocated to local authorities will be in the week beginning 9 November.

Date: 30 October 2020

Report Contact: Kevin Anderson, Executive Director - Place

email: kevin.anderson@midlothian.gov.uk

tel: 0131 271 3102

3 Background

The Scottish Government published [Scotland's Strategic Framework](#) on 23 October. The Framework sets out an approach based on levels of protection, each with graduated packages of measures designed to reduce transmission and suppressing the SARS-CoV-2 virus (COVID-19) to the lowest possible level and keeping it there while we strive to return to a more normal life for as many people as possible. The Framework can be applied nationally or to different areas of the country according to the evolving patterns of infection and transmission.

The Framework, including the design of the proposed levels, follows the “four harms” approach set out in the Scottish Government’s [COVID-19 Framework for Decision Making](#). This explicitly recognises that action taken to suppress the virus can itself cause harm to wider health and to the social and economic well-being of the nation. While the levels are intended to provide a more consistent basis for public understanding their content will be kept under review to ensure as far as possible they are adequately mitigating wider harms while having sufficient impact on suppressing the virus.

The process starts with the daily and weekly analysis of data, agreed with local partners including Directors of Public Health, which will then be considered on a weekly basis by the National Incident Management Team (NIMT), chaired by Public Health Scotland and including representatives from local government. This assessment by the NIMT will focus on the impact of measures designed to suppress the virus (harm 1). The advice from the NIMT will then be considered by chief advisers in the Scottish Government representing all the “four harms”, which again will include representatives from local government. This group will help form recommendations for Ministers on allocation of levels which will be discussed with the relevant local authorities.

Midlothian Council is allocated as Tier 3 at present and the protective level assessment is detailed in Appendix 1.

<https://www.gov.scot/publications/coronavirus-covid-19-protection-levels/pages/protection-level-3/>

4 Report Implications (Resource, Digital and Risk)

4.1 Resource

There are no resource implications related to this report.

4.2 Digital

There are no digital implications related to this report.

4.3 Risk

Given the risk of harm from action intended to suppress the virus, decisions taken on the basis of this Framework and the consequent actions have to be justified, necessary and proportionate.

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

The Framework is clear that the respective Tiers have to be based firmly in the best available evidence, assessed through a process that is open, transparent and collaborative and frequently reviewed so that restrictions are not kept in place longer than is strictly necessary to achieve the aim of suppressing the virus.

4.4 **Additional Report Implications**

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Not applicable

A.2 Key Drivers for Change

Key drivers addressed in this report:

- ☐ Holistic Working
- ☐ Modern
- ☐ Sustainable
- ☐ Transformational
- ☐ Preventative
- ☐ Asset-based
- ☐ Continuous Improvement

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

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

A.4 Delivering Best Value

There are no direct implications related to this report.

A.5 Involving Communities and Other Stakeholders

Although there is a clear commitment to engage on the nature and application of this Framework, including full Parliamentary scrutiny of any future amendments to the Framework, it is ultimately for Scottish Ministers to make decisions to apply or amend the Framework, including allocation of levels, in line with their statutory powers to protect public health.

A.6 Impact on Performance and Outcomes

The Framework published on 23 October sets out a wider context for the decisions summarised in this paper including action underway to encourage and enable adherence to guidance and regulations, and support for business and the economy. The approach is intended to be coherent and comprehensive as no part will be effective on its own.

A.7 Adopting a Preventative Approach

Not applicable

A.8 Supporting Sustainable Development

Not applicable

Appendix 1.

Summary of reasons for allocation of level - Midlothian Council

- Consideration was given to allocating Midlothian to level zero. Given the levels of community transmission suggested by indicator (a) at 107 per 100,000 and indicator (b) at 6.9% positivity it was judged that some level of restriction, indeed significant restriction, was likely for foreseeable future.
- Consideration was given to allocating Midlothian to level 1. The level of transmission in Midlothian suggested by indicators was deemed incompatible with the likely impact of level one restrictions even allowing for significant impact of recent national restrictions.
- Consideration was given to allocating Midlothian to level 2. It was acknowledged that there had been a steady rise in indicators (a), (b) and indicator (c) suggests significant ongoing caseload. As such, on the basis of the evidence of the current situation in Midlothian it was judged that allocation at level 2 was not sufficient.
- Consideration was given to whether allocation to level 3 was appropriate. Given the continued increase in case numbers in Midlothian, it was judged that level 3 was required to suppress the virus and slow the spread within Midlothian.

Indicator Result 28 October 2020

*Equivalent level to measures in place from 9 October to 2 November

Local authority**	Cases / 100k	Test Positivity	Cases / 100k forecast	Hospital forecast	ICU forecast	Present Level*
East Ayrshire	3	3	4	3	4	3
North Ayrshire	3	3	4	3	4	3
South Ayrshire	3	3	3	3	4	3
Scottish Borders	1	1	0	0	0	2
Dumfries and Galloway	1	2	2	0	0	2
Fife	2	3	2	0	0	2
Clackmannanshire	2	3	3	1	1	3
Falkirk	2	3	2	1	1	3
Stirling	2	2	2	1	1	3
Moray	0	0	0	0	0	2
Aberdeen City	1	1	0	0	0	2
Aberdeenshire	1	1	0	0	0	2
East Renfrewshire	3	4	4	1	2	3
Inverclyde	1	2	2	1	2	3
Renfrewshire	3	3	3	1	2	3
West Dunbartonshire	3	3	2	1	2	3
East Dunbartonshire	3	4	4	1	2	3
Glasgow City	4	4	3	1	2	3
Highland	0	0	0	0	0	2
Argyll and Bute	1	1	1	0	0	2
South Lanarkshire	4	4	4	4	4	3
North Lanarkshire	4	4	4	4	4	3
East Lothian	2	3	2	0	0	3
Midlothian	2	3	2	0	0	3
City of Edinburgh	2	3	0	0	0	3
West Lothian	3	4	4	0	0	3
Orkney Islands	1	1	0	0	0	2
Shetland Islands	0	0	0	0	0	2
Angus	1	1	1	1	0	2
Dundee City	3	3	3	1	0	2
Perth and Kinross	1	2	1	1	0	2
Na h-Eileanan Siar	1	0	0	0	0	2

Best Value Assurance Report Update**Dr Grace Vickers, Chief Executive****Report for Noting****1 Recommendations**

Council is asked to:

- a) Note that the Terms of Reference have been updated for BTB to deal with future year savings with the existing Change and Transformation Programme savings for the current year being monitored and reported to the quarterly Financial Monitoring meetings. These reports are then presented to Council as part of the ongoing Financial Monitoring updates and to formalise this change with a closure report for the existing programme to BTSG
- b) The Performance team has now changed to the Continuous Improvement Team in order to drive continuous improvement, utilising the Customer Service Excellence Standard.
- c) Note that the transformation of services as a result of Covid-19 was approved by Council in June and is called the Midlothian Route Map through and out of the crisis which will ensure a strategic and future focus for BTB/BTSG. This is also complimented by the Nesta Listen and Learn report.
- d) Note the intention to review/close a number of the actions, as outlined in appendix C, currently shown in the Best Value Assurance Report Improvement Action Plan which have been superseded as a result of the Covid-19 pandemic.

2 Purpose of Report

The purpose of this report is to provide Council with an update regarding Best Value and the previously presented Improvement Action Plan put in place following publication of Midlothian's Best Value Assurance Report by the Accounts Commission on 4 July 2019 which was presented to Council on 20 August 2019 and followed by a subsequent update on 11 February 2020.

Date: 26 October 2020**Report Contact:**

Myra Forsyth, Continuous Improvement Manager

myra.forsyth@midlothian.gov.uk

3 Background

3.1 Audit Work to support the Best Value Assurance Report (BVAR) for Midlothian Council was carried out between January and March 2019. The audit focused on 5 key questions:

1. Does the council have clear strategic direction?
2. How well is the council performing?
3. Is the council using its resources effectively?
4. Is the council working well with its partners?
5. Is the council demonstrating continuous improvement?

The audit work was carried out by a team of auditors and best value auditors from Ernst & Young and Audit Scotland and involved an extensive review of documentation and interviews with elected members, council officers and partners.

3.2 The BVAR report published by Audit Scotland recognised that the Council had delivered a number of ambitious projects since the Council's last Best Value report in 2012, in particular in relation to schools, community campuses, housing and transport. Other key points noted in the report advised that:

- The council still needs to focus on some key requirements for Best Value, including financial sustainability, financial management and transformation.
- There are risks around the council's successful delivery of change due to its past track record and the scale of the challenge in both the medium and longer term.
- Elected members need to work together to urgently agree the medium-term financial strategy and transformation programme.
- Performance across services is mixed and the council is among middle performing councils using benchmarking indicators.
- The council makes good use of data to understand and improve its performance.
- Partnership working continues to be a strength at the council.

3.3 The report also set out the Accounts Commission Findings and identified a set of recommendations for the Council. The recommendations detailed below were therefore used to develop the improvement action plan, an update of which is detailed in Appendix C:

- As a matter of urgency, officers and elected members need to work together to develop and agree the medium-term financial strategy and progress the council's transformation plans.
- The council needs to develop and sustain more constructive relationships between members and between members and officers. It needs to implement effective cross-party governance arrangements to ensure that it delivers the medium-term financial strategy and transformation plans.

- The council needs to ensure that workforce planning reflects the medium-term financial strategy.
- The council should undertake a review of its capital programme, to ensure that the timeframes for delivery are achieved going forward and that monitoring and reporting mechanisms are enhanced to drive more accurate analysis and planning around capital work.
- The council need to continue to implement financial planning arrangements to address budget gaps, underpinned by robust financial budgeting and monitoring arrangements.
- The council should refine its vision in light of the outcome of consultation work through the Services with Communities transformation workstream and to ensure that it focuses its activity most effectively.
- Elected members need to exercise appropriate scrutiny at all times, take ownership for personal development plans and take up relevant training opportunities.
- The council should continue to build on positive elements of community empowerment. It should look to increase community ownership of local neighbourhood plans and work with communities to improve how they monitor progress.

3.3 The Council being ambitious for the future of Midlothian, supported by our Vision as a Great Place to Grow, developed the Medium Term Financial Strategy (MTFS), an important step-change. The MTFS aimed to provide a clear and concise overview of future sustainability given the demand pressures and the decisions that would need to be taken in order to make headway towards addressing budget gaps covering the financial period to 2022/23.

3.4 To further support the necessary step-change required the following key drivers were introduced:



Diagram 1: 9 Key Driver for Change

4 Progress

4.1 Since the introduction of the improvement plan a number of actions supporting the recommendations have progressed including:

- The Medium Term Financial Strategy was approved by Council in June 2019 and an update to secure the 2020/21 budget approved on 11 February 202-and supporting transformation plans were approved by Council in February 2019.
- Consolidation of change and transformation plans into a single programme with a clear governance route through BTB and BTSG.
- Launch of the Council's new Senior Leadership Structure to support the strategic delivery of the Council's Vision and ambition which includes the Medium Term Financial Strategy and the Route Map through and out of the crisis.
- Alignment of change and transformation savings plans for BTB/BTSG with the quarterly financial reporting process.
- Establishment of the Financial Monitoring Board which meets every quarter to scrutinise in year financial performance of services.
- Further engagement with BTSG to progress implementation of Elected Member and Officer Protocol.
- Ongoing discussions and development to support Elected Member development using a range of delivery options including briefings, seminars and cross-party working groups and introduction of a process to capture activity centrally.
- Council received an update on the Workforce Strategy in December 2019
- Initial pilot of Financial Dashboard within Children's Services to support further roll-out.
- Implementation of gateway reviews and reporting process to improve transparency of Capital Plan and Asset Management Board progress.
- Progress to increase community ownership of local neighbourhood plans is shown in the reporting process introduced for plans and updates going to the Community Planning Working Groups and wider memberships within community councils

4.2 Midlothian and its communities have faced an unprecedented challenge as we have grappled with how to respond to a global pandemic. On 20 March 2020 the council moved to critical service delivery in response to the Covid-19 Pandemic. Whilst this experience has been extremely challenging, it has also acted as a catalyst for change with staff across the Council rapidly adapting to working completely differently, delivering more services remotely and trying to maintain services whilst supporting people through the crisis.

- 4.3** The rapid response to the pandemic has resulted in a complete transformation of how the council works, including remote working, local by default, digital transformation and services reviewing how they operate. There are things we have paused or stopped doing and we've also started doing lots of new things. These are outlined in the Midlothian Route Map through and Out of the crisis which was approved by Council in June 2020.
- 4.4** The need to respond at pace with the impact of COVID has resulted in a number of changes to the ways services were delivered and included:
- Launch of the #kindnessmidlothian CPP campaign on 18 March 2020.
 - Daily meetings of the Corporate Incident Management Team to monitor and respond appropriately to the crisis during the period of lockdown
 - Chief Executive initiated scheduled weekly virtual meetings with Leader and Depute Leader, the Administration, Group Leaders and Political Groups
 - Initial weekly and then fortnightly meetings with Community Planning Partners to harness the collective response to the crisis
 - Council committees and meetings held virtually online for officers and elected members commencing in June 2020.
 - A large number of staff undertaking alternative duties to support critical services and to support the local response interventions put in place
 - All non-essential staff working remotely
 - Contact Centre/Customer Service staff transitioned to remote working
 - Significant impact on previously agreed transformation savings and priorities
- 4.5** As identified in Midlothian's Best Value Assurance Report the council needs to continue to implement financial planning arrangements to address budget gaps, underpinned by robust financial budgeting and monitoring arrangements. The immediate and ongoing financial impact of the pandemic has been a key focus during the crisis and regular updates regarding financial implications have been provided to both CMT and Council. The most recent updates for both the Covid-19 Financial Update and the Financial Monitoring 2020-21 reports are provided elsewhere on today's agenda.
- 4.6** The introduction of Midlothian's Route Map through and out of the crisis seeks to both support recovery and to retain the best elements of the transformation which took place in response to Covid-19. The strategy for recovery, as we continue to respond and emerge from this crisis, is based on the creation of a Wellbeing Economy, designed to achieve wellbeing, inclusion and fairness for our communities and to protect and enhance our environment. The overarching principle is that in delivering services, whether commissioned internally or externally, that

we keep our communities, our employees and our environment safe minimising exposure to Covid-19, or any other harmful agent, at the same time as meeting our commitment to being carbon neutral by 2030. The introduction of the Route Map has also resulted in the need to revisit and reset the existing change and transformation programme.

- 4.7** The Route Map builds on our 9 drivers for change as shown in table 1 and also identifies priority interventions to support recovery as listed below:

Holistic Working	<ul style="list-style-type: none"> • One Council – joined up – services • All through support, minimising transition points
Hub and Spoke	<ul style="list-style-type: none"> • Local by default supported by 4 Locality Place Teams • Minimal service delivered centrally
Modern	<ul style="list-style-type: none"> • Digital by Default • Place based front facing services • Home working for those services able to be delivered at home • Digital, rather than physical attendance at meetings
Sustainable	<ul style="list-style-type: none"> • Climate Change commitment to be Carbon neutral by 2030 • Minimising travel by committing to working as locally as possible
Transformational	<ul style="list-style-type: none"> • This strand support the delivery of the other 8 drivers for change
Prevention	<ul style="list-style-type: none"> • Continued investment in early intervention and prevention as a priority
Asset Based	<ul style="list-style-type: none"> • Local by default • Only retaining physical buildings where required • Maximising opportunities for social housing solutions • Eliminate Homelessness
Continuous Improvement	<ul style="list-style-type: none"> • Committed to achieving better than our previous best
One Size Fits One	<ul style="list-style-type: none"> • Our citizens come first and are known as individuals and experience services appropriate to best meet their needs

Priority interventions to support recovery:

- Economic Renewal
- Accelerated Capital Programme for Housing and the School Estate
- Education Recovery Plan
- Hub and Spoke Place Service Delivery
- Health and Social Care Transformation
- Digital by default, Remote working and Carbon Neutral by 2030 approaches to the workplace and active travel

- 4.8** As a result of our recovery and renewal plans captured in Midlothian's Route Map through and out of the crisis, change and transformation plans that were in place have been superseded. In order to deliver the 'new' normal and continue with the transformation and pace required as we move through the crisis, it has been necessary to review and reset delivery plans moving forward.

- 4.9** The previous Change and Transformation Programme and associated savings will be monitored and reported as part of the established

quarterly financial monitoring process. In light of Covid-19 a further exercise with the relevant accountants is currently underway to ensure that all savings aspects of the programme are captured and transitioned for future scrutiny to the existing quarterly Financial Monitoring activity and a closure report will be presented to BTB/BTSG to ensure a formal audit trail of the change in approach is recorded.

- 4.10** To continue the focus on delivering against the Route Map the following workstreams are taking forward the key strategic projects: digital by default, locality place planning and remote working. Using the 9 drivers for change will allow a more holistic programme to develop and ensure that the vision, ambition and intended transformation supports a strategic and forward facing focus for BTB/BTSG.
- 4.11** Working in partnership with Nesta, an innovation foundation, activity was also undertaken to interview staff from a range of services across the Council who shared their experiences during the pandemic. The output of the work undertaken with Nesta and a staff survey produced a Listen and Learn report which will also be used to further inform the continuous improvement and transformation activities to be taken forward by services. The activities identified will be informed by the recommendations within the Listen and Learn report and be set out against the drivers for change, previously identified, and as represented in appendix D. This approach will ensure that plans put in place are created with a holistic approach and avoid the risk of any silo based development of plans within services.
- 4.12** Resetting the Council's approach to transformation and continuous improvement in line with the Road Map and the Listen and Learn Report ensures a continued focus on Best Value. With the proposed plan development ensuring continued good governance via BTB and BTSG, effective management of resources informing the development of delivery plans, and a focus to deliver improved outcomes to Midlothian's residents, businesses and visitors.
- 4.13** EY, the Council's External Auditors, in their Annual Audit Report to Audit Committee on 12 October 2020 noted progress across a number of the areas shown in the Accounts Commission Findings set out in section 3.3 including noting:
- that the adoption of the MTFS and supporting governance meant savings proposals were well advanced prior to Covid-19 and that updates would be provided to Council later in 2020 providing options to balance the 2021/22 and 2022/23 budgets.
 - that the Council demonstrates good financial control of the in-year budget, including understanding the impact of Covid-19 in early 2020/21. Further noting that financial reporting was clear and consistent throughout the year and that improvements have been made to the management and monitoring of the capital programme. The Annual Audit Report identified some areas such as delivery of savings as requiring continuing focus and attention.

- that the Council has demonstrated shared leadership to respond to the pandemic and that there is a need for continued member and officer focus to safeguard financial sustainability.
- that early work to develop Midlothian's local route map through and out of the crisis provides clear and coherent focus on priorities, including economic recovery for the community.
- that the key features of good governance are in place and operating effectively, further recognising that the Council responded quickly to ensure that governance arrangements were appropriate and operating effectively during the lockdown period and that members continued to have access to sufficient information as a result of the implementation of virtual meetings, and regular briefings to all members.

5 Report Implications (Resource, Digital and Risk)

5.1 Resource

No additional resources are required as result of this report, however future improvement planning actions will consider any future resource requirements.

5.2 Digital

There are no IT issues arising from this report.

5.3 Risk

The Council has a statutory duty to respond to the published findings and the supporting improvement action plan responds to these duties in part.

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

Whilst equalities is a key requirement for Best Value organisations, there are no direct equalities issues to be considered for this report.

5.4 Additional Report Implications (See Appendix A)

See Appendix A

Appendices

Appendix A – Additional Report Implications

Appendix B – Background information/Links

Appendix C – Best Value Assurance Report Recommendations Action Plan

Appendix D – Listen and Learn Report Extract

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Midlothian Council and its Community Planning Partners have made a commitment to treat the following areas as key priorities under the Single Midlothian Plan:

- Reducing inequalities in learning outcomes
- Reducing inequalities in health outcomes
- Reducing inequalities in economic circumstance

Best Value guidance identifies two cross-cutting themes which Best Value organisations should fully embrace across all activities by which they deliver their outcomes. The cross-cutting themes are Equality and Sustainability.

A.2 Key Drivers for Change

Key drivers addressed in this report:

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

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

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

A.4 Delivering Best Value

Resetting the Council's approach to transformation and continuous improvement in line with the Road Map and the Listen and Learn Report ensures a continued focus on Best Value.

A.5 Involving Communities and Other Stakeholders

The Best Value Assurance Report was produced following engagement with both officers and partners and following a significant review of

documentation available, including documents from partners and communities.

A.6 Impact on Performance and Outcomes

The duty of Best Value in Public Services is as follows:

- To make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance,
- To have regard to economy, efficiency, effectiveness, the equal opportunities requirements, and to contribute to the achievement of sustainable development.

The above considerations informed both the Medium Term financial Strategy and Midlothian's Route Map through and out of the crisis.

A.7 Adopting a Preventative Approach

The Best Value duty supports the need to consider preventative approaches where appropriate and possible.

A.8 Supporting Sustainable Development

Sustainability is a key requirement for Best Value organisations and this informs the continuous improvement activities across Council.

APPENDIX B

Background Papers/Resource Links (insert applicable papers/links)

1. Best Value Assurance Report Midlothian Council
https://www.audit-scotland.gov.uk/uploads/docs/report/2019/bv_190704_midlothian.pdf
2. Midlothian – Listen and Learn Report
https://www.midlothian.gov.uk/downloads/download/731/nesta_listen_and_learn_report_for_midlothian_council_-_september_2020

Best Value Assurance Report Recommendations: Action Plan

The Action Plan is based on recommendations identified in the Best Value Assurance Report (BVAR) published by the Accounts Commission on the 4 July 2019. As a result of the Covid-19 pandemic a number of previously agreed actions have been superseded as a result of changes introduced to respond to the crisis (further information is included within the actions noted below).



1. As a matter of urgency, officers and elected members need to work together to develop and agree the medium-term financial strategy and progress the council's transformation plans.

Actions associated with this recommendation were complete prior to March 2020.





Action	Due Date	Status	Progress	Comment & Planned Improvement Action
Medium Term Financial Strategy (MTFS) to be agreed by Council.	30-Jun-2019	✓	100%	Q3 19/20: Complete. The MTFS was approved at Council in June 2019 with further work being progressed to identify savings for the remaining budget gap
MTFS and Transformation Programme governance framework via BTSG to be agreed by Council.	30-Jun-2019	✓	100%	Q3 19/20: Complete. The MTFS was approved at Council in June 2019. Further work to agree a revised terms of reference looking towards longer term planning was undertaken.
MTFS and supporting Transformation Programme plans, reporting and monitoring arrangements to be put in place.	31-Aug-2019	✓	100%	Q3 19/20: Complete. Changes introduced to align quarterly financial monitoring with BTB/BTSG reporting and report templates revised to reflect the changes introduced, including a consolidated plan for change and transformation. However, the Council is committed to continuous improvement and work is ongoing to streamline reporting and monitoring processes.

Update - On 20 March 2020 the council moved to critical service delivery in response to the Covid-19 Pandemic. The rapid response to this pandemic resulted in a complete transformation of how the council works, including remote working, digital transformation and rapid response. To support recovery and renewal from the pandemic the Council agreed a strategy in the form of their Route Map through and out of the crisis. This new strategy seeks to both support recovery and to retain the best elements of the transformation which took place in response to Covid-19 and make these permanent changes to the way the council delivers its services. The Covid-19 crisis has created a very different way of working and rapid learning for Midlothian Council at all levels. The Route Map sets out a flexible and iterative renewal plan by Midlothian Council, in association with partners, to recover from the Covid-19 pandemic and resulted in the need to refocus and refresh previous transformation plans.

In their report to Audit Committee on 12 October EY (External Auditor) noted that the adoption of the MTFS and supporting governance meant savings proposals were well advanced prior to Covid-19 and further noted that updates would be provided to Council later in 2020 providing options to balance the 2021/22 and 2022/23 budgets. The Annual Audit Report also noted that the Council has demonstrated shared leadership to respond to the pandemic and that there is a need for continued member and officer focus to safeguard financial sustainability.

2. The council needs to develop & sustain constructive relationships between members & between members & officers. Implement effective cross-party governance arrangements, ensure that it delivers the medium-term financial strategy & transformation plans.

Note that existing plans were superseded as a result of the Council's COVID-19 response and the necessary changes introduced in the immediate, recovery and renewal phases.





Action	Due Date	Status	Progress	Comment & Planned Improvement Action
All Elected Member development day – Roles and Responsibilities, Cross-party working group frameworks etc	30-Jun-2020		100%	Q2 20/21: Updated as Complete - Due date initially reset as a result of COVID however activity and changes introduced during the crisis have superseded this planned action as Elected Member development discussions have been completed via email and further activity relating to member development is covered under recommendation 7.
Elected Member and Officer Protocol developed	31-Aug-2019		100%	Q3 19/20: Complete. Proposal developed and approved by CMT and presented to September BTSG who asked that further consideration by members take place and additional information be provided by officers re existing multi-ward protocol. Protocol will be progressed in Q4 as part of BVAR 2.2b.
Elected Member and Officer Protocol agreed and implemented	30-Sep-2020		100%	Q2 20/21: Updated as Complete - Due date initially reset as a result of COVID however activity and changes introduced during the crisis resulted in the protocol being superseded. Changes to how Elected Members and Officers work together were introduced in order to respond effectively in terms of information sharing and decision making during the crisis and a virtual meetings protocol, alongside additional regular meetings for Group Leaders and Groups with officers was introduced
Refreshed Scrutiny Training/Guidelines/Checklist	30-Jun-2020		100%	Q2 20/21: Updated as Complete. Due date initially reset as a result of COVID however activity and changes introduced during the crisis have superseded this action and as a result it has been closed and replaced with refreshed development of an Elected Member Development Programme as noted in recommendation 7.

Update - This recommendation was effectively superseded as a result of necessary changes introduced to address restrictions introduced by the pandemic. In order to work together effectively during the lockdown period of the pandemic members and officers were required to adapt to a virtual environment with increased frequency of communication which has supported the development of more constructive relationships. Initially the Chief Executive/Officers held separate weekly meetings with the Leader and Group Leader, the Administration, Group Leaders and there was also the opportunity for a meeting for all groups. In addition the frequency of the Community Planning Partnership increased to fortnightly. A protocol and revised reporting templates were also introduced to support members using the virtual meeting environment. Individual member development needs have also been sought as a result of the changed working environment and further development to support elected members moving forward is required.

In their report to Audit Committee on 12 October EY (External Auditor) noted that the key features of good governance are in place and operating effectively, further recognising that the Council responded quickly to ensure that governance arrangement were appropriate and operating effectively during the lockdown period and that members continued to have access to sufficient information as a result of the implementation of virtual meetings, and regular briefings to all members.

3. The council needs to ensure that workforce planning reflects the medium-term financial strategy.


Note that existing plans were superseded as a result of the Council's COVID-19 response and necessary changes introduced in the immediate, recovery and renewal phases.

Action	Due Date	Status	Progress	Comment & Planned Improvement Action
Review and update the Council's Workforce Strategy and associated Service Workforce Plans to fit with the revised priorities and finances as per MTFS.	31-Aug-2020 TBA		25%	Q2 20/21: Update – The workforce strategy was refreshed and presented to Council in December 2020 Service workforce plans were expected to be updated to reflect both MTFS and new leadership structure but this has been disrupted by the focus on the response to the pandemic . Services are currently preparing new service plans reflecting the new leadership structure, route map and approved nesta recommendations and the service workforce plans will flow from that over the remainder of the year
Develop data analytics to support real time reporting for managers in relation to people and financial data	31-Aug-2020 TBA		50%	Q2 20/21: Update – Proof of concept developed for HR data and financial dashboard piloted for Children's Services. Pandemic has resulted in resources being diverted but this will be progressed as part of refreshed digital strategy and be a key focus on the newly formed Digital led transformation board
Develop data analytics for a data set to support Elected Member and Officer understanding and decision making with regards to financial performance	30-Sep-2020 TBA		25%	Q2 20/21: Financial Dashboard were piloted successfully for Children's Services in 2019/20 and this has assisted in identifying areas where business processes which support/impact on the service can be improved and where more detailed information is sought by managers (for example transport costs at client level rather than service level) . Building on the Children's Services pilot the plans were to roll out to other services and doing so as part of the transition to support the new leadership structure. Further work to do this was delayed as a consequence of the onset of the pandemic and also the loss of expertise previously committed to this work.
Ensure workforce planning and profiles reflect the changing pressures on services due to the growing population	30-Sep-2020 TBA		0%	Q2 20/21: Update - Due date initially reset as a result of COVID however responses and subsequent changes introduced during the crisis now call for this action and target date to be reviewed. See first action above

Update - The Route Map through and out of the crisis is filled with hope and ambition to rebuild Midlothian following the global pandemic. It represents a significant shift for the council in order to help Midlothian deliver services which are digital by default with services delivered at the most local level, within the resources available, and enabling those who can work remotely to continue to do so. This ambition calls for a significant refresh and refocus of the existing workforce strategy and planned service workforce activity across the Council. Changes to working practices also call for policy changes to be developed to respond to the new ways of working.

4. The council should undertake a review of its capital programme, to ensure that the timeframes for delivery are achieved going forward & that monitoring & reporting mechanisms are enhanced to drive more accurate analysis & planning around capital work.



Actions associated with this recommendation were complete prior to March 2020.

Action	Due Date	Status	Progress	Comment & Planned Improvement Action
Re-establish Capital Programme Board framework and reporting responsibilities including Review of Capital Plan and programme to achieve more accurate forecasting and delivery	30-Jun-2019		100%	Q3 19/20: Capital Plan and Asset Management Board has implemented a gateway review and reporting process (at this point for all projects over £1m). This has subsequently been complemented by the roll out of project flash reports to allow BTSG oversight of progress in delivering capital projects and to keep all members informed of progress in their ward. The gateway review process is designed to strengthen the overall governance of projects, provides a means to more effectively monitor projects against the agreed milestones and allows risks to be monitored and managed effectively. Whilst framework is in place work continues to ensure it is fully embedded across all £1m plus projects to ensure consistency.

Update - Whilst the action supporting this recommendation is complete it is useful to note that within the Route Map through and out of the crisis priority interventions are identified, one of which is an Accelerated Capital Programme for Housing and the School Estate.

5. The council need to continue to implement financial planning arrangements to address budget gaps, underpinned by robust financial budgeting and monitoring arrangements.

Note that existing plans were superseded as a result of the Council's COVID-19 response and necessary changes introduced in the immediate, recovery and renewal phases.

Action	Due Date	Status	Progress	Comment & Planned Improvement Action
Develop data analytics to support real time reporting for financial data and budget monitoring (see Actions 3.2/3.3)	31-Aug-2020 31-Mar-2021		50%	Q2 20/21: Financial Dashboard were piloted successfully for Children's Services in 2019/20 and this has assisted in identifying areas where business processes which support/impact on the service can be improved and where more detailed information is sought by managers (for example transport costs at client level rather than service level). Building on the Children's Services pilot the plans were to roll out to other services and doing so as part of the transition to support the new leadership structure. Further work to do this was delayed as a consequence of the onset of the pandemic and also the loss of expertise previously committed to this work. (see earlier comment)
Refresh governance structure on the delivery of savings and in relation to MTFS following June Council.	31-Aug-2019		100%	Q3 19/20: Complete. The MTFS was approved at Council in June 2019. Further work is now being progressed to agree a revised terms of reference looking towards longer term planning.


Update - The unprecedented economic turbulence and scale of required state intervention will inevitably have both short and longer term implications for public finances across the UK and Scotland which will require the Council to reassess its medium and longer term financial planning and investment

programme as the full financial, economic and fiscal impact of the pandemic becomes clearer in the months ahead and indeed as the Council in response re-shapes its priorities moving forward. Members should note that the financial position remains fluid as the impact and consequences of the pandemic both for Council services and for communities across Midlothian continue to evolve. Further updates on the financial position and outlook will be provided to the Council on a regular basis recognising that the financial impact of the pandemic will continue to evolve over the remainder of the financial year.

In their report to Audit Committee on 12 October EY (External Auditor) notes that the Council demonstrates good financial control of the in-year budget, including understanding the impact of Covid-19 in early 2020/21. Further noting that financial reporting was clear and consistent throughout the year and that improvements have been made to the management and monitoring of the capital programme. The Annual Audit Report identified some areas such as delivery of savings as requiring continuing focus and attention.

6. The council should refine its vision in light of the outcome of consultation work through the Services with Communities transformation workstream and to ensure that it focuses its activity most effectively.

Actions associated with this recommendation were complete prior to March 2020.





Action	Due Date	Status	Progress	Comment & Planned Improvement Action
MTFS informed by outcome of Our 2040 Vision exercise and the following 4 key themes from various consultation activities: •One Council: Working with you, for you •Preventative and Sustainable •Efficient and Modern •Innovative and Ambitious	31-Aug-2019		100%	Q3 19/20: Complete. Following refresh of transformation and change programme the Services with Communities work stream sits within the One Council: Working with you, for you MFTS strand and a supporting programme of activity has been identified and is being taken forward by the Strategic Service Redesign Manager. Consultations to be negotiated on appendix A of the MTFS to take place March/April 2020 onwards. The council and its partners are working to a shared vision for the area through the Single Midlothian Plan and continues to work with its communities to deliver improvements. It is currently taking action to further improve its relationships with the third sector. A draft Compact document with the third sector has been produced Dec 2019 Vision being used to inform Third sector climate funding bid. Climate change prioritisation work underway based on 2040 vision. Midlothian Council has declared a climate emergency an a 4th key priority is being considered for community planning. The new Compact between the Council and the Third Sector was agreed by Council in October 2020.

Update - The Route Map and strategy for recovery, is based on the creation of a Wellbeing Economy, designed to achieve wellbeing, inclusion and fairness for our communities and to protect and enhance our environment. Our overarching principle is that in delivering services, whether commissioned internally or externally, that we keep our communities, our employees and our environment safe minimising exposure to Covid-19, or any other harmful agent, at the same time as meeting our commitment to being carbon neutral by 2030.

In their report to Audit Committee on 12 October EY (External Auditor) recognised that early work to develop Midlothian's local route map through and out of the crisis provides clear and coherent focus on priorities, including economic recovery for the community.

7. Elected members need to exercise appropriate scrutiny at all times, take ownership for personal development plans and take up relevant training opportunities.




Note that existing plans were superseded as a result of the Council's COVID-19 response and necessary changes introduced in the immediate, recovery and renewal phases.


Action	Due Date	Status	Progress	Comment & Planned Improvement Action
Develop an Elected Member Development Programme (including use of 360 Tool)	30-Jun-2020 TBA		50%	Q2 20/21: Update – Further due date reset required following covid-19. As we move through the recovery stage of Covid-19, engagement with the Improvement Service has been initiated to ensure members have full access to development materials and to identify a programme which is appropriate for members given the changes introduced. An initial programme has been informed by and shared with members and will be used to inform development programme during 2020/21.
Introduce an Elected Member Learning and Development commitment and personal development plans?	30-Jun-2020 TBA		20%	Q2 20/21: Update - Further due date reset required following covid-19 and a suitable period of adjustment for elected members. A draft Personal Development Plan has been shared with members and discussions regarding implementation are planned for future Group meetings.
Re-establish a central Training Records system for Elected Members	30-Jun-2020		100%	Q2 20/21: Complete – Process set up to capture scheduled development sessions activity centrally prior to Covid-19, further checks carried out in Q2 confirmed process was still in place.
Improve the quality of reports to ensure they are readily understood and Elected Members are clear on what decisions they are being asked to make.	30-Jun-2020		100%	Q2 20/21: Complete - In order to support the virtual meeting environment members are required operate within during and following the initial lockdown a virtual meeting protocol and revised reporting template were introduced to provide further clarity of the purpose of the report and key information required.

Update - The arrival of the pandemic and the 'new' normal as a result has resulted in the need to revisit the type of development and the delivery options which would suit members moving forward. Engagement with the Improvement Service following the initial progress through the Route Map phases will better inform options for development moving forward. In addition, to support members' transition to a virtual meeting environment a new protocol and reporting template were introduced. Re-engagement with members regarding developing a programme that meets their needs going forward has also been initiated.

8. The council should continue to build on positive elements of community empowerment. It should look to increase community ownership of local neighbourhood plans and work with communities to improve how they monitor progress.

A number of the actions associated with this recommendation were complete prior to March 2020.

Action	Due Date	Status	Progress	Comment & Planned Improvement Action
Introduce a formal mechanism for reporting against all Neighbourhood Plans	30-Jun-2020		100%	Q3 19/20: Complete A mechanism for reporting NP progress is in place, with updates going to the Community planning working group.
Review community engagement, capacity and ownership of Neighbourhood Plans and potential opportunities for wider membership of community councils or formalising wider network of community groups	30-Jun-2020		100%	Q3 19/20: Complete. Community councils constitution allows for 16 year olds upwards to join, links have been made with Midlothian youth platform through the CPP planning process . CC's have taken ownership of neighbourhood plans in rural communities where they are now a standing item on agendas. Some CC"s have co-opted community groups to membership through the powers in the revised constitutions. Federation and other third sector groups will be lead partners in review of NP processes.
Review possible declining trend in Citizens Panel questions: •Ability to influence decisions •Involvement in community and identify areas for improvement	31-Dec-2019		100%	Q3 19/20: Complete. Areas for improvement have been identified, and actions have begun, see notes below : Adult Citizens panel returns reduced in this year's summer survey, but an additional 350 children and young people took part in a modified citizen's panel process. A refresh of panel members is now planned The review of neighbourhood planning is underway. This will consider the ways that communities can exert greater influence on the SMP. Discussions have been held with colleagues in Council about the new place planning rights under the Planning Act 2019, the new economic development strategy town centre regeneration goals, and the Public health "healthy places "initiative. Participatory budgeting approach to elected members local environmental improvement budget is underway in Dalkeith and Danderhall. 4 community asset transfers have now been agreed at council all have required community support, 3 formal participation requests have been received and dealt with; Town centre master planning in Mayfield is being led by 5 anchor community organisations supported by the Council. The Federation of community councils has been undertaking further training to increase their capacity to represent residents. The Council undertook stakeholder consultation on the medium term financial strategy. A Place standard approach involving residents in defining core issues in their communities has been undertaken in Bonnyrigg, Mayfield, Gorebridge, Dalkeith and Penicuik so far. The Bonnyrigg place standard weekend engagement event involved slightly over 2500 people. The IJB undertook an extensive public engagement process to devise its most recent plan. Stakeholder joint planning groups continue to influence planning of adult health and social care services. The champions group of care experienced young people influence the planning of care services. The 100 day challenge on mental health support for young people resulted from survey work undertaken by Midlothian Youth platform and involved young people directly in redesigning services and support. Each parent council and pupil council is engaged in developing how learning is delivered. A formal participation request around the new Gorebridge Secondary school has been received and responded to. Early pre – formal

Action	Due Date	Status	Progress	Comment & Planned Improvement Action
				consultation process has begun in relation to the A701 secondary school. Public engagement processes on Community Asset transfer have been undertaken in relation to Bonnyrigg After school club, Loanhead after school club and Bonnyrigg Rose Community Football Club asset transfer requests. Service user joint planning groups have participated in the delivery of a new Community Justice plan Service user joint planning groups have participated in the delivery of a new IJB delivery plan Third sector summits are held with IJB directorate, the third sector adult and youth and children's forums meet regularly with Council , the youth and children work group meet each week before the GIRFEMC board to agree points they wish to raise on the agendas and responses to proposals coming from CPP partners
Review future models (as a result of reduced internal capacity) for working with communities in designing and delivering services	30 Sep 2020 TBA		10%	Q2 20/21: Update - Due date initially reset as a result of COVID however responses and subsequent changes introduced during the crisis now call for this action and target date to be reviewed.

Update - The Route Map and strategy for recovery, is based on the creation of a Wellbeing Economy, designed to achieve wellbeing, inclusion and fairness for our communities and to protect and enhance our environment. Our overarching principle is that in delivering services, whether commissioned internally or externally, that we keep our communities, our employees and our environment safe minimising exposure to Covid-19, or any other harmful agent, at the same time as meeting our commitment to being carbon neutral by 2030.

Midlothian's Future Vision

Built on staff insights and grounded in the 9 drivers for change



Proposed Schedule of Meeting Dates for 2021/2022 and Remit for Developer Contributions Committee

Report by Executive Director Place

Report for Decision

1 Recommendations

The Short Term Elected Members' Working Group for Standing Orders makes the following recommendations to Council to:-

- (a) Approve the schedule of meeting dates for 2021 and 2022 as shown at **Appendix B**;
- (b) determine whether in light of the decision to hold meetings virtually, Elected Members who are not substantive Members of a Committee should routinely be sent calendar invitations to allow them to attend to observe the proceedings;
- (c) approve the remit for the Developer Contributions Committee as shown at **Appendix C** and appoint 6 Elected Members to serve on the Committee;
- (d) remove the Petitions Committee from the schedule of meeting dates with meetings of this Committee taking place as and when there is business to transact and;
- (e) include the Developer Contributions Committee within the schedule of meeting dates (as shown at Appendix B).

Council should also note (c), (d) and (e) above will require amendments to the Scheme of Administration which is currently being revised by the Short Term Elected Members' Working Group for Standing Orders.

2 Purpose of Report/Executive Summary

In 25 June 2019, the Council requested the proposal to establish a Developer Contributions Committee be included with the review remit of the Short Term Elected Members Working Group for Standing Orders. In August 2020, the Council further extended the remit of the Working Group to include consideration of the draft Schedule of Meeting Dates for 2021 up to local government elections in 2022.

At a meeting of the Working Group on 2 November 2020, Members agreed the draft remit for the Developer Contributions Committee as set out in Appendix C. It was further agreed that this Committee should meet on a 6

weekly basis and be included within the Schedule of Meeting Dates, with the first meeting taking place on 2 February 2021. The Working Group also agreed to recommend the Schedule of Meeting Dates for 2021 and 2022 as set out in Appendix B and that future schedules should be family friendly and where possible avoid main school holidays. It was further agreed that, given the past low level of business for the Petitions Committee, it be removed from the Schedule with meetings taking place as and when there is business to transact.

Date: 4 November 2020

Report Contact:

Verona MacDonald, Democratic Services Team Leader

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3 Background

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

4 Report Implications (Resource, Digital and Risk)

4.1 Resource

None

4.2 Digital

None

4.3 Risk

The current Schedule ends in December 2020.

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

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

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

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

4.4 Additional Report Implications

See Appendix A

Appendices

Appendix A – Additional Report Implications

Appendix B – Background information/Links/Proposed Schedule of Meeting Dates for 2021 and 2022

Appendix C – draft remit of the Developer Contributions Committee as determined by the Short Term Elected Members Working Group for Standing Orders

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Not applicable

A.2 Key Drivers for Change

Key drivers addressed in this report:

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

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

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

A.4 Delivering Best Value

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

A.5 Involving Communities and Other Stakeholders

The report does not directly relate to involving communities

A.6 Impact on Performance and Outcomes

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

A.7 Adopting a Preventative Approach

Not applicable

A.8 Supporting Sustainable Development

Not applicable

APPENDIX B

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

Proposed Schedule of Meetings Dates for 2021 and 2022

January 2021

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

February 2021

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

March 2021

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

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

April 2021

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

May 2021

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

June 2021

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

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

July

SUMMER RECESS

August 2021

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

September 2021

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

October 2021

Tuesday 5	11.00	Midlothian Council
Monday 11	10.00	Planning Site Visits

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

November 2021

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

December 2021

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

January 2022

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

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

February 2022

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

March 2022

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

APPENDIX C

Proposed remit of Developer Contributions Committee

Composition:
<p>The Developer Contributions Committee will comprise 6 Elected Members, currently on the following basis:</p> <ul style="list-style-type: none"> • 2 Labour Members • 2 SNP Members • 2 Conservative Members <p>The Committee will have a Chair from its composition, determined by the membership of the Committee.</p>
Business:
<p>The Committee will be responsible for the following:-</p> <p>The exercise of the powers and duties of the Council pursuant to Section 75 of the Town and Country Planning (Scotland) Act 1997 and Section 69 of the Local Government (Scotland) Act 1973 (which includes developer contributions in respect of the Council's own developments where relevant):-</p> <ol style="list-style-type: none"> To authorise the Heads of Terms* on behalf of the Council in respect of Planning Obligations where officers are minded to agree those Heads of Terms and where the Local Planning Authority or Local Review Body have resolved to be minded to approve a planning application subject to a planning obligation being completed (and in so doing have agreed the items of infrastructure for which contributions/provisions are sought) To authorise the Heads of Terms* on behalf of the Council in respect of a proposed modification/variation to an existing planning obligation that would materially alter the level of contribution/infrastructure provision to be provided and which officers are minded to approve To receive reports detailing the value of agreements entered into by the Council, the value of contributions held towards infrastructure projects, the value of contributions paid to the Council, the value of contributions applied to infrastructure projects in a financial year, contributions at risk of potential expiry. To receive reports in relation to guidance, procedure, appeals, case law and new legislative provisions relating to planning obligations <p>*having regard to the Planning Obligations and Good Neighbour Agreements (Scottish Government Circular 03/2012 and any subsequent replacement) which advises that planning obligation should only be sought where the following 5 tests are met:</p> <ul style="list-style-type: none"> • necessary to make the proposed development acceptable in planning terms (paragraph 15) • serve a planning purpose (paragraph 16) and, where it is possible to identify infrastructure provision requirements in advance, should relate to development plans • relate to the proposed development either as a direct consequence of the development or arising from the cumulative impact of development in the area (paragraphs 17-19) • fairly and reasonably relate in scale and kind to the proposed development (paragraphs 20-23) • be reasonable in all other respects (paragraphs 24-25) <p>and Local Development Plan policies, relevant statute and case law</p>
Frequency of meetings:
<p>The Committee will normally meet on a 6 weekly cycle (subject to breaks for the summer recess, Christmas/New Year holidays and school holidays).</p>

The Council will decide on the schedule of meetings for the Committee, usually on a rolling annual basis which will be published.

Quorum:

The quorum for meetings will be 3 Councillors.

Minutes:

The Minutes of the Developer Contributions Committee will be recorded by the Officer clerking the meeting and submitted to the next ordinary meeting of the Committee for approval. They will also be submitted to the Council both for information and to allow the Council to consider any recommendations contained in them. Meetings may be recorded subject to the exemptions contained within the Local Government (Scotland) Act 1973.

COVID-19 Financial Update

Report by Gary Fairley, Chief Officer Corporate Solutions

Report for Decision

1 Recommendations

- a) Note the update provided in section 4 of funding provided/projected to be provided by the Scottish Government to support local government's response to COVID-19 and the current position in respect of funding and financial flexibilities.
- b) Note the update provided in section 5 of the additional expenditure and loss of income projected to be experienced by the Council as a consequence of the pandemic. The net impact of which is incorporated in the Financial Monitoring update elsewhere on today's agenda.
- c) Approve the allocation of additional grant funding support to supplement service budgets and so partially mitigate the financial pressures arising as a result of the pandemic.
- d) Note the material assumptions on which the reported position is predicated, including a revised estimate of funding from the income loss scheme, that education recovery costs will be contained within Scottish Government funding and other flexibilities and that Council Tax collection rates are sustained.

2 Purpose of Report/Executive Summary

The report provides an update specifically on the financial and funding aspects arising from the COVID-19 pandemic and complements the Financial Monitoring reports also on today's agenda. Members should note that the financial position remains fluid as the impact and consequences of the pandemic both for Council services and for communities across Midlothian continue to evolve.

The financial and economic consequences of the pandemic are significant with unprecedented financial interventions made by national governments to support the immediate COVID-19 response, the economy and businesses and the recovery phase.

Date: 18 October 2020

Report Contact:

Gary Fairley, Chief Officer Corporate Solutions

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3 Background

The Council was last provided with an update on the financial impact of the pandemic on 25 August 2020 since which time the pandemic has continued to impact significantly on the delivery of Council services and that of partners with the continued mobilisation of a significant range of additional support services and financial interventions for communities and businesses across Midlothian.

This report provides a further update of the financial and funding aspects arising from the COVID-19 pandemic. Furthermore the unprecedented negative economic impact across the UK and Scotland arising from the necessary restrictions imposed by the public health measures taken to manage the pandemic will push the medium to longer term outlook for the economy and public finances in both the UK and Scotland once again into a new period of uncharted and unprecedented territory. This coming at a time when the long term influence of the 2008 financial crisis on public finances was reducing in scale and influence.

4 Funding

The Scottish Government has allocated a further £49 million of Barnett consequential to Councils of which Midlothian's share is £0.824 million.

On 8th October 2020 Ms. Kate Forbes, The Cabinet Secretary for Finance wrote to Councilor Gail Macgregor, the COSLA Resources Spokesperson to provide an update on financial flexibilities for local government. In this letter the Cabinet Secretary confirmed that she was happy to agree the list of proposed principles COSLA officials have shared for the loss of income scheme. The letter also confirms that the additional funding for the scheme is estimated at £90 million. A copy of that letter is provided at Appendix 1.

In respect of the financial flexibilities, whilst further details will be brought forward in the form of statutory guidance and a change in statutory regulations, Councils are advised to plan on the basis that the following financial flexibilities will be available:

- Capital Receipts Received - Dispensation for both 2020/21 and 2021/22 through Statutory Guidance to place capital receipts in the Capital Grants and Receipts Unapplied Account and then used to finance Covid expenditure.
- Credit arrangements - At present Councils are required by statutory guidance to charge the debt element of service concession arrangements (PPP/PFI/NPDM projects) to their revenue accounts over the contract period. A change to the accounting treatment will allow the debt element to be repaid over the life of the asset rather than the contract period,

applying proper accounting practices. Councils will have the flexibility to apply this change in either 2020/21 or 2021/22. This approach will apply to all credit arrangements going forward and in addition it is expected that a prior year adjustment can be made.

- Loans Fund Principal Repayment Holiday - The flexibility being offered is a loans fund repayment holiday which will permit a council to defer loans fund repayments due to be repaid in either 2020/21 or 2021/22 (but not both).

The confirmation of the final suite of financial flexibilities is a welcome development. An assessment of the quantum is being progressed by officers and this will in turn support the development of options for Council to consider in respect of their application as part of the ongoing consideration of Council's Medium Term Financial Strategy.

The draft principals of the income loss scheme indicate that the scheme should be designed to address the specific loss of income challenges faced by Local Government in Scotland, with recognition that services are structured and delivered differently to those in England. Based on current cost collection exercises, once measures such as Job Retention, additional management fee, and other grants are factored in, the net impact figure for all Councils is estimated at over £400 million for 2020/21. Allocation of funding will be based on actual losses experienced by Councils and it is anticipated that Councils will be notified of their allocation from the £90 million as soon as possible to allow for inclusion in budget strategies for 2020/21. The rationale being that quarters 1 and 2 of 2020/21 have already resulted in substantial losses that need to be mitigated and that there may be additional consequential losses to flow from the English scheme.

Current estimates of loss of income are circa £4.4 million which equates to 1.1% of the national estimate of net loss of income loss. This would point to an allocation of circa £1 million from the £90 million. This is less than the previous estimate included in the 25 August 2020 report which had been based on GAE share of a quantum of £139 million (at that time the £49 million Barnett consequential losses were anticipated to be used to supplement the income loss scheme).

Appendix 2 provides an updated assessment of the additional revenue funding for 2020/21 distributed to the Council which currently totals £6.539 million of which £4.270 million is provided as general support with a further £1.679 million provided to meet specific costs and £0.590 million distributed thus far for Education recovery.

It is recommended that Council now approve the allocation of this additional grant funding support to supplement service budgets and so partially mitigate the financial pressures arising as a result of the pandemic as detailed in appendix 3.

Furthermore there will be access to an estimated £0.850 million of further funding to support for Education recovery for 2020/21 but this is subject to claim arrangements.

£1.018 million has been redirected from the Early Years expansion ring fenced grant and Pupil Equity Funding. The former to assist in offsetting the additional costs of providing Early Learning and Childcare for Key Workers and the latter to contribute to the funding of summer hubs for key workers.

In respect of the Midlothian IJB the Cabinet Secretary announced to Parliament on 29 September 2020 £1.089 billion to support health and social care costs. The revenue allocation from this to NHS Lothian totals £78.273 million of which £18.180 million is for integration authorities and is in additional to the previous allocation of £11.179 million. NHS Lothian officers, in partnership with the four IJB Chief Finance Officers are progressing the allocation of resources to each of the IJB's. It remains the position that it is not anticipated that the Board will require to seek an additional financial contribution from its Partners in 2020/21.

5 Additional Expenditure and Loss of Income

As reported to Council on 25 August 2020 the pandemic continues to bring a significant divergence from the budget approved in February 2020 as a result of rapidly introducing new services and support arrangements to communities across Midlothian, as well as from adapting and changing how the Council is required to operate. There was also expected to be longer term additional cost and reductions in income.

There are a range of obligations, some with associated funding and some not, focused on supporting the direct response to the pandemic. Table 1 in appendix 3 provides an updated summary of the cost of these obligations and where appropriate associated funding. The current estimate of the net impact on the Council is £1.668 million. Members should note that this excludes costs linked to Adult Health and Social Care provided via the Midlothian Integration Joint Board which is subject to separate cost tracking and funding discussions with the Scottish Government.

The loss of income across services is significant and continuing and is estimated at £6.252 million although a proportion of this is offset by reduced operating costs and particularly in respect of Sport and Leisure. This also reflects a continuing impact for leisure and other facilities and it may be some time until income levels return to pre pandemic levels. In addition it has been assumed that some facilities will continue to be utilised to support schools returning. Table 2 in appendix 3 provides an assessment of the loss of income expected together with the reductions in expenditure which partly offset these

and which result in a net impact of £4.419 million before factoring in any grant funding from the loss of income scheme.

As reported on 25 August 2020 Actual collection rates for Council Tax have remained relatively buoyant with the 1 October 2020 position indicating no more than a 0.7% year on year reduction in collection levels. As such at this point it considered prudent to continue to base projections on the budgeted collection rate of 97% and continue to monitor the position closely over the remainder of the year.

In respect of Education recovery work continues to assess the additional costs and to support the submission of a claim for reimbursement from Scottish Government.

The net financial impact for the year for the above elements is reflected in the tables in the Financial Monitoring report.

6 HRA

The principal concern for the HRA is the potential for loss of income from increase rent arrears. At 5 September arrears have increase by 27% during the year and sit at £1.9 million (excluding technical arrears). Recovery action by way of reminders has re-commenced which should increase payments though members will be aware that legislation has been extended to ensure no evictions can take place until March 2021 other than for cases where there is anti-social or criminal behavior. The position will be monitored and an assessment made as the year progresses if an increase in the provision for bad and doubtful debt is required.

7 Report Implications (Resource, Digital and Risk)

7.1 Resource

The report sets out the significance financial interventions by the Council in terms of its response to support individuals, families, businesses and communities deal with the effects of the pandemic. These represent a fundamental challenge to the financial stability and sustainability of the Council in the short to medium term and in recognition of that work continues, coordinated by COSLA, to help Councils maintain financial sustainability at this challenging time.

7.2 Digital

Increased reliance and investment in digital solutions and digital first solutions will be a key element of future plans.

7.3 Risk

The report outlines the overall risks to the financial position of the Council and the extent to which these risks require further mitigation. This mitigation includes pursuing those additional funding areas and or financial flexibilities outlined above and dependent on the outcome

of these further mitigating action may prove necessary to ensure that the Council's ability to continue to deliver services in a financial sustainable manner.

There remains a risk that actual costs and income losses may increase as events unfold over the remainder of the year or if local or national restrictions are reintroduced.

7.4 Ensuring Equalities

As changes to existing plans are developed the assessment of the impact of these proposals in relation to their impact on equalities and human rights will be carried out. This will help to ensure wherever possible that there are no negative impacts on equality groups or potential for infringement of individuals' human rights from the any of the proposals.

7.5 Additional Report Implications

See Appendix A

Appendices

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

The exiting financial plans support the delivery of the key priorities in the single Midlothian Plan. As the impact on the Council of the pandemic and recovery continues to unfold over the financial year any changes in the availability and allocation of resources will need to be considered in parallel to the actions proposed to continue to delivery key priorities.

A.2 Key Drivers for Change

Key drivers addressed in this report:

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

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

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

A.4 Delivering Best Value

The report does not directly impact on Delivering Best Value.

A.5 Involving Communities and Other Stakeholders

The development of the Medium Term Financial Strategy reflected a community consultation exercise carried out in 2019 which has also helped shape the drafting of the “Midlothian Promise” and the early development of the Council’s Longer Term Financial Strategy.

In addition there is continues engagement with the recognised Trade Unions on the financial position.

A.6 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 financial consequences of the pandemic will impact on the availability and allocation of resources in pursuit of key outcomes as set out in the Single Midlothian Plan for both the immediate and longer term and therefore the ability of the Council to continue to deliver services in a financial sustainable manner.

A.7 Adopting a Preventative Approach

Maintaining the effectiveness of the Financial Strategy will support the prioritisation of resources to support prevention.

A.8 Supporting Sustainable Development

There are no direct sustainability issues arising from this report and we will work to mitigate as far as feasible any sustainability issues which arise as a consequence of any of the changes to existing plans.

Appendix 1-3 Scottish Government Letter and financial tables

Rùnaire a' Chaibineit airson Ionmhas
Ceit Fhoirbheis BPA
Cabinet Secretary for Finance
Kate Forbes MSP



Scottish Government
Riaghaltas na h-Alba
gov.scot
Item 8.5

T: 0300 244 4000
E: scottish.ministers@gov.scot

Cllr Gail Macgregor
COSLA Resources Spokesperson

By email

8 October 2020

Dear Gail,

As we discussed on Friday, I have now received a reply from the Chief Secretary to the Treasury to my letter of 9 September on the financial flexibilities for local government.

I am pleased to report that this was a generally positive response and the Chief Secretary did not raise any issues that would impact on the Scottish Budget for three out of the four measures we proposed. However, I have written to Chief Secretary to raise my strong concerns with his proposal in response to our request to utilise £156 million of local authority capital budget directly for Covid resource costs. The intention of our proposal was to allow a more targeted use of capital underspends that currently cannot be utilised due to COVID restrictions and backlogs. The aim of the proposal was to provide additionality to Local Government in resource spending power directly, in recognition of COVID pressures on local authorities and the relative balance of pressures between resource and capital.

However the Chief Secretary's response would not allow for any additionality, instead just reprioritising future Barnett resource consequentials that would have flowed to the Scottish Government anyway. Yet these consequentials will likely be linked directly to a number of COVID related spending proposals that the Scottish Government would wish to consider passing on directly (such as Self-Isolation Payments and further business support). His proposal is therefore very different from what was requested and provides no such additionality to Local Government.

Tha Ministearan na h-Alba, an luchd-comhairleachaidh sònraichte agus an Rùnaire
Maireannach fo chumhachan Achd Coiteachaidh (Alba) 2016. Faicibh www.lobbying.scot

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I have stressed that our proposal to directly utilise capital budget, without impacting resource, would result in no detriment to the overall UK Government funding position. It would provide essential support to local authorities that have been at the frontline in responding to COVID. I have therefore asked that this specific request is reconsidered for the benefit of local authorities. Until that matter is resolved to our satisfaction you will appreciate that given the stance the Chief Secretary has taken we cannot implement the proposed capital to revenue budget transfer.

We can, however, now proceed with arrangements to implement the other three remaining measures which taken together will still confer a substantial additional package of spending power which could be worth up to £600 million. This will help address unmet funding pressures for Scottish councils both in the short term for the immediate mobilisation effort and as we move into the recovery phase. Further details will be brought forward in the form of Statutory Guidance, and a change in Statutory Regulations, but local authorities can now plan on the basis that the following substantial package of measures will be available:

Capital Receipts Received - Dispensation for both 2020-21 and 2021-22 through Statutory Guidance to allow Councils to place capital receipts in the Capital Grants and Receipts Unapplied Account and then used to finance Covid expenditure (revenue).

Credit arrangements - At present Councils are required by statutory guidance to charge the debt element of service concession arrangements to their accounts over the contract period. A change to the accounting treatment will allow the debt to be repaid over the life of the asset rather than the contract period, applying proper accounting practices. Councils will have the flexibility to apply this change in either 2020-21 or 2021-22. This approach will apply to all credit arrangements going forward.

Loans Fund Principal Repayment Holiday - The flexibility being offered is a loans fund repayment holiday which will permit a council to defer loans fund repayments due to be repaid in either 2020-21 or 2021-22 (but not both).

Whilst agreeing these flexibilities, the Chief Secretary asked me to reconsider making the flexibilities available in relation to capital receipts and the loans fund holiday. These flexibilities have not been made available to English authorities.

In the absence of further additional funding I am satisfied that these further financial flexibility measures are necessary.

Having said that I wish to be clear that this should not be seen as an opportunity to maintain or grow reserves. Local authorities are expected to take into consideration the contribution their reserves can make to meet their funding pressures. In terms of the financial flexibilities my expectation is that local authorities will first consider the additional resources available from capital receipts and the change in accounting arrangements for service concession arrangements before taking advantage of a loans fund repayment holiday.

I have been clear that in order to respond effectively to the COVID-19 pandemic national and local governments must have the necessary fiscal levers. Working together in partnership we have delivered a game changing package of financial flexibilities, enabling each local authority to make informed decisions about spending at a local level.

Tha Ministearan na h-Alba, an luchd-comhairleachaidh sònraichte agus an Rùnaire Maireannach fo chumhachan Achd Coiteachaidh (Alba) 2016. Faicibh www.lobbying.scot

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I can also confirm that that I am happy to agree the list of proposed principles COSLA officials have shared for the Lost Income scheme to help compensate councils for the loss of income they are experiencing caused by COVID. My officials will share some detailed comments but I am broadly content with the COSLA proposals. The COSLA principles will form the basis for the operation of the scheme and we will look to COSLA to gather the data, undertake the necessary validation checks, including Section 95 Officer sign-off, and confirm the indicative allocations to the Scottish Government. I would urge you to prioritise this work and secure Leaders agreement so that the indicative allocations can be confirmed as soon as possible. As you know we still await confirmation of the consequential from the UK Government so the allocations can only be indicative at this stage with final allocations to be paid as a redetermination to the local government finance settlement at the financial year end.

Additional funding for the scheme estimated at £90 million will ensure that councils can manage the immediate loss of income they are facing and also includes support for ALEOs. Together with the recently announced extra £49 million, which can be used to top up support for ALEOs, this will mean an overall package worth up to almost £750 million of extra funding and financial flexibilities.

These are excellent and critically important examples of how the Scottish Government is working in partnership with COSLA and local authorities to ensure that we are doing everything within our power to save jobs, protect our public services and reboot our economy.

I am happy for you to share this letter more widely with Council Leaders and I will be sharing it with the Parliament's Finance Committee and Local Government and Communities Committee.



KATE FORBES

Tha Ministearan na h-Alba, an luchd-comhairleachaidh sònraichte agus an Rùnaire Maireannach fo chumhachan Achd Coiteachaidh (Alba) 2016. Faicibh www.lobbying.scot

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Government Funding

Table 1: Confirmed funding sources to support Council Services	Purpose and uses of fund	Scotland-wide funding allocation £m	Midlothian allocation £000	Notes
A General Support				
Hardship Fund	Barnett Consequentials of UK announcement to contribute to local authorities' own local resilience support and hardship plans; no associated reporting and to be deployed as councils see fit.	50.000	840	The initial funding source against which the Council's non-Health and Social Care related additional costs and losses of income may be offset.
Local Government Barnett Consequentials	Barnet Consequentials of UK funding to local authorities in England and Wales;	155.000	2,606	Distribution of additional support was confirmed on 26 May 2020.
Further UK Consequentials relating to Local Government		49.000	824	
		254.000	4,270	
B Ring Fenced or for Specific Purposes				
Food Fund	Support to organisations in the public, private and voluntary sectors to address issues of food insecurity, especially for older people, and families who may not be able to rely on free school meals.	30.000	446	Following agreement by COSLA Leaders, allocations of £30m of the fund (£15m for continuity in each of (i) FSM provision and (ii) food for vulnerable groups)
Scottish Welfare Fund (Distributed)	Top-up of existing 2020/21 allocation to allow payment of additional Community Grants and Crisis Grants to those in immediate need, more than doubling the current level of the fund across Scotland; also includes sums to reflect relaxation of existing criteria to support those in "gig economy". 45.000	22.000	326	Only £22m of the Scotland-wide funding has been allocated to date, based on the current SIMD-related methodology; the remaining £23m will be targeted to areas of greatest need, with distribution arrangements to be agreed. This funding is not available to offset council response costs.
Food Fund (phase 2)	This is made up of £12.6 million of ring-fenced funding for the continuation of Free School Meal	27.600	238	Specific grants from FSM over summer £197k and for others

	replacement for eligible children and young people (excluding universal provision for P1-3) until schools return, and £15 million of ring-fenced funding for wider action to provide help with food and other essentials for those at risk due to coronavirus up to the end of September, including those who are isolating under Test and Protect.			at risk £211k. The FSM funding has been fully utilised. Final claim for support to others at risk was £41k.
Registration Services	To support additional costs of providing death registration services 7 days a week.	0.600	10	Funding distribution to be on the basis of population – exact amount tbc.
Education Recovery	£50 million funding over two years made available to Councils for additional teachers £45m and education support staff £5m. 2020/21 £33.333 million	33.333	590	80% distributed based on related teaching indicators, 20% on deprivation.
Education Recovery - Teacher Recruitment	The return to schools will be supported with an additional £30 million to recruit new teachers. This brings the total additional Scottish Government investment in the teaching profession to £75 million, enough to recruit up to 1,400 new teachers. This funding will help address learning loss and ensure much-needed resilience in our schools as we recover from coronavirus (COVID-19).	20.000	354	80% distributed based on related teaching indicators, 20% on deprivation.
		133.533	1,964	

Table 2: Confirmed funding sources to support Council Services – Undistributed				
Ring Fenced or for Specific Purposes				
Education Recovery Fund	On top of £20 million of funding previously committed, a further £30 million will also be available as part of a £50 million Education recovery fund for local authorities. This will support cleaning, facilities management, school transport and other practical issues that are vital in ensuring a safe return to school.	50.000	850	Actual sum received will be dependent on submission of claim.
Increased eligibility for Social Security Benefits and Council Tax Reduction Scheme	Supplementary funding to meet an anticipated increase in applications for the existing Council Tax Reduction Scheme and Scottish Social Security Benefits	50.000	tbc	The element of the Fund provided in respect of CTRS remains to be confirmed and will be based on actual expenditure relative to existing funding provision.

Scottish Welfare Fund (Undistributed)	Top-up of existing 2020/21 allocation to allow payment of additional Community Grants and Crisis Grants to those in immediate need, more than doubling the current level of the fund across Scotland; also includes sums to reflect relaxation of existing criteria to support those in "gig economy".	23.000	tbc	Only £22m of the Scotland-wide funding has been allocated to date, based on the current SIMD-related methodology. It is anticipated that a £20 million will be released to support those individuals at financial risk. It is anticipated that this will be a fund that will reimburse actual expenditure incurred.
Discretionary Housing Payments	Distribution of a further £5 million to deliver Discretionary Housing Payments (DHPs) to Local Authorities in 2020/21.	5.000	tbc	
Test and Protect	Test and Protect Funding	0.520	tbc	To be confirmed and allocated.
ELC Transitional Support Fund	The Transitional Support Fund, part of £11.2 million support announced for the childcare sector, will help day care of children providers in the private, voluntary and not-for profit sectors, including out-of-school care providers, meet the extra costs incurred to comply with public health guidance for these settings/services in response to COVID-19	tbc	305	Estimate of grant payments made by Council.
		128.52 +	1.155+	

Table 3: Flexibilities applied				
ELC Expansion Specific Grant			930	To support PPN's and other COVID mitigation measures
PEF			151	Estimate as reported to Council in June 2020
			1,081	

Appendix 3

The pandemic continues to bring a significant divergence from the budget as a result of rapidly introducing new services and support arrangements to communities across Midlothian, as well as from continuing adaptations and changes to how the Council is required to operate.

The assessment of expenditure, lost income and funding set out below is based a range of assumptions about how services will operate over the remainder of the year and as such there remains a risk that actual costs and income losses may increase as events unfold or if local or national restrictions are reintroduced. As an example the continuing impact and loss of income leisure and other facilities is based on restricted use and assumes that some facilities will continue to be utilised to support schools returning and it may be some time until income levels return to pre pandemic levels.

	Estimated Expenditure	Estimated Funding/ Flexibilities	Net Cost	
	£000s	£000s	£000s	Notes
Table 1 – Response costs				
Early Years childcare for key workers	780	780	0	Requirement on Councils to ensure Early Years childcare available for key workers (at no cost to parents and carers). Payments made to Partner Provider Nurseries during lockdown and over school summer holidays to maintain the service with lower numbers of children and no parental income. Cost has been funded by utilising the flexibility granted in respect of Early Learning and Childcare expansion specific grant.
Early Learning and childcare Transitional Support	305	305	0	SG put in place a Transitional Support Fund for private and voluntary providers of childcare (pre-school and out of school care providers). The fund gives grants of between £1,500 and £8,000 to settings based on their registered capacity, to assist with costs associated with the pandemic, such as additional cleaning, replacement of or additional play and learning resources required as a result of splitting children into groups, and increased use of the outdoors.
Early Learning and Childcare COVID mitigation measures	150	150	0	Expenditure on a range of COVID mitigation measures in ELC COVID-19 mitigation measures in LA settings. Cost has been funded by utilising the flexibility granted in respect of Early Learning and Childcare expansion specific grant.
Critical Childcare and Vulnerable Children Summer Provision	193	151	42	As reported to Council part funded by utilisation of PEF funding stream. Provision from March to June was met from within existing resources.
PPE, Cleaning and Additional Staffing	963	10	953	Costs associated with maintaining a safe working environment, purchase of PPE, additional cleaning and additional hours etc.
Business Grant Scheme Administration	52	0	52	Costs recharged from City of Edinburgh Council.
Supply teacher additional costs	273	0	273	The Scottish National Committee for Teachers (SNCT) representing Councils as employers, Teacher unions and Government implemented a compensation scheme for supply teachers for April May and June with compensation based on earnings over the earlier part of the year. Traditionally the use of supply teachers is lower in the last term of the academic year than it is in the January to March period. Compensation

				payments were therefore over and above what would have been expected to be incurred in employing supply staff.
Free school meals cash payments	369	369	0	Payments to Parents and Careers of Secondary and Primary Pupils entitled to free school meals up to 17 August 2020. Funded by Food Fund Allocations. Payments beyond 17 August 2020 capture through Education Recovery Claim.
Food & other essential provision to vulnerable clients	321	321	0	Grants to Foodbanks and Community Groups etc. including food and other provisions for self-isolating, shielding and other vulnerable groups met by Food Fund Allocations.
Homelessness	151	0	151	Impact of increased movement of people and more regular refurbishing of vacant properties to ensure adequate infection control measures are in place.
SWF top up	326	326	0	Reflects Scottish Government top up.
Other costs	197	0	197	Includes morgue commissioning , additional residential care costs and other items.
Sub-total	4,080	2,412	1,668	

	Estimated Gross Income Lost	Estimated Reduction in costs	Net Loss	Notes
	£000s	£000s	£000s	
Table 2 Lost income				
Sport & Leisure	3,043	1,290	1,753	Estimated lost due to closure of the Snowsports Centre & Leisure Centres in first quarter is £1.275 million with a projected income loss for the year of £3.043m. This is partly offset by reduced running costs of £0.308m and staffing of £0.982 million.
Dalkeith Campus Income Sharing Arrangement	154	0	154	The contract for the Dalkeith Campus provides for a share of income to accrue to the Council. The income target will not be achieved and so result in a shortfall against budget.
Catering Services	1,002	543	459	Covid has had a negative impact on Catering Service ability to generate income from school meals and café's. At this stage the projected income loss is now £1.002 million. This is offset by a reduction in food costs estimated at £461k giving a net loss of £541k million. This is further offset by vacancies of £82k. Of the £541k the School Meals element is £265k with £276k relating to Café's etc.
Dividends	450	0	450	The Council normally receives an annual dividend of approximately £0.450 million from its shareholding in Lothian Buses. Similarly to the position experienced in 2019/20 it is expected that there will be no dividend 2020/21.
Council Tax Buoyancy	173	0	173	Council Tax income is projected to be lower than budgeted due to new house completions coming to a near standstill in the earlier part of the year. This position has improved from that previously anticipated reflecting the restart of housebuilding.

Parking	118	0	118	Decriminalised parking enforcement was suspended at the beginning of lockdown and resumed on 29th June. Current forecast estimates a shortfall against budget of £33,000. Parking charges at Vogrie were suspended temporarily during lockdown resulting in an income shortfall of £54k. Public car parking charges were suspended during lockdown and although now recommenced are expected to continue to be impacted by homeworking etc. resulting in a shortfall of £31k.
Property lets and hire of facilities	550	0	550	Loss of income due to cancellation of school letting hire of facilities.
Community Lifelong Learning contracts and fees from classes and lets	299	0	299	
Waste collection	130	0	130	Bulky Uplifts and Trade Waste.
Other Service income losses	333	0	333	Including registration and library income £70k, rental income £42k, cancellation of school music instruction £50k, blue badge renewals £20k & risk management training income £46k.
TOTAL	6,252	1,833	4,419	

Financial Monitoring 2020/21 – General Fund Revenue**Report by Gary Fairley, Chief Officer Corporate Solutions****Report for Noting****1 Recommendations**

- a) Note the projected financial position and the work which is in place to secure improvement and otherwise;
- b) Note the contents of the report.

2 Purpose of Report / Executive Summary

The purpose of this report is to provide Council with information on the projections of performance against service revenue budgets in 2020/21 and details of material variances against budget. The projected budget performance figures shown in appendix 1 result in a projected net overspend of £0.485 million for the year which is 0.21% of the revised budget and a £0.705 million improvement on the Q1 position reported to Council in August.

The report also incorporates the financial impact of the Covid- 19 Pandemic as outlined in the Covid-19 Financial Update also on today's agenda and provides a projection of the General Fund Balance at 31st March 2021.

Date: 18 October 2020**Report Contact:**

Gary Fairley, Chief Officer Corporate Solutions

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3 Background

This report covers all performance against budget with the exception of the additional costs incurred and lost income experienced as a consequence of the Covid-19 pandemic. These are separately reported in the accompanying “Covid-19 Financial Update” report on today’s agenda and the net impact incorporated in the reserves projection.

The main areas of projected variance projected at quarter 2 are outlined below and covered in more detail at appendix 2. As ever, projections part-way through a financial year are difficult in many areas and come with a degree of risk. The exceptional operating environment across all services during this financial year has only added to this.

Projected Overspends

- There remains £2.739 million of Medium Term Financial Strategy (MTFS) cost reductions that remain to be fully and permanently delivered in 2020/21. Clearly the pandemic has impacted on progress but officers are now working to deliver these at pace;
- Disposal costs relating to increased residual waste tonnages of £0.371 million;
- Lost income of £0.325 million from reduction of or lower demand for chargeable Council Services; and
- Costs associated with an increase in children being accommodated during COVID of £0.146 million.

These are partly offset by favourable movements against budget:

- The impact of vacant posts across the Council of £1.865 million. Many of these are posts which are within the scope of the MTFS proposals and will be removed from the Council’s staffing establishment as reviews are progressed to completion;
- Borrowing costs of £0.527 million;
- Reduced running costs in some service areas of £0.307 million;
- Efficiencies in the service Homeless service giving rise to a projected underspend of £0.153 million; and
- Residential Respite places for Children of £0.278 million.

Relevant senior officers are required to deliver recovery actions at pace for the service areas that are projecting overspends and accordingly it is anticipated that the net projected overspend will reduce over the remainder of the year once the impact of the recovery action is validated.

Whist experiencing a reduction in the year for income from Planning Applications, Building warrants and registration fees it is anticipated that these represent deferred income which will be recovered later this year or most probably into the next financial year. Accordingly the 2020/21 budget has been adjusted to reflect this deferment of income.

As referenced in the Covid-19 Financial Update following relaxations intimated by the Scottish Government resources have been redirected from the Early Years expansion ring fenced grant to assist in offsetting the additional costs of providing Early Learning and Childcare for Key Workers. Members should note that there has been no increase in the specific grant provided to deliver the 1,140 hours provision and accordingly this exacerbates the funding challenge which already existed.

The table below provides a summary of the financial impact of the pandemic and associated funding:-

	Impact	Government Grant	Flexibilities	Net Impact
	£m	£m	£m	£m
Response Costs	4,080	(1.331)	(1.081)	1.668
Net Income Loss	4.419	0	0	4.419
General Grant Support	0	(4.270)	0	(4.270)
	8.499	(5.601)	(1.081)	1.817

As highlighted above the divergence from budget is currently projected at £8.499 million excluding costs association with school reopening and also the impact of slippage in savings programmes as a consequence of the pandemic as outlined in appendix 2. Government funding to mitigate the divergence from budget currently stands at £5.601 million with a further £1.081 million of funding redirected from Early Years expansion and Pupil Equity funding.

In addition the revised quantum for the income loss scheme is currently £90 million of which the estimated share for Midlothian should be around £1 million. The actual support received will depend on a review of actual losses incurred by councils and subsequent final agreement of allocations. Accordingly this estimate will be subject to further refinement.

In addition, at this time, it is also assumed that the costs associated with Schools reopening will be contained within the quantum of the education recovery funding or other flexibilities.

4 Delegation of resources to Midlothian Integration Joint Board

The approved budget provided for the allocation of £45.026 million to the Midlothian Integration Joint Board (MIJB) for the provision of delegated services. Minor technical adjustments to this allocation during the year to date reduce the allocation to £44.985 million.

In accordance with the Integration Scheme the MIJB is required to deliver delegated services within the budget allocations from the Council and NHS Lothian and, where any overspend is projected, to put in place a recovery plan to address that. As a last resort the integration scheme allows for the MIJB to seek additional financial support from its partners, either by way of an additional budget allocation or by “brokerage” (provision of additional resources in a year which are repaid in the following year).

Additional costs incurred by the MIJB in response to the Covid-19 pandemic are expected to be funded by government. An overall funding allocation has been received by NHS Lothian and work is underway on the distribution of this funding over the four Lothian Health and Social Care Partnerships. Accordingly, at this time, the expectation is that this, together with action by the MIJB, will ensure that any pressures can be met from the budget allocated from the Council.

The next meeting of the MIJB is on 10th December 2020 where a financial update will be provided and papers for this meeting will be available on the following link:–

<https://midlothian.cmis.uk.com/live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1183/Committee/11/SelectedTab/Documents/Default.aspx>

5 General Fund Reserve

The projected balance on the General Fund as at 31 March 2021 is as follows:

	£ million	£ million
Reserve as at 1 April 2020		13.428
Less earmarked reserves utilised in 2019/20		(7.838)
General Reserve at 1 April 2020		5.590
<i>Planned movements in reserves</i>		
Council Transformation Programme Costs	(0.304)	
Severance Costs	(0.220)	
Deferred income for Planning, Building Control and Registrars	(0.694)	
		(1.218)
Overspend per appendix 1		(0.485)
General Fund Balance at 31 March 2021		3.887
<u>Impact of COVID-19 Response</u>		
Net COVID-19 Response Costs	(1.668)	
Net Loss of Income	(4.419)	
General Government Funding Support	4.270	

	(1.817)
Estimate of Income Loss Scheme funding	1.000
General Fund Balance at 31 March 2021	3.070

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

	£ million
General Fund Balance at 31 March 2021	3.070
<i>Earmarked for specific purposes</i>	
Budgets earmarked for Council Transformation	(0.155)
Enhancement to Reserves earmarked for training	(0.199)
Deferred income	0.694
General Reserve at 31 March 2021	3.410

The Reserves Strategy approved by Council on 12 February 2019 needs the Council to maintain an adequate level of General Reserve to provide a contingency for unforeseen or unplanned costs and that in the financial context at that time approve the adoption of 2% of net expenditure (excluding resources delegated to the IJB) to be considered a minimum. This equates to £3.3 million. Council also agreed that where projections indicate that should the 2% minimum General Reserve balance be breached an immediate recovery plan be implemented to recover the position, failing which, the next available budget would need to provide for the restatement of reserve position.

The projected General Reserve of £3.410 million is marginally above the minimum set in the Reserves Strategy but will only remain that way if there is no further adverse performance against budget or any further draw on reserves. There is also the continued uncertainty over the financial impact of the pandemic and funding assumptions together with essential response costs relating to weather conditions during the winter period.

Similarly there is clear expectation that there will be a recovery in the service overspends projected at quarter 2. The impact of this recovery action will be reflected in future projections when they are validated.

6 Report Implications (Resource, Digital and Risk)

6.1 Resource

The projected performance against budget set out in this report presents the initial projections for the year. Work continues across the council to reduce overspends and to progress at pace delivery of approved savings.

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

6.2 Digital

Increased reliance and investment in digital solutions and digital first solutions will be a key element of future plans.

6.3 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 and robust remedial action is taken. The primary purpose of this report is to provide an assessment of projected performance against budget for the full year based on activity in the first quarter of the year. 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 during the year.

There remains a risk that actual costs and income losses may increase as events unfold over the remainder of the year or if local or national restrictions are reintroduced.

There are a number of areas where effective forecasting of spend against budget is hindered due to ineffective feeder systems or incomplete service information which in previous years has resulted in previously unreported or significantly adjusted variances at the financial year end. In 2019/20 building repairs and maintenance, roads maintenance, waste disposal and home to school transport all fell into this category and they remain risk areas in the current financial year. Work continues to address the underlying issues and mitigate the risk associated with them.

The Council recognises the potential for compensation claims deriving from Scottish Government's Limitation (Childhood Abuse) (Scotland) Act 2017 which removes the three year time limit on claims of child abuse. Some claims will be historic and relate to Lothian Regional Council, Midlothian District Council or their predecessors and some will date post reorganisation and relate to Midlothian Council. In addition the extent to which the Council will be expected to contribute funding towards the National financial redress scheme is yet to be clarified. Both of these present a risk that would further reduce reserves from those currently projected. Further financial obligations may also arise as the implications associated with the United Nations Convention on the Rights of the Child Bill are more fully understood.

6.4 Ensuring Equalities

As changes to existing plans are developed the assessment of the impact of these proposals in relation to their impact on equalities and human rights will be carried out. This will help to ensure wherever possible that there are no negative impacts on equality groups or potential for infringement of individuals' human rights from the any of the proposals.

6.5 Additional Report Implications

See Appendix A

Appendices

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

The exiting financial plans support the delivery of the key priorities in the single Midlothian Plan. As the impact on the Council of the pandemic and recovery continues to unfold over the financial year any changes in the availability and allocation of resources will need to be considered in parallel to the actions proposed to continue to delivery key priorities.

A.2 Key Drivers for Change

Key drivers addressed in this report:

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

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

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

A.4 Delivering Best Value

The report does not directly impact on Delivering Best Value.

A.5 Involving Communities and Other Stakeholders

The development of the Medium Term Financial Strategy reflected a community consultation exercise carried out in 2019 which has also helped shape the drafting of the “Midlothian Promise” and the early development of the Council’s Longer Term Financial Strategy.

In addition there is continues engagement with the recognised Trade Unions on the financial position.

A.6 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 financial consequences of the pandemic will impact on the availability and allocation of resources in pursuit of key outcomes as set out in the Single Midlothian Plan for both the immediate and longer term and therefore the ability of the Council to continue to deliver services in a financial sustainable manner.

A.7 Adopting a Preventative Approach

Maintaining the effectiveness of the Financial Strategy will support the prioritisation of resources to support prevention.

A.8 Supporting Sustainable Development

There are no direct sustainability issues arising from this report and we will work to mitigate as far as feasible any sustainability issues which arise as a consequence of any of the changes to existing plans.

Appendix 1-2 financial tables

GENERAL FUND 2020/21

Performance against budget (excluding COVID-19 response costs and loss of income)

Function	Approved Budget	Revised Budget Expenditure	Revised Budget Income	Revised Budget Net £	Outturn £	(Underspend) / Overspend £
Management and Members	1,799,964	1,990,595	(19,492)	1,971,103	1,944,103	(27,000)
Place						
Corporate Solutions	20,179,449	45,533,981	(25,042,094)	20,491,888	20,031,888	(460,000)
Place	28,471,902	41,835,797	(11,819,264)	30,016,533	31,461,533	1,445,000
Central Costs	976,891	1,161,386	0	1,161,386	1,693,386	532,000
People and Partnerships						
Midlothian Integration Joint Board	45,026,459	61,701,504	(16,716,837)	44,984,667	44,984,667	0
Non-Delegated Services - Sport and Leisure, Community Safety and Welfare Rights	2,166,657	7,621,017	(5,344,048)	2,276,969	2,246,969	(30,000)
Childrens Services, Partnerships and Communities	18,993,828	20,099,183	(534,204)	19,564,979	19,402,979	(162,000)
Education	98,416,668	121,556,787	(17,240,537)	104,316,250	104,030,250	(286,000)
Lothian Valuation Joint Board	572,441	572,441	0	572,441	572,441	0
Non Distributable Costs	1,238,688	1,407,972	0	1,407,972	1,407,972	0
GENERAL FUND SERVICES NET EXPENDITURE	217,842,947	303,480,664	(76,716,476)	226,764,187	227,776,187	1,012,000
Loan Charges	5,296,106	5,296,106	0	5,296,106	4,769,106	(527,000)
NDR Discretionary Relief	70,300	70,300	0	70,300	70,300	0
Investment Income	(560,736)	0	(560,736)	(560,736)	(560,736)	0
Allocations to HRA, Capital Account etc.	(5,140,617)	(5,140,617)	0	(5,140,617)	(5,140,617)	0
	217,508,000	303,706,453	(77,277,212)	226,429,241	226,914,241	485,000
less Funding:						
Scottish Government Grant	(163,031,000)	0	(163,067,775)	163,067,775	163,067,775	0
Council Tax	(54,477,000)	0	(54,477,000)	54,477,000	54,477,000	0
Utilisation of Reserves	0	303,706,453	(294,821,987)	8,884,466	9,369,466	485,000

Financial Monitoring 2020/21 – General Fund Revenue – Material Variances

Management and Members

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
Vacancies and performance factor	Projected underspend due to vacancies and cost of Members.	(30)	(27)	
Net Underspend		(30)	(27)	

Place Directorate

Corporate Solutions

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
Savings Targets / Vacancies	<p>The approved savings target for the year totalled £0.550 million. Removal of vacant posts from the establishment has delivered £0.290 million permanently thus leaving £0.260 million of the target to be found as below:</p> <ul style="list-style-type: none"> The balance associated with the Integrated Service Support Delivery Plan of £0.192 million; Realising savings of £0.040 million from a reduction in the contact centre staffing establishment from securing a reduction in failure demand relating to Waste Services; A savings target for Revenues efficiencies 	(142)	(455)	<p>Delivery plans are in place and will be completed during this financial year;</p> <p>Improvement actions continue in conjunction with Waste Services to reduce the level of calls in respect of missed bins etc and further improvements will be supported by the replacement of the existing CRM system.</p> <p>A reduction in the staffing establishment has been achieved and consolidation of these savings by formally reducing the staffing</p>

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
	<p>of £0.028 million which will be met by releasing posts from the establishment.</p> <p>Vacancies across Services to a value of £0.715 million are projected with most being held pending implementation of reviews and subsequent removal of posts from the establishment.</p>			<p>establishment will be completed by the end of the financial year.</p> <p>Services continue to be delivered reflecting a range of improvements to business processes.</p>
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Service.	(7)	(5)	
Net Underspend		(149)	(460)	

Place

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
Management Review	There is an outstanding Management Review Target of £0.891m. It is anticipated that vacancies held pending the review will mitigate this by £0.651m.	291	240	<p>First phase of the tiered Management Review proposals and the formal Management of Change process has commenced in consultation with the staff in scope and unions.</p> <p>A subsequent phase will follow in the new calendar year to address remaining service structure savings.</p> <p>Delivery date: Phase 1 implementation forecast by Q3 2020/21</p>
Waste Disposal	<p>Increased residual waste tonnages result in a projected overspend on disposal costs of £0.461m.</p> <p>Although bulky uplifts have recommenced it is anticipated that overall tonnages will be lower this year offsetting by £0.154m the projected overspend on residual waste disposal.</p> <p>Other forecast tonnage and price variations account for the remaining £0.064m.</p>	0	371	<p>Tonnage figures across waste streams are different in 2020/21 from usual patterns due to a combination of Covid impacts in the reduced recycling by households; increased waste generated from households during restrictions and workforce availability in delivering critical services as a priority and reduced waste disposal options for glass, garden waste, bulky items and closure of household waste recycling centres.</p> <p>Additional vehicles and extra refuse collections were carried out in resuming waste services and an extension of the garden waste scheme into the new calendar year will mitigate residual tonnage and costs into Q4.</p>

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
				Growth pressures will be assessed and included in the Medium Term Financial Strategy.
Efficiency Target	A number of savings proposals not now deemed to be achievable have been incorporated instead into the Place Efficiency Target which totals £0.796m. Operational savings of £0.212 have been identified at this stage.	577	584	Savings Plans validated have been taken. Other proposals are being reviewed to achieve the remaining balance of the efficiency target. Delivery date: implementation forecast by Q3 2020/21
Fleet Services	Cost of vehicle repairs mainly relating to external works. This is partially offset by vacancies within the service.	0	61	Engagement with external contractors during Covid restrictions was necessary due to workforce availability as necessary for specialised vehicle work that cannot be carried out in-house. Vacancies have now been recruited for the skills gap and to provide statutory services.
Commercial Properties	Shortfall of rental income partially offset by some cost savings.	83	55	It is difficult at present to forecast the impact of the COVID-19 pandemic on local business's capacity to meet their rental obligations. Improved void performance in property lets reduced the deficit.
Parking	A £0.066m increase in the car parking charges budget was approved by Council. Charges were suspended due to lockdown and are expected to be impacted for some time to come.	66	66	There is no change in charges or in the roll out of chargeable car parks. Covid travel and transport restrictions have had an indirect effect on this projected income.
Land & Countryside	Income from Burials.	178	163	A review and benchmarking of the service offer found our charges are at a higher level and that more cremations are now taking place. The current level of charges cannot be sustained and will be revised as part of the Medium Term Financial Strategy.
Homelessness	Repurposing council property assets and withdrawal from B&B have been disrupted by Covid construction issues.	63	63	Additional project measures requiring Council approval were passed on 25 August. Delivery date: implementation forecast by Q2 2021/22
Traffic Signal Maintenance	Increasing number of signals to be maintained due to growth in their overall number.	35	35	Additional service infrastructure and servicing contract costs. Growth pressures will be assessed and included in the Medium Term Financial Strategy.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the Service.	(6)	1	
Gross Overspend		1,287	1,639	

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
<i>Offset by:</i>				
Catering Service	Financial Discipline across the Catering service not directly attributable to COVID-19.	(100)	(100)	
Housing & Homelessness	Increased provision at Eastfield supported temporary accommodation has resulting in increased service charge income of £0.136m. This is partially offset by increased concierge charges of £0.080m. At Q1 it was projected that the number of Bed and Breakfast places would be lower than budgeted. At Q2 projections are in line with budget.	(136) (114)	(56) 3	The regulatory target date to reduce the usage of Bed and Breakfast spaces to a maximum of 7 nights stay has been rescheduled to January 2021. Plans to reduce B&B numbers are on track to be fully implement during this year.
Street Lighting Electricity	Replacement of traditional lamps with LED's is resulting in lower consumption.	0	(41)	The Financial Strategy will be updated to incorporate this.
Net Overspend		937	1,445	

Central Costs

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional Information / Action taken
Savings Targets	Progress on delivering cost reductions relating to joint working and digital efficiencies across the Council are reliant on other partners and progress has been hampered by Covid.	650	650	Work on joint working and digital service provision restarted in June with public and private sector partners and an update report is expected to be presented to Council in December 2020.
Non Domestic Rates	Emergency measures introduced for COVID-19 lessens the Non Domestic Rates burden on the Council for owned premises.	(118)	(118)	
Net Overspend		532	532	

People and Partnerships Directorate

Health and Social Care - Non-Delegated Services - Sport and Leisure, Community Safety and Welfare Rights

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
Wrap around care provision - holiday club	Income target of £0.075m is not yet delivered.	75	75	Active schools staff having been working in school hubs over the summer and plans are being finalised to deliver school holiday and after school programmes.
Management Review	There is an outstanding Management Review target of £0.151m. Delayed implementation has had a negative impact.	41	41	This saving will be achieved in full in 2021/22. Three management posts have already been removed from the structure, and a full bottom up review is underway.
Other Non-Material Variances	Miscellaneous over and underspends covering the remaining areas of the Service.	5	7	
Gross Overspend		121	123	
<i>Offset by:</i>				
Leisure Services running costs	Projected underspend in running costs of £0.131m. This underspend reflects the expected service position prior to the pandemic. There is a significant divergence from budget as a result of the closure of facilities and subsequent restricted opening and this is set out in Appendix 3 to the COVID financial update report also on today's agenda	(185)	(131)	It remains challenging to project the impact of the current situation on this budget. Any changes to opening times or the ability of services to operate could result in a significant impact on this figure.
Community Safety	A projected underspend on staffing within the Resolution and Mediation Team.	(21)	(22)	
Net Underspend		(85)	(30)	

Childrens Services, Partnerships and Communities

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
Children's Services				
Family Placements	COVID has seen an increase in larger families requiring additional support from the family placement team.	46	126	<p>There has been an increase in the number of children accommodated during COVID and whilst the majority have gone into kinship care this continues to require both resources and financial support from the service going forward.</p> <p>Costs relating to adoptions can be difficult to project due to uncertainty of court dates for hearings and granting of adoptions and also the complex nature of the work.</p>
Residential and Day Education Placement	There has been a slight increase in residential placements being required for our younger children (5 -10) years in particular.	89	68	<p>This continues to be a high risk and uncertain area. Individual placements can be both uncertain and expensive. As a consequence there is a risk of forecasts changing significantly as the year progresses.</p> <p>Work is ongoing to consider alternative approaches for this age group but a key priority is to care for and educate young people within their own community.</p>
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the service budget.	4	(4)	No impact on frontline services
Gross Overspend		139	190	
<i>Offset by:</i>				
Non-residential services commissioned and provided for Children with and without disabilities	<p>Taxi costs for children without disabilities.</p> <p>Commissioned Services.</p>	<p>(35)</p> <p>(174)</p>	<p>(46)</p> <p>(278)</p>	<p>A review of all taxi spend across Children's Services and Education was underway pre-COVID. However, resources were subsequently realigned to other areas of critical work. Current restrictions have reduced the spend on taxis as children and young people cannot move between schools or placements.</p> <p>Additional support packages for children or young people with a disability are a key part of their care plan and pilots have been taking place to ensure support required is provided within local communities. This approach is proving to be successful thus widening of this approach is being considered.</p>
Net Underspend		(70)	(134)	

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
Partnerships and Communities				
Vacancies and Performance Factor	There is a forecast overspend mainly relating to casual tutor staffing alongside non achievement of the Employee performance factor.	81	(11)	A review of all casual staff and contracts will be carried out to establish terms and conditions. Work is underway to review all staff who are directly linked with generating income and to map this out for the forthcoming year.
Income shortfall for Community and Lifelong Learning	It has not been possible to generate income at budgeted levels.	62	41	Due to current COVID restrictions it is not possible to generate income from venues.
Gross Overspend		143	30	
Communities and Lifelong Learning Running Costs	Due to some services not operating running costs will be lower than budgeted.	(88)	(58)	
Net Overspend / (Underspend)		55	(28)	
Service Net Underspend		(15)	(162)	

Education

The Covid 19 Pandemic has impacted on Education's ability and capacity to deliver a number of the savings agreed as part of the 2020/21 budget particularly those where statutory consultation is required. Schools remained closed for all of the first term of the financial year with pupils learning remotely and or attending hub facilities for key workers and those more vulnerable. Whilst the table below sets out the variations from budget the overall position projected is an underspend with further financial flexibility available, as necessary, through the use of the flexibilities provided by Government over the use of funding which would otherwise have been ring fenced for specific expenditure.

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
Charging for Music Tuition	A projected under recovery on SQA charging to schools for Music tuition. Impact of schools being closed during the emergency response period and inability to deliver service.	175	175	A further update will be provided once there is clarification on exam processes. The service is preparing to adapt its delivery model as a result of national advice and digital devices and risk assessments of suitable spaces within school buildings are underway.
Visually Impaired Service	New contract with Royal Blind School lower than last years arrangement but still significantly higher than the budget set based on arrangements prior to 2019/20.	79	79	The new contract with the Royal Blind School is providing more effective support to children and young people. It is our statutory duty to provide this service and as such a supplementary estimate should have been sought to increase the funding allocated when the arrangements changed.
Savings Targets	The 20/21 budget provided for £3.058m of savings for the Education Service comprising of an efficiency target of £1.751 million alongside approved savings of £1.307 million. The current year impact is mitigated by planned underspends in schools as shown below.	2,983	2,558	Given the scale of the savings targets these can only be delivered through significant changes to our education delivery model which require statutory consultation. As a result of the lockdown period the service has been unable to progress any proposals which required formal consultation with a range of stakeholders, for example, P1/P2 school day, DSM review, denominational school review. The service is planning actively a revised timeframe for taking forward saving proposals and has taken steps to mitigate the impact of not achieving the identified savings.
Other non-material variances	Miscellaneous over and underspends covering the remaining areas of the service budget.	61	(60)	This includes contractual change notices relating to PPP schools.
Gross Overspend		3,298	2,752	
<i>Offset by:</i>				

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
Schools	Schools are projected to underspend by £3.074 million. In accordance with current DSM rules allowing a carry forward of up to 1% for each school, £0.375 million of this would be available for carry forward to 2021/22 thus leaving an underspend of £2.699 million.	(2,988)	(2,699)	Within the £3.074 million is: 1) A 1% carry forward of £0.375 million; 2) Budget of £2.530 million not currently allocated under the DSM scheme which can be considered for contributing towards the Education Efficiency target.
Vacancies and Performance Factor	There are a number of vacancies across the Education service.	(310)	(339)	Strict vacancy control is applied with management action in place to minimise any impact on frontline service provision.
Net Underspend		0	(286)	

Other

Description of Variance	Reason for Variance	Quarter 1 £000	Quarter 2 £000	Additional information / Action taken
Loan Charges	Capital expenditure in 2019/20 was lower than forecast due to rephrasing of a number of projects. This has resulted in a reduction in General Fund principal repayments in 2020/21.	0	(234)	
	Projected overspend of £0.651 million mainly due to apportionment of Loans Fund Interest costs between General Fund and HRA.	0	651	Loans Fund interest costs are split between HRA and General Fund based on Loans Fund Advances in each. Projections for 20/21 indicate that capital expenditure and associated Loans Fund Advances will be lower than budgeted in both funds but considerably so for HRA thus resulting in a relatively higher share in General Fund than budgeted.
	In-year impact of the Loans Fund Review which rephrases debt repayments.		(954)	Forecasts of Capital Expenditure over the remainder of 20/21 are subject to considerable risk, particularly in HRA, and may impact further on this position. During Q2 the Council's External Auditors approved the proposal to rephrase debt charges. An update of the impact of this on the Medium Term Financial Strategy will be covered in the mid-year Treasury report to Audit Committee on 8 th December 2020 which will follow on to Council on 15 th December.
Net Overspend		0	(527)	

**General Services Capital Plan
2020/21 Quarter 2 Monitoring and 2021/22 to 2024/25 Budgets****Report by Gary Fairley, Chief Officer Corporate Solutions****Report for Decision****1 Recommendations**

It is recommended that the Council:-

1. Approve the inclusion of the projects set out in Section 3.1;
2. Approve the adjustment to the project expenditure and income budgets in the General Services Capital Plan as set out in Section 3.2;
3. Approve the revised expenditure and funding levels in the General Services Capital Plan 2020/21 to 2024/25 (detailed in appendices 1 and 2).

2. Purpose of Report

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

- An update of the General Services Capital Plan incorporating information on further additions to the Capital Plan for approval (Section 3);
- Information on the projected performance against budget for 2020/21 (Section 4);
- Forecast expenditure and income for the General Services Capital Plan for 2020/21 through to 2024/25 (Section 5);
- Update on the Capital Fund (Section 6).

Date 04 November 2020**Report Contact:****Gary Thomson, Senior Accountant****gary.thomson@midlothian.gov.uk****0131 271 3230**

3 Update of General Services Capital Plan

3.1 New projects presented for endorsement in the Plan

The following new projects are being presented for inclusion in the General Services Capital Plan:-

- **Digital Services Infrastructure:** The impact of Covid has led to an immediate requirement to expand and enhance digital infrastructure and equipment to facilitate home working and distance learning. A capital expenditure provision of £0.600 million has been included in the plan to allow for this, fully phased in 2020/21;
- **Fala Park Outdoor Play Equipment:** Provision of new play equipment at Fala Park. Capital expenditure budget of £0.013 million approved by Capital Plan & Asset Management Board on 13 August 2020 and fully phased in 2020/21, and fully funded by a contribution of £0.013 million from Fala Community Association;
- **Auld Gala Park Outdoor Play Equipment:** Provision of a wheeled sports facility at Auld Gala Park in Gorebridge. Existing capital expenditure budget of £0.037 million funded by developer contributions, to be replaced by capital expenditure budget of £0.058 million, as approved by Capital Plan & Asset Management Board on 26 February 2020 and fully phased in 2020/21, fully funded by developer contributions of £0.058 million;
- **School Transport Retrofit Fund:** Installation of physical protection measures for passengers and drivers on school transport services, to assist local authorities and their operators in safely maximising capacity on school transport and to provide reassurance to pupils, parents, carers and school transport staff. Capital expenditure budget of £0.022 million, fully phased in 2020/21 and fully funded by Scottish Government grant;
- **Midlothian & Fairfield Houses Shower Upgrades:** Installation/upgrade of showers in Midlothian & Fairfield Houses. Capital expenditure budget of £0.025 million approved by Capital Plan & Asset Management Board on 30 June 2020 fully phased in 2020/21, and fully funded by a contribution of £0.025 million from Cycling Scotland;
- **Burnbrae Primary School External Works:** Hard standing & landscaping of playground. Capital expenditure budget of £0.103 million approved by Capital Plan & Asset Management Board on 13 August 2020 and phased fully in 2020/21, fully funded by £0.103 million of already collected developer contributions.
- **Town Centre Regeneration Funding:** An allocation of £0.331 million of Scottish Government Town Centre Regeneration Funding for Midlothian Council in 2020/21 announced on 18 September 2020, in addition to the £0.910 million previously awarded in 2019/20. A project group has been set up to consider funding bids;
- **Newbyres Village Equipment:** Upgraded kitchen & laundry equipment at Newbyres Village Care Home. Capital expenditure budget of £0.024 million approved by Capital Plan & Asset Management Board on 27 October 2020 fully phased in 2020/21 and funded by allocation within the block property capital upgrade budget;
- **Bellman's Road Infrastructure Improvements:-** Road surfacing upgrade at Bellman's Depot site in Penicuik to facilitate safe entry and exit of vehicles to and from the site. Capital expenditure of £0.045 million approved by Place DMT on 3 November 2020, fully phased in 2020/21;
- **Poltonhall & Penicuik Astroturf Pitches Resurfacing:** Provisional budgets for the resurfacing of Poltonhall (£0.464 million) and Penicuik (£0.309 million) astroturf pitches to be moved from "in principle" to fully approved in the plan. Both funded through retrospective collection of developer contributions;

3.2 Adjustments to existing project budgets

The following adjustments to existing project expenditure and income budgets are being presented for inclusion in the General Services Capital Plan:-

- **Cycling, Walking & Safer Streets:** Expenditure budget of £0.402 million in 2020/21, financed by 100% match funding from Scottish Government Cycling, Walking & Safer Streets Capital Grant;
- **Riverside Park Paths & Woodland:** Removal of £0.030 million capital expenditure budget and £0.030 million Forestry Commission grant funding in 2020/21. Forestry Commission grant funding rates were changed to favour new woodland planting over management of existing woodland as part of the climate change agenda, which resulted in the cost of the woodland felling works for this project exceeding the grant funding offered;
- **EWiM Phase III:** As reported to Council on 16 June 2020, the proposal to construct a new Depot on the Hopefield site will no longer be progressed. As such, the remaining capital expenditure budget of £9.460 million and the forecast capital receipts of £7.490 million in relation to this project have been removed from the plan. A feasibility study is currently being undertaken on alternative arrangements for the re-provision of the existing Stobhill depot, with a report to be brought back to Council at a later date recommending the proposed solution, capital expenditure budget and forecast capital receipts. In parallel to this, a further report on the use of the land at Hopefield previously earmarked for Industrial Start Up Units will be presented to Council;
- **Cuiken Primary School:** Removal of £0.083 million of Furniture, Fittings & Equipment, included in budget and tender sum. This represents the FF&E expenditure required for 5 of the 6 new classrooms; only one class space is required immediately and has therefore been kitted out. The remaining 5 class spaces will be kitted out at the time of need. Replaced with re-provisioned £0.083 million of new "New Learning Estate Furniture & IT Equipment" expenditure budget, to be phased over the remaining life of the capital plan;
- **Lasswade High School:** Conversion of existing storage area to create additional toilets, and provision of on-site modular unit changing rooms, to expand capacity from current 1,480 pupils to 1,600 pupils. Existing provisional capital expenditure budget of £1.913 million to be replaced with (a) approved expenditure budget of £0.580 million phased across 2021/22 and 2022/23 and (b) retention of provisional £1.333 million for ASN unit pending further review of overall ASN provision across Midlothian;
- **Woodburn Primary School:** Absorption of 1 class extension expenditure budget (£0.092 million) within current proposed extension budget (£2.200 million);
- **A701&A702 Works:** £0.077 million of remaining original budget now absorbed within wider City Deal budget of £21.774 million;

4 2020/21 Projection against budget

4.1 2020/21 Budget

After accounting for rephasing of budgets from 2019/20 to 2020/21 as reported to Council on 16 June 2020, and including the new projects and adjustments to project budgets as outlined in Section 3, the capital plan expenditure budget for 2020/21 was £67.083 million.

The impact of Covid-19 and the government restrictions in place in early 2020/21 has had a material impact on capital expenditure. There is clearly going to be an impact on construction programmes due to COVID-19 control and social distancing measures and these are likely to be with us for some time. Only existing contracts currently in place will be subject to the current extension of time and related loss & expense in order to accelerate or deliver on time.

Whilst some desk-top work could continue during the lockdown period, the government restrictions forcing the shutdown of the construction industry in Spring 2020 has resulted in a significant delay to a number of projects in the plan, both those that were on-site and those at earlier stages of progression. Following re-opening, the initial focus was to ensure that projects that were on-site continued to progress; and despite this and other issues in the supply chain, the Council have been successful in working with contractors on projects such as the new Danderhall hub to agree a revised schedule to allow the project to progress on cost and on time as planned. Midlothian are taking a very positive and flexible approach to build momentum around the new supply recovery to take advantage of off the shelf opportunities or second hand purchases directed at meeting recovery objectives and supporting economic activity.

However, the impact of Covid-19 has had a material effect on the project delivery timelines within the Capital Plan. As a result of this, project budgets have been rephased to account for this, and for updated project delivery profiles provided by project managers, contractors and developers in the period.

The resultant impact is a re-profiled budget in 2020/21 of £39.615 million (a decrease of £27.467 million) as shown in the table below:-

Table 1: Rephasing of project expenditure budgets

Project	Description of rephasing of budget	Previous 2020/21 Budget £000's	Revised 2020/21 Budget £000's	2020/21 Budget Rephasing £000's
Easthouses Primary School	Review of wider Learning Estate Strategy in Dalkeith/Mayfield/Easthouses area	10,012	1,019	-8,992
Early Years Grant Funded Projects	Rephased to reflect revised project delivery timescales and impact of Covid	6,386	1,966	-4,419
City Deal: A701 & A702 Relief Road	Ongoing preparatory works in order to review project scope	5,126	1,000	-4,126
Woodburn Primary School	Review of wider Learning Estate Strategy in Dalkeith/Mayfield/Easthouses area	1,962	33	-1,929
King's Park Primary School	Review of wider Learning Estate Strategy in Dalkeith/Mayfield/Easthouses area	1,490	33	-1,456
Destination Hillend	Delay to project due to Covid 19 and detailed review of original business case with subsequent rephasing of expenditure	1,380	194	-1,186
Mauricewood Refurbishment	Not expected to commence until 2021/22 due to impact of Covid 19	875	0	-875

Highbank Intermediate Care Re-provisioning	Delay to demolition of existing Dundas Building due to need to potentially retain St. Mary's Primary School as a result of Covid-19, with demolition of existing Dundas Building now expected to commence in February 2021	1,215	470	-745
St. David's Primary School	Review of wider Learning Estate Strategy in Dalkeith/Mayfield/Easthouses area	546	33	-513
Road Upgrades Asset Management Plan	Various projects delayed due to impact of Covid and in particular due to the lockdown restrictions in quarter 1	1,643	1,139	-504
32-38 Buccleuch Street Ground Floor Redevelopment	Project delayed due to impact of Covid and overall project scope review, including requirement to potentially include carbon neutral / passivehaus energy efficiency engineering within the final solution	343	13	-331
Road Asset Management Plan – Temple Ground Stabilisation	Project delayed due to impact of Covid and prioritisation of other projects within the Roads Asset Management Plan. Approval for this project remains as "in principle" and requires report to Capital Plan & Asset Management Board for full approval/governance	309	0	-309
Danderhall Leisure Centre & Library Demolition	New hub expected to reach practical completion in financial year 2020/21 but delay to programme due to Covid-19 means demolitions to existing library/leisure centre are now expected to take place in 2021/22	300	0	-300
Footway & Footpath Network Upgrades	Various projects delayed due to impact of Covid and in particular due to the lockdown restrictions in quarter 1	545	272	-273
Saltersgate Playground Alterations	Work unable to commence until Summer 2021	252	0	-252
Penicuik High School ASN	Review of ASN provision across Midlothian still ongoing	250	25	-225
Member's Environmental Improvements / Participatory Budgets	Revised planning assumption based on expenditure to date in 2020/21	427	230	-197
New Hopefield Primary School	Retention payment now due in 2020/21	1,362	1,189	-173
Contaminated Land / PSHG	Reduction in 2020/21 expenditure due to Covid-19 lockdown	384	212	-172
Borders Rail Economic Development Projects	Approved capital expenditure budget of £125k remaining with no identified projects to date	125	0	-125
Outdoor Play Equipment / Wheeled Sports Facilities	Projects postponed until April 2021 as a result of Covid-19 impact	106	0	-106
Others	Other variances	910	651	-259
Total		36,222	8,829	-27,467

In line with this, the expected level of funding available to finance the plan has also been rephased and totals £21.454 million, a decrease of £20.336 million.

This reduces the projected in-year borrowing requirement from £25.283 million to £18.161 million. The projected performance against budget for 2019/20 is shown in table 2 below:-

Table 2: General Services Capital Plan Projected Performance against Budget 2019/20 – as at Quarter 3

Item	2020/21 Budget £000's	2020/21 Rephased Budget £000's	Actual To 13.09.20 £000's	2020/21 Projected Outturn £000's	2020/21 Variance £000's	2020/21 Carry Forward £000's
Expenditure	67,083	39,615	12,145	39,199	-416	27,467
Funding	41,790	21,454	5,403	21,454	0	20,336
Borrowing Required	25,283	18,161	6,742	17,745	-416	

4.2 Expenditure

Expenditure to 13 September 2020 is £12.145 million with a projected expenditure outturn of £39.199 million, an underspend of £0.416 million against the revised budget of £39.615 million.

At this stage it is anticipated that budgets for the projects detailed in Appendix 2 will be fully spent in the current year other than for the following:-

- **Cuiken Primary School Extension:** Release of £0.330 million of project contingencies. Final retention payment to be made and final account expected to be closed off in summer 2021, with any remaining contingencies returned at that point;
- **GoreGlen Primary School:** Project now complete. Release of remaining budget of £0.027 million;
- **Newbattle High School:** Project now complete. Release of remaining budget of £0.059 million;

4.3 Funding

The funding available to finance the Capital Plan in 2020/21 is expected to total £21.454 million, in line with the revised budget of £21.454 million. Funding of £5.403 million has been received to 13 September 2020.

4.4 Borrowing

The budgeted level of borrowing for 2020/21 is £18.161 million. Based on the forecast expenditure and funding levels as noted above, the revised estimate of the level of borrowing required for 2020/21 is forecast to be £17.745 million, £0.416 million less than budgeted. The impact on the Council's borrowing costs is reflected in the Financial Monitoring 2020/21 General Fund Revenue report elsewhere on today's agenda.

5 Capital Plan 2020/21 to 2024/25

5.1 Rephasing

In addition to the rephasing of project expenditure and funding from 2019/20 to to/from 2020/21 as reported in Section 4, expenditure and income forecasts covering the remainder of the period of the plan have been rephased to reflect the impact of the lockdown and distancing restrictions, and the most recent information available from project managers and service leads. These expenditure and income forecasts are the budgets that project managers and service leads are working towards as targets.

As noted in the report to Council on 11 February 2020, projects over £1 million in gross expenditure are required to take a Gateway Review report to the Capital Plan & Asset Management Board at key project milestones. The Gateway Review process allows the Capital Plan & Asset Management Board to scrutinise both the project budget and programme, from the very outset of each project's life, and mitigate against the rephasing seen across the General Services Capital Plan in previous years.

5.2 Expenditure

In addition to the inclusion of new projects listed in sections 3.1-3.3, the adjustments to project budgets listed in section 3.4, and the rephasing of project expenditure as noted in section 4.1 and 5.1, the plan has also been extended by one year to cover the financial year 2024/25, with project expenditure budgets and asset management plan budgets updated accordingly. Expenditure budgets of £21.210 million in 2024/25 have been added to the plan, including the following additions to the Council's core asset management plans:-

Asset Management Strand	2024/25 Budget £000's
Digital Services	1,667
Business Applications	333
Street Lighting/Traffic Signals	1,000
Road Upgrades	1,500
Footways & Footpaths	500
Property Upgrades	1,000
Assistive Technology	150
Total	6,150

The forecast level of expenditure over the life of the plan therefore totals £210.241 million.

5.3 Funding

The planning assumption for the level of General Capital Grant funding from the Scottish Government over the period 2021/22 to 2024/25 is that the grant will be cash flat at 2020/21 levels, equating to £7.144 million

per annum. The exact level of General Capital Grant funding for 2021/22 will not be known until the Local Authority share of the Scottish Government Budget is published in early 2021.

The funding of the plan has also been extended by one year based on the longer term capital strategy to cover the financial year 2024/25, with income budgets updated accordingly. Income budgets of £10.659 million in 2024/25 (including Scottish Government Grant) have been added to the plan.

Overall, the funding available to finance the planned expenditure therefore totals £116.123 million. A more detailed breakdown is shown in Appendix 1.

5.4 Borrowing

As a result of these revised expenditure and funding forecasts, the forecast level of borrowing over the period 2020/21 to 2024/25 is £94.119 million.

Table 4: General Services Capital Plan 2020/21 to 2024/25

Item	2020/21 Budget £000's	2021/22 Budget £000's	2022/23 Budget £000's	2023/24 Budget £000's	2024/25 Budget £000's	Total Budget £000's
Expenditure	39,199	52,685	54,838	42,310	21,210	210,241
Funding	21,454	33,022	34,871	16,117	10,659	116,123
Borrowing Required	17,745	19,664	19,967	26,192	10,551	94,119

6. Capital Fund

The Capital Fund at the start of the 2020/21 financial year was £25.364 million. £7.694 million of this is earmarked to fund the City Deal project, with a further £7.000 million earmarked to support capital investment across the period 2020/21 to 2024/25.

£3.055 million of receipts from sales are expected to be transferred into the capital fund across the period 2020/21 to 2024/25.

Based on the above, the forecast capital fund balance at 31 March 2025 is £13.725 million.

In addition to the use of the remainder of the Capital Fund balance to support investment identified in the Capital Plan, consideration will also be given to the Statutory Guidance on the use of Capital Receipts Flexibility Scheme to finance Covid expenditure (revenue).

7. Report Implications

7.1 Resource

The borrowing required to finance the planned investment in 2020/21 to 2024/25 is currently £94.119 million and is reflected in the medium term financial strategy.

7.2 Digital

There are no Digital Services implications arising from this report.

7.3 Risk

The impact of Covid-19 and the restriction measures introduced by government to date have been reflected in the rephasing assumptions in the plan as noted in this report. Any further restrictions introduced by the Scottish and UK Governments are highly likely to have an additional effect on the delivery programme for all projects within the plan.

The impact of Brexit, and in particular a no-deal Brexit, is difficult to quantify and may impact on both the budget and programme of projects, particularly where materials are imported.

These potentially exacerbate the inherent risk in the Capital Plan 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.

An additional risk is the timing of capital expenditure being delayed and the failure to deliver new assets and infrastructure on time. In addition, overly aggressive projections of expenditure being incurred may lead to borrowing being taken in advance of need. The impact of Covid 19 to date, further restriction measures that may be brought in, and the post Brexit economic climate, further exacerbates this. The rephasing assumptions outlined in Section 5.1 have been included in the plan to reflect a more realistic assessment of the timing of capital expenditure, based on historic evidence and the overlay and impact of Covid, and therefore mitigate the potential for borrowing to be taken in advance of need.

In developing the strategy and taking cognisance of the longer term affordability gap it is clear that a number of potential projects which are currently included will only be able to be progressed if they can be delivered on a spend to save basis (i.e. where income or cost savings more than offset the cost of funding the investment) or where they can be delivered on a cost neutral basis. In addition it will be challenging to progress potential additional projects such as Dalkeith town centre redevelopment and master planning proposals for Newtongrange and Mayfield unless these are on a spend to save basis.

7.4 Ensuring Equalities

There are no equalities issues arising directly from this report.

7.5 Additional Report Implications

See Appendix A.

Appendix A: Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Not applicable.

A.2 Key Drivers for Change

A.3 Key Delivery Streams

Themes addressed in this report:

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

A.4 Delivering Best Value

The report does not directly impact on Delivering Best Value.

A.5 Involving Communities and Other Stakeholders

No external consultation has taken place on this report.

A.6 Impact on Performance and Outcome

There are no issues arising directly from this report.

A.7 Adopting a Preventative Approach

Not applicable.

A.8 Supporting Sustainable Development

Not applicable.

Background Papers:

Appendix 1 – Summary General Services Capital Plan 2020/21 to 2024/25

Appendix 2 – Detailed General Services Capital Plan Expenditure 2020/21 to
2024/25

Appendix 3 – Gateway Review Requirements for all capital projects over £1 million

Appendix 1: Summary General Services Capital Plan 2020/21 to 2024/25

GENERAL SERVICES CAPITAL PL	2020/21	2021/22	2022/23	2023/24	2024/25	Total
2020/21 to 2024/25	Budget	Budget	Budget	Budget	Budget	Budget
	£'000	£'000	£'000	£'000	£'000	£'000
EXPENDITURE						
Place	21,936	19,689	14,842	11,605	7,884	75,955
People & Partnerships	17,056	29,850	30,660	27,008	13,217	117,791
Council Transformation	1,035	4,126	10,654	5,068	1,167	22,049
Provision for return of contingencies	-828	-980	-1,317	-1,371	-1,058	-5,554
Total Approved Expenditure	39,199	52,685	54,838	42,310	21,210	210,242
FUNDING						
Government Grants - General Capital	7,546	7,344	7,344	7,344	7,344	36,922
Government Grants - Early Years	2,964	7,423	2,917	1,885	0	15,188
Government Grants - Others	1,314	0	0	0	0	1,314
Schools for the Future Funding Round	0	0	0	0	0	0
City Deal Funding (Scottish Governme	1,000	4,126	5,774	0	0	10,900
City Deal Funding (Capital Fund)	0	0	6,528	1,166	0	7,694
Receipts from Sales	1,805	1,250	0	0	0	3,055
Receipts from Sales transferred to Ca	-1,805	-1,250	0	0	0	-3,055
Transfer from Capital Fund to Capital	2,000	3,000	2,000	0	0	7,000
Land Transfers from HRA Applied to C	0	1,020	0	0	0	1,020
Developer Contributions - GSCP Cor	2,154	3,313	2,940	2,833	1,567	12,807
Developer Contributions - LES New	952	4,256	6,943	2,464	1,323	15,938
Developer Contributions - A701/702	425	425	425	425	425	2,125
Developer Contributions - Other Proje	0	0	0	0	0	0
Other Contributions	3,099	2,115	0	0	0	5,214
Total Available Funding	21,454	33,022	34,871	16,117	10,659	116,123
Approved Borrowing Required	17,745	19,664	19,967	26,192	10,551	94,119

Appendix 2

Detailed General Services Capital Plan Expenditure 2020/21 to 2024/25

GENERAL SERVICES CAPITAL PLAN 2020/21 to 2024/25	2020/21 Budget £'000	2021/22 Budget £'000	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £000's	Later Years Budget £'000	Total Spend £'000
PLACE DIRECTORATE							
Corporate Solutions							
Newbattle Centre of Excellence	461	-	-	-	-	-	461
Business Applications	82	39	8	333	333	-	795
DS Corporate Solutions	335	321	254	333	333	-	1,577
Front Office - Hardware, Software & Services	315	381	155	333	333	-	1,518
Back Office - Hardware, Software & Services	641	549	840	333	333	-	2,697
Network, Software & Services	430	449	238	333	333	-	1,783
Schools - Hardware, Software & Services	940	877	1,008	333	333	-	3,491
DS Covid-Costs	600	-	-	-	-	-	600
Civica Automation	47	-	-	-	-	-	47
Place							
Street Lighting Upgrades	788	1,000	-	-	-	-	1,788
Street Lighting and Traffic Signal Upgrades - New	-	-	1,186	1,000	1,000	-	3,186
Footway & Footpath Network Upgrades	272	500	-	-	-	-	772
Footway & Footpath Asset Management Plan - New	-	-	913	500	500	-	1,913
Road Upgrades	1,139	1,500	-	-	-	-	2,639
Roads Asset Management Plan - New	-	-	2,443	1,500	1,500	-	5,443
Roads Asset Management Plan - Temple Ground Stabilisation	-	309	-	-	-	-	309
B6372 Arniston Embankment Stabilisation	-	-	593	-	-	-	593
Zero Waste Capital Contribution	7,380	-	-	-	-	-	7,380
Cycling, Walking & Safer Streets Projects	402	200	200	200	200	-	1,202
Ironmills Park Steps	7	-	-	-	-	-	7
New recycling facility - Penicuik	-	-	-	-	-	243	243
Vehicle & Plant Replacement Programme	1,866	1,876	1,639	1,414	1,300	4,438	12,532
LEZ Electric Vehicles & Charging Points	222	-	-	-	-	-	222
Outdoor Play Equipment - Rosewell	-	46	-	-	-	-	46
Outdoor Play Equipment - Gorebridge	58	-	-	-	-	-	58
Roslin Wheeled Sports Facility	-	60	-	-	-	-	60
Mauricewood Road Bus Shelter	4	-	-	-	-	-	4
Riverside Park Paths & Woodland	-	-	-	-	-	-	-
Birkenside Grass Pitch Drainage	12	18	-	-	-	-	30
Open Spaces - Midlothian Wide Play Areas	-	-	338	-	-	-	338
Fala Park Outdoor Play Equipment	13	-	-	-	-	-	13
School Transport Retrofit Fund	22	-	-	-	-	-	22
Stobhill Depot Upgrade	-	568	-	-	-	-	568
New Depot: EWIM Phase III	-	-	-	-	-	-	-
Property Upgrades	985	1,400	1,186	1,000	1,000	506	6,077
Midlothian & Fairfield House Shower Upgrades	25	-	-	-	-	-	25
Shawfair Town Centre Land Purchase	3,050	2,115	-	-	-	-	5,165
Destination Hillend	194	6,255	3,437	3,607	-	-	13,493
32-38 Buccleuch Street Ground Floor Redevelopment	13	311	19	-	-	-	343
Cashless Catering	29	-	-	-	-	-	29
Non-Domestic Energy Efficiency Projects	222	-	-	-	-	-	222
Contaminated Land	47	186	186	186	186	186	977
Public Sector Housing Grants	165	198	198	198	198	198	1,155
Borders Rail - Economic Development Projects	-	125	-	-	-	-	125
Gorebridge Connected	-	-	-	-	-	663	663
Penicuik THI	106	106	-	-	-	-	211
A701 & A702 Works	-	-	-	-	-	-	-
Mayfield Town Centre Regeneration	35	-	-	-	-	-	35
Town Centre Regeneration Fund 2019/20	699	-	-	-	-	-	699
Town Centre Regeneration Fund 2020/21	331	-	-	-	-	-	331
TOTAL PLACE DIRECTORATE	21,936	19,389	14,842	11,605	7,884	6,234	81,888
Those projects shaded are included in the Capital Plan "in principle" and require a report to Capital Plan & Asset Management Board and/or Council in order to achieve full adoption in the General Services Capital Plan							

	2020/21	2021/22	2022/23	2023/24	2024/25	Later Years	
PEOPLE AND PARTNERSHIPS DIRECTORATE	Budget	Budget	Budget	Budget	Budget	Budget	
	£'000	£'000	£'000	£'000	£000's	£'000	
Education - Early Years							
Hawthornden Primary School	245	1,715	-	-	-	-	1,960
King's Park Primary School	-	312	930	466	-	-	1,708
Rosewell Primary School New Build	-	-	377	1,131	-	-	1,508
Roslin Primary School	99	326	326	-	-	-	751
Capital grants to partner providers	750	750	-	-	-	-	1,500
Gorebridge Primary School	104	700	-	-	-	-	804
Catering kitchens	50	750	-	-	-	-	800
Hawthorn Centre	50	350	350	-	-	-	750
Mauricewood Primary School	150	300	-	-	-	-	450
Vogrie Outdoor Early Learning Centre	92	-	-	-	-	-	92
Penicuik Outdoor Early Learning Centre	-	200	-	-	-	-	200
Other Outdoor Spaces	80	80	-	-	-	-	160
Settings' kitchens	40	91	-	-	-	-	131
Scots Comer	75	-	-	-	-	-	75
Newtongrange Primary School	50	-	-	-	-	-	50
Lasswade Primary School	45	-	-	-	-	-	45
Woodburn Primary School	45	-	-	-	-	-	45
Rosewell Primary School Alteration	-	-	-	-	-	-	-
Mount Esk Nursery School	20	-	-	-	-	-	20
Tynewater Primary School	20	-	-	-	-	-	20
Bilston Primary School	20	-	-	-	-	-	20
Moorfoot Primary School	20	-	-	-	-	-	20
Loanhead Primary School	5	-	-	-	-	-	5
Cuiken Primary School	3	-	-	-	-	-	3
St Andrew's Primary School	4	-	-	-	-	-	4
Remaining Balance	-	227	257	257	-	-	741
Education - Primary							
GoreGlen Primary School	-	-	-	-	-	-	-
Paradykes Primary Replacement	218	-	-	-	-	-	218
New Hopefield Primary School	1,189	173	-	-	-	-	1,362
New Danderhall Primary hub	8,454	837	100	-	-	-	9,391
Cuiken Primary School Extension	171	27	-	-	-	-	198
Sacred Heart Primary School Extension	1,668	101	-	-	-	-	1,769
Lawfield Primary Extension	185	-	-	-	-	-	185
Easthouses Primary School	1,019	7,843	3,863	178	-	-	12,904
Tynewater Primary School	10	-	-	-	-	-	10
Burnbrae Primary School GP Space	50	17	-	-	-	-	67
Burnbrae Primary School Artificial Surface	18	-	-	-	-	-	18
Burnbrae Primary School Playground Works	85	-	-	-	-	-	85
Woodburn Primary extension (1 class plus)	-	-	-	-	-	-	-
Woodburn Primary 3 class & activity hall extension	33	1,331	765	32	-	-	2,162
Education - Learning Estate Strategy							
Area 23 Primary School (Dalkeith/Easthouses)	-	1,476	4,427	7,378	1,476	-	14,756
Kings Park PS upgrade to existing building	33	4,667	2,637	112	-	-	7,449
St Davids Primary - 4 class & EY extension	33	1,001	580	25	-	-	1,639
Hopefield Farm Primary 2 (HS 12)	-	-	1,347	4,041	6,735	1,347	13,469
Mauricewood Refurbishment	-	875	2,070	4,831	2,012	135	9,923
Rosewell Primary School - extend to 2 stream	-	-	1,912	3,823	1,912	-	7,647
Newtongrange refurb & expansion to 2 stream	-	645	1,807	129	-	-	2,581
Lasswade High - ASU	-	-	1,333	-	-	-	1,333
Penicuik High ASN Unit	25	225	-	-	-	-	250
Strathesk Primary one class extension	-	214	92	-	-	-	305
Burnbrae PS - convert nursery to GP space	-	-	-	-	-	-	-
Mayfield School Campus replace & extend	-	-	-	-	-	-	-
Education - Secondary							
Lasswade High - Toilets & Changing to 1,600 pupil capacity	-	530	50	-	-	-	580
Newbattle High School	-	-	-	-	-	-	-
A701 High School	427	-	-	-	-	-	427
Education - General							
Parent Pay	-	-	-	-	-	-	-
Saltergate Alterations Phase III - Playground Improvements	-	252	-	-	-	-	252
Saltergate Phase IV - Internal Alterations	44	-	-	-	-	-	44
Modular Units - Session 2017/18	182	-	-	-	-	-	182
New Learning Estate Furniture & IT Equipment	-	17	17	17	17	17	83
Those projects shaded are included in the Capital Plan "in principle" and require a report to Capital Plan & Asset Management Board and/or Council in order to achieve full adoption in the General Services Capital Plan							

	2020/21	2021/22	2022/23	2023/24	2024/25	Later Years	
PEOPLE AND PARTNERSHIPS DIRECTORATE	Budget	Budget	Budget	Budget	Budget	Budget	
CONTINUED	£'000	£'000	£'000	£'000	£000's	£'000	
Children's Services							
Communities & Partnerships							
Members Environmental Improvements	50	50	50	-	-	143	293
Participatory Budgets	180	180	180	180	180	540	1,440
Gorebridge Community Cares	50	-	-	-	-	-	50
Adult Social Care							
Assistive Technology	100	150	150	150	150	497	1,197
Homecare	55	-	-	-	-	-	55
Recovery Hub	13	-	-	-	-	-	13
Highbank Intermediate Care Reprovisioning	470	2,700	4,500	1,500	736	-	9,906
Sport & Leisure							
Property - Pollonhall Astro & Training Area Resurfacing	-	464	-	-	-	-	464
Property - Penicuik Astro Resurfacing	309	-	-	-	-	-	309
Property - King's Park Tennis Courts Resurfacing	-	82	-	-	-	-	82
Property - Penicuik Centre Flooring, Cardio & Equipment	-	155	23	23	-	-	200
Property - Lasswade Centre Flooring	-	33	64	115	-	-	212
Property - Gorebridge Leisure Centre	-	7	41	67	-	-	115
Property - Loanhead Centre	-	-	2	144	-	-	145
Property - Shawfair Leisure/Library Provision	-	-	2,411	2,411	-	-	4,822
Leisure Management System (Legend)	16	-	-	-	-	-	16
TOTAL PEOPLE & PARTNERSHIPS DIRECTORATE	17,056	29,850	30,660	27,008	13,216	2,679	120,469
COUNCIL TRANSFORMATION							
Purchase to Pay	2	-	-	-	-	-	2
EWIM - Buccleuch House Ground Floor	33	-	-	-	-	-	33
City Deal	1,000	4,126	10,414	5,068	1,167	-	21,774
City Deal	-	-	240	-	-	-	240
Entrepreneurial Council	-	-	-	-	-	-	-
TOTAL COUNCIL TRANSFORMATION	1,035	4,126	10,654	5,068	1,167	-	22,049
COST OF SALES							
Danderhall	-	300	-	-	-	-	300
Hillend Land Sale Cost of Sales	-	-	-	-	-	-	-
TOTAL COST OF SALES	-	300	-	-	-	-	300
Provision for Return of Contingencies	(828)	(979)	(1,317)	(1,371)	(1,058)	-	(5,553)
GENERAL SERVICES CAPITAL PLAN TOTAL	39,199	52,686	54,838	42,310	21,209	8,912	219,154
Those projects shaded are included in the Capital Plan "in principle" and require a report to Capital Plan & Asset Management Board and/or Council in order to achieve full adoption in the General Services Capital Plan							

**Housing Revenue Account
Revenue Budget and Capital Plan 2020/21**

Report by Gary Fairley, Chief Officer Corporate Solutions.

Report for Noting

1 Recommendations

Council is recommend to note the contents of this report.

2 Purpose of Report/Executive Summary

The purpose of this report is to provide Council with a summary of expenditure and income to 25th September 2020 for the Capital Plan and a projected outturn for both the Housing Revenue Account (HRA) and Capital Plan for 2020/21.

The summarised financial performance for 2020/21 is:

- Capital Investment in the year totalling £24.583 million;
- A net underspend of £0.934 million against the revised budget on the Revenue Account;
- An increase in the projected HRA reserve at 31st March 2021 of £3.076 million.

Date 13th October 2020

Report Contact:

Name Lisa Young Tel No 0131-271-3111

lisa.young@midlothian.gov.uk

3. Background

3.1 Capital Plan 2020/21

The capital plan provides for significant investment over the remainder of the financial year which will contribute to economic recovery and specifically support both the housing and construction sectors. Expenditure projections are based on a considerable amount of work taking place over the remainder of the financial year and the volume of this may be impacted upon by a range of external factors.

The Capital Plan Budget has been revised to reflect the current profile of spend as shown in appendix C. The underspend reported to Council 25th August was £0.224 million and the position remains the same for this quarter.

Also agreed at Council in August was utilisation of £10.300 million of HRA reserve to purchase 100 new build units. However, following discussions with private developers, it has emerged that units would not be made available for purchase this financial year and as such the financial provision will be carried forward to next financial year.

3.2 Revenue Account 2020/21

The underspend reported to Council on 25th August was £2.007 million, this has decreased by £1.073 million to £0.934 million, as shown in appendix D. This is due to:-

- A change in debt charges of £0.900 million as a consequence of significant revisions to Capital Expenditure projections for the year in both the General Fund and the HRA; and
- Re-phasing of the New Social Housing Programme and New Build Purchases, due to both general and COVID-19 delays, resulting in lower rental income received of £0.302 million.

The HRA reserve balance is projected to increase by £3.076 million during 2020/21 but will contain an earmarked element of £10.300 million as described in section 3.1 above. The longer-term financial projections demonstrate that the majority of the HRA reserve will be required to finance existing investment commitments to 2035/36. However a more comprehensive review of the long term HRA financial strategy is underway and will be reported to Council later in the year.

4 Report Implications

4.1 Resource

There are no direct resource implications arising from this report.

4.2 Digital

There are no direct digital implications arising from this report.

4.3 Risk

The principal risks are around the issue of affordability, ensuring that the investment in new build and the existing stock can be made without having to impose unacceptable increases on weekly rents. This is mitigated by the adoption of a long term financial strategy and modelling which demonstrates that existing investment commitments are sustainable.

4.4 Ensuring Equalities

There are no equality issues arising directly from this report.

4.5 Additional Resource Implications

See Appendix A.

Appendices

Appendix A – Additional Resource Implications

Appendix B – Background Information

Appendix C - Capital Plan 2020/21

Appendix D – Revenue Account 2020/21

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Not applicable

A.2 Key Drivers for Change

Key drivers addressed in this report:

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

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

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

A.4 Delivering Best Value

The report does not directly impact on Delivering Best Value.

A.5 Involving Communities and Other Stakeholders

The report does not directly relate to involving communities.

A.6 Impact on Performance and Outcomes

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

A.7 Adopting a Preventative Approach

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

A.8 Supporting Sustainable Development

The report does not directly relate to supporting sustainable development.

APPENDIX B**Background Papers/Resource Links**

HRA Capital Plan and Revenue Budget enclosed

HOUSING REVENUE ACCOUNT CAPITAL PLAN 2020/21

	Revised Budget £'000	Actuals to Date £'000	Projected Outturn £'000	Variation (Under)/Over £'000
FUNDING				
Grants				
- Incentivising New Build	3,465	0	3,465	0
- Incentivising New Build - Direct Purchase	0	0	0	0
- Mortgage to Rent	114	0	0	(114)
- Buy Backs Funding	480	160	480	0
Council Tax on Second Homes	74	0	74	0
Developer Contributions	79	0	79	0
Utilisation of HRA Reserve	0	0	0	0
Borrowing Requirement	20,595	1,313	20,485	(110)
TOTAL AVAILABLE FUNDING	24,807	1,473	24,583	(224)

	£'000	£'000	£'000	£'000
APPROVED EXPENDITURE				
New Build Houses Phase 1	78	0	78	0
New Build Houses Phase 2	9,234	602	9,234	0
New Build Houses Phase 3	9,430	199	9,430	0
New Build Direct Purchase	0	0	0	0
Buy Backs	2,016	496	2,016	0
Aids & Adaptations	300	47	300	0
Homelessness - Mortgage to Rent	224	0	0	(224)
Homelessness - Temporary Accommodation Provision	200	25	200	0
Scottish Housing Quality Standard	0			
-Upgrade Central Heating Systems	900	17	900	0
-SHQS Repairs	2,425	87	2,425	0
TOTAL EXPENDITURE	24,807	1,473	24,583	(224)

MIDLOTHIAN COUNCIL**Appendix D****HOUSING REVENUE ACCOUNT 2020/21**

	Revised Budget	Projected Outturn	Variation (Under)/Over
Average No of Houses	7,088	7,060	(28)
	£000's	£000's	£000's
Repairs and Maintenance			
General Repairs	6,401	6,294	(107)
Decant/Compensation	84	50	(34)
Grounds Maintenance	699	738	39
	7,184	7,081	(103)
Administration and Management	5,141	5,150	9
Loan Charges	12,904	11,802	(1,102)
Other Expenses	2,649	2,976	327
TOTAL EXPENDITURE	27,878	27,009	(869)
Rents			
Houses	30,248	30,299	(51)
Garages	608	618	(10)
Others	1,011	1,015	(4)
TOTAL RENTS	31,867	31,932	(65)
NET EXPENDITURE/(INCOME)	(3,989)	(4,923)	(934)

Movement in HRA Reserve

Opening HRA Reserve	(44,396)
Enhancement during 2020/21 as above	(4,923)
Approved appropriation to General Fund for SHQS	1,847
Closing HRA Reserve	(47,472)
Earmarked for House Purchase	10,300
Remaining Reserve	(37,172)

Midlothian Council's Housing Services Assurance Statement 2020**Report by Kevin Anderson, Executive Director - Place****Report for Decision****1 Recommendations**

Council is recommended to approve the AAS attached at Appendix 1 for submission to the SHR by this year's revised deadline date of 30 November, 2020.

2 Purpose of Report/Executive Summary

To comply with the Scottish Housing Regulator's (SHR) Regulatory Framework, the Council must approve and submit an Annual Assurance Statement (AAS) each year providing assurance that it is meeting legislative and regulatory standards for social housing in Scotland. This report explains the Regulatory Framework and appends an Assurance Statement for approval by Council.

The AAS confirms where the Council meets the SHR required standards and outcomes and provides information on some areas for improvement. Following Council approval, the AAS will be published on the SHR and Midlothian Council's websites.

Date: 26 October 2020**Report Contact:** Simon Bain, Acting Head of Housing Services**email:** simon.bain@midlothian.gov.uk**tel:** 0131 271 6679

3 Background

The Housing (Scotland) Act 2010 sets out the requirement for a Scottish Social Housing Charter (SSHC) and the statutory objectives, functions, duties and powers of the SHR.

The SSHC sets the standards and outcomes that all social landlords should aim to achieve when performing their housing activities. The SHR monitors, assesses and reports on the SSHC. The SHR's statutory objective is to safeguard and promote the interests of current and future tenants, people who are homeless, factored owners and Gypsy/Travellers.

A Regulatory Framework sets out the approach to regulation.

<https://www.housingregulator.gov.scot/for-landlords/regulatory-framework#>.

The SHR monitors, assesses, reports and intervenes (as appropriate) in relation to Scottish social landlords' performance and housing activities. The current framework came into force in April 2019 and it requires all social landlords to submit an AAS providing assurance that their organisation complies with the relevant requirements of Chapter 3 of the framework. The AAS provided at Appendix 1 replaces the AAS submission for 2019 approved by Council in November 2019.

As the governing body, Midlothian Council is required to approve Midlothian Council's Housing Services Assurance Statement 2020, provided at Appendix 1, and an Annual Assurance Statement of Compliance, provided at Appendix 2.

All Scottish social landlords are required to report performance to the SHR annually through the Annual Return on the Charter (Midlothian Council submitted this in July 2019) and report to tenants during December 2020. The SHR analyses each charter return and then publishes an individual Engagement Plan for each landlord, which focuses on areas for improvement. Due to Covid-19, the SHR is not producing Engagement Plans in 2020.

Midlothian Council has existing scrutiny and performance structures in place to ensure assurance can be given that housing services are delivered in accordance with legislation, regulatory standards and best practice guidance.

Midlothian Council can give assurance in compliance with all but one of the statutory obligations. The exception is in relation to five breaches of The Homeless Persons (Unsuitable Accommodation) (Scotland) Amendment Order 2017, where four families were placed in unsuitable accommodation for more than seven days during October 2019 (three households) and December 2019 / January 2020 (one household. As this household moved to a different room within the emergency accommodation, reported as 2 breaches in accordance with Scottish Government guidance). The underlying reason for all of these breaches was a lack of suitable available temporary accommodation. The Order places a limit of seven days on the time pregnant women and families with

dependent children spend in unsuitable temporary accommodation, unless there are exceptional circumstances.

To address the risk of further breaches of the Order, the Council has committed to ending the use of bed and breakfast accommodation as part of its transformation of temporary accommodation services. The Council's approved Rapid Rehousing Transition Plan sets out a range of initiatives to achieve this by 1st December 2020.

4 Report Implications (Resource, Digital and Risk)

4.1 Resource

There are no resource implications related to this report.

4.2 Digital

There are no digital implications related to this report.

4.3 Risk

There are no risk implications related to this report.

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

The contents of this report were considered under the Council's Integrated Impact Assessment process and it was determined that undertaking such an assessment was not required.

4.5 Additional Report Implications

Appendix 1 – Annual Assurance Statement

Appendix 2 – Annual Assurance Statement Assessment of Compliance

[Link to Members' Resource Library on CMIS](#)

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Delivering housing services in accordance with legislation, regulatory standards and best practice guidance contributes to the Midlothian 2020 vision of improving the quality of life for Midlothian's citizens and safeguarding housing assets for future generations.

A.2 Key Drivers for Change

Key drivers addressed in this report:

- ☐ Modern
- ☐ Sustainable
- ☐ Asset-based
- ☒ Continuous Improvement

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

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

A.4 Delivering Best Value

Midlothian Council manages all aspects of its business so that tenants and other customers receive services that provide value for money for the rent and other service charges they pay.

A.5 Involving Communities and Other Stakeholders

Information sharing and consultation has taken place with the Midlothian Tenants Panel on 27 October 2020 to review the AAS and scrutinise the evidence provided and improvement actions contained within the AAS Assessment of Compliance.

The AAS will be made available on the Council's website along with the SHR's Landlord Performance Report and Engagement Plan.

A.6 Impact on Performance and Outcomes

Referenced in section 3 of this report.

A.7 Adopting a Preventative Approach

Not applicable.

A.8 Supporting Sustainable Development

Not applicable.

Midlothian Council Assurance Statement

17 November 2020

Midlothian Council complies with duties, obligations, and responsibilities placed on landlords by legislation and through statutory guidance and is working towards delivering good outcomes set out in the Scottish Social Housing Charter for tenants, people who are homeless and others who use our services.

The one exception to this is in relation to five breaches of The Homeless Persons (Unsuitable Accommodation) (Scotland) Amendment Order 2017, where four families were placed in unsuitable accommodation for more than seven days during October 2019 (three households) and December 2019 / January 2020 (one household. As this household moved to a different room within the emergency accommodation it has been reported as 2 separate breaches in accordance with Scottish Government guidance). The underlying reason for all of these breaches was a lack of suitable available temporary accommodation. The Order places a limit of seven days on the time pregnant women and families with dependent children spend in unsuitable temporary accommodation, unless there are exceptional circumstances.

The Council has made significant steps to ending the use of bed and breakfast accommodation as part of its transformation of temporary accommodation services during 2020. The Council's approved Rapid Rehousing Transition Plan sets out a range of initiatives to achieve this by 1st December 2020. As of 31st October 2020 there were 9 single person households residing in bed and breakfast accommodation, compared to 40 households as at 1st August 2020.

I confirm I have seen and considered appropriate information and evidence necessary to give me assurance.

The Annual Assurance Statement was approved at the Council meeting held on 17th November 2020.

Signed:

Date of Signing:

Councillor Stephen Curran, Cabinet Member for Housing Services

Appendix 2

Appendix 2	Assured		
Scottish Housing Regulator (SHR) - Annual Assurance Statement (AAS) Assessment of Compliance	Partially assured		
SHR Requirement	Status	Evidence	Action
Prepare an AAS in accordance with published guidance, submit it to the SHR between April and 30th November 2020 and make it available to tenants and other service users.		Committee Report and Appendices, 17th November 2020. The AAS is published on the Council website at http://www.midlothian.gov.uk/info/917/housing/323/housing_strategy_and_performance and can be provided in other formats as requested.	The winter tenant newsletter will provide information on and how to access the 2020 /21 AAS.
Notify the SHR during the year of any material changes to the assurance on our AAS.		There are no material changes to report at present.	
Have assurance and evidence that we are meeting all our legal obligations associated with housing and homelessness services, equality and human rights, and tenant and resident safety.		Housing services are delivered in accordance with legislation, regulatory standards and taking account of best practice guidance. Since the start of Covid-19, the focus of the Housing Service has been ensuring the health and safety of tenants, other service users and Council employees, whilst maintaining core services and providing reassurance and contact for tenants and service users. This has been done in accordance with guidance issued by the Scottish Government, Public Health Scotland and the SHR. The SHR introduced a requirement for social landlords to submit monthly monitoring information which has been shared with senior officers and councillors, in addition to general service updates provided to Council outlining all Covid-19 service related initiatives implemented by the Housing Service. Policies and procedures provide clear direction to the Housing Services staff. The Making Performance Matter Appraisal process supports staff to achieve work related objectives linked to service / corporate plans and provide good levels of service to customers. Internal audit reviews are carried out on the housing service, most recently on the management of contracts including the Housing Service. Internal audit are currently undertaking an audit of social housing rents and the Homelessness Service will be included in the Audit Plan for 2021/22. Audits are reported to Audit Committee and development plans implemented. Housing Services data is reported quarterly to the Council's Cabinet and the Performance, Review and Scrutiny Committee. The Council is a member of the Scottish Housing Network and benchmarks performance against peer local authorities and regularly engages with best practice networks in a culture of scrutiny connected to performance management. No health and safety matters have been reported to the Health and Safety Executive in the last 12 months. There are no reports from regulatory or statutory authorities relating to safety concerns.	The Council provides the SHR with regular performance information and updates on areas for improvement identified in the Council's Engagement plan. The exception is in relation to 5 breaches of The Homeless Persons (Unsuitable Accommodation)(Scotland) Amendment Order 2017, where four households placed in unsuitable accommodation during October and December 2019. The Council has committed to ending the use of bed and breakfast accommodation as part of its transformation of temporary accommodation services. The Council's Rapid Rehousing Transition Plan sets out a range of initiatives to achieve this by 1st December 2020.
Notify the SHR of any tenant and resident safety matters which have been reported to or are being investigated by the Health and Safety Executive, or reports from regulatory or statutory authorities, or insurance providers, relating to safety concerns. Make our Engagement Plan easily available and accessible to our tenants and service users, including online. Submit an Annual Return on the Charter to the SHR each year in accordance with the SHR published guidance. Involve tenants, and where relevant, other service users, in the preparation and scrutiny of performance information. We must: agree our approach with tenants; ensure that it is meaningful - that the chosen approach gives tenants a real and demonstrable say in the assessment of performance; publicise the approach to tenants; ensure that it can be verified and be able to show that the agreed approach to involving tenants has happened; involve other service users in an appropriate way, having asked and had regard to their needs and wishes.		The Council's current Engagement Plan is published on the Council website at http://www.midlothian.gov.uk/info/917/housing/323/housing_strategy_and_performance The Annual Return was completed and submitted by 31st July 2020, in accordance with the SHR revised response timescale due to Covid 19. The Tenant Participation and Customer Engagement Strategy 2017-20 sets out the framework for tenant scrutiny opportunities and is available on the Council's website at https://www.midlothian.gov.uk/info/200277/tenancy/224/tenant_participation . Funding is provided to support tenant participation and engagement. The Strategy has recently been reviewed and is currently subject to wider consultation and will be considered further at the Council meeting to be held on 15th December 2020. Feedback from homeless service users has shaped the Council's Rapid Rehousing Transition Plan in respect of developing alternative housing options to end the use of bed and breakfast accommodation. The annual performance report is provided to tenants and is available on the Council's website at http://www.midlothian.gov.uk/info/917/housing/323/housing_strategy_and_performance There are a range of ways tenants can engage with the Housing Service to discuss performance and influence the format and design of the annual performance report.	The winter tenant newsletter will provide annual reminder information how to access the Engagement Plan.
Report our performance in achieving and progressing towards the Charter outcomes and standards to our tenants and other service users. We must agree the format of performance reporting with tenants, ensuring that it is accessible for tenants and other service users, with plain and jargon free language. When reporting our performance to tenants and other service users we must: provide them with an assessment of performance in delivering each of the Charter outcomes and standards which are relevant to the Council; include relevant comparisons - these should include comparisons with previous years, with other landlords and with national performance; set out how and when we intend to address areas for improvement; give tenants and other service users a way to feed back their views on the style and form of the reporting. Make the SHR report on our performance easily available to our tenants, including online.		In addition to published quarterly performance data reported to the Performance, Review and Scrutiny Committee, the annual performance report provides a comparison with other councils based on the Scottish Housing Network's peer group system. The report compares the Council's performance with the Scottish average and if performance has improved or deteriorated over the previous year. A narrative is provided highlighting key points and identifies areas for improvement.	Meeting scheduled with Midlothian Tenants Panel on 19th November 2020 to review 2019/20 performance, facilitated by the Scottish Housing Network (this is an annual event). This will include considering feedback received regarding the format and design of the performance report for 2019/20. The winter tenant newsletter will include the performance report for 2019/20.
Have effective arrangements and a policy for whistleblowing by staff and elected members, which it makes easily available and which we promote.		The current SHR report is available on the Council's website at http://www.midlothian.gov.uk/info/917/housing/323/housing_strategy_and_performance The Council's Whistleblowing Policy was last reviewed 17th August 2018. Details are available for staff on the Council's intranet site. Policies in respect of fraud, corruption and bribery are available to members of the public on the Council's website and staff undertake mandatory eLearning training. Concerns can be reported by telephone and email. https://www.midlothian.gov.uk/forms/form/57/en/report_a_possible_crime_fraud_or_similar_concern Hard copy leaflets on reporting significant performance failures are available in the main Council building at Buccleuch House, Dalkeith. A link to the SHR website is available on the Council's website at http://www.midlothian.gov.uk/info/917/housing/323/housing_strategy_and_performance The Council's complaints handling process is available on the Council's website (and link provided on the front page of the website) at https://www.midlothian.gov.uk/info/670/have_your_say/132/complaints_procedure . Leaflets are available in Council buildings used by members of the public and referred to in written and verbal communications as appropriate with customers. The complaints process is highlighted at the new tenant settling-in visit undertaken within the first 4-6 weeks of tenancy start date. Complaints performance data is considered at the Housing Services monthly performance review meeting attended by senior officers. This includes details of complaints received, outcomes and lessons learned where service failures are identified and remedial action is taken to improve service. Housing Services complaints data is reported to the Council's Cabinet and the Performance, Review and Scrutiny Committee. Mandatory eLearning training on Customer First and Complaints handling is undertaken by all staff to ensure they have the necessary skills, knowledge and confidence.	The winter tenant newsletter will provide information on how to access the SHR report for 2019/20 and this will be published on the Council's website.
Make information on reporting significant performance failures, including the SHR leaflet, available to tenants.			The winter tenant newsletter will provide annual reminder information on reporting significant performance failures.
Provide tenants and other service users with the information they need to exercise their right to complain and seek redress and respond to tenants within the timescales outlined in our service standards, in accordance with guidance from the Scottish Public Services Ombudsman (SPSO).			The winter tenant newsletter will provide annual reminder information on the complaints handling procedure.
Ensure we have effective arrangements to learn from complaints and from other tenant and service user feedback, in accordance with SPSO guidance.			Undertake an internal audit review during 2021/22 of the complaints handling process to ensure continuous improvement of complaints handling performance.
Have assurance and evidence that we consider equality and human rights issues properly when making all of our decisions, in the design and review of internal and external policies, and in day to day service delivery.		The Council's Equality Plan 2017-21 commits all services to meeting the requirements of equalities legislation and promoting an equal opportunities culture. The Equality Mainstreaming Outcome Progress report (2017-19) sets out how the Council integrates equality across activities and functions when delivering services. This report and other reports is published on the Council's website at https://www.midlothian.gov.uk/info/200286/equality_and_diversity/136/equality_and_diversity_-_our_commitment . The Council's Integrated Impact Assessment (IIA) tool is used to ensure the consideration of equality and human rights issues and the impact of decisions on those with protected characteristics. The Council considers that the decision making process needs to consider the bigger picture and therefore the IIA also considers socio-economic inequality, health inequality, human rights, environmental and sustainability matters. All new and existing housing policies and procedures are considered as part of an IIA. The Council's Equality/Diversity Officer is consulted with when new policies, plans, strategies are being reviewed, renewed or developed through the IIA process. This helps to ensure that the needs of all our customers are met. The Council meets its legal requirements in respect of the corporate reporting. Equalities considerations are a standing item for consideration in all Council Reports being considered by Elected Members and the Corporate Management Team. The Council's Equality / Diversity Officer delivers appropriate training to the staff teams regarding equality and diversity awareness and IIA toolkits.	Undertake discussions with the Council's Engagement Officer and Midlothian Peoples Equality Group, which is a group of that represent all the protected characteristics, to establish arrangements to encourage feedback on future policies, plans, strategies.
To comply with these duties, we must collect data relating to each of the protected characteristics of our existing tenants, new tenants, people on waiting lists, governing body members and staff. We must also collect data on protected characteristics for people who apply to us as homeless and those who live on our Gypsy / Traveller site.		Midlothian Council collects data relating to protected characteristics for the specified groups.	Undertake a Council-tenant-wide profile survey to collect up to date information across all protected characteristics and socio-economic situation as part of the next tenant satisfaction survey in 2022.

Local Housing Strategy 2021/26, Consultative Draft

Report by Kevin Anderson, Executive Director - Place

Report for Decision

1 Recommendations

Council is recommended to:

- (a) note and comment on the draft consultative Local Housing Strategy (LHS), 2021-26; and
- (b) approve the proposed consultation and engagement plan set out in section 3.7 of this report.

2 Purpose of Report/Executive Summary

This report provides information for consideration in respect of Midlothian Council's draft consultative Local Housing Strategy, 2021-26 and the planned engagement activity.

Date: 28 October 2020

Report Contact: Simon Bain, Acting Head Housing Services

email: simon.bain@midlothian.gov.uk

tel: 0131 271 6679

3 Background

- 3.1 The Local Housing Strategy (LHS) is at the heart of arrangements for housing and planning through its links with Development Plans and its strategic role in directing investment in housing and housing related services locally. It sets out a strategic vision for the delivery of housing and related services and the outcomes that it will seek to achieve.
- 3.2 The development of a LHS provides an opportunity for local authorities to identify strategic housing priorities and it enables the monitoring of progress against delivery of local and national priorities and targets. The Scottish Government expects a LHS to be prepared and submitted around every five years. Development work has been underway for some time to update the current LHS resulting in the draft consultative LHS, 2021/26 which is attached for information and comment at Appendix 2. The draft consultative LHS has been developed in accordance with Scottish Government guidance <https://www.gov.scot/publications/local-housing-strategy-guidance-2019/pages/2/>
- 3.3 The draft consultative LHS includes chapters on: equalities; engagement and consultation; local context; place making and communities; preventing and addressing homelessness; specialist provision; fuel poverty, energy efficiency and climate change; house condition; and housing, health and social care integration.
- 3.4 The draft consultative LHS has been informed by community and stakeholder consultation and engagement undertaken virtually via social media and during July and August 2020.
- 3.5 The draft consultative LHS's strategic vision for housing in Midlothian is that all households in Midlothian will be able to access housing that is affordable and of good quality in sustainable communities. In order that this vision is realised, the LHS must ensure that the following outcomes are realised within the five year period of the Strategy. These outcomes are:
- Households have improved housing options across all tenures.
 - Homeless households and those threatened with homelessness are able to access support and advice services and all unintentionally homeless households will be able to access settled accommodation.
 - The condition of housing across all tenures is improved.
 - The needs of households with particular needs will be addressed and all households will have equal access to housing and housing services.
 - Housing in all tenures will be more energy efficient and fewer households will live in, or be at risk of, fuel poverty.

A summary of the key challenges identified in the consultative draft LHS is provided in Appendix 1.

3.6 The Scottish Government guidance recommends LHS should be developed using extensive and inclusive engagement and consultation. The Housing (Scotland) Act 2001 requires that local authorities consult on their LHS, and the statutory Equality Duty on public bodies requires the involvement, consultation and engagement of as wide a range of local residents and tenants and communities of interest as possible.

3.7 The engagement and consultation plan proposed below takes into account Covid-19 guidance issued by Scottish Government and Public Health Scotland, and seeks to utilise social media platforms and IT technology, to ensure as wide an audience as possible within local communities and from relevant representative groups including people with or who share protected characteristics and other existing stakeholder networks have their say and influence the future delivery of housing and housing related services, through;

- Online consultation running from Wednesday 18th November to Friday 11th December 2020.
- Online consultation will include Zoom/Microsoft Teams drop-in sessions, social media promotion, emails to draft LHS consultation respondents and an online survey.
- Online consultation will ask stakeholders to prioritise the key challenges identified in the draft consultative LHS. This will inform the key actions and finalised Outcomes Action Plan.
- Midlothian Community Planning Day – Friday 27th November 2020. Lead officers will facilitate a session whereby members of the public and community groups can discuss the draft consultative LHS.
- The LHS Strategy Forum meeting to be held on Thursday 3rd December 2020 will focus on consulting with Midlothian's RSLs and other stakeholders.

3.8 Following the completion of the engagement and consultation activities described above, the finalised LHS 2021-26 will be submitted to the February 2021 Council meeting for approval.

4 Report Implications (Resource, Digital and Risk)

4.1 Resource

There are no resource implications related to this report.

4.2 Digital

There are no digital implications related to this report.

4.3 Risk

It is critically important to prepare a LHS document. The LHS is a key corporate Strategy that sets out a strategic vision for the delivery of housing and housing related services and the outcomes that it will seek

to achieve. The Scottish Government expects a LHS to be prepared and submitted around every five years.

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

The Scottish Government expects to see equality issues embedded throughout a LHS including housing advice, homelessness, procurement, new build and refurbishment, specialist housing services, housing management services, allocations and private sector housing.

An IIA is provided.

4.4 **Additional Report Implications**

HOUSING DELIVERY – KEY CHALLENGES
<ul style="list-style-type: none"> - Supporting the delivery of social and market housing, as well as specialist housing, to ensure the housing targets during 2021-32 are achieved. - The construction of 1000 new council homes as per present phases of Midlothian Council's Affordable Housing Programme. - Supporting the development of mid-market rent across Midlothian to ensure that households who are able to afford this housing tenure can access it. - The level of turnover for Council and housing association properties in Midlothian is very low and applicants have to wait a long time before accessing council housing. - The average house price in Midlothian is 15% higher than the Scottish average. - The median income for Midlothian residents is lower than the Scottish average. - There is a clear indication of the attractiveness of the Midlothian housing market areas to outside buyers and the pressure from other housing market areas is likely to exacerbate affordability concerns for local residents. - There has been a significant increase in the average private rented sector rental costs in Midlothian. The proximity to Edinburgh impacts on affordability in Midlothian and has made the private rented sector a less affordable option for many renters in Midlothian. - Midlothian has a combined annual Housing Supply Target of 534 units (165 affordable housing, 369 market housing).
PREVENTING AND ADDRESSING HOMELESSNESS – KEY CHALLENGES
<ul style="list-style-type: none"> - The turnover in social rented housing is low in Midlothian compared to other areas. In order to meet the need for homeless accommodation a total of 446 lets would need to be available for homeless households. In 2019/20, 176 lets were made available for homeless households. - The supply of new affordable housing in recent years has not been sufficient enough to meet the need. - There were 945 open homeless cases as of 31 August 2020. - The availability of housing in the private rented sector only supports a

small proportion of households to prevent and alleviate homelessness.

- Despite an ongoing new build affordable housing programme and an increase in the proportion of allocations to homeless households, the length of time taken homeless households wait for permanent housing is the longest in Scotland. The length of time will not decrease for several years due to the backlog in homeless applications.
- There are over 3,100 households (as of 31st August 2020) on the Council's Housing List who are not homeless but many of these households also have important housing needs which should also be addressed.

SPECIALIST PROVISION – KEY CHALLENGES

- Midlothian's population of over 75 year olds is expected to increase by 41% between 2018 and 2028, the second highest population increase in Scotland.
- The number of people in Midlothian suffering from dementia is likely to be 2,800 in 20 years, double the current number of sufferers.
- In Midlothian 89% of adults with learning disabilities do not live with a family carer which is much higher than the Scottish average (43%).
- In Midlothian 80% of adults with learning disabilities are living in mainstream accommodation whilst only 20% live in supported accommodation, a registered adult care home or 'other'.
- 17% of housing applicants have medical needs for seeking housing from the Council.
- Set Wheelchair Accessible Housing Target. Difficulty enforcing these within the private sector.
- Review housing for key workers may be required in light of Covid 19 epidemic.

FUEL POVERTY, ENERGY EFFICIENCY AND CLIMATE CHANGE – KEY CHALLENGES

- 29.57% of residents experience fuel poverty.
- Areas with a high density of older properties are more likely to have a high probability of fuel poverty.
- Midlothian Council is currently seeking to achieve Passivhaus standard on all directly commissioned housing projects.

HOUSE CONDITION – KEY CHALLENGES

- The quality of housing varies between the private and social housing sectors in Midlothian, with a higher proportion of private housing requiring upgrade works.
- Investment is required in housing in order that private housing is

maintained to adequate standards or adapted to meet particular household requirements.

- A proportion of residents have concerns in relation to the quality of neighbourhood that they live in.
- There has been a significant reduction in the level of investment made in Midlothian to help people maintain their private properties.
- Review and update The Housing Renewal Area (HRA) Policy.

HOUSING, HEALTH AND SOCIAL CARE INTEGRATION – KEY CHALLENGES

- More people who are frail or have dementia are living for longer at home.
- People are living longer with multiple long term conditions.
- There has been little progress in reducing health inequalities.
- Local services are facing a range of pressures.

Appendix 2 – draft consultative LHS 2021-26

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

The LHS contributes to the Midlothian 2020 vision of improving the quality of life for Midlothian's citizens and safeguarding housing assets for future generations.

A.2 Key Drivers for Change

Key drivers addressed in this report:

- ☐ Holistic Working
- ☐ Modern
- ☒ Sustainable
- ☐ Transformational
- ☒ Preventative
- ☐ Asset-based
- ☐ Continuous Improvement

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

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

A.4 Delivering Best Value

There are no direct implications related to this report.

A.5 Involving Communities and Other Stakeholders

The proposed consultation and engagement plan is set out in section 3.7 of this report.

A.6 Impact on Performance and Outcomes

The LHS will set out ambitious plans to deliver good quality housing and housing related services, including the outcomes that it will seek to achieve as summarised in section 3.5 of this report.

A.7 Adopting a Preventative Approach

The Scottish Government expects a preventative approach embedded throughout a LHS.

A.8 Supporting Sustainable Development

The Scottish Government expects sustainable development is supported throughout a LHS.

Midlothian Council

Local Housing Strategy 2021-2026



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1 Introduction

The Housing (Scotland) Act 2001 requires local authorities to prepare a Local Housing Strategy (LHS) for their area, supported by an assessment of housing need and demand. This Local Housing Strategy 2021 – 2026 is the sole strategic document for housing in Midlothian and as such, sets out the key housing issues to be addressed across all tenures in Midlothian. This LHS will embed equality issues into addressing homelessness, procurement, housing advice, new build and refurbishment, specialist housing services, fuel poverty and energy efficiency/climate change, housing management services, allocations and private sector housing.

The Local Housing Strategy's strategic vision for housing in Midlothian is that:

“All households in Midlothian will be able to access housing that is affordable and of good quality in sustainable communities.”

Our LHS Outcomes 2021-2026

In order that this vision is realised, the Local Housing Strategy must ensure that the following outcomes are realised within the five year period of the Strategy. These outcomes are:

- Households have improved housing options across all tenures.
- Homeless households and those threatened with homelessness are able to access support and advice services and all unintentionally homeless households will be able to access settled accommodation.
- The condition of housing across all tenures is improved.
- The needs of households with particular needs will be addressed and all households will have equal access to housing and housing services.
- Housing in all tenures will be more energy efficient and fewer households will live in, or be at risk of, fuel poverty.

These outcomes will be enabled through the following activities that the Local Housing Strategy will monitor through the period 2021 – 2026:

Partnership working with local and national organisations to ensure ownership of the local housing strategy and an ability to work together to find solutions, jointly fund initiatives and ensure the broadest reach of strategic influence.

Effective communication to ensure that stakeholders are aware of the progress towards meeting outcomes and new developments that arise.

Using resources most effectively to ensure that funds are prioritised to the most important strategic objectives.

Monitoring, Evaluation and Annual Updates of the Strategy to address changes, such as new legislation, and to monitor performance against targets.

Our Progress

Midlothian's previous Local Housing Strategy, published in 2013 set out an ambitious Strategy for the five year period with some key successes being:

- Completing 1,083 new build houses between 2008 and 2018.
- Committing to the development of 1,000 additional council homes.
- Completing an extra care housing complex at Cowan Court, Penicuik.
- Completion of housing for people with complex care needs at Teviot Court, Penicuik.
- Assisting 1,399 households in Midlothian to purchase their own home using Scottish Government home ownership schemes.
- The introduction of a new affordable housing tenure – Mid Market Rented Housing suitable for households in employment, with 127 units developed across Midlothian.
- Effective housing options advice and homeless prevention activities has led to a reduction in the level of homelessness.
- Use of bed and breakfast accommodation for homeless households will end on 30 November 2020
- Increasing the energy efficiency of many homes in Midlothian through measures such as external and cavity wall insulation, loft insulation and energy advice services to local residents across Midlothian.
- Old Dalkeith Colliery Gypsy/Traveller site has been substantially upgraded to provide improved facilities and amenities.

2 Requirements, Links and Outcomes

This chapter will provide details of the progress made since the last Local Housing Strategy as well as any outstanding outcomes which have still to be addressed.

Local Housing Strategy 2013-2017

Midlothian Council's previous LHS had the following outcomes:

- Households have improved housing options across all tenures.
- Homeless households and those threatened with homelessness are able to access support and advice services and all unintentionally homeless households will be able to access settled accommodation.
- The condition of housing across all tenures is improved.
- The needs of households with particular needs will be addressed and all households will have equal access to housing and housing services.
- Housing in all tenures will be more energy efficient and fewer households will live in, or be at risk of, fuel poverty.

Following consultation with residents, tenants and stakeholders, it has been decided that the outcomes for this strategy should remain unchanged.

Progress

In order to address these outcomes, the following key actions have been achieved:

- Completed 1,083 new build houses between 2008 and 2018.
- Committed to the development of 1,000 additional council homes.
- Completed an extra care housing complex at Cowan Court, Penicuik.
- Completion of housing for people with complex care needs at Teviot Court, Penicuik.
- Assisting 1,399 households in Midlothian to purchase their own home using Scottish Government home ownership schemes.
- The introduction of a new affordable housing tenure – Mid Market Rented Housing
- Effective housing options advice and homeless prevention activities has led to a reduction in the level of homelessness.
- Use of bed and breakfast accommodation for homeless households will end on 30 November 2020.
- Increasing the energy efficiency of many homes in Midlothian through measures such as external and cavity wall insulation, loft insulation and energy advice services to local residents across Midlothian.
- Old Dalkeith Colliery Gypsy/Traveller site has been substantially upgraded to provide improved facilities and amenities.

This LHS consolidates and builds on the successes of the previous Strategy, recognising that while much has been accomplished, there is still more that can be done. Outstanding actions are detailed within the relevant key action tables within each chapter.

Key actions, consultations and Outcome Action Plan

The LHS 2021-2026 key actions are at the end of each chapter along with the consultation and engagement responses for each subject. Further details of our consultation process will be found in the 'Engagement and Consultation' chapter. The LHS Outcome Action Plan is at the end of the document – appendix 1.

Statutory Requirements

Reference will be made to housing related policy throughout this document – both national and local. Key legislative and housing policies which were influential in shaping aspects of the Local Housing Strategy are detailed here:

- Housing (Scotland) Act 2001
- Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, 2015, and 2016
- House Condition (Housing (Scotland) Act 2006, Section 10
- Climate Change (Scotland) Act 2009 – Section 44
- Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019
- Scottish Housing Quality Standard (SHQS)
- Energy Efficiency Standard for Social Housing (EESH)Child Poverty (Scotland) Act 2017
- Public Bodies (Joint Working) (Scotland) Act 2014 (Section 53)
- Children and Young People (Scotland) Act 2014
- Place Principle
- National Planning Framework
- Scottish Planning Policy
- Planning (Scotland) Act 2019
- Community Empowerment (Scotland) Act 2015
- Getting It Right For Every Child (GIRFEC)

3 Equalities

The Housing (Scotland) Act 2001 states that local authorities must exercise the functions conferred on them by the Act in a manner that encourages equal opportunities and observance of the equal opportunity requirements set out in the **Equality Act 2010**. More information on legislation to protect the rights and welfare of disabled people in Scotland can be found by visiting: www.gov.scot/policies/disabled-people/

The Equality Act 2010 includes a statutory public sector equality duty to:

- Eliminate discrimination, harassment and victimisation
- Advance equality of opportunity
- Foster good relations between people who share a protected characteristic and those who do not.

The statutory duty requires consideration of the protected characteristics:

- Age
- Disability
- Sex
- Pregnancy and Maternity
- Gender reassignment
- Sexual orientation
- Race
- Religion and Belief and
- Marriage and Civil Partnership (with regard to eliminating unlawful discrimination in employment).

Integrated Impact Assessment

Midlothian Council is committed to tackling and reducing inequalities. Accordingly, provisions have been made for the mainstreaming of equalities in both preparing this LHS and in all aspects of planning for housing / delivery of LHS actions. The comprehensive approach taken to equalities is set out in our Integrated Impact Assessment – appendix *. This ensures the principle of equalities underpins all aspects of the LHS.

Equality Impact Assessment

Our Equality Impact Assessment (appendix *) findings were integrated into the key actions within the relevant chapters which have in turn, formed the basis of our Outcome Action Plan. Our Child Rights and Wellbeing Impact Assessment was undertaken as part of the Equality Impact Assessment.

Strategic Environmental Assessment (SEA)

The **Environmental Assessment (Scotland) Act 2005** places a statutory obligation of considering and if necessary undertaking a Strategic Environmental Assessment (SEA) of all public plans, programmes and strategies. Midlothian Council has carried out a pre-screening notification for the LHS as all decisions and options surrounding housing are assessed and consulted upon through the Local Development Plan process and have therefore avoided assessment duplication.

4 Engagement and Consultation

The Housing (Scotland) Act 2001 requires local authorities to consult on their Local Housing Strategies and the statutory Equality Duty on public bodies requires the involvement, consultation and engagement of as wide a range of local residents and tenants and communities of interest as possible.

Midlothian Council engaged and consulted with tenants and residents throughout the development of this LHS. The engagement and consultation:

- Was undertaken early on in the LHS development process, continued through its development and will continue into the annual LHS reviews
- Used a range of media to ensure as wide an audience as possible within local communities and from relevant representative groups including people with or who share protected characteristics
- Ensured that the make-up of the local population was accurately reflected
- Recognised that some people's views may not be readily heard through traditional engagement methods and we have provided evidence of how those less willing or able to engage, were given the opportunity to do so
- Has influenced the development of LHS priorities, outcomes and actions.

It should be noted that this LHS was developed throughout the Covid-19 pandemic and some traditional consultation methods could not be used e.g. face to face discussions and tenant meetings.

Stakeholders

The following stakeholders were consulted with:

- Tenants
- Waiting list applicants
- Residents
- Registered Tenants Organisations
- Resident and Tenants Groups
- Midlothian Tenants Panel

This LHS recognises that some people's views may not be readily heard through traditional engagement methods. A range of media was used to ensure as wide an audience as possible and to ensure that relevant representative groups, including those who share protected characteristics (see below), were able to give their views.

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation

Using a variety of media also ensured, in an effort to end inequality, that the make-up of the local population is accurately reflected.

Engagement and Consultation Methods

The following consultation methods were employed:

- Social media
- SurveyMonkey
- Microsoft Teams virtual consultation meetings
- Zoom virtual consultation meetings

Initially stakeholders were provided with some background information on Local Housing Strategies and the broad areas to be examined and discussed. These areas were revisited throughout the development of this strategy at different points throughout the engagement process.

Place Principle

The Place Principle aims to encourage community involvement, break down boundaries and improve the resources and investments within Scotland's communities. It is an approach the service will adopt to change based upon a shared understanding of what that place is for and what it wants to become with partners and communities collaboratively agreeing the joint actions required to make that happen. The Place Principle was central to the LHS consultation, respondents were asked to use it when considering:

- How services and local communities can work together to improve Midlothian's towns and villages
- How resources, services and assets are currently directed and used by local communities
- How resources, services and assets should be directed to improve Midlothian's towns and villages

Consultation

The initial consultation period was held between Monday 3 August and Friday 28 August 2020. Midlothian residents were encouraged to complete an online survey, attend a virtual meeting or email/text/phone with their comments.

Virtual meetings were held using Zoom and Microsoft Teams on:

- Friday 14 August at 1pm
- Tuesday 18 August at 10am
- Wednesday 19 August at 11am
- Thursday 20 August at 12noon
- Tuesday 25 August at 10am
- Wednesday 26 August at 11am
- Thursday 27 August at 12noon

The consultation was promoted on the Midlothian Council website, Facebook, Twitter and the weekly Midlothian Council Staff Newsletter. It was also promoted by the

Midlothian Advertiser and Scottish Housing News. A small number of paper surveys were posted to those who requested them.

Midlothian Council to host online housing consultation sessions

Published 7 August 2020

BITE SIZE BRIEFINGS
10th September 2020
at 9.30am - 12.45pm
Delivered via Zoom

Annual Assurance Statement
Lessons learned from year one & outcome of the SHR consultation

The Scottish Housing Regulator launched their Lessons learned from the Annual Assurance Statement report at the end of March. A lot has happened since then and in response to COVID-19 they are currently consulting with the sector. The consultation closes on 14th August.

This event gives delegates the chance to hear about lessons learned from year one AND the outcome of the most recent consultation on the Annual Assurance Statement.

Costs: Members £140.00 | Non-Members £190.00

3 Delegates
For the price of 2

CLICK HERE TO BOOK YOUR PLACE TODAY

Delivered via Zoom

Midlothian Council is due to hold an online consultation session on a draft Local Housing Strategy (LHS) to cover the period 2020-2025.

The council is asking locals to join an online chat about how it can improve housing in the region.

The LHS is a five-year strategic document which sets out the council's plans to improve housing provision in the area.

As part of this, the council is carrying out a consultation to find out what ideas and suggestions local residents have about housing in the area.



Scottish Housing News – 7 August 2021

Midlothian Council
Housing
Local Housing Strategy 2020-2025

What is the Local Housing Strategy (LHS)?

All Local Authorities have to provide a Local Housing Strategy - a five year strategic document which sets out the Local Authority's plans to improve housing and housing provision in the area. Midlothian Council is currently working on a draft Local Housing Strategy to cover the period 2020 to 2025 and we need your ideas and suggestions on the following areas:

- Place Making and Communities
- Homes
- Specialist Housing Provision
- Fuel Poverty, Energy Efficiency and Climate Change
- Housing Conditions

What will we do with your comments and suggestions?

Your comments and suggestions will be added to the draft LHS which will be viewed by your local councillors in October 2020. Following that the draft LHS will require further consultation and feedback before the document is finalised and returned to your elected members for consideration at the end of the year.

What else should you know about the LHS?

The LHS is at a very early stage and as such we do not have a document to share with you. At this point we want your ideas and suggestions on a variety of housing issues so these can be incorporated into a draft document.

Thank you for your valuable and essential feedback. If you require any further information about the Local Housing Strategy please contact us on 01268 903454.

How to join

The Scottish Government and COSLA (The Convention of Scottish Local Authorities) have asked that we use the Place Principle when writing the Local Housing Strategy. The Place Principle aims to encourage community involvement, local decision making and to use the resources and opportunities within local authority communities. It is to provide the service with other housing based users a shared understanding of what that place is for and what it needs to become with partners and communities collaboratively agreeing the joint actions required to make that happen and doing them. Please consider the Place Principle when submitting your ideas by thinking about the following:

- How can services and local communities work together on these issues to improve Midlothian's homes and villages?
- How can resources, services and assets be currently directed and how are they used by local communities?
- How should resources, services and assets be directed to improve Midlothian's homes and villages?

1 Place Making and Communities

When thinking about your neighbourhood - how **good** services and your local community work together to improve the area?

When thinking about your neighbourhood - how **good** resources and services currently delivered and used by your local community?

When thinking about your neighbourhood - how **good** resources and services be directed to improve your local area?

2 Homes

When thinking about homelessness in Midlothian - how **good** services and your local community work together to tackle homelessness?

When thinking about homelessness in Midlothian - how **good** resources and services be directed to tackle homelessness?

3 Specialist Housing Provision (all types of specialist housing including supported accommodation, sheltered, accessible housing, adapted housing, housing for the armed forces, key workers and LGBT+ residents)

When thinking about your neighbourhood - how **good** services and your local community work together to help provide the specialist housing needed?

When thinking about your neighbourhood - how **good** resources and services be directed to provide the specialist housing required?

4 Fuel Poverty, Energy Efficiency and Climate Change

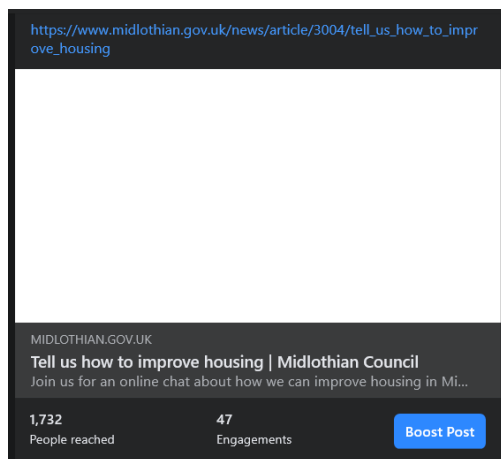
When thinking about your neighbourhood - how **good** services and your local community work together to improve fuel poverty, energy efficiency and climate change?

When thinking about your neighbourhood - how **good** resources and services be directed to improve fuel poverty, energy efficiency and climate change in your local area?

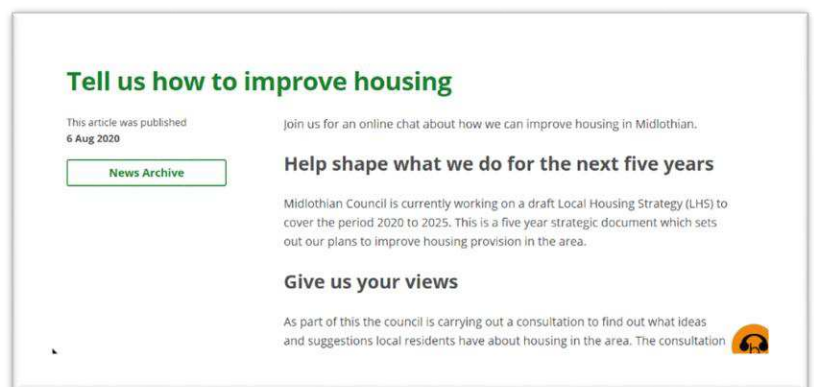
Local Housing Strategy survey – August 2021

Stakeholder comments and suggestions

The consultation process generated numerous comments of a wide ranging nature. All comments have been incorporated into the Key Actions section within the relevant chapters. The Key Actions were then used to create the Outcomes Action Plan (appendix 2). Complaints of an individual nature (e.g. complaint that a bin has not been emptied), were removed from the action plan outcomes but were followed up by Midlothian Council's Contact Centre.



Midlothian Council website – 6 August 2021



'Midlothian Council Housing Information' Facebook page

Details of the following documents can be accessed using the links below:

- Tenant Participation and Consultation Strategy
- Equality Impact Assessment
- Children's Right and Wellbeing Impact Assessment
- Health Impact Assessment
- Equalities and Human Rights Impact Assessment

5 Local Context

Key Policy and Legislation in relation to Housing Supply and Affordability in Midlothian:

Housing Need and Demand Assessment (HNDA)

The Housing (Scotland) Act 2001 places a duty on local authorities to prepare an LHS supported by an assessment of housing provision. A Housing Need and Demand Assessment is a key part of the evidence base for the LHS. As Midlothian is part of the south-east Scotland housing market area, HNDAs are prepared to cover the south-east Scotland Strategic Development Planning Area or 'SESplan' area. At local authority level, HNDAs should inform individual Local Development Plans and Local Housing Strategies. The purpose of the LHS is to provide strategic direction to tackle housing need and demand (as identified through the HNDA) and inform future investment in housing and related services across a local authority area.

Strategic Housing Investment Plan (SHIP)

The purpose of a Strategic Housing Investment Plan (SHIP) is to set out strategic investment priorities for affordable housing over a 5 year period to achieve the outcomes set out in the Local Housing Strategy (LHS). The SHIP is also the key document for identifying housing projects towards meeting the Government's 50,000 affordable housing target. This document is updated annually to present up to date information on affordable housing investment plans.

About Midlothian

Midlothian is a small local authority area adjoining Edinburgh's southern boundary and framed by the Pentland Hills in the west and the Moorfoot Hills of the Scottish Borders in the south. The majority of the population lives in larger towns and villages in the northern part of the county. The southern half of the authority is predominantly rural, with a small population spread between a number of villages and farm settlements.

The population of Midlothian accounts for 1.6% of the total population of Scotland. In June 2018, the population for Midlothian was 91,340. It is projected that by 2026 the population of Midlothian will increase to 100,410 which is an increase of 10% compared to the population of Scotland which is projected to increase by only 3% during the same period.¹ Chart 3.1 below, shows the projected population increase for the Midlothian area; it is estimated that by 2041 the population will have risen to 115,697 which is a 31% increase in 25 years.

¹ https://www.nrscotland.gov.uk/files//statistics/council-area-data-sheets/midlothian-council-profile.html#population_projections

Chart 3.1: Area Population Projections for Midlothian (2016 projections)

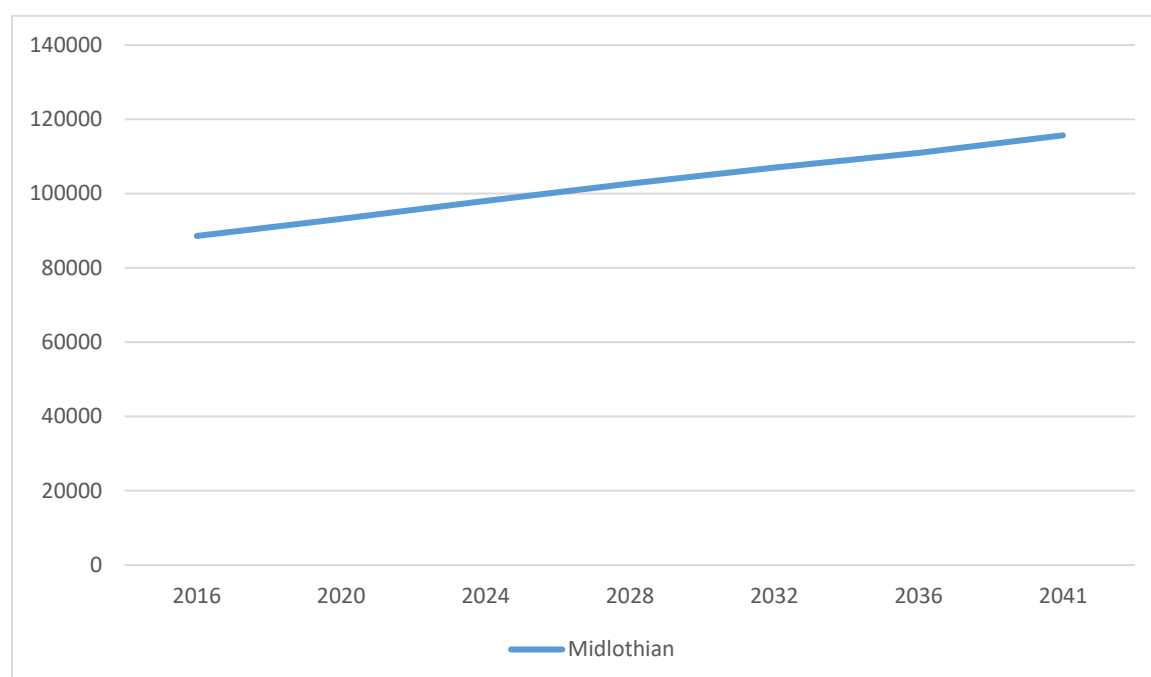


Table 3.1 below shows that the population of all age groups is projected to increase with the 75+ age group doubling by 2041. This is followed by the 0 to 15 age group (30%), the 65 to 74 group (26%), the 45 to 64 group (25%), the 16 to 24 group (24%) and the 25 to 44 age group increasing by 20%.

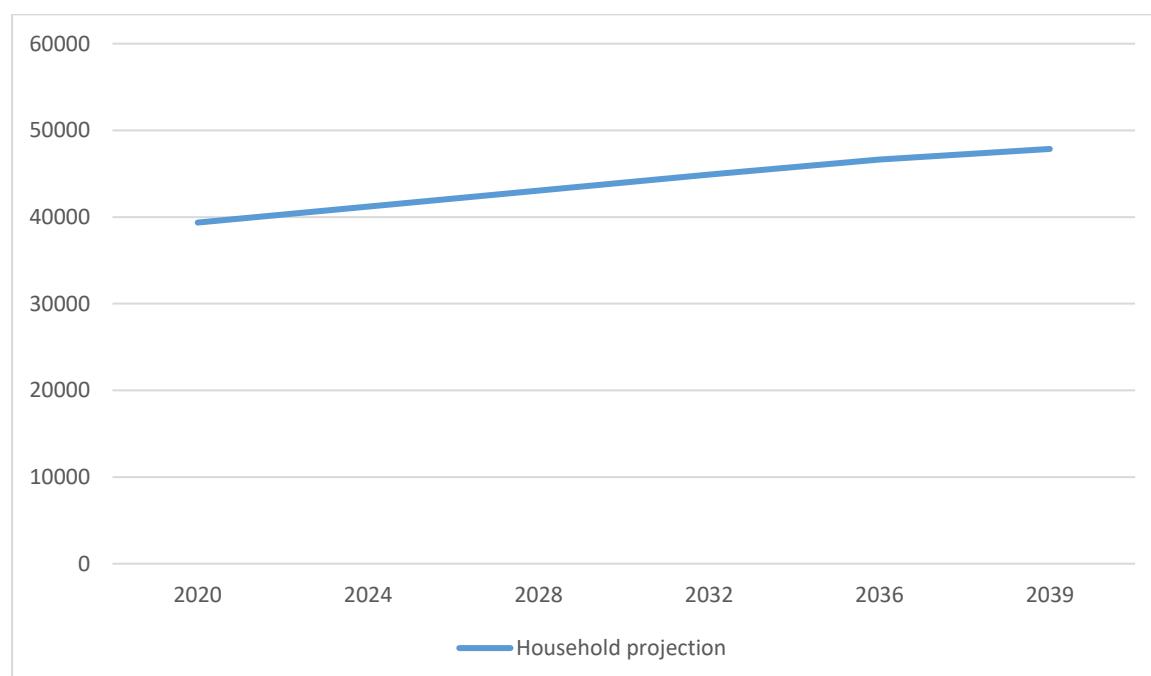
Table 3.1: Projected population, by age group, in Midlothian, 2016-2041

Age group	Base year	Projected years						% Increase
	2016	2020	2024	2028	2032	2036	2041	
0 to 15	16,884	18,178	19,418	20,279	20,848	21,452	21,934	30%
16 to 24	8958	8457	8555	9415	10,275	10,633	11,129	24%
25 to 44	21,613	23,611	25,337	25,930	26,155	25,835	25,841	20%
45 to 64	24,763	25,247	25,348	25,836	26,680	28,358	31,056	25%
65 to 74	9588	10,122	10,332	11,264	12,144	12,665	12,119	26%
75 +	6804	7600	9030	10,000	10,942	12,027	13,618	100%
All ages	88,610	93,215	98,020	102,724	107,044	110,970	115,697	31%

Source: NRS principal population projections by sex, single year of age and year (2016 based)

In terms of the total number of households in Midlothian, they are projected to increase from 39,363 to 47,856 between 2020 and 2039, representing a 22% increase. In Scotland as a whole, the projected number of households is set to increase by 30% over the same period.

Chart 3.2: Projected Household Population in Midlothian



It is also projected that different household types will change by 2039, for example:

- The number of single person households are projected to increase by 46%
- Households headed by 60-74 year olds are projected to increase by 17%
- Households headed by the 75+ age group are projected to increase by 96%. The average household size continues to decrease and is projected to decrease from 2.33 people per household to 2.23 by 2039.²

Local Housing Context

The housing market in Midlothian is divided into two sub areas: Midlothian West and Midlothian East (as shown in Table 3.2). Most new housing units are in Midlothian East with the plan to identify land for additional development in Midlothian West.

Table 3.2: Settlements in Housing Sub Market Areas

Midlothian West	Penicuik, Loanhead, Bilston, Roslin, Straiton, Auchendinny
Midlothian East	Dalkeith, Bonnyrigg, Gorebridge, Rosewell, Mayfield, Easthouses, Pathhead, Newtongrange

² <https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/households/household-projections/2014-based-household-projections/list-of-tables>

Housing Tenure in Midlothian

The most common housing tenure in Midlothian is owner occupied housing (62%) followed by social rented housing (25%) and private rented housing accounting for 11% of properties in Midlothian (Table 3.3). Compared to Scotland overall there is a slightly higher percentage of home owners and council tenants in Midlothian while there is a lower proportion of private rented housing and Housing Association properties.

Table 3.3: Housing Tenure

Tenure	Midlothian Tenure (000)		Scotland Tenure (000)	
	%	No.	%	No.
Owner occupied	62%	25	59%	1,541
Rented privately	11%	4	14%	371
Vacant private dwellings and second homes	2%	1	4%	97
Housing Associations	8%	3	11%	282
Council Housing	17%	7	12%	314
Total	100%	40	100%	2,605

<http://www.gov.scot/Topics/Statistics/Browse/Housing-Regeneration/HSfS/KeyInfoTables>

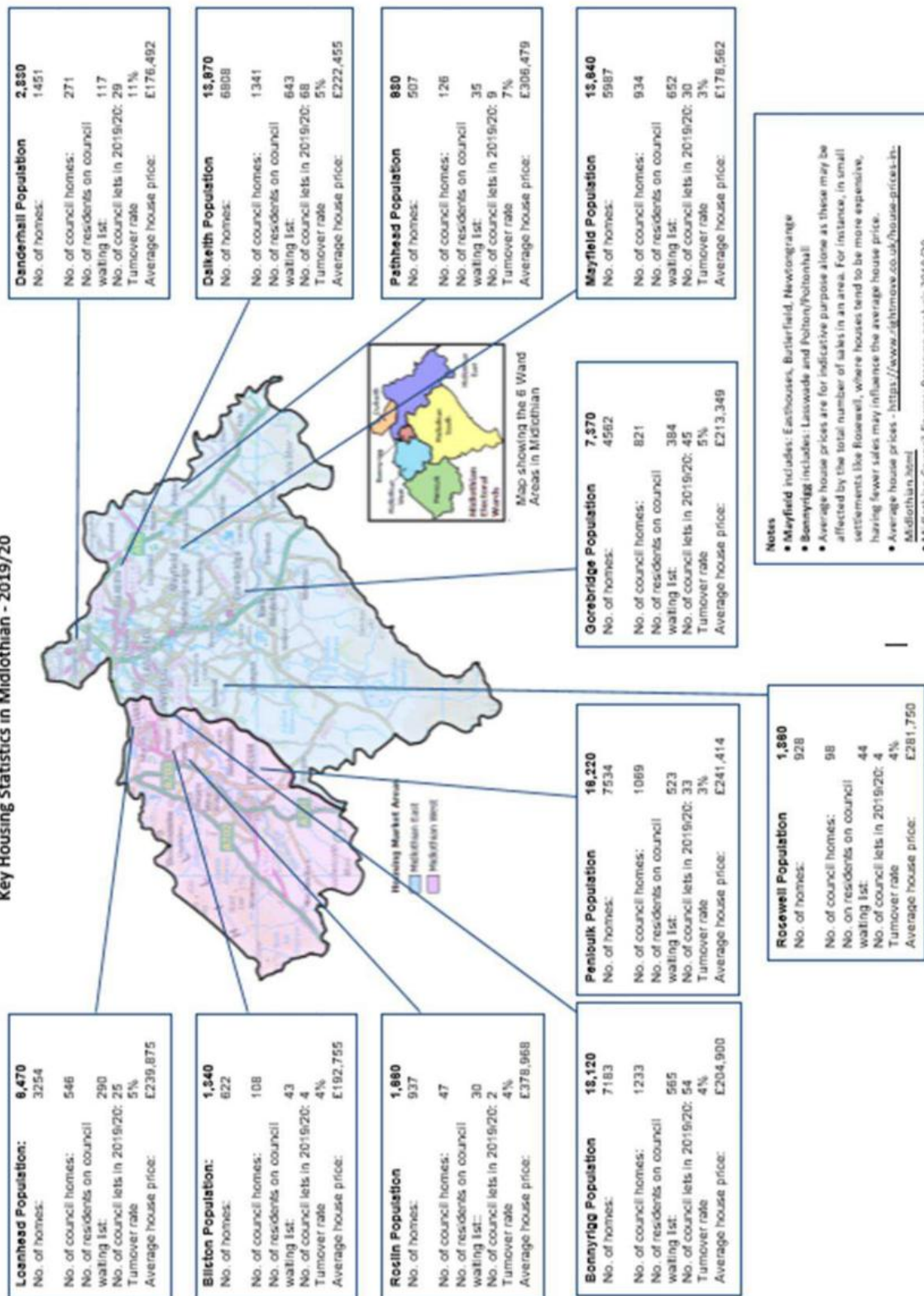
Midlothian Settlement Area Analysis

The following page shows the location of the main settlements in Midlothian, together with some key housing statistics for these areas. Key points include:

- There are four settlements in Midlothian with a population over 10,000: Bonnyrigg, Dalkeith, Penicuik and Mayfield.
- The average residential property price in Midlothian is £225,400 whilst the average residential property price in Scotland is £181,272.³
- The areas with the highest house prices were Rosewell (£210,586), Bilston (£191,721) and Roslin (£174,308).
- The areas with the lowest house prices were Newtongrange/Mayfield (£135,377) and Danderhall (£150,450).
- The variations in house prices in settlements were often due to the level of private house sales in each area. For instance there were fewer new homes built and sold in Newtongrange/Mayfield and Danderhall, whilst in Rosewell and Bilston there has been significant building of new homes which tend to be more expensive than older housing for sale on the open market.
- Roslin has the highest percentage of owner occupation with 75% followed by Loanhead (72%) and Penicuik (71%) The lowest levels of owner occupation were in Gorebridge (51%).
- The proportion of social rented housing was highest in Gorebridge (41%) and lowest in Roslin (16%). In all areas demand for social rented housing was high and turnover levels were low.

³ <https://www.ros.gov.uk/data-and-statistics/house-price-statistics>

Key Housing Statistics in Midlothian - 2019/20



6 Housing Delivery

Outcome: Access to housing and the supply of new housing has increased across all tenures in Midlothian.

The ability to provide housing of the right type in the right place to meet the needs of the current and future population is fundamental to every Local Housing Strategy. This section will look at how housing is currently delivered, the challenges ahead and the key actions arising.

Housing Completions in Midlothian 1999-2019

According to the South East Scotland Strategic Development Planning Authority (SESPlan), the average annual assessed housing requirement (affordable and market housing) for the SESplan area between 2019 and 2032 is 6208 properties. Table 6.1 below, shows actual housing completions across the SESplan area between 1999 and 2019 with an annual average completion of 5436 units - 12% less than the assessed housing requirement for 2019-32.

Of all the new build completions between 1999 and 2019, just 8% of these were in Midlothian which had the lowest number of new build completions of all the SESplan Local Authorities. When examining this in the context of Housing Association new builds and private new builds, 4% and 8% were completed in Midlothian accordingly. The percentage of Local Authority new build completions over the same 20 year period shows that 23% were in Midlothian; only Fife (26%) and West Lothian (28%) Councils built more. It is interesting to note that of the 8437 new build properties completed in Midlothian between 1999 and 2019, 80% were private developments, 14% were Local Authority developments and 7% were Housing Association developments.

Table 6.1: SESPlan New Build Completions 1999-2019

	1999-2004	2004-2009	2009-2014	2014-2019	Total
	Total New Build Completions (all tenures)				
East Lothian	1833	2875	1763	2780	9251
Edinburgh	9276	10,711	6157	10,209	36,353
Fife	8174	7944	4835	6789	27,742
Midlothian	1046	1370	2758	3263	8437
The Scottish Borders	3228	3094	1850	1635	9807
West Lothian	6559	4453	2449	3670	17,131
Total	30,116	30,447	19,812	28,346	108,721
	Housing Association New Build Completions				
East Lothian	197	353	260	256	1066
Edinburgh	1851	2043	2407	1371	7672
Fife	1060	1225	783	645	3713
Midlothian	100	79	210	170	559
The Scottish Borders	383	326	303	447	1459
West Lothian	438	439	479	145	1501
Total	4029	4465	4442	3034	15,970

	Local Authority New Build Completions				
East Lothian	0	74	477	72	623
Edinburgh	0	0	99	427	526
Fife	3	0	251	1085	1339
Midlothian	45	289	642	176	1152
The Scottish Borders ⁴	0	0	0	0	0
West Lothian	0	0	639	778	1417
Total	48	363	2108	2538	5057
	Private New Build Completions				
East Lothian	1626	2448	1026	2452	7552
Edinburgh	7425	8668	3651	8411	28,155
Fife	7111	6719	3801	5059	22,690
Midlothian	901	1002	1906	2917	6726
The Scottish Borders	2845	2768	1545	1188	8346
West Lothian	6121	4014	1331	2747	14,213
Total	26,029	25,619	13,260	22,774	87,682
	1999-2004	2004-2009	2009-2014	2014-2019	Total
5 Yearly Average	15,055	15,223	9905	14,173	54,358

Source: <https://www.gov.scot/publications/housing-statistics-for-scotland-new-house-building/>

The LHS will aim at supporting the delivery of social and market housing as well as specialist housing to ensure the housing targets during 2019-32 are achieved.

Affordable Housing Delivery in Midlothian

Table 6.2 below, shows:

- the number and location of affordable housing units built by the Council and RSLs in Midlothian since 2009
- the number of ex-council properties/Open Market Purchases that Midlothian Council has purchased (as these have been subsidised by the Scottish Government) since 2009
- the results of other forms of affordable housing available since 2009

It shows a total of 1883 affordable or subsidised housing options have been delivered in Midlothian. Dalkeith and Penicuik had the highest number of new units built since 2009, with 261 and 233 units respectively. Whilst the Council's investment in new housing has been significant in providing a large number of households with good quality affordable homes, it should also be recognised that RSLs have delivered 31% of the total new affordable rented units in this period, 6% of which through the completion of 118 Mid-Market Rent properties. In addition there are several schemes which have supported households to own their own home; 31% of affordable housing has been provided by the Scottish Government's Help to Buy Schemes.

⁴ Scottish Borders Council housing stock transferred to Scottish Borders Housing Association in 2003

Consideration of where future investment should be targeted is influenced by the level of housing need and by the level of investment required in each area. The level of housing need is calculated via the Housing Needs and Demands Assessment (HNDA) and more locally, the annual Strategic Housing Investment Plans.

Please note that the table does not contain details of all affordable housing completions since the new build programme began - details of sites prior to 2009 can be found in the previous Local Housing Strategy and the Strategic Housing Investment Plans. The table covers a ten year period for ease of comparison with other statistics.

Table 6.2: Affordable Housing Completions in Midlothian, 2009 - 2019⁵

Location	Council Units	RSL Units	RSL MMR Units	Other types of affordable housing (e.g. Open Market Shared Equity) *	Open Market Purchases (purchase of ex-council properties)*	Total* ⁶
Bilston	8	28	21	*	*	*
Bonnyrigg/Lasswade	110	14	0	*	*	*
Dalkeith	129	118	14	*	*	*
Danderhall	23	15	0	*	*	*
Gorebridge	117	43	34	*	*	*
Loanhead	88	0	0	*	*	*
Mayfield/Easthouses	0	121	12	*	*	*
Newtongrange	0	34	21	*	*	*
Penicuik	177	56	0	*	*	*
Rosewell	0	32	16	*	*	*
TOTAL	652	461	118	580	72	1883

⁵ Source: Scottish Government More Homes Division

⁶ These statistics cannot be broken down per location

Investment in new Council Housing in Midlothian

The Council is committed to the construction of new build council homes in Midlothian. The Council allocated £108M for its phase 1 new build programme, with 864 homes developed on 16 sites across Midlothian by the end of 2012. The Council committed a further £64M for the development of phase two.

Table 6.3 shows the location and number of homes completed⁷⁷.

Table 6.3: Midlothian Council New Build Programme Completed Units

Name	Location	Units Completed
Phase 1 Council Housing Programme		
Bill Russell Grove	Dalkeith	27
Park Avenue/Road	Gorebridge	48
Stone Place	Mayfield	44
Suttieslea	Newtongrange	55
Cuiken Terrace	Penicuik	18
Campview Road	Bonnyrigg	12
Barleyknowe	Gorebridge	64
Eskview Road	Mayfield	86
Cameron Crescent	Lasswade	100
New Hunterfield	Gorebridge	60
Hopefield	Bonnyrigg	85
Gore Avenue	Gorebridge	64
Eastfield Farm Road	Penicuik	37
Polton Gardens	Lasswade	12
Salters Road	Dalkeith	105
Academy Lane	Loanhead	47
Phase 2 Council Housing Programme		
Pentland Way	Penicuik	30
Cowan Court	Penicuik	32
Woodburn Court	Dalkeith	14
Craigiebiel Crescent	Penicuik	17
Eastfield Drive	Penicuik	17
Jackson Street	Penicuik	14
Edgefield Road	Loanhead	22
Charpentier Avenue	Loanhead	5

⁷⁷ As of September 2020

Other Types of Affordable Housing

Mid Market Rent Housing

Mid Market Rent (MMR) provides affordable housing at rental levels above social rent but below private sector levels. MMR is designed to help people on low and modest incomes who may have difficulty accessing social rented housing, buying their own home or accessing high quality affordable rented accommodation. MMR housing supports the creation of sustainable communities as they generally provide a mix of housing tenures. Since 2009, 118 MMR units have been built in Midlothian. They are managed by three RSLs:

- Dunedin Canmore Housing Association with 92 units (78%)
- Places for People (Castlerock Edinvar Housing Association) with 14 units (12%)
- Melville HA with 12 units (10%)

Most Mid Market Rent properties are located in Gorebridge with 34 units (29% of all MMR properties in Midlothian), followed by Newtongrange and Bilston with 21 units each (18%), Rosewell with 16 units (14%) Dalkeith with 14 units (12%) and Mayfield/Easthouses with 12 units (10%).

The LHS will continue to support the development of MMR units across Midlothian to ensure that households who are able to afford this house tenure can access it. The LHS will also support the development of other MMR housing models.

National Housing Trust (NHT)

It is a guarantee-based model which is delivering homes for mid-market rent for a period of between five and 10 years at various locations across the country. Under NHT, developers are appointed to build a specified number of affordable homes on land they already own.

Once complete, a local partnership company – made up of the developer, the participating council and the Scottish Futures Trust (SFT) – buys the homes and lets them to tenants at affordable, mid-market rent for a period of between five and 10 years, after which time they are sold.

Local Affordable Rent (LAR)

LAR Housing Trust was set up by the Scottish Futures Trust and been funded by a £55 Million loan from the Scottish Government with a further £75 Million anticipated from private investment. LAR aims to be a long term provider of high quality, energy efficient, mid-market rental homes in Scotland and intends to build approximately 1,000 units across Scotland which will be rented out at below market levels to eligible households.

Unlike the National Housing Trust and the Council's social rented housing which requires the Council to lend or borrow, LAR does not require any financial input from the Council and also does not require any grant subsidy from the Scottish

Government. This is due to the loan already received by LAR from the Scottish government and rents being capped slightly higher than other Mid Market Rented properties at 100% of the Local Housing Allowance rate. This enables Scottish Government grant funding to be prioritised for council housing and other affordable rented housing projects.

Low Cost Initiative for First-Time Buyers (LIFT)⁸

Shared equity helps people on low to moderate incomes to become homeowners where it is affordable for them over the long term. The shared equity schemes in operation are New Supply Shared Equity (NSSE) and the Open Market Shared Equity Scheme (OMSE).

Under the **New Supply Shared Equity** scheme, the Scottish Government gives grants to registered social landlords to help them build or buy new homes for sale and provide them on a shared equity basis to people on low to moderate incomes. Buyers fund 60%-80% per cent of the purchase price and the Scottish Government holds the remaining share under a shared equity agreement.

The **Open Market Shared Equity** scheme helps first-time buyers and other priority groups get onto the property ladder by providing an interest free loan towards the cost of a home. The Scottish Government provides funding of between 10% and 40% of the sale price and gets the same percentage back when the property is sold. Table 6.4 below shows the current threshold prices in Midlothian: prospective buyers can consider properties up to these price thresholds.

Table 6.4: Open Market Shared Equity, Midlothian thresholds

Property size	Threshold price
2 apartment	£100,000
3 apartment	£115,000
4 apartment	£135,000
5 apartment	£155,000
6 apartment	£250,000

Shared Ownership

Under this scheme households buy part-ownership of a property, in tranches of 25%, 50% or 75% and make an occupancy payment to the RSL on the remaining portion. (The occupancy payment entitles a sharing owner to occupy the whole property although technically the housing association still owns a share). Over a period of time the sharing owner has a right to buy further 25% shares of equity, up to and including 100% when they become the full owner of the property.

Partnership Support for Regeneration (PSR) – (former GRO Grants)

⁸ More Homes Division February 2017, Affordable Housing Supply Programme Out-turn Report 2015-16

These grants can be awarded to private developers to help build houses for sale. They are used to introduce housing for sale in areas with little or no private housing and to help meet local shortages. Grant is only considered where projects meet the local strategic investment objectives of the area and are consistent with the Local Housing Strategy of the local authority where development is proposed.

Home Owners' Support Fund (HOSF)

The 'Mortgage to Rent' scheme and the 'Mortgage to Shared Equity' scheme make up the Home Owners' Support Fund, which helps owners who are experiencing difficulty in paying any loans that are secured against their property. The Mortgage to Rent scheme enables households to remain in their home by selling it to a social landlord - such as a housing association or local authority – and continuing to live there as a tenant. The Mortgage to Shared Equity scheme enables home owners to sell a stake in their property to the Scottish Government, thus reducing the amount of the secured loan to be paid back.

Empty Homes Loan Fund (EHLF)

A loan fund to encourage owners of empty homes to bring these back into use as affordable housing. Under the Local Government Finance (Unoccupied Properties etc.) (Scotland) Act 2012, Midlothian Council reduced the amount of discount for long term empty dwellings and second homes from 50% to 10%, with the extra revenue used to support affordable housing. A total of £165,000 was raised between 2016/17 and 2018/19 which is being used to support Midlothian's New Build Council Housing Programme.

Social Housing in Midlothian

Midlothian Council Housing

There are 6648 Council houses in Midlothian. The majority of stock has 2 bedrooms (3631 units), followed by 3 bedrooms (1829 units), 1 bedroom properties (870 units) and properties with four or more bedrooms (318 units).

Chart 6.1: Midlothian Council: Proportion of Stock by House Size 2019/20

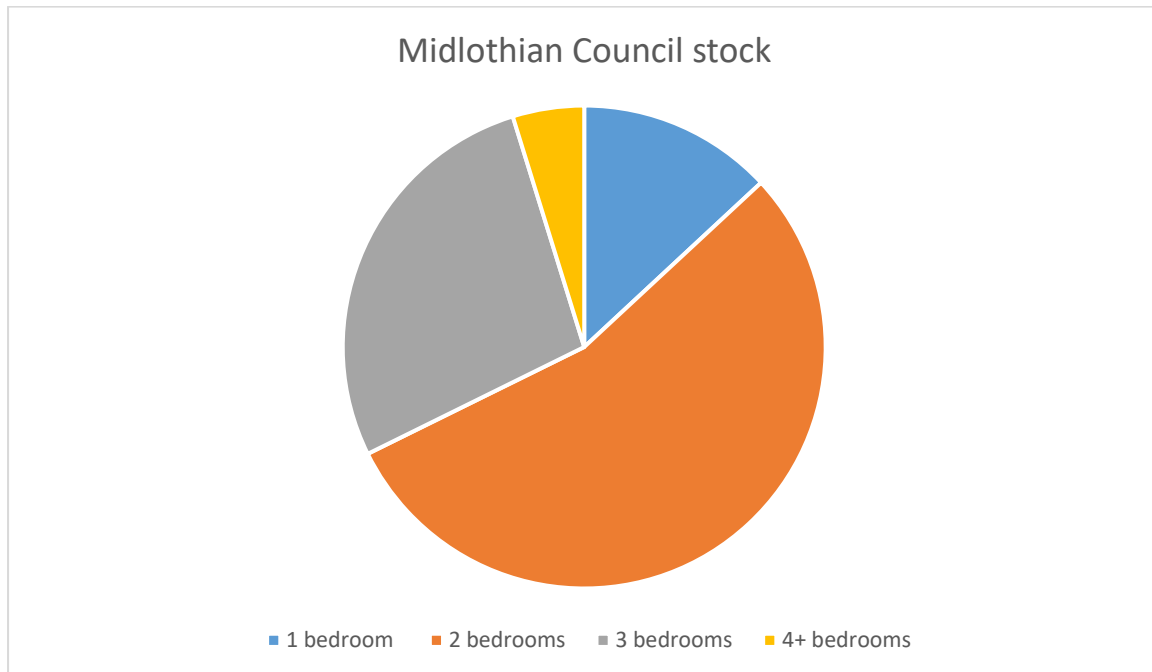
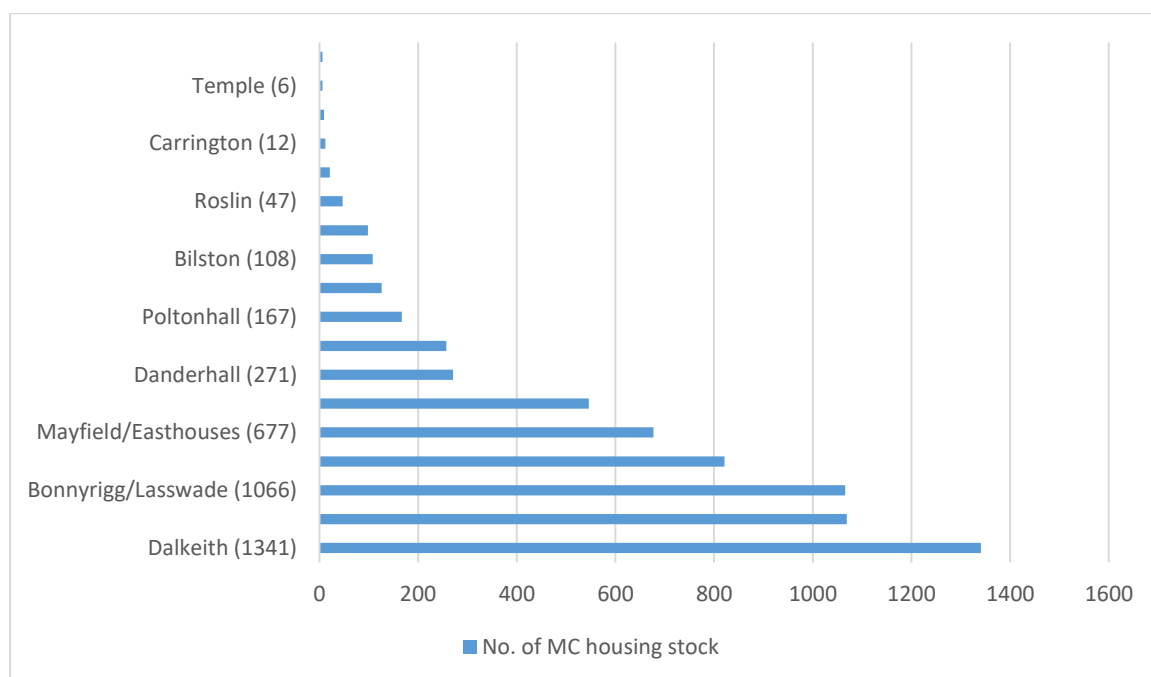


Chart 6.2 below shows that the three largest towns in Midlothian are also the areas with the largest number of council homes: there are 1341 homes in Dalkeith (accounting for 20% of all stock), followed by Penicuik with 1069 houses (16%) and Bonnyrigg/Lasswade with 1066 houses (16%). The other areas with a significant proportion of council housing are Gorebridge with 821 units (12%) and Mayfield/Easthouses with 677 units (10%). There are a number of small settlements such as North Middleton and Temple which have very low numbers of council housing. It is often difficult to increase the supply of housing in these areas as land for development is limited.

Chart 6.2: Midlothian Council Housing Stock per area 2019/20



The level of turnover for Council properties in Midlothian is very low, only a small proportion of Council properties are available for let annually and applicants have to wait a long time before accessing council housing. For instance, in 2019/20, 306 properties were let representing a turnover of 5%. Many local authority landlords in Scotland have a turnover level close to 10%⁹.

Social Housing Demand

An analysis of waiting list applicants shows that households aged 26-35 years made up 27% of the waiting list, followed by those aged 36-45 years (20%), 16-25 years (18%), 46-55 (14%) and 56-65 and 65+ both comprising 10%.

Table 6.5: Age of Housing List Applicants

Age	16-25	26-35	36-45	46-55	56-65	65+	All
No	711	1098	811	570	413	404	4007
%	18%	27%	20%	14%	10%	10%	100%

⁹ www.scotlandshousingnetwork.org

Table 6.6 below shows clearly that two bedroom properties are most demand in Midlothian with 63% of waiting list applicants requesting one, followed by 1 bed properties (21%).

Table 6.6: Property Size demand - 2019/20

No. of bedrooms in property	%
1	21%
2	63%
3	12%
4	3%
Total	100%

Chart 6.3 shows that the number of households on Midlothian Council waiting lists increased by 97% between 2006 and 2016 but has since reduced by 18%. This sharp reduction doesn't reflect a lessening of demand for social housing, it illustrates the removal of the 'Choice' waiting list in 2020. The 'Choice' list was comprised of households who wanted a council property but didn't have a defined housing or medical need e.g. health issues, overcrowding, homelessness etc. Removing this group has allowed the Council to allocate more properties to those on the remaining lists who have defined housing/medical needs.

Chart 6.3: Number of Households on Midlothian Council Housing List

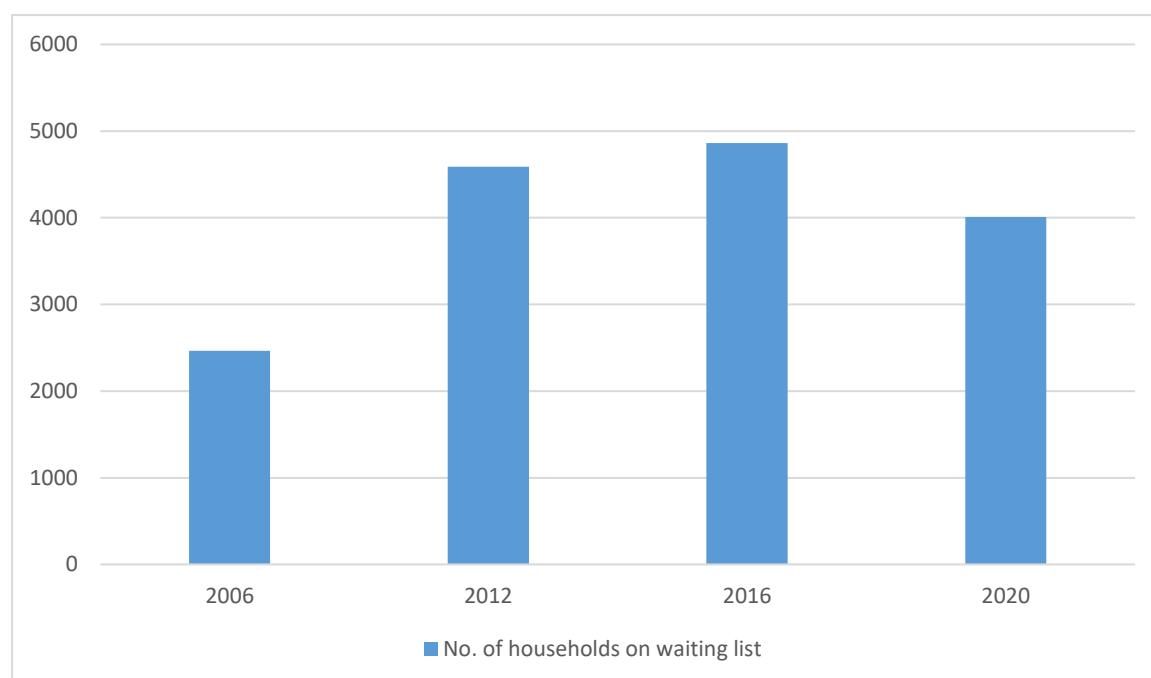
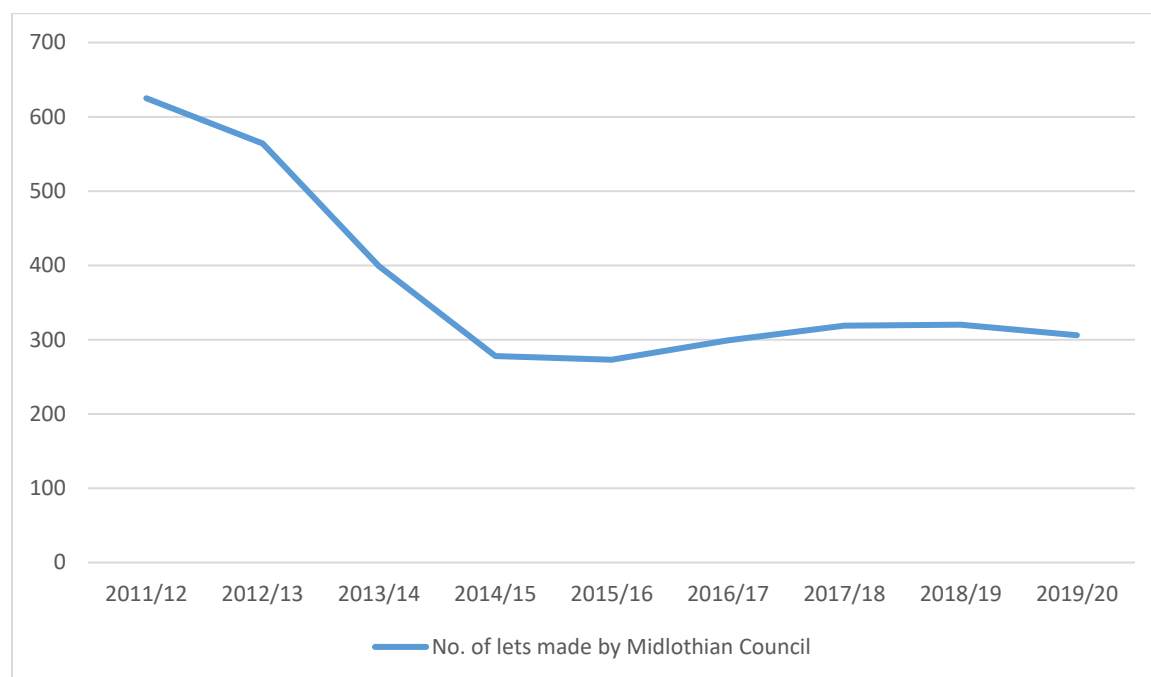


Chart 6.4 below, shows the number of council lets in recent years. The high number of lets between 2011/12 and 2012/13 was due to the high number of new build completions at that time. For the last six years turnover rate in Midlothian has been very low averaging between 4% and 5%.

Chart 6.4: Midlothian Council lets per year



Registered Social Landlords (RSL)

There are currently 3,347 RSL properties in Midlothian (Table 6.7). Melville HA has the highest number of properties in Midlothian with 60% of total property stock followed by Castle Rock Edinvar HA with 29%. The other RSLs form the remaining 11% of RSL stock in Midlothian.

Table 6.7: Stock Profile Collection by Midlothian Area

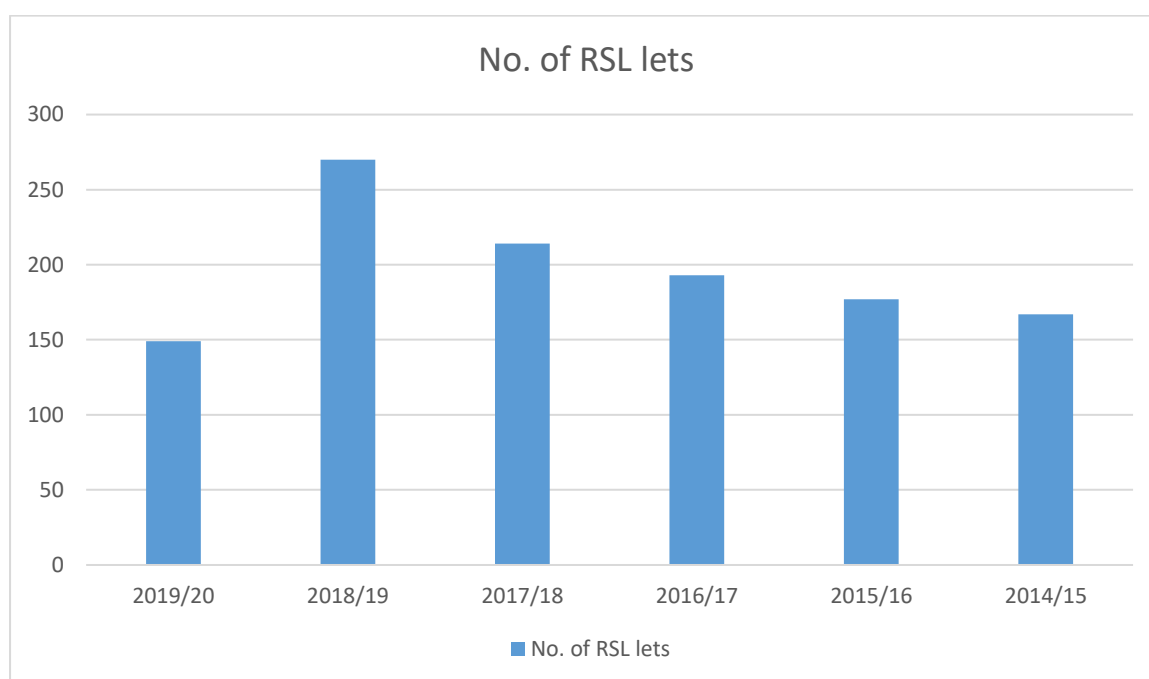
Type of provision	Total Units	%
Ark Housing Association	15	1%
Bield Housing Association	116	3%
Blackwood Housing Association	23	1%
Castle Rock Edinvar Housing Association	984	29%
Dunedin Canmore Housing Association	98	3%
Link Housing Association	20	1%
Melville Housing Association	2022	60%

Trust Housing Association	35	1%
Viewpoint Housing Association	34	1%
Total	3347	100%

Source: Scottish Housing Regulator

Chart 6.5 shows the number of RSLs lets in Midlothian, averaging 195 properties in the last 6 years.

Chart 6.5: RSL Lettings in Midlothian



Similar to the Council's lettings, RSL lettings are quite low in Midlothian suggesting a low turnover rate. In 2019/20, there were 149 lets by RSLs in Midlothian, representing 4% of total RSL stock (it should be noted these figures do not include lets by Ark, Bield or Link Housing Associations). Overall, RSL lettings are very important as they provide additional homes and options to people applying for housing in Midlothian. It should be pointed out that lettings by RSLs have been at times driven by new RSL housing development. Chart 6.6 shows how many properties have been let by each Housing Association in Midlothian over the last ten years.

Chart 6.6: Lets per Housing Association¹⁰

Housing Association	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/10	2010/11	2009/10
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¹⁰ * indicates information is not available

Ark Housing Association	*	7	0	3	3	2	1	1	0	0	0
Bield Housing Association	*	*	*	*	*	*	*	*	*	*	*
Blackwood Housing Association	1	3	1	0	2	6	1	0	2	0	*
Castle Rock Edinvar Housing Association	60	86	65	67	34	44	*	*	*	*	*
Dunedin Canmore Housing Association	9	13	40	8	2	3	21	7	1	22	*
Link Housing Association	*	*	*	*	*	*	*	*	*	*	*
Melville Housing Association	72	150	94	100	132	110	164	190	*	*	*
Trust Housing Association	5	8	10	10	*	*	*	*	*	*	*
Viewpoint Housing Association	2	3	4	5	4	2	3	9	6	5	5
Total number of lets	149	270	214	193	177	167	190	207	9	27	5

Owner Occupied Housing in Midlothian

Since 2009 the sale of privately owned properties has increased in Scotland by 49% from 69,016 in 2009 to 102,911 in 2019. During the same period, sales in Midlothian rose by 97%; the highest increase of all the SESPlan areas. The results for the other local authorities in the South East Scotland area vary but have all seen dramatic increases as seen in table 6.8 below.

Table 6.8: Residential Property Sales by Local Authority 2009-2019

Local Authority	2009	2019	% Change
East Lothian	1229	2410	+96%
Edinburgh	7345	11 345	+54%
Fife	4746	7033	+48%
Midlothian	938	1850	+97%
Scottish Borders	1413	2020	+43%
West Lothian	1829	3269	+79%
Scotland	69,016	102,911	+49%

Source: <https://www.ros.gov.uk/data-and-statistics/house-price-statistics>

The volume of sales within the private housing sector has steadily recovered following the financial crash in 2008, particularly so in Midlothian. Residential property prices have also risen as shown in table 6.9 below. Between 2009 and 2019, the average house price in Midlothian increased from £165,974 to £225,400, representing a 36% increase. By comparison, the average house price in Scotland rose by 21% from £150,354 to £181,272 during the same period. Therefore the average house price in Midlothian is 15% higher than the Scottish average. It is

worth noting that Midlothian has the highest increase of all the South East Scotland Local Authorities.

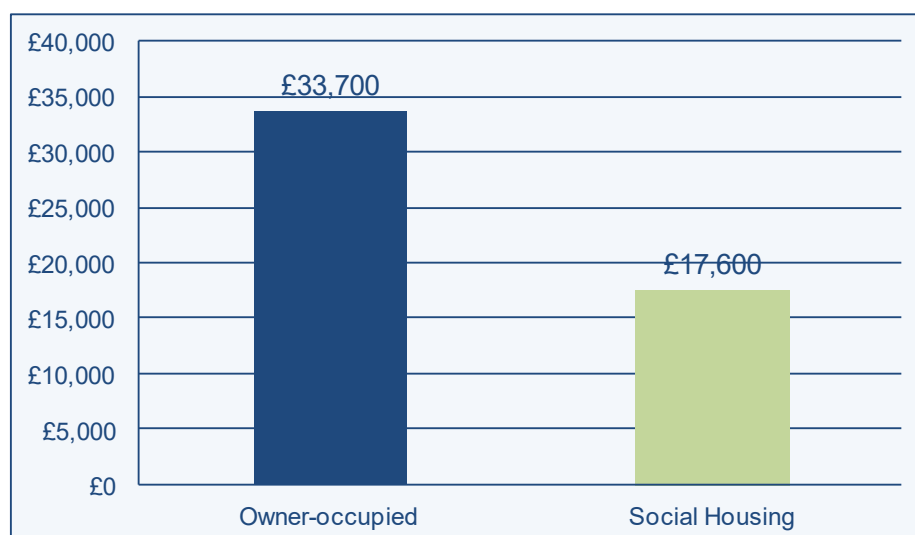
Table 6.9: Housing Market Average Price by Local Authority Area 2009-2019

Local Authority	2009	2019	% Change
East Lothian	£191,111	£256,750	34%
Edinburgh	£202,407	£266,808	32%
Fife	£135,385	£160,420	18%
Midlothian	£165,974	£225,400	36%
Scottish Borders	£163,269	£174,134	7%
West Lothian	£137,779	£180,441	31%
Scotland	£150,354	£181,272	21%

Source: <https://www.ros.gov.uk/data-and-statistics/house-price-statistics>

In terms of affordability and household income, in 2019 the median income level for Midlothian residents (£552.50 per week) was lower than the level for Scotland (£577.70 per week)¹¹, this means that many Midlothian residents may not be able to afford the higher cost of private housing in the area which increases the demand for affordable housing options. Additionally, Chart 6.7 below, indicates the significant difference in household income between owner-occupiers and social rented households in Midlothian.

Chart 6.7: Income Levels by Tenure



Source: <http://www.gov.scot/Topics/Statistics/SHCS/keyanalyses>

Further analysis of the origin of buyers in Midlothian shows that around a third of property buyers originate from households living in Edinburgh. It is likely these

¹¹ <http://www.nomisweb.co.uk/reports/lmp/la/1946157423/report.aspx#tabearn>

purchasers see the close proximity to Edinburgh and lower house prices compared to Edinburgh as attractive¹². However, as noted earlier the cost of new build housing is more expensive and new private estates are likely to have a higher proportion of non-Midlothian buyers due to the higher cost of new housing and lower incomes amongst Midlothian households.

This is a clear indication of the attractiveness of the Midlothian housing market areas to outside buyers and the pressure from other housing market areas is likely to exacerbate affordability concerns for local residents when competing with demand from buyers out with Midlothian.

Private Rented Sector (PRS) Housing in Midlothian

This section will examine the extent and location of the Private Rented Sector (PRS) in Midlothian and the associated local issues which have been identified.

The Private Rented Sector Strategy

The Private Rented Sector (PRS) in Scotland has undergone significant change in terms of the overall size of the sector and the tenant and landlord profile. "A Place to Stay, A Place to Call Home: a Strategy for the Private Rented Sector in Scotland" is the Scottish Government's vision for "a private rented sector that provides good quality homes and high management standards, inspires consumer confidence, and encourages growth through attracting increased investment".

The three strategic aims of the PRS strategy are to:

- Improve the quality of property condition, management and service in the sector;
- Deliver for both tenants and landlords - meeting the needs of those living in the sector and those seeking accommodation and landlords committed to continuous improvement;
- Enable growth and investment to help increase overall housing supply.

Midlothian Council is meeting the aims of this strategy by:

- Implementing the Landlord Registration Scheme – Landlords must register with Midlothian Council to ensure they are a "fit and proper person" to let property
- Providing advice and guidance to tenants and landlords on the PRS and its statutory standards – the tolerable standard, repairing standard, gas safety certification

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Table 6.10 below shows that between 2011 and 2019, there was a significant increase in the average PRS rental costs in Midlothian. Rental costs for 1 bedroom

¹² <http://www.sesplan.gov.uk/assets/images/HNDA/HNDA2%20-%20Sup%20Doc%201%20Housing%20Market%20Area%20Assessment.pdf>

¹³ Full details of Midlothian Council's work to meet the aims of 'the PRS Strategy' is available here: https://www.midlothian.gov.uk/info/1053/private_housing

properties increased by 21%, 2 bedrooms by 24%, 3 bedrooms by 22% and 4 bedrooms by 26%. The average monthly rent for a Midlothian Council tenancy is £320.94, the average rent for a one bedroom PRS tenancy at £621 is therefore 93% higher. The cost of private rented housing may restrict housing options for low income households who are both unable to purchase a property and unlikely to receive an offer of social housing.

Table 6.10: Average Rental Cost by Bedroom Sizes in Midlothian in PRS (per month)

Year	1 Bed	2 Bed	3 Bed	4 Bed
2011	£513	£588	£717	£991
2012	£502	£585	£703	£998
2013	£509	£600	£727	£1127
2014	£547	£610	£748	£1154
2015	£560	£634	£772	£1125
2016	£543	£665	£780	£1177
2017	£609	£684	£837	£1133
2018	£570	£674	£876	£1249
2019	£621	£729	£877	£1253

Source: Zoopla monthly figures for Midlothian

In terms of demonstrating the affordability of rental charges, it is suggested that when housing costs exceed 33% of a household's income, the cost is judged to be unaffordable. Table 6.11 below shows the affordability of an average three bedroom Midlothian Council property when tenanted by an individual (over the age of 25) who earns a full time minimum wage (£8.21 per hour). Midlothian Council rent levels are well below the 33% affordability level with housing costs of 25%. A full time employee earning the average Midlothian wage would have to pay 40% of his/her income to live in the same size of private rented sector tenancy and an owner occupier on the same wage would have to pay 34% of his/her earnings on the mortgage. It should be noted that the Owner Occupancy Affordability table below is based on a 100%, 25 year mortgage. If the individual secured a 90% deposit over the same time period (by paying a 10% deposit), the percentage of income spent on a mortgage drops to 31% which is within affordability levels.

Table 6.11: Housing Affordability in Midlothian

Midlothian Council Rent Affordability

Average Weekly Rent (3 Bedroom)	£83.41
Minimum Wage Income (gross) – 40 hours/week	£328.40 ¹⁴
Percentage of Income Spent on Rent	25%

Private Rented Sector Affordability

¹⁴ Based on 2019/2020 rent levels and 2019/20 minimum wage rate

Average Weekly Private Rent (3 Bedroom)	£219.25
Average Midlothian Full Time Earning	£552.50 ¹⁵
Percentage of Income Spent on Rent	40%

Owner Occupancy Affordability

Approximate Mortgage Payment for Midlothian average house price (£225,400)	£187.33
Average Midlothian Full Time Earning	£552.50
Percentage of Income Spent on Mortgage	34%

Rent Pressure Zones

A local authority can apply to Scottish Ministers to have an area designated as a Rent Pressure Zone if it can prove that:

- Rents in the area are rising too much;
- Rent rises are causing problems for tenants;
- The local authority is coming under pressure to provide housing or subsidise the cost of housing as a result.

Rent Pressure Zones only apply to rent increases for tenants with a Private Residential Tenancy and if an area is designated, a maximum limit is set on how much rents are allowed to increase each year. There are currently no Rent Pressure Zones in Scotland¹⁶.

Build to Rent

The Build to Rent (BtR) sector provides opportunities to diversify housing delivery and increase housing choice. Build-to-Rent is the term used for the residential schemes being designed, built and managed specifically for rent. Midlothian Council does not currently have a Build to Rent Strategy but will consider developing the Private Rented Sector through the implementation of a BtR Strategy.

Housing Supply Target

Although the starting point for setting housing targets is the HNDA, the Housing Supply Target (HST) sets out the realistic number of homes to be built in each SESplan Housing Market Area taking into account a range of material considerations

¹⁵ <https://www.nomisweb.co.uk/reports/lmp/la/1946157423/report.aspx>

¹⁶ September 2020

including wider economic, social and environmental factors, issues of capacity, resource and deliverability, and other important requirements.

This methodology used in setting the HSTs was agreed between the SESplan member authorities and it involved:

- Reviewing HNDA alternative futures to inform HSTs by considering the various scenarios in the 2015 HNDA, current economic trends and consultation responses from the Main Issues Report
- Setting affordable HSTs at a rate that is considered realistic and deliverable
- Setting market HSTs at levels that can be delivered by considering a range of factors such as planning and spatial strategy; past and recent development levels and availability of resources to deliver development and capacity within the construction sector
- Considering the impact of demolitions as targets are lowered by level of planned demolitions

A Project Team and Executive Board comprising of representatives from each SESplan area was set up to deliver the Housing Supply Target for the SESplan area. Table 6.12 below shows the Housing Supply Targets agreed by SESplan Member Authorities for 2018-30 with 165 affordable housing and 369 market housing agreed for Midlothian. The Housing Supply Targets are robust, supported by evidence and have been set using a methodology designed to be compliant with Scottish Planning Policy and related guidance.

Table 6.12: SESplan Housing Supply Targets 2018-2030

	Affordable		Market		Combined	
	Annual Average	Period Total	Annual Average	Period Total	Annual Average	Period Total
City of Edinburgh	1,200	14,400	1,220	14,640	2,420	29,040
East Lothian	189	2,268	330	3,960	519	6,228
Fife	262	3,144	605	7,260	867	10,404
Midlothian	165	1,980	369	4,428	534	6,408
Scottish Borders	128	1,536	220	2,640	348	4,176
West Lothian	300	3,600	333	3,996	633	7,596
SESPLAN	2,244	26,928	3,077	36,924	5,321	63,852

Source: Housing Background Paper October 2016¹⁷

Houses in Multiple Occupation

Houses in Multiple Occupation (HMOs) are properties occupied by three or more unrelated people who share bathroom and kitchen facilities. HMOs have a mandatory licensing scheme to ensure that they are kept to an appropriate standard.

¹⁷ <http://www.sesplan.gov.uk/assets/Housing%20Background%20Paper%2023%2009.pdf>

In 2004, there were only 11 HMOs in Midlothian, increasing to 24 HMOs in 2010 and 50 in 2019. Table 6.13 below shows that although the number remains low in Midlothian, the use of HMOs has increased significantly in recent years. HMOs are used for a variety of reasons, principal amongst these is student accommodation.

Table 6.13: Houses in Multiple Occupation in Midlothian¹⁸

	2004	2006	2008	2010	2013	2015	2017	2019
Scotland	4,280	7,608	10,181	11,881	13,911	14,908	15,289	15,651
Midlothian	11	14	13	24	45	45	45	50

Midlothian Council has eight HMOs which provide temporary supported accommodation for homeless households as an alternative to using bed and breakfast accommodation. There are 99 bed spaces in the eight HMOs.

The LHS will continue to support the provision of HMOs towards meeting the housing needs of relevant households.

Self-Build and Custom-Build

Midlothian Council recognises the important role that self and custom build housing can play in providing homes, sustaining communities and supporting smaller building companies in both rural and urban areas. Self-build, or on a larger scale, custom build can be individually driven, collective, or community led, providing viable options for a range of households. It can be an affordable option for housing delivery, with the flexibility to support the development of accessible housing. Developers of custom-build projects work with individuals or groups of individuals to provide new housing, using a range of different models and approaches. This differs from self-build, where an individual organises the development. Self-build and custom-build can be viable alongside mainstream developer activity or as a way of encouraging private sector investment in areas where developers have shown less interest.

The Scottish Government is currently consulting on and publishing new Planning (Scotland) Act 2019 regulations which will include regulations on self-build and custom-build processes. Midlothian Council seeks to publish local self-build and custom-build guidance following the release of the relevant Planning (Scotland) Act regulations. Scotland's Self and Custom Build Portal provides up to date advice on national funding.

¹⁸ <https://www.gov.scot/publications/housing-statistics-houses-in-multiple-occupation/>

¹⁹ <https://selfbuildportal.org.uk/news/scotlands-self-and-custom-build-portal-launches/>

Key Challenges

- Supporting the delivery of social and market housing as well as specialist housing to ensure the housing targets during 2019-32 are achieved.
- The construction of 1000 new council homes as per phase 2 of Midlothian Council's Affordable Housing Programme
- Supporting the development of MMR units across Midlothian to ensure that households who are able to afford this house tenure can access it.
- The level of turnover for Council properties in Midlothian is very low and applicants have to wait a long time before accessing council housing.
- Low turnover of RSL properties in Midlothian and applicants have to wait a long time before accessing RSL housing
- The average house price in Midlothian is 15% higher than the Scottish average
- The median income for Midlothian residents is lower than the Scottish average
- This is a clear indication of the attractiveness of the Midlothian housing market areas to outside buyers and the pressure from other housing market areas is likely to exacerbate affordability concerns for local residents
- There has been a significant increase in the average PRS rental costs in Midlothian
- Midlothian has a combined annual Housing Supply Target of 534 units (165 affordable housing, 369 market housing)

Consultation Responses

Question asked	Individual response	Council response/LHS Outcome
General comments on Housing Delivery	More houses are more than necessary, which is a huge cost, however, so is having homeless people living in various areas and paying for this.	
	The expansion of the population of Midlothian by building huge estates without an increase in employment opportunities and provision of services does not add up.	
	Midlothian Council have been facing a large deficit, yet seem intent on building more social housing. More expensive properties mean more council tax and higher spending. Which in turn means less deficit. It might sound harsh, but that's the reality when you face a shortfall. Bonnyrigg is at capacity in terms of the transport structure, so think about current residents rather than more potential residents.	
	Please address the lack of affordable/ social housing in the area. Look at ways to prohibit private landlords from buying up large amounts of properties in an area.	
	Stop allowing the building of so many new houses.	

	Too many large family homes being built with no investment in local businesses. Local people not being able to afford homes within the community that they were brought up in and not enough local jobs. House builders should provide homes that Local people want and affordable to them. Not homes that provide them with the biggest profit.	
	Too much building for infrastructure to bear creating more and more transport issues. Some new and proposed estates are a blight on the landscape and only add to overload.	
	Don't just build houses, build communities with all essential services catering for those expanding communities, inc key services, schools, play areas, shops, and safe ways for pedestrians, cyclist and cars to move around and park.	
	I am currently stuck in private housing. I cannot afford to save to get a deposit for a mortgage. More needs done to support the likes of my family who just earn too much to qualify for benefits so are lost in the housing system	
	More focus is needed on local services like roads, doctors, public transport etc to cope with the huge numbers of new houses being built.	
	Stop approving so many new housing developments - Midlothian already cracks at the seams. Primary schools with 500 kids and huge secondary's, GP practices that you can't join or can't get appointments- it's not sustainable	
	Do nothing till you have checked in with people who are locals. ecologists, and activists for improved sewage streams waterways plumbing sewage trees meadows green areas and always remember these points improve people's physical and mental health.....and the planets	

Key Actions:

1.

Outcome: Access to housing and the supply of new housing has increased across all tenures in Midlothian.

7 Place Making and Communities

The National Context

Housing and place have an important effect on our lives, health and wellbeing. Creating high quality places, whether new or existing, helps tackle inequalities, allowing communities to thrive. Places that are well designed, safe, easy to move around, offer employment and other opportunities and with good connections to wider amenities will help create vibrant sustainable neighbourhoods for people to live, work and play. Quality of place has an important role to play in improving health and wellbeing and reducing health inequalities.

Key to sustainable communities is the concept of 'place-making'. Place-Making is one of the two Principal Policies of Scottish Planning Policy²⁰ and is a process involving design, development, renewal and / or regeneration. The outcome should be sustainable, well-designed places and homes which meet people's needs. In order to achieve this, it is important to understand the distinct characteristics and strengths of an area, to improve quality of life for residents. The Scottish Government's policy agenda 'Creating Places'²¹, emphasises that quality places are 'successful' places. The qualities of successful places are:

- Distinctive
- Safe and pleasant
- Welcoming
- Adaptable
- Resource efficient
- Easy to move around and beyond

Creating Places recognises the role that good housing plays in promoting healthy, sustainable lifestyles; delivering our environmental ambitions and providing a sense of belonging, identity and community. The planning system is expected to take every

²⁰ <https://www.gov.scot/publications/scottish-planning-policy/>

²¹ <https://www.gov.scot/publications/creating-places-policy-statement-architecture-place-scotland/pages/0/>

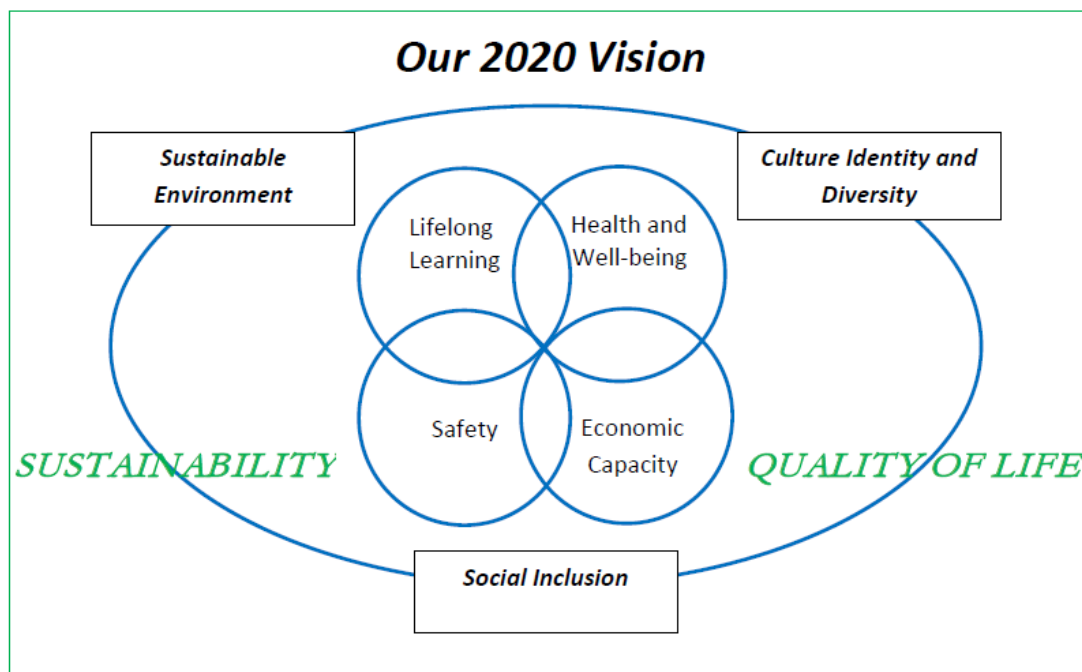
opportunity to create high quality places by taking a design-led approach; direct the right development to the right place and support high quality development.

The Midlothian Context

The Single Midlothian Plan 2020/21²² is the local outcomes improvement plan for Midlothian and the vision at the heart of the plan is based on 2 key principles of 'People' and 'Place'. The vision is to:

- Improve quality of life for everyone
- Safeguard the resources we have today for future generations

Single Midlothian Plan 2020/21 Vision



²² https://www.midlothian.gov.uk/info/200284/your_community/214/community_planning_in_midlothian/2

Furthermore, the Midlothian Local Development Plan 2017's vision sets out how the Council has planned for and managed the physical, social and economic changes that are anticipated in the county:

'The South East of Scotland is an area of economic and population growth. Midlothian will play its part in this growth, securing long-term social, economic and environmental benefits. Whilst demonstrating a renewed vibrancy, our towns and villages will retain their character and identities, striving to meet needs locally. Wherever possible, new housing will be located close to good community facilities, shops and employment opportunities, with efficient and high quality public transport connections. New development shall be of high quality, balancing a desire for good contemporary design with respect for the area's heritage. The established community will benefit as much as possible from growth, through new affordable homes, enhanced employment prospects, improved facilities and the development of green networks with opportunities for leisure and recreation. Midlothian will continue to have a close relationship with the capital city for employment and services, supported by improvements in transport provision, not least Borders Rail. The natural and built environment will be protected and be an attraction and inspiration to its communities and visitors alike. Recognising its responsibilities to both existing and new residents, the Council will work with its communities and partners to ensure that prosperity, quality of life and wider sustainable development principles are central to its planning decisions.'²³

Place-Making Principles

The Place Principle was adopted by the Scottish Government in February 2018. The following link briefly outlines what the principles and how it can be applied - https://www.improvementservice.org.uk/_data/assets/pdf_file/0026/9548/place-principle.pdf The Place Standard tool is part of the Place Principal approach and is widely advocated by Government in the preparation of Local Development Plans, however the current Midlothian Local Development Plan was adopted in November 2107 prior to this new approach being rolled out. It is Midlothian Council's intention to incorporate the Place Principle into the preparation of the next Midlothian Local Development Plan review and to use the Place Standard Tool as a key part of the engagement programme.

Partnership Working and Community Engagement

Community Planning Partnerships

Community Planning Partnerships (CPPs) bring together public, voluntary and private sector bodies, and local communities to deliver a shared 'plan' to improve the lives of local people. CPPs are set up by law under the Community Empowerment (Scotland) Act 2015

The CPP priorities are to reduce the economic circumstances gap, reduce the gap in learning outcomes, reduce the gap in health outcomes and reduce Midlothian carbon emissions to net zero by 2030.

²³ https://midlothian-consult.objective.co.uk/portal/midlothian_local_development_plan_2017

The CPP gathers evidence about Midlothian and its people every year, bringing together all available information about the area. The resulting 'Midlothian Profile', is used by the CPP as the starting point for an annual "Strategic Assessment" of Midlothian. This involves reviewing the political, social, economic, technological, environmental, and legal changes facing the area. The document describes the impact that these changes are likely to have on Midlothian's communities.

The ideas for areas of work that come from the Profile and the Strategic Assessment are shared across a wide range of community groups, including neighbourhood planning groups and community councils. Discussions and input from groups such as people with a physical disability, learning disability, mental health issues, or caring for someone, as well as with older people and young people's forums, contribute to the design and planning of service provision.

Neighbourhood Planning

In 2008, Midlothian Council initiated a process of neighbourhood planning covering all 16 community council areas with the intention of producing plans from 3 areas per year.

Neighbourhood Planning involved partnerships between public agencies, voluntary organisations, community councils and community activists, and aimed to provide local communities with clear sets of priorities and evidence to help them attract external resources. The completed plans were presented and signed off by the Community Planning Partnership.

In 2014, the Community Planning Partnership commenced a review of the process in order to assess its achievements, strengths and challenges, and to inform the planning of a future model for localised engagement and participation following the completion of all current Neighbourhood Plans.

Place Standard Tool

The Place Standard Tool has been used to update neighbourhood plan consultations and support community conversations. Using the framework allows structured conversations, about 'place' and 'community', from both a physical and social aspect. The tool has been used to facilitate group discussions and results have been collated through a survey monkey format.

The tool enables communities to identify assets as well as areas for improvement. Working with the local community, colleagues within the Communities and Lifelong Learning sector are currently entering in to a review of the neighbourhood plan²⁴ in Gorebridge, Midlothian and will be using the Place Standard to support the development of the plan.

²⁴ October 2020

The Planning (Scotland) Act 2019 requires closer collaboration between land use planning and Community Planning – all in the spirit of the Place Principle. Equally the Act introduces Local Place Plans – Midlothian Council formally invites community groups to prepare Local Place Plans focused on the development and change of use of land in their local area over a prescribed period of time. Local Place Plans are intended to inform the preparation of future Local Development Plans and is an opportunity for greater collaboration and involvement of communities in the development planning process.

The Place Principle aims to encourage community involvement, break down boundaries and improve the resources and investments within Scotland's communities. It is an approach the housing service will adopt to change based upon a shared understanding of what that place is for and what it wants to become with partners and communities collaboratively agreeing the joint actions required to make that happen. The Place Principle was central to the LHS consultation, respondents were asked to use it when considering:

- How services and local communities can work together to improve Midlothian's towns and villages
- How resources, services and assets are currently directed and used by local communities
- How resources, services and assets should be directed to improve Midlothian's towns and villages

Town Centre First Principle

The Midlothian Local Development Plan (adopted 2017) incorporates the Town Centre First Principle as part of the decision making process to determine planning applications for retail and commercial leisure development –the Midlothian Local Development Plan Policy TCR2 Location of New Retail and Commercial Leisure Facilities²⁵ applies the approach. This can lead to the refusal of planning applications where the application is not in a town centre.

The Local Development Plan establishes a network of centres, setting out the role of town centres and that of other types of centre and how they relate to each other. Policy TCR1 Town Centres²⁶ supports development which contributes to the vitality of town centres and allows for diversification away from retail. This is phrased as an 'encouraging' policy however and Midlothian Council have not yet sought to extend the policy controls that channel retail/commercial leisure development to town centres to other activities such as education and healthcare facilities. The town centre first principle needs to be applied carefully, as depending on the catchment of

²⁵ https://midlothian-consult.objective.co.uk/portal/midlothian_local_development_plan_2017?pointId=s1510758699942

²⁶ https://midlothian-consult.objective.co.uk/portal/midlothian_local_development_plan_2017?pointId=s1510758699942

the proposed facilities a non-town centre location may be more convenient and sustainable.

Through the supportive planning framework of policy TCR1 and the constraints on other locations in TCR2 which reflect the town centre first principle, the Council seeks to encourage investment in the town centres. The Council also carries out town centre health checks to identify how town centres are performing and identify deficiencies. The Council has led and collaborated with partners on a number of capital investment projects in recent years to improve town centres, most notably the Townscape Heritage Initiatives in Dalkeith and Penicuik.

Compulsory Purchase Orders

Put simply, Midlothian Council's strategy is to acquire properties by voluntary acquisition failing which it will give consideration to using its powers of compulsory acquisition where it is necessary and proportionate to do so in order to provide social housing.

Empty Homes

Under the Council Tax (Discount for Unoccupied Dwellings) (Scotland) Regulations 2005, Midlothian Council reduced the amount of discount for long term empty dwellings and second homes from 50% to 10%, with the extra revenue used to support affordable housing. A total of £239,000 was raised between 2017/18 and 2019/20 which is being used to support Midlothian's New Build Council Housing Programme as shown in table 7.* below.

Table 7.*: Increased Income from Council Tax Generation

	Council Tax Raised	Council Tax Used to Support Affordable Housing	Council Tax Carried Forward to Subsequent Years
2017/18	£86,000	£86,000	£0.0
2018/19	£79,000	£79,000	£0.0
2019/20	£74,000	£74,000	£0.0

Midlothian Council does not have a dedicated 'Empty Homes Officer'. Home owners of empty properties are advised to contact the Housing Strategy and Performance Team for advice on how to bring their homes back into use. Midlothian Council also advocates use of the Scottish Empty Homes Partnership and Empty Homes Advice Service which look at different options and the support available. Table 7.* below shows how many empty properties are in Midlothian.

Table 7.*: Empty Homes in Midlothian

	Number (as per 9 October 2020)
Second Homes	51
Empty Homes	383
Empty Homes (included in above figure) which have been vacant for 6 months+	339

There are 41,708 dwellings on Midlothian's Council Tax database. Empty Homes account for 0.9% of these whilst second homes account for 0.1%.

Key Challenges

- To incorporate the Place Principle into the preparation of the next Midlothian Local Development Plan review
- To use the Place Standard Tool as a key part of the engagement programme.
- Midlothian Council to continue to formally invite community groups to prepare Local Place Plans focused on the development and change of use of land in their local area.
- The Housing Service to adopt the Place Principle to encourage community involvement, break down boundaries and improve the resources and investments within Scotland's communities.
- Midlothian Council have not yet sought to extend the policy controls that channel retail/commercial leisure development to town centres to other activities such as education and healthcare facilities.

Consultation responses

Question asked	Individual response	Council response/LHS Outcome
1. How can services and your local community work together to improve the area?	It be a good start to make streets looking better. THE BETTER IT LOOKS. .THE BETTER IT BE LOOKED AFTER. And by this I mean rubbish and weeds on paving. It looks bad, on council when volunteers have to step up with no help from council.	
	Make sure services engage with the community and have infrastructure in place before expanding housing beyond what the area can cope with	
	My neighbourhood is Dalkeith. It is essential in place making and developing communities that we are as proactive as possible. For example, in terms of new housing developments, it appears that Midlothian Council has permitted unconstrained numbers of new houses for sale to be built which put pressure on the already stretched infrastructure of schools, medical practices, roads, recreational facilities etc. Prior to or concurrent with building, action should be taken to ensure that the infrastructure can support the increase in number of residents, not as a problem to be solved afterwards. Such	

	an approach will require more discussion between service providers and local community representatives - and therefore, perhaps, delay building. However, the final outcome would be a better one for all concerned.	
	By supporting local communities with places to meet and discuss their needs. By having more face to face access to council services for those that don't find online communications easy. Better explanations when the council can't solve a problem and suggestions about what the community can try instead.	
	There is a lack of services, that is the problem. Need more doctors, high schools and commercial businesses, it's just pubs and hairdressers	
	More encouragement if walking and cycling - this creates a better sense of community than when everyone drives in their own private vehicles.	
	Integrate active transport and recreation within Midlothian. Despite huge growth in housing there is very little investment to encourage active transport and outdoor experience.	
	Communication is key - as someone who gets sent to clean up after community councils it infuriates me that they do "good" and then expect the council workers to clean up after them. I once got sent to "lift" a tonne sack, full of soil on to a van. A tonne. If there is no clear plans of action to improve the local aesthetic then it becomes a war between the two sides. Communication is key.	
	Often in new build developments there is lacking a sense of community as everyone moves in new. Consider means to have applicants involved together in the process so relations are developed in advance. Particularly if a portion of allocations are transfer led.	
	To be able to have online meetings with Community Council etc. as due to the current situation these cannot happen. Also a different way to give information.	
	More engagement with the Community Councils who should/can lead on community engagement	
	Community events , clean ups , action groups etc.	
	Collaborate working with partnerships, when debating what is needed or if there is options for certain projects, make it more accessible and apparent for the public to have an opinion	
	Work through and with the local Community Councils and do on line consultations/questionnaires and paper based for older folks	
	MLC could - and should - ensure that all communities are aided to develop their own Local Place Plan. This must not be left to Community Councils, although they are a good place to start. Council officers in the Communities team know all the local Facebook groups and could be using them to mobilise consultations (via Zoom, or similar) and training sessions on the basics of Place Planning and then facilitate a LPP process for each community.	

	Any new developments should have appropriate infrastructure, such as bus routes and green spaces. Also amenities, like schools and GP surgeries need to be localised and have space for new people moving to the area. Also more cycle paths to encourage healthy active travel	
2. How are resources and services currently delivered and used by your local community?	Bonnyrigg & Lasswade is a community deprived of civic space with the sell off and leases given to a few favoured groups. The Community space within the High School Centre is hardly available to local groups because of the poor estimate of the requirements of the School.	
	Resources and services are overstretched and the pace was of building additional housing needs to stop until they are improved	
	There is a perception that services and resources, including developer contributions, have not been spent on improving the Midlothian County town of Dalkeith, particularly the outdated town centre, but it appears that improvements have been made to other town centres across Midlothian. So, it seems there is an imbalance in how resources are used.	
	Local community seems to converge to Edinburgh instead of shopping and spending time in Midlothian. There's not enough jobs, leisure activities.	
	Not very well. Libraries and sports centres threatened with closure last year. Very little investment in community hub I, roads, doctors' surgeries, cycle paths, amenities, and regeneration. It's all about new housing without any thought of local sustainability.	
	I personally don't know if there's any	
	Have no idea. Would love to know.	
	Midlothian Sure Start is great, the beacon offers some good things too	
	Council, transport services important. Community groups do some service delivery. We are missing third sector organisations in immediate area	
	Don't know because I have never seen or heard anything about resources	
3. How should resources and services be directed to improve your local area?	Through effective communication and the use of up to date data, really understand who lives in that neighbourhood. What are their current needs but also what are their future needs? If an area consists of purely large family homes, it may meet the needs of the family's resident there today, but as people grow older, their needs from their community and their physical requirements change. In order to have their needs met, they then need to leave a community they have perhaps lived in for decades.	
	Resources and services should look at the whole picture, taking into account everything a community has to offer. We should prioritise opportunities to promote health and quality of life, looking at safe and vibrant green spaces, affordable and safe active travel options and opportunities to work remotely from community hubs. We should look to work with	

	local businesses and licencing to make sure there are opportunities to eat well and live well at an affordable price locally, we should encourage gardening and allotments and we should build on the network of 'good neighbours' which have been built up through covid. If every household across Midlothian knew two more of their neighbours they could turn to when something happens it would make it a safer and happier place to live.	
	More local space dedicated to cycling and walking. Space in towns should be more pedestrianised to make it more appealing to visit = better for businesses and locals.	
	Building on communication - start community initiatives to make the area look more appealing but also develop skills for the local communities. If community councils enjoy gardening use the workers who are knowledgeable to lend a helping hand to create a better working relationship.	
	Community engagement is the key as there is such a diverse range of people in the area and there is currently too much emphasis on children and young people and the elderly. How about activities and groups for the 30 - 60 age group. And community led initiatives such as litter picking, planting, a community food project such as community gardening and cookery classes.	
	Regular and detailed surveys should be conducted within community groups to identify the key issues within each community. Community Councils could be used as a vehicle to advertise and mobilise responses. Surveys should be professionally developed so that questions are clear and responses can be meaningful. MLC must utilise multiple channels to ensure appropriate engagement, with targets set for levels of response.	
	More impetus on community capacity building and community management and accountability for their decisions	

Key Actions:

8 Preventing and Addressing Homelessness

Outcome - Homeless households and those threatened with homelessness are able to access support and advice services and all unintentionally homeless households will be able to access settled accommodation.

Homelessness – the National Context

The Housing (Scotland) 2001 Act places a statutory duty on each local authority to carry out an assessment of homelessness in its area and to prepare and submit to Ministers, a strategy (as part of the LHS) for the prevention and alleviation of homelessness. In 2017 The Scottish Government established a Homelessness and Rough Sleeping Action Group (HARSAG). The final HARSAG report, published in June 2018, made the following recommendations to address homelessness in Scotland.

- Homelessness should be resolved through effective prevention whenever possible;
- Homeless applicants should be rapidly resettled in a permanent housing solution;
- Homeless applicants should have access to the widest range of housing options;
- Temporary accommodation should only be used as a stop-gap;
- Effective support should be made available from day one to enable the homeless household to sustain their tenancy;

- Supported accommodation is available for that small minority of applicants who are not able to sustain their own tenancy.

Following publication of the HARSAG recommendations the Scottish Government required all Local Authorities to publish a rapid rehousing transition plan by December 2018. Within these plans Local Authorities are required to demonstrate the following:

- How they will move to a rapid rehousing model over a period of no more than five years;
- Demonstrate how both homeless demand will be met, and how any backlog of demand from homeless households currently in temporary accommodation will be addressed.

This chapter will reference Midlothian's RRTP; examine the local homelessness situation and how the council is working to meet current legislative requirements.

Homelessness – the Midlothian Context

Chart 8.1 below shows the annual number of homeless applications made to Midlothian Council since 2007/08. It shows that the highest number of homeless applications were assessed in 2008/09 (871 applications). Since then there has been a significant reduction in the annual number of applications assessed as being homeless or potentially homeless. A key reason for the decline in homeless applications is the increased focus on homeless prevention and providing housing options advice to those households who were at risk of becoming homeless. Table 8.1, below shows that the proportion of people presenting to Midlothian Council as homeless was lower than the average for Scotland as a whole – approximately 5.6 persons per 1,000 people in Midlothian compared to 6.8 in Scotland. As of November 2019 there were 895 homeless cases where the Council had a duty to source suitable permanent accommodation.

Chart 8.1: Number of Homeless Applications in Midlothian 2007/08 – 2019/20

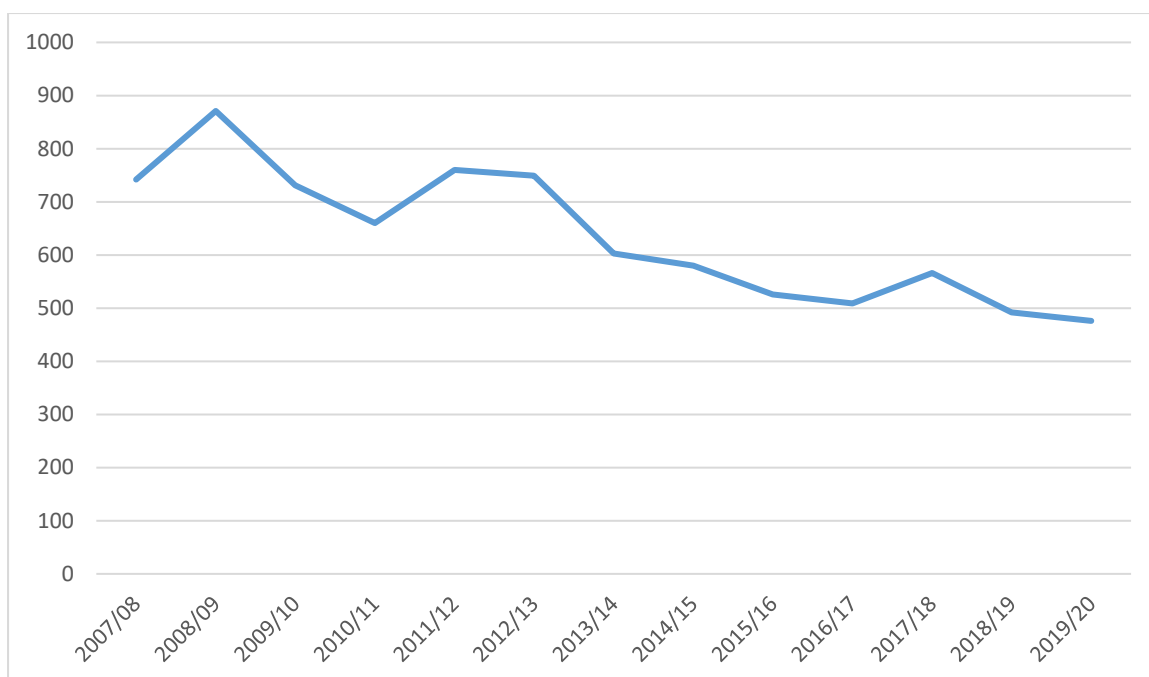


Table 8.1: Number of Homeless Applications per 1,000 People during 2018/19

Area	No. of Applications per 1000
Midlothian	5.6
Scottish Average	6.8

Source: Midlothian Performance Analysis, SHN November 2019

Table 8.2 below, indicates the causes of homelessness in Midlothian. It shows that 28% of cases have been because a person has left a household following a non-violent relationship breakdown. 21% of homeless applications were because a person was asked to leave a household and 16% were due to a violent dispute within a household.

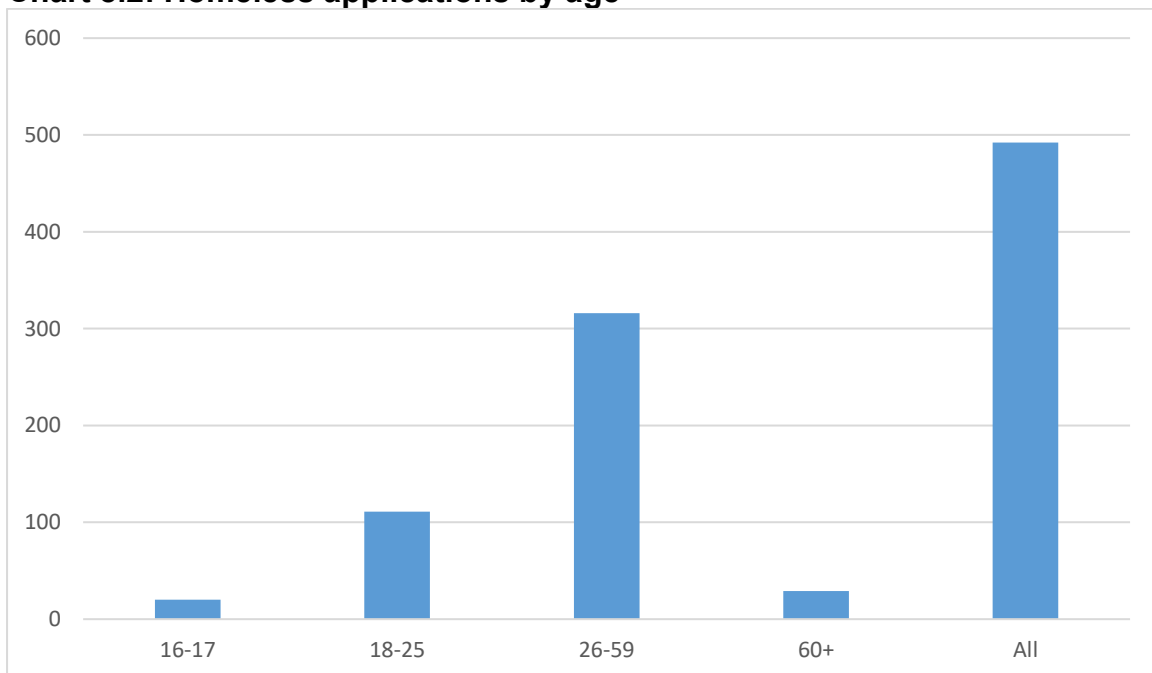
Table 8.2: Reasons for Homelessness, 2019/20

Reasons For Homelessness	Percentage
Asked to leave	21%
Dispute within household / relationship breakdown: non-violent	28%
Dispute within household: violent or abusive	16%
Other action by landlord resulting in the termination of the tenancy	8%
Other reason for leaving accommodation / household	0.6%
Overcrowding	5%
Other reason for loss of accommodation	9%
Discharge from prison / hospital / care / other institution	3%
Termination of tenancy / mortgage due to rent arrears / default on payments	3%

Applicant terminated secure accommodation	1.9%
Forced division and sale of matrimonial home	0.8%
Loss of service / tied accommodation	0.4%
Harassment	0.2%
Fleeing non-domestic violence	1.9%
Emergency (fire, flood, storm, closing order from Environmental Health etc.)	0%
All	100%

Chart 8.2, below, shows the age breakdown of homeless applicants presenting to the Council in 2019/20. It shows that there was a low proportion of homeless applications from people aged between 16 and 17 (20 applicants) and those over the age of 60 (29 applicants) whilst those aged between 26 and 59 formed the largest age group of applicants (316). A significant proportion of applicants (111) were younger people aged between 16 and 25. However, since 2014/15 the proportion of homeless applications from younger people has reduced from 38.6% in 2014/15 to 23.3% in 2019/20. Amongst younger people the most common reason for being homeless was being asked to leave the family home.

Chart 8.2: Homeless applications by age



In 2019/20, there were 476 homeless applications in Midlothian. As shown in chart 8.3 below, a higher number of females made homeless applications (245), than males (231).

Chart 8.3: Homeless applications by gender

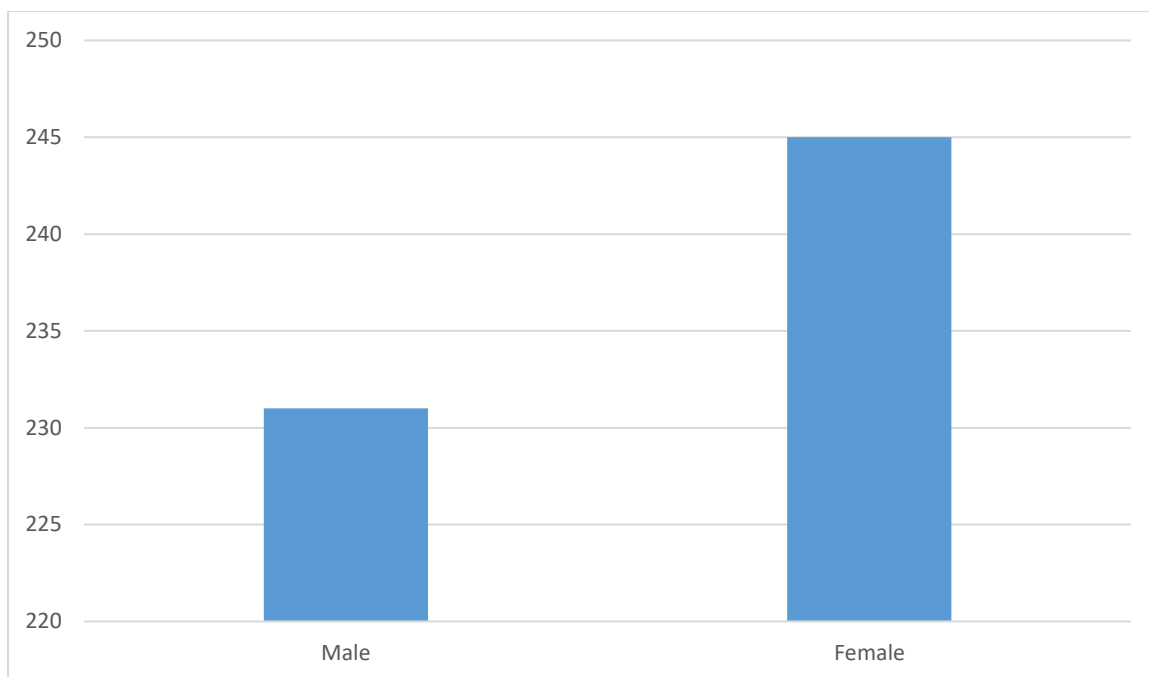
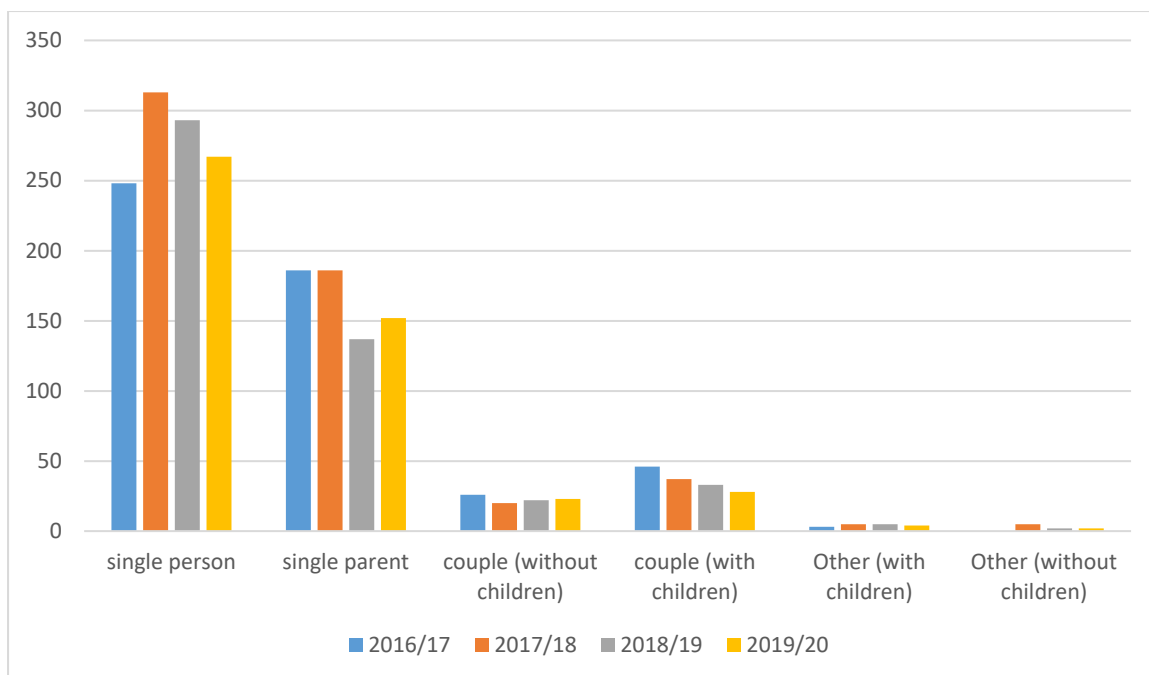


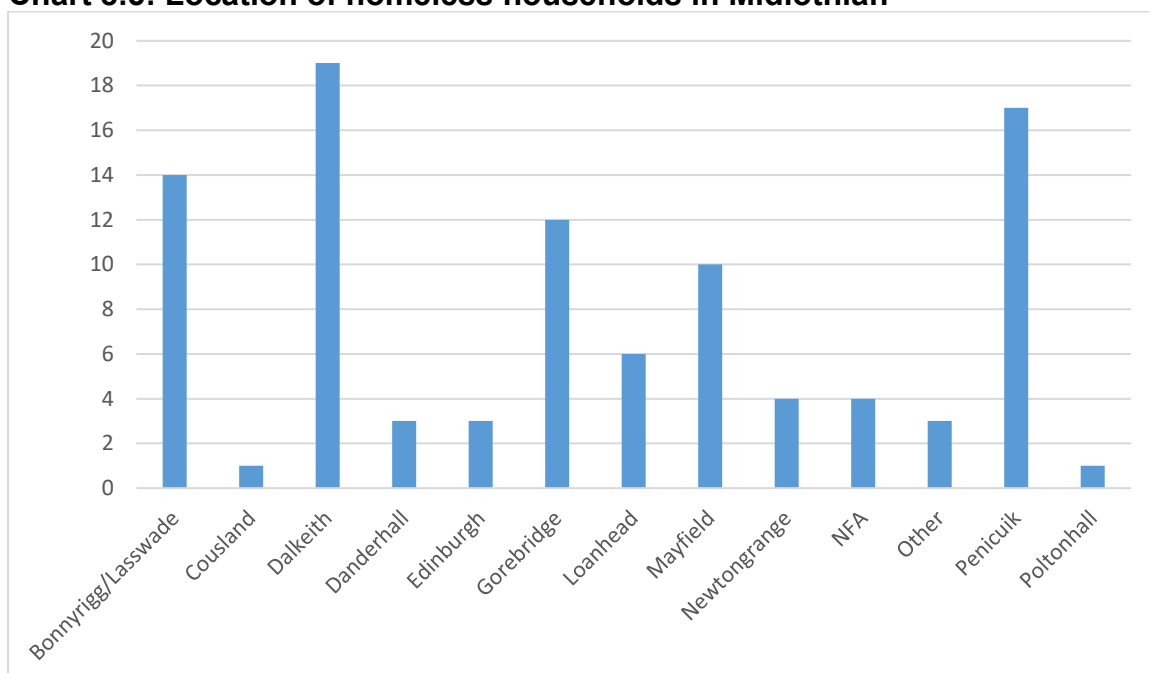
Chart 8.4 below shows the composition of households who presented as homeless in Midlothian between 2016/17 and 2019/20. As in the past, single person households continue to have the highest proportion of homeless households in Midlothian. In 2019/20, 56% of applications were from single person households followed by 32% from single parent households in Midlothian. In comparison, couples with children (8.8%), couples without children (4.8%), other with children (0.8%) and other without children (0.4%) represented a small proportion of applicants.

Chart 8.4: Homelessness by Household Type in Midlothian 2016/17 - 2019/20



Analysis of data on homeless households' locations when their applications were made shows that Dalkeith has the highest percentage of homeless households (19%) followed by Penicuik (17%), Bonnyrigg (14%), Gorebridge (12%) and Mayfield (10%). It should be noted that there are temporary accommodation units in these areas which may affect the figures.

Chart 8.5: Location of homeless households in Midlothian



NFA means 'No Forwarding Address' and 'Other' refers to areas across the United Kingdom.

Temporary Accommodation

Chart 8.6 below shows the number of households living in temporary accommodation in Midlothian during the past 10 years. It shows that temporary accommodation use was at its highest in 2009/10 (793 households) and has varied up and down since. In 2019/20 temporary accommodation use was at its lowest (418 households). The reduction in 2016/17 was due to Midlothian Council no longer operating a Private Sector Leasing Scheme as this was no longer an affordable source of temporary accommodation for the Council. Further reductions since 2018/19 are a result of measures brought in by the Rapid Rehousing Transition Plan (RRTP). It should be noted that the figures for the increase in temporary accommodation use since 2016/17 are subject to changes within the operation of the HL3 monitoring system.

Chart 8.6: Number of Households living in temporary accommodation in Midlothian, 2009/10 – 2019/20

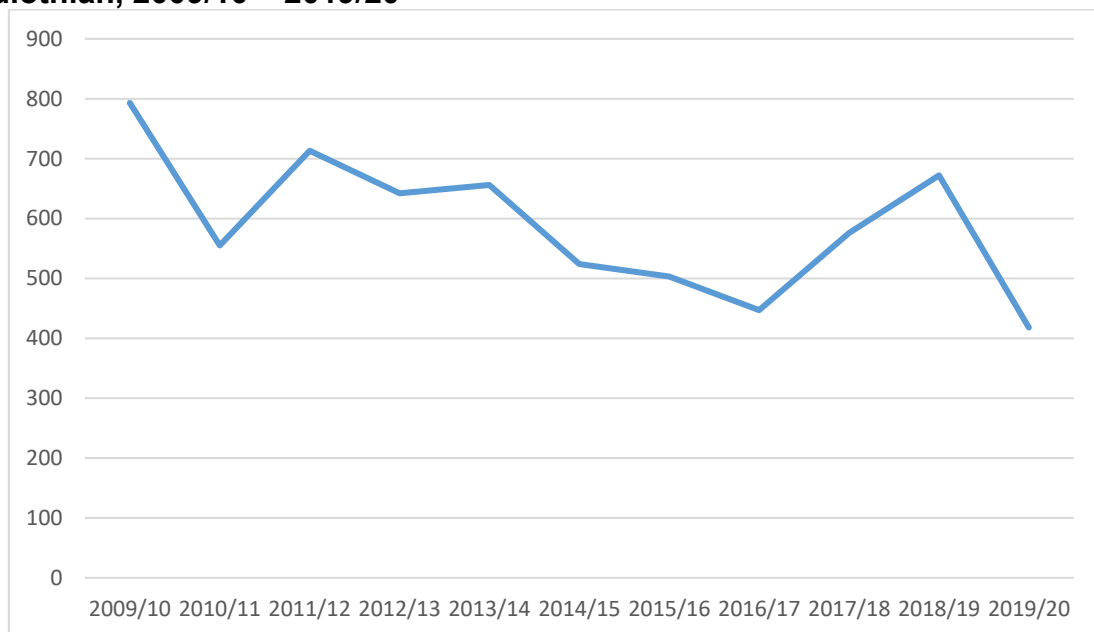


Chart 8.7 shows the average number of homeless households Midlothian Council has living in bed and breakfast accommodation. It shows that there has been a significant reduction from 109 households in 2011/12 to 43 households in 2019/20. This reduction has been due to the Council increasing the use of Houses in Multiple Occupation. The Council has acquired three buildings (two which were empty Council owned buildings) and renovated the building before letting the units out as temporary accommodation with on-site staff support. Midlothian Council is also introducing shared temporary accommodation. This will see two households sharing a property, each with their own lockable bedroom, and sharing other communal areas.

Chart 8.7: Number of homeless households in bed and breakfast 2009/10 – 2019/20

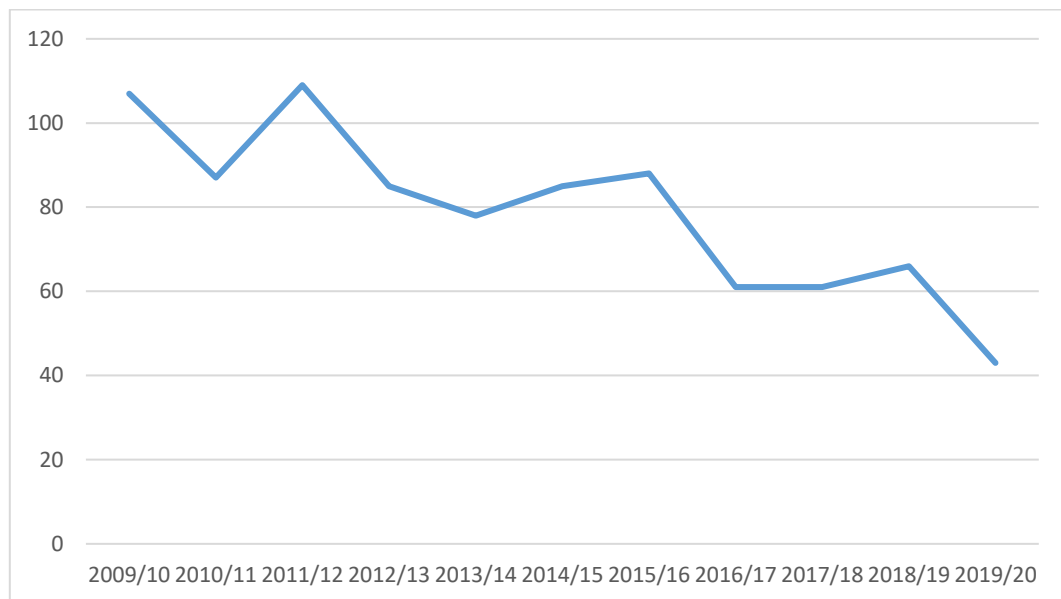
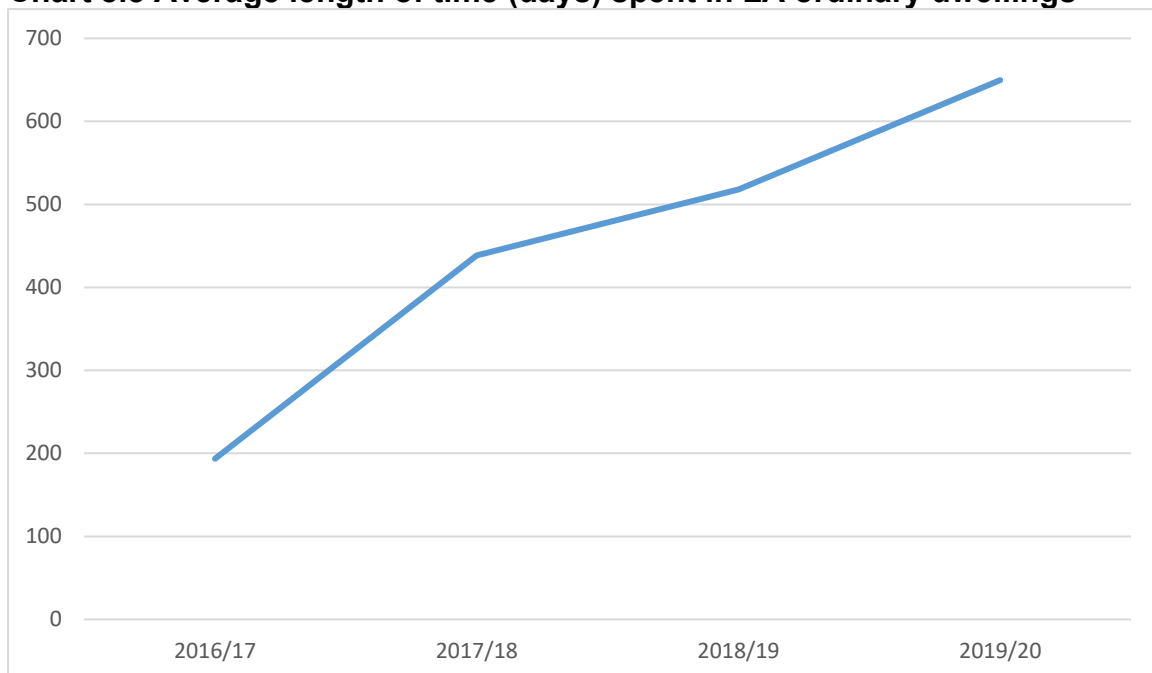


Chart 8.8 below, shows the average length of time (in days) that homeless households spend in Midlothian Council owned temporary accommodation. In 2016/17 on average households spent 193.6 days whereas by 2019/20 this number had risen to 649.7 days. It should be noted that these figures are subject to changes within the operation of the HL3 monitoring system.

Chart 8.8 Average length of time (days) spent in LA ordinary dwellings



Satisfaction with the quality of temporary accommodation provided by Midlothian Council is slightly lower than average. The satisfaction level for 2019/20 was 86.5%, which was lower than the Scottish average of 88%. Anecdotal information suggests that a significant proportion of dissatisfied service users stated dissatisfaction not because the accommodation was of poor quality but because of the length time spent in the temporary accommodation.

Housing Support in Midlothian

As shown in table 8.3 below, there is a significant proportion of homeless households with supports needs in Midlothian and it is important that they are provided with this support. In recognition of this, in Midlothian the Health and Homelessness Steering Group was developed in 2016. It has been responsible for:

- Undertaking a report in which homeless clients in Midlothian have shared their experiences of homelessness and access to health services
- Developing an action plan to improve health services to homeless people in Midlothian
- Maximising opportunities to prevent homelessness .e.g. the hospital discharge project - hospital staff at the Infirmary contact the housing services team to plan the departure of people from their services.
- Reviewing and improving service provision to ensure it meets the needs of homeless service users' .e.g. the CHIT nurse (Community Health Inequalities Team) visits supported temporary accommodation units to meet with clients.

In terms of supporting young people, Midlothian Council was the first Council in Scotland to implement the SQA accredited course "Tenancy and Citizenship Group Award". The course is run by support workers in Midlothian Council's supported accommodation units. The course consists of modules that aim to provide young people with the skills to manage their own tenancy and live independently. Modules include practical tasks like budgeting and cooking and accommodation units in order to facilitate rapid move on from shared accommodation.

Housing support in Midlothian complements the legal requirements of the Housing Support Duty.

Table 8.3: Support needs identified 2019/20²⁷

Support needs summary	No. of homeless applicants
No support needs	361
1 support need identified	88
2 support needs identified	24
3+ support needs identified	4
Total	477

²⁷ These figures include applicants with health support needs which do not necessarily affect the individual's ability to manage a tenancy independent of support

Midlothian's Rapid Rehousing Transition Plan

Midlothian Council published its first Rapid Rehousing Transition Plan (RRTP) in December 2018 and set out the following vision to address homelessness in Midlothian.

Midlothian's vision for the Rapid Rehousing Transition Plan is that by 2024: "An increased number of homeless households will obtain permanent accommodation, no homeless household will be accommodated in bed and breakfast accommodation, and the average time taken for the Council to complete its homeless duty will have halved from 105 weeks to 52 weeks."

A revised RRTP was submitted to the Scottish Government in June 2020. The following are outcomes from Midlothian Council's RRTP, and are closely aligned with the LHS Outcomes:

- Outcome 1: The supply of permanent accommodation for homeless households has increased
- Outcome 2: Bed and breakfast accommodation is no longer used as emergency accommodation for homeless households and the time households spend in temporary accommodation has reduced
- Outcome 3: Homeless households with support needs are supported to access and maintain permanent accommodation
- Outcome 4: Housing options and support is in place to prevent homelessness

In order for the LHS and the Rapid Rehousing Transition Plan to be a success there are key challenges to be addressed in Midlothian during the five year period of both documents:

- The turnover of in social rented housing is low in Midlothian compared to other areas. In order to meet the need for homeless accommodation a total of 446 lets would need to be available for homeless households. In 2019/20, 176 lets were made available for homeless households.

- The supply of new affordable housing in recent years has not been sufficient enough to meet the need.
- There were 935 open homeless cases as of 31 March 2020
- The availability of housing in the private rented sector may be declining and only supports a small proportion of households to alleviate homelessness.
- Despite an ongoing new build programme and an increase in the proportion of allocations to homeless households, the length of time taken homeless households wait for permanent housing is the longest in Scotland. The length of time will not decrease for several years due to the backlog in homeless applications.
- There are over 3,500 households on the Council's Housing List who are not homeless but many of these households also have important housing needs which should also be addressed.
- Despite significant investment in new council-owned emergency accommodation Midlothian Council still use bed and breakfast accommodation for homeless households which is not good practice and it is expensive to provide.

To achieve these outcomes the following activities have been identified within Midlothian Councils RRTP:

- Reduce the time taken for homeless households to secure a permanent housing outcome. Increasing the proportion of lets to homeless households through revisions to the Housing Allocations Policy. Offering those who have been in temporary accommodation the opportunity to have the property converted to a permanent tenancy.
- Improving the quality of temporary accommodation, particularly that which is provided to households without children. Ending the use of bed and breakfast accommodation.
- Implementing Housing First for those with long-term/repeated instances of homelessness.
- Improving outcomes for young people to prevent homelessness, or maximise tenancy sustainment where this cannot be avoided. Continuing housing education work in schools. Delivering the SQA Tenancy and Citizenship Award. Partnership working with Children's Services to develop a homeless prevention pathway for care experienced and looked after young people.
- Adopting an early intervention approach to prevent homelessness from occurring by supported households to remain in their current accommodation, or where this is not possible access alternative accommodation before homelessness occurs. Developing a prevention fund to help households remain in their accommodation. Improving access to a full range of housing options including the private rented sector through access to rent deposits at an earlier stage. Help those on low incomes to access this type of accommodation more easily. Working in partnership with internal departments and external Registered Social Landlords to prevent evictions from occurring

by adopting the Section 11 good practice identified by the North and Islands Housing Hub.

- Ensure staff are able to effectively deliver a full range of Housing Options advice regardless of tenure. Provided access to training the Housing Options Training Toolkit. Providing access to a specialised Housing Support service whenever appropriate to maximise tenancy sustainment across all sectors.
- Continue to work with other members of the Edinburgh, Lothians and Borders Housing Hub. To develop and share information and best practice on the prevention of homelessness.

Housing First

One of the key HARSAG recommendations is the development of the Housing First model as a response to long term homelessness. Evidence shows that Housing First is a more effective response to long term homelessness in comparison to the traditional staircase model. Providing service users with should provide ordinary, settled accommodation as a first response to homelessness gives a base for recovery and addressing other life issues. Delivering better long term solutions for people with multiple needs across all services. This approach is underpinned by the seven Housing First principles:

- People have the right to a home;
- Flexible support for as long as needed;
- Housing and support are separated;
- Individuals have choice and control;
- An active engagement approach is taken;
- The service is based on peoples strengths; goals and aspirations;
- A Harm Reduction approach is taken.

Midlothian Council has highlighted Housing First as a key action in its RRTP, and has committed to creating up to 20 Housing First tenancies a year. A partnership approach has been adopted to work alongside other agencies to provide settled accommodation to service users with long term/multiple instances of homelessness. Services users' experience of homeless will be compounded by other long term/multiple support needs such as mental health, substance misuse, and experience of the justice system. A specialist support provider has been procured to provide a dedicated support service to Housing First tenants. This support will compliment that which is provided by other agencies to achieve improved outcomes across all services.

Housing Options Hubs

Five regional Hubs have been established across Scotland to promote a housing options approach to homelessness prevention. Midlothian is a member of the Edinburgh, Lothians and Borders Hub, which contains six local authority areas, who experience similar challenges in providing settled accommodation and housing support for homeless households. Housing Options Hubs, funded by the Scottish Government, enable partnership working on projects which benefit all local authority areas in terms of providing greater housing options to homeless households.

Since the Hub was established in 2010 a range of activities have been undertaken including:

- Providing mediation training for staff
- A housing options advertising campaign across the region
- Development of an interactive web based housing options tool
- Develop use of flat sharing models in the private rented sector
- Development of a nationwide housing options training toolkit for housing practitioners and front line staff

More recently the Edinburgh, Lothians and Borders Hub has concentrated on sharing best knowledge and practice on areas including Allocation Policies and Rapid Rehousing Transition Plans and developing a new Housing Options Toolkit (a suite of training modules on various aspects of Housing Options). The Hub has also recently funded a Prison support worker to help prevent homelessness upon liberation.

The Scottish Social Housing Charter on homelessness

The Scottish Social Housing Charter sets out the standards and outcomes that among others, homeless people can expect from social landlords in terms of access to help and advice, the quality of temporary accommodation, and continuing support to help homeless people access and keep a home. The Council and local Housing Associations are committed to delivering the best outcomes to persons who are homeless or threatened with homelessness through a number of ways including

1. Increasing housing stock to ensure persons who are homeless or threatened with homelessness are able to access stable and secure accommodation. This is currently being done through:
 - Council ongoing housing development with 1,134 new homes completed to date
 - RSLs have completed 678 new homes to date
 - Council buying back ex-Council houses from the open market
 - Increasing housing allocations to homeless applicants
2. Implementing the Housing Options Service to ensure those who are homeless or threatened with homelessness are offered robust advice and are able to make informed decisions regarding their accommodation needs (see section on housing options)
3. Improving the quality of temporary accommodation provided by ending the use of Bed and Breakfast style accommodation. This will be achieved through the introduction of Shared Temporary, this accommodation will see two people sharing a property each with their own lockable bedroom. Additional good quality supported accommodation is provided through 17 bed spaces in Polton (The Polton Centre) and 43 bed spaces plus two self-contained units (flats) in Penicuik (Pentland House).
4. Monitoring temporary accommodation provision by partners through service reviews and service users' surveys to ensure services delivered continue to be fit for purpose.

Key Challenges:

- The turnover of in social rented housing is low in Midlothian compared to other areas. In order to meet the need for homeless accommodation a total of 446 lets would need to be available for homeless households. In 2019/20, 176 lets were made available for homeless households.
- The supply of new affordable housing in recent years has not been sufficient enough to meet the need.
- There were 935 open homeless cases as of 31 March 2020
- The availability of housing in the private rented sector may be declining and only supports a small proportion of households to alleviate homelessness.
- Despite an ongoing new build programme and an increase in the proportion of allocations to homeless households, the length of time taken homeless households wait for permanent housing is the longest in Scotland. The length of time will not decrease for several years due to the backlog in homeless applications.
- There are over 3,500 households on the Council's Housing List who are not homeless but many of these households also have important housing needs which should also be addressed.
- Despite significant investment in new council-owned emergency accommodation Midlothian Council still use bed and breakfast accommodation for homeless households which is not good practice and it is expensive to provide.

Consultation Responses

Question asked	Individual response	Council response/LHS Outcome
1. How can services and your local community work together to tackle homelessness?	It appears the problem for Midlothian is the number in temporary accommodation. More permanent housing would help the issue. There are a large number of houses already with planning permission but not built. It is not in the interests of the large building firms (currently favoured under present allocating of large sites). More small sites might achieve more housing faster as small firms do not land bank.	
	Work to tackle the causes of homelessness and challenge the stigma and morality that surrounds homelessness. Make sure that supports work together with individuals and work with people as proactively as possible to prevent the things that cause homelessness. Ensure the workforce is compassionate and well supported and make sure people get a permanent home quickly and that the home decorated,	

	<p>comfortable and homely on the first day of moving in to help people establish a sense of home. Make sue support is proactive, there from the begining, flexible and focused on the person and their health and wellbeing needs, their life context and their strength. Work to increase social housing. Home ownership is not achievable, affordable or desirable to all and the private rental sector provides expensive and often inferior quality housing with reduced tenure security. Ensure allocation of housing is proportionatly fair, prioritising people who are homeless, homelessness is higher in areas where more houses were sold under RTB. Private lets are less secure, more costly and more likely to fail multiple standards of living conditions. Champion, celebrate and drive forward housing first to support our homeless population with the most complex needs</p>	
	The Council should build more quality housing for rent	
	Various services need to work better together to help address the issues which may lead to homelessness: e.g. education, working with families; debt management; health care etc - so a more joined-up approach rather than being seen as just a housing issue.	
	More and better emergency accommodation. More support for people before they become homeless.	
	Greater provision of affordable housing. Midlothian like many places has fallen foul of private owners/ landlords pricing families out of the area. Breaking up the essence of a community by fragmenting families by displacing them to other areas. Help for those that need it, more help for working families that do their best but are struggling. Prohibit social housing from falling into the hands of private owners that only intend to buy to let. No one should be forced to pay twice the amount for the sake of staying in the area. Resist the need to evict struggling residents, explore options of financial services etc. A hand up is not a hand out.	
	Force property developers to include greater than 20% affordable/council/housing association allotment	
	Joined up approach to housing assoc supported accom and other services e.g. financial, mental health, substance misuse, social services	
	I believe that social housing is key. Using intermediate housing such as halfway houses with shared accommodation could start to help the homeless with issues while giving them safe spaces to successfully re-integrate into social aspects of life. Social housing has been known to me as quite convoluted and not easy to move into smaller accommodation. If this can be revamped so that a large house could accommodate 4/5 homeless people with access to community projects e.g. gardening programmes they could be given a purpose.	
	Can there be more social housing/ better use of existing vacant houses/ buildings	
	A clause in contract to stop elderly living in a huge house that a family needs	

	Provide housing first without conditions. Work with local churches and voluntary organisations more.	
	Unused building could be used for homeless rather than letting them fall into disrepair	
	Instead of giving houses to people housed accordingly help the homeless more.	
	People need to start reporting council houses being illegally sublet while the entitled lives elsewhere. It's ridiculous how many people live in £300000+ houses and yet retain their council house.	
2. How should resources and services be directed to tackle homelessness?	Prioritise social housing, champion and drive forward housing first and rapid rehousing, prioritise homeless people within allocations and work to remove the stigma and morality surrounding homelessness. Work hand in hand with partner agencies to make sure people get the support they need from people who are compassionate, informed and person-centred seeing the person not the condition. Links and close joint working is key. Invest also in programmes to help tackle the main causes of homelessness, be it financially or through joint working with the organisations who do have the levers	
	More permanent solutions need to be found as temporary arrangements such as B&Bs are unsatisfactory and expensive. Such temporary arrangements do not address the issue. Part of the solution is longer-term investment in suitable quality Council-owned accommodation on a longer-term temporary/permanent basis. Also, as already described, a multi-agency approach to tackling the issues which may lead to homelessness - so being more proactive.	
	Focus on the youth, 90% of people who are homeless probably had a troubled childhood which has led to this. Stop the cycle	
	Any closed hotels should be renovated and made into appropriate accommodation	
	They need to build more houses, and letting agency need to work with the council as most of them don't want 3rd party's or they want a guarantor and that's not any good	
	Priority housing allocation. More information available. More options for families. Shorter periods if time in temporary accommodations. Priority over housing choices such as houses for families and smaller flats and 1 bed houses for single people.	
	There is a shortage of council housing, so build more, buy old council homes that are up for sale back, increasing the supply	
	Why do people become homeless support with managing money, behaviours, prep for young people who need to live alone	

Key Actions

Outcome - Homeless households and those threatened with homelessness are able to access support and advice services and all unintentionally homeless households will be able to access settled accommodation.

9 Specialist Provision, Independent Living, Armed Forces, Key Workers and Gypsy/Travellers

Outcome - The needs of households with particular needs will be addressed and all households will have equal access to housing and housing services.

National Context

As part of the Scottish Government's Framework for improving the planning and delivery of integrated health and social care services, the National Health and Wellbeing Outcomes states that "*people, including those with disabilities or long term conditions, or who are frail, are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community*". People should be enabled to live independently with freedom, choice, dignity and control through the availability of specialist provision across all tenures.

Specialist provision is accommodation and services that may be appropriate when mainstream housing does not meet an individual's needs.

This chapter of the LHS will demonstrate that consideration has been given to the specialist provision requirements for those of all ages, in all types of household, across all tenures, including:

- Disabled people

- People with learning disabilities
- People who are vulnerable, frail, living with dementia, needing support to remain at home/living in the community
- Gypsy/Travellers
- Travelling Showpeople
- People with autism
- People with mental health problems
- People with complex needs
- People leaving supported accommodation – persons with convictions, looked after children, people with high support needs currently either in long term care in hospital or out of area placement, those discharged from hospital or a similar institution
- People who require supported accommodation – e.g. at risk families, people who are homeless, those who cannot live independently
- Young people transitioning to independent living for the first time
- Ethnic minorities, including migrants, asylum seekers and refugees
- Lesbian, gay, bisexual and transgender people

Local Context

The Midlothian Health and Social Care Partnership's Strategic Plan 2019-2022 contains the following outcome: 'People are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community'. The Local Housing Strategy naturally coordinates with the Strategic Plan and as such, the annual Housing Contribution Statement sits within the plan and acts as a bridge between the two documents. This Local Housing Strategy has utilised a strong evidence base to assess the need for specialist provision including the EQIA process, Integration Authorities within the Health and Social Care Partnership and local intelligence.

Housing's Contribution to Health and Social Care Integration in Midlothian

The role of the local housing sector in the governance arrangements for the integration of health & social care are as follows:

- The Chief Officer of the Integrated Joint Board is also managerially responsible for the Council's Housing Service. Through this role he is able to ensure that housing issues are recognised and addressed within the context of the Integrated Joint Board.
- The Strategic Planning Group is able to establish strong links with housing through representation from both the RSL Sector and the Council's Housing Service.
- Both the Chief Officer and the Chair of the IJB are members of the Community Planning Board and through this are able to influence decisions relating to housing as it relates to the objectives of the Integrated Joint Board.

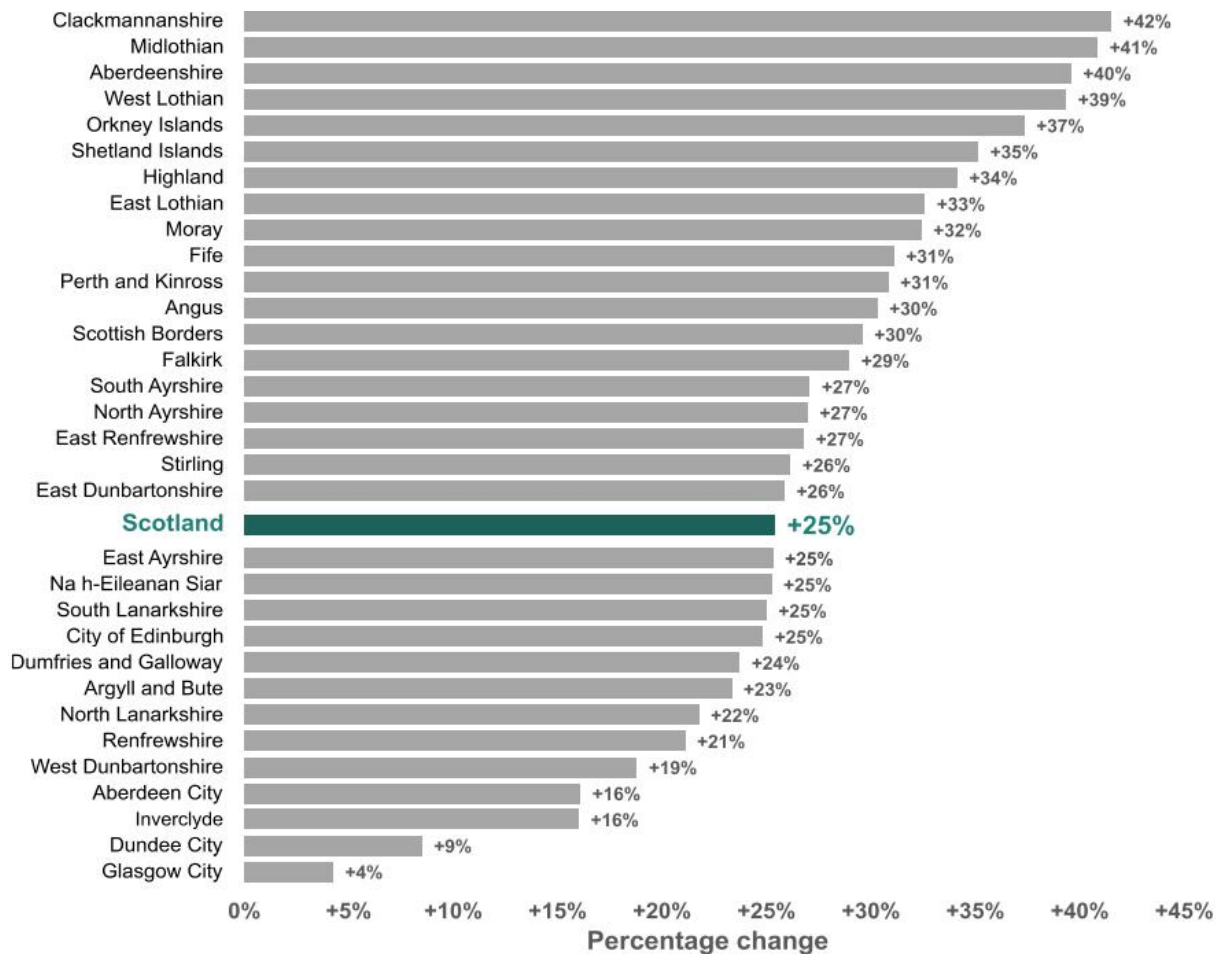
The Housing Need and Demand Assessment (HNDA2) provides a robust evidence base for housing and sets out the total additional future housing estimate over a 20 year period within the six South East of Scotland (SESPlan) Local Authorities - City of Edinburgh, East Lothian, South Fife, Midlothian, the Scottish Borders and West Lothian. The HNDA2 informs the development of the Local Housing Strategy (LHS) and the SESPlan Development Plans (DPs) by providing accurate and reliable data enabling local authorities to develop long term strategic and robust views of housing need and demand. This includes households requiring specialist housing provision. A shortage of housing and need for significant increases in the supply of housing is an issue for all local authority areas within the SESplan region. Specifically, section 7.1 of the HNDA2 assesses the need and demand for specialist housing provision across the SESPlan area. It identifies three broad categories of housing need, covering six types of housing or housing related provision, to support independent living for as long as possible and enable people to live well and with dignity.

Older People

Demographic change will have implications on housing need in Midlothian. Chart 9.1, below, shows the projected percentage change in population aged 75 and over by council area between 2018 and 2028. It is clear that Midlothian's population of over 75 year olds is expected to increase by 41% during that time frame, the second highest population increase in Scotland.

Chart 9.1: Projected percentage change in population aged 75 and over by Council area (2018 based figures)²⁸

²⁸ <https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/population/population-projections/sub-national-population-projections/2018-based>



It is anticipated that as people will live longer than in the past, their expectations of their future housing will be more aspirational than before. Care homes have been recognised as too expensive to meet the needs of a growing elderly population. However, it is also recognised that many older households want to live independently where possible.

One of the challenges of an increased proportion of older people is that of dementia. Midlothian's Health and Social Care Strategic Plan states that 'people over 85 are at a greater risk of living with dementia. There is likely to be 2,800 people with dementia in 20 years-which is double the number there are today²⁹. The main social care supports for older people who have dementia and/or who are frail are day care, care at home and care homes. Older people are also more vulnerable to sensory impairment. Older people can become isolated and often have to cope with bereavement of a loved one. Supporting older people to live well involves the contribution of a wide range of agencies.'

Specialist Provision of Housing for Older People Sheltered and Retirement Housing

There are various existing sheltered housing and retirement housing complexes in Midlothian. There is also some amenity and wheelchair housing and many homes

²⁹ 2019 figures

have been adapted to meet the needs of older people – further information on adaptations in both the private sector and by the local authority has been provided in the House Condition chapter. Most specialist housing for older people is social rented housing and managed by Midlothian Council or other Registered Social Landlords. There are also private developments where elderly households are owner occupiers.

Extra Care Housing

Extra care housing is also provided for older people. This is more suited for older people with higher care needs and developing accommodation of this type is an important housing option which will reduce the reliance on hospital and care home provision.

Key Features of Extra Care Housing

- Is also sometimes called assisted living or housing with care.
- Residents are restricted to only elderly households with some support needs.
- Accommodation consists of self-contained flats or bungalows which have their own kitchen, bathroom, bedroom and living room. Properties are either newly built as extra care housing or upgraded from sheltered housing to extra care housing.
- Care and support staff are available for residents and are often based on site.
- There are some communal facilities and shared services, such as a dining area and a garden.

There are currently two Extra Care complexes in Midlothian and another two under development, one in Dalkeith which will have 48 properties and the other in Bonnyrigg which will have 16 properties. Upgrades of some existing sheltered housing developments are also planned.

Figure 9.1: Midlothian Council Extra Care Housing at Cowan Court, Penicuik



Households with a Physical or Learning Disability

In Midlothian, 4800 people aged between 16 and 64 have a physical impairment which affects their ability to undertake normal daily living tasks and 1772 people have a learning disability³⁰.

Clearly the housing needs of households with specific conditions will vary according to their specific requirements. For instance a family including a young person with autism may only need an extra bedroom specifically for the young person. People with impaired mobility might require level access accommodation whilst someone who requires a wheelchair may require a specially adapted wheelchair accessible house.

Table 9.1 below shows that the vast majority of adults with learning disabilities (89%) do not live with a family carer which is much higher than the Scottish average (43%). Furthermore table 9.2 illustrates that 80% of adults with learning disabilities are living in mainstream accommodation whilst only 20% live in supported accommodation, a registered adult care home or 'other'. These figures will have a corresponding effect on adaptation budgets, both in the private and social housing sectors.

Table 9.1: Adults with a learning disability who live with a family carer³¹

	Adults who live with a family carer	Adults who do not live with a family carer	Not known	All adults (total number in area)
Midlothian	49	417	0	466
Scotland	7393	10,175	6,016	23,584

Table 9.2: Accommodation type for adults with learning disabilities³²

	Mainstream Accommodation			Supported Accommodation	Registered Adult Care Homes	Other	Not Known
	With support	With no support	Not recorded				
Midlothian	125	248	0	30	40	23	0
Scotland	6787	6159	1638	3466	1837	921	2776

Housing and Housing Adaptations for households with a Disability

Midlothian Council and partner RSLs provide and build new accommodation for households with particular needs. In addition, a significant proportion of existing housing stock in Midlothian features adaptations to assist with a households' independence. Table 9.3 shows the number of households with specific housing requirements due to their medical priority:

- Medical Category A is awarded where it is agreed that an applicant can no longer continue to live in their current accommodation due to health reasons.

³⁰ Midlothian Health and Social Care Strategic Plan 2019

³¹ <https://www.sclld.org.uk/2019-report/>

³² <https://www.sclld.org.uk/2019-report/>

- Medical Category B is awarded where it is agreed that rehousing would be of significant benefit to the applicant's health/level of independence.

It is evident that 698 applicants have medical needs for seeking housing from the Council, which is 17% of all housing applicants.

Table 9.3: Midlothian Council Housing List Applicants, by Medical Priority

Medical Category	No. of Households	% of all Housing Applications
A	278	7%
B	420	10%

Investment in Aids and Adaptations

If funding for such works were not made available, a significant number of households would be living in housing unsuitable for their needs. Table 9.4 below shows the amount of money the Council spends on helping private and council households to live independently in their own homes, with 72 households assisted during 2019/20. In addition 349 households (as of October 2020) use a telecare package to support their independence and ensure their safety and 1667 households use the alarms service.

Table 9.4: Midlothian Council and Private Sector Adaptation and Funding 2019/20

Works type	Spend	Number	%
Level access shower	117,891.70	18	25
Bathroom adaptation	11,102.95	2	3
Access ramp	30,286.50	11	15
Stairlift	26,978.95	9	12
Wet floor shower	175,587.82	25	35
Other	30,178.19	7	10
Total	392,026.11	72	100

What is Telecare?

Telecare or Midcare is a community alarm scheme which enables people to live independently in their own homes and allows a quick response if someone needs help. Telecare can be used in a variety of ways, such as: raising alarm in the event of deterioration in movement, health, flooding, fire etc. and preventing wandering. Research has shown that the effective use of Telecare and other ways of support, such as Telehealth, results in a reduction in mortality rates, emergency hospital admissions and length of stays in hospitals. Midcare currently costs £3.85 per week³³ and is available to anyone of any age who is disabled, has a medical condition that would benefit from the service or who is vulnerable or frail.

Wheelchair Accessible Housing

A Fairer Scotland For Disabled People Delivery Plan contains an action “to work with local authorities, disabled people and other stakeholders to ensure that each local authority sets a realistic target within its LHS for the delivery of wheelchair accessible housing across all tenures and reports annually on progress”.

After consulting with disabled people and other stakeholders, Midlothian Council has set the wheelchair accessible targets in table 9.5 below.

Target	2021/22	2022/23	2023/24	2024/25	2025/26

Midlothian Council and RSL partner organisations acknowledge the difficulty of enforcing this target beyond the social housing sector. Further consultation will take place with private developers and Midlothian Council will report annually on progress made.

Ethnic Minorities

Due to the consultation and engagement process carried out for this Local Housing Strategy, Midlothian Council understands and will consider any additional needs of ethnic minorities, and will consider the needs of ethnic minority families for homes suitable for larger/extended family groups and will consider other specific cultural needs.

Prison Leavers

Midlothian Council staff collaborate with the Community Justice Partnership to ensure that those who are leaving prison or a similar institution get the right housing support that they need. Further details can be found in Chapter 8: Preventing and Addressing Homelessness.

³³ October 2020 price

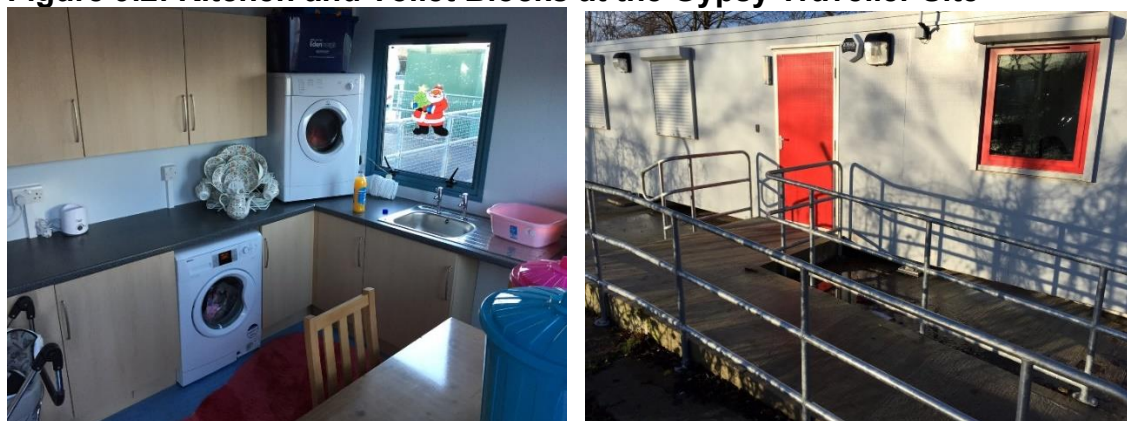
Gypsy/Travellers

In the 2011 Census over 4,200 people identified their ethnicity as White: Gypsy/Traveller which was less than 0.1% of the Scottish population. There is limited published data on the Gypsy/Traveller population to support these policy processes. The 2011 Census is the most current source of data on the size and profile of the population of Scotland, although this is likely to underestimate the Gypsy/Traveller population due to a range of issues such as reluctance of individuals to identify as Gypsy/Traveller and challenges accessing the population living on sites and by the roadside. Moreover consistent national data has not been published since the last Twice-Yearly Count of Gypsy/Travellers undertaken in 2009.

There are no figures available for Gypsy/Travellers who are resident in Midlothian. There are 29 public Gypsy/Traveller sites in Scotland. In Midlothian, there is a Gypsy/Traveller site managed by East Lothian Council on behalf of East and Midlothian Councils which has a total of 16 pitches and is open all year round. The site was refurbished in 2014 and again in 2019, with new kitchen and toilet blocks built, a new community room with learning materials, new signage, road improvement works and new fencing installed. The site was assessed in 2019 and is compliant with the minimum site standards for Gypsy/Traveller sites. The site is seldom fully habited which allows the conclusion that the current provision is adequate. Should the site require further upgrades or enlargement to continue to meet the needs of the Gypsy/Traveller community, Midlothian and East Lothian Councils will act accordingly referencing both the minimum site standards and the Scottish Social Housing Charter.

Engagement with the residents of the Gypsy Traveller site is continuous but on a more formal level, annual tenant satisfaction surveys are undertaken by staff on site.

Figure 9.2: Kitchen and Toilet Blocks at the Gypsy Traveller Site



East Lothian Council officers currently provide onsite visiting support for Gypsy / Travellers living on the permanent site. Midlothian and East Lothian Council's joint fund Play Midlothian which provide weekly onsite visits to the site and play activities for the children who live there. MECOPP's (Minority Ethnic Carers of Older People Project) Gypsy Traveller Carer's Project work with carers within the Gypsy/Traveller community in Midlothian who live in housing, on sites and

on roadside camps. This Service ensures that Gypsy / Traveller households can access mainstream services, provides access to direct support and advice and facilitates wider social inclusion of Gypsy/Travellers into the community where appropriate.

Roadside encampments

Midlothian Council operate a Roadside Encampment Response Group which includes stakeholders from Housing, Education, NHS, Police Scotland and Environmental Health. When a stakeholder is aware of a roadside encampment within the County, the remaining stakeholders are contacted to enable a linked approach which ensures the encampments are offered appropriate advice and support.

Travelling Showpeople

There is no evidence there are travelling show people households within Midlothian, and for this reason the Strategy has not provided information or actions in relation to these households. If more information on this community comes to light then this will be reported on in future Local Housing Strategy Updates.

Armed Forces

Research conducted into the housing needs of ex-personnel indicated armed forces, and their families, have specific housing needs that require support.³⁴ For example, ex-service personnel are more vulnerable to homelessness than the population at large, and professional pressures can present problems for finding stable housing for soldiers and their families as they may move frequently to new postings. Given that Glencorse Barracks, the permanent home of the Royal Highland Fusiliers, 2nd Battalion, is located just outside of Penicuik, the housing needs of armed forces needs to be addressed within the Local Housing Strategy. Members of the armed forces who have been discharged are given a high priority for housing by the Council, but it is intended that the support for armed forces and their families will be strengthened through the establishment of the Midlothian Armed Forces Covenant. The Lothian's Veterans Centre was included within the stakeholder consultation and engagement process of the LHS.

What is the Midlothian Armed Forces Covenant?

For Midlothian Council, NHS Lothian and partner organisations, the Community Covenant presents an opportunity to bring their knowledge, experience and expertise to bear on the provision of support services, help and advice to members of the Armed Forces Community. For the Armed Forces Community, the Covenant encourages the integration of service life into civilian life and encourages members of the Armed Forces to help their local community. The Midlothian Armed Forces Covenant Action Plan has been set out to work on key objectives for the Covenant, including outcomes in relation to housing and can be found here:

https://www.midlothian.gov.uk/info/200284/your_community/545/midlothian_armed_forces_community

³⁴ <http://www.homeless.org.uk/veterans>

Key Workers

Midlothian Council acknowledges that if evidence suggests that there is requirement for action to provide suitable housing for key workers, the LHS should include a policy on this. The provision of housing for key workers can assist in the employment and retention of people vital to the delivery of and improving essential local services.

To help establish need and to understand the type/tenure and the most appropriate location for the housing Midlothian Council will work closely with local employers across the public sector and with local employability leads to discuss the level of current and future local employment opportunities.

Affordable homes policies for allocating homes to key workers will be transparent and sufficiently flexible to accommodate changing needs at different times as the nature of the essential service can cover which has been evident at the time of writing, during the Covid 19 pandemic.

KEY CHALLENGES

- Midlothian's population of over 75 year olds is expected to increase by 41% between 2018 and 2028, the second highest population increase in Scotland.
- The number of people in Midlothian suffering from dementia is likely to be 2,800 in 20 years, double the current number of sufferers.
- In Midlothian 89% of adults with learning disabilities do not live with a family carer which is much higher than the Scottish average (43%).
- In Midlothian 80% of adults with learning disabilities are living in mainstream accommodation whilst only 20% live in supported accommodation, a registered adult care home or 'other'.
- 17% of housing applicants have medical needs for seeking housing from the Council
- Wheelchair Accessible Housing Targets to be set. Difficulty enforcing these within the private sector
- Review of housing for key workers may be required in light of Covid 19 epidemic

Consultation Responses

Question asked	Individual response	Council response/LHS Outcome
2. How can services and your local community work together to help provide the specialist housing needed?	<p>There appears to be an issue with the range of information being recorded in Midlothian, on what type of houses exist/are being built and where. There seems to be no overview across all sectors and if there was, where should this responsibility lie? A glance at the numerous new private housing estates recently built and currently being built, highlights a predominance of medium and large, 2 storey houses. This is no doubt meeting the housing needs of Edinburgh families who can't afford a larger family home in the city. Is it however meeting the needs of the existing Midlothian population? Are there adequate housing choices available to all groups? The demographics of our population are well known. The numbers of older and disabled people are growing. The demand being put on Health and Social Care services as a consequence, has the potential to be unsustainable. The consequential implications of inappropriate housing are evident for all to see, not just on formal service provision. Delayed discharges, premature admission to care homes, deterioration of both physical and mental health, added burden on informal carers, loss of independence and lack of choice. Midlothian has always had a very high percentage of volunteering and this has been even more evident during the pandemic. These people are central to any community and add so much. If a person is inappropriately housed however, no matter what support is provided, formal or voluntary, many issues are insurmountable. As well as residents, volunteers, community workers and professionals working in an area, understand the needs and gaps. They should all be contributors to these discussions.</p>	
	<p>House builders should contribute a portion of their profits to building appropriate specialist housing</p> <p>The infrastructure needs to be in place before any type of housing is provided, especially where the people housed have specific needs. Our GP and social care services can hardly cope as it is</p>	

	This really needs a broad multi-agency approach working closely with representatives of local communities so that, as far as possible, a proactive, planned approach is taken to providing specialist housing. Ideally this would be based on assessment of future need but would have to take account of the need for a reactive response for unforeseen circumstances.	
	These should be part of new builds paid for by the builders	
	There appears to be no site for travellers in Midlothian. This is not acceptable. It leads to travellers stopping wherever they can and increases the chance of intolerant behaviour from local people.	
	Move people who don't require special housing to accommodate people who do. Discussions to be had with households	
	Bring unused housing back into the housing stock	
	Ask private housing companies to build a small number of specialised accommodation homes within each new estate that they wish to build. Stop them building 4&5 bedroom homes	
	I believe veteran housing is a must. We should be supporting our own local community first making sure disabled people and people who need support are getting this before we move in travellers. It's never good for community spirit when people outwith the local area are being housed before locals who have waited years	
	There are some unused green space that traveller could use if set up correctly	
	You need more supported accommodation and wheelchair accessible housing is needed or help people adapt the house they are in or extend the house they are in so they don't have the distress of moving again.	
	Thinking about older people perhaps more single person housing would allow people to downsize and free up family homes.	
	All new estates need to have specific number of homes to cover the above. There needs to be specific traveller sites however they do need to pay the same way everyone else does as residents cannot be expected to cover the costs.	
	Renovation of existing properties and older disused properties to suit the needs of vulnerable groups.	
3. How should resources and services be directed to	Planning, Building Standards, Council Housing Department, RSLs and private housing developers need to work together to help address some of the issues. Private developers should not dictate what gets	

provide the specialist housing required?	built on the basis of optimal profit alone, and need to recognise the impact they potentially have on communities. This may not simply be about building a proportion of single storey homes in each development, but could perhaps be about partnership developments of more specialist housing. The location of Extra Care Housing as an integrated part of the community is particularly important. An appropriate location for mainstream housing however, may not be appropriate for Extra Care housing and so this should always be a consideration.	
	Those groups who may occupy specialist housing should be consulted as closely as possible about what would meet their requirements. In general, as far as possible, specialist housing should be part of every housing development so that a good social mix is achieved.	
	What about grants for businesses who provide the services for adapting properties?	
	More onus on builders to make this part of the deal	
	They shouldn't. We need to concentrate on housing that benefits the whole of Bonnyrigg, not for a few.	
	Consult waiting lists and see what needs/disabilities/support people require before building housing that's unsuitable	
	Think at the time of building. Allow a good social mix of people to be housed people who will support others to be good neighbours .	
	Midlothian council needs to build them	
	Private contractors should have to build some wheelchair housing on each site, not accessible housing as a basic building standard as this is not accessible for a wheelchair. Also more one level properties	

Key Actions:

Outcome: The needs of households with particular needs will be addressed and all households will have equal access to housing and housing services

10 Fuel Poverty, Energy Efficiency and Climate Change

Outcome - Housing in all tenures will be more energy efficient and fewer households will live in, or be at risk of, fuel poverty.

Climate change, fuel poverty and energy efficiency are intrinsically linked. Both climate change and fuel poverty can be tackled at the same time, as they have similar root causes and share the same solutions. The key link between climate change and fuel poverty is that fossil fuels are polluting the environment as well as increasing in cost, which subsequently increases energy bills. Fuel poverty and climate change are both exacerbated by housing that is not energy efficient and / or not well insulated. If we can make our homes more energy efficient and tackle fuel poverty, ensuring that people do not have to pay such large energy bills, this will help mitigate climate change and also promote health and wellbeing.

Local authorities have a significant part to play in ensuring that people are able to live in warm, dry, energy efficient, low carbon homes which they can afford to heat.

National Context

The **Fuel Poverty (Targets, Definition, and Strategy) (Scotland) Act 2019**³⁵ introduced a new statutory target for reducing fuel poverty that by 2040 no household in Scotland is in fuel poverty and, in any event, no more than 5% of households, in any Local Authority areas, in Scotland are in fuel poverty; no more than 1% of households in Scotland are in extreme fuel poverty; and the median fuel poverty gap of households in fuel poverty in Scotland is no more than £250 in 2015 prices before adding inflation.

The Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019 established a new two-part definition whereby a household is considered fuel poor if:

- after housing costs have been deducted, more than 10% (20% for extreme fuel poverty) of their net income is required to pay for their reasonable fuel needs; and
- after further adjustments are made to deduct childcare costs and any benefits received for a disability or care need, their remaining income is insufficient to maintain an acceptable standard of living, defined as being at least 90% of the UK Minimum Income Standard (MIS).

Compared with the 'old definition' the current fuel poverty definition has impacted some of the statistics:

- More flat occupants than house occupants in fuel poverty;
- Relatively less owner occupants, more private and social tenants;
- A more even distribution between older households, families, and other households in fuel poverty (bias use to be older households);

³⁵ [Fuel Poverty \(Targets, Definition and Strategy\) \(Scotland\) Act 2019](#)

- Fewer households in G-F-rated houses (60% in old definition, 40% in current), and more in ABC rated properties (20% vs 30% in current)
- Fewer households in remote rural areas (60% of HH in old definition vs 40% in current)

In 2018, 25.0% of households in Scotland (619,000) were estimated to be in fuel poverty and 11.3% (or 279,000 households) were living in extreme fuel poverty in 2018. The rate of extreme fuel poverty has been decreasing since 2013 (16.0%) and is the lowest rate recorded by the survey since 2012, the first year of data available under the new definition.

The Scottish Government's **Energy Efficient Scotland Route Map**³⁶ sets out the journey that homes, businesses and public buildings will take to become more energy efficient. It outlines the support available from the Scottish Government to help owners transform their properties and proposes minimum energy efficiency standards for the private and social rented sectors by 2030.

The **Climate Change (Scotland) Act 2009** created a statutory framework for reducing Scottish greenhouse gas emissions by at least 80% by 2050. A new Climate Change Bill is currently going through the Scottish Parliament and includes:

- Setting a net-zero greenhouse gas emissions target for 2045
- 90% reduction in greenhouse gas emissions by 2040
- 70% reduction in greenhouse gas emissions by 2030

Midlothian Context

Midlothian Council acknowledges that a household's greenhouse gas emissions are influenced by:

- Property Condition - houses in disrepair are harder to keep warm and therefore use more energy.
- Energy Efficiency - energy inefficient houses use more energy to heat than more efficient properties. Insulation of lofts/roofs, walls, floors, pipework, more efficient windows, draught proofing and better heating controls can all improve the efficiency of a property or the ability of a household to only use energy when it is needed. The age and maintenance of heating devices, such as gas boilers also affects their efficiency and emissions levels. The properties with the poorest energy efficiency ratings (EPC G & F) should be improved urgently.
- Fuel - the type of fuel used in a property can affect its greenhouse gas emissions. Oil fuelled heating has higher emissions than gas, whilst low carbon or renewable heat sources, e.g. heat pumps, biomass, solar thermal, have even lower carbon emissions. To achieve net zero greenhouse gas emissions it is likely that fossil fuels will have a severely reduced role in space and water heating in future.
- Individuals Behaviour - the way people use and run their homes affects carbon emissions, e.g. inefficient use of a heating thermostat/programmer, using unnecessary lighting.

³⁶ <https://www.gov.scot/publications/energy-efficient-scotland-route-map/>

Midlothian's Climate Change Strategy 2020

Midlothian Council declared a climate change emergency in December 2019. The resulting strategy sets out a plan, including commitments and actions, to deliver the Council's aspiration of being carbon neutral by 2030. The strategy focuses on key themes including

- Energy Efficiency
- Recycling & Waste
- Sustainable Development
- Sustainable Travel
- Business Processes
- Carbon Management

The themes provide a framework for action and contain a number of commitments - some reflecting existing strategies and plans and others promoting best practice.

These include a commitment to:

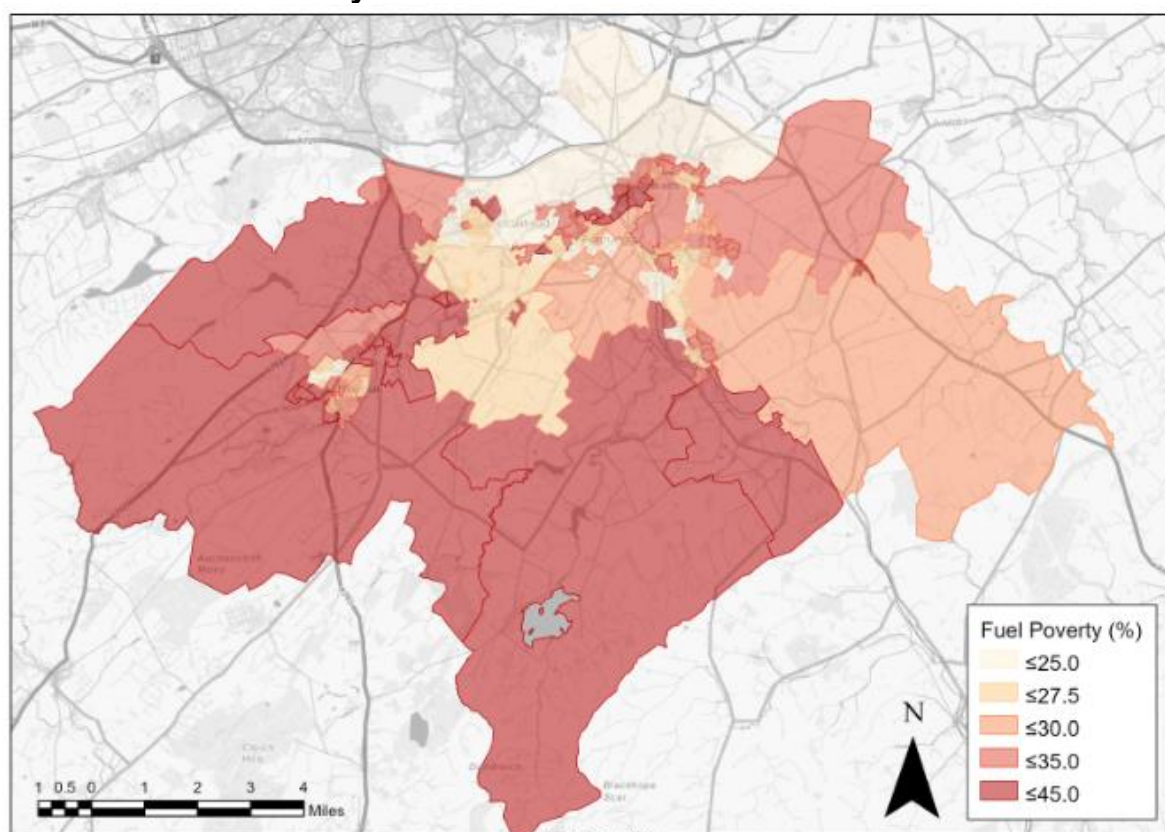
- Establish a Climate Change Citizens' Assembly
- Raising awareness of climate change and promoting individual and collective action to combat it and make Midlothian "A Great, Green Place to Grow"
- Using green energy to heat and light our estate buildings, making them as energy efficient as possible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

Fuel Poverty Data – Midlothian

Although the data provided in the tables below follows the old definition of fuel poverty which did not account for adjusted net income or the minimum income standard, it is still a helpful dataset to compare the Midlothian data zones relatively to each other. There are 115 data zones for the Midlothian area and analysis of these shows that on average, 29.57% of residents are in fuel poverty³⁷. These levels range greatly from 13.08% to 45.04% across the 115 data zones. Chart 10.1 shows the different levels of fuel poverty broken into the individual data zones.

³⁷ <https://simd.scot/#/simd2020/BTTFTT/10/-3.0283/55.9898/>

Chart 10.1: Fuel Poverty in Midlothian Data zones



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The following tables break down the data zone statistics into the main towns and areas within the County.

Bonnyrigg

Table 10.1 below shows that on average, the probability of residents in Bonnyrigg living in fuel poverty is 29.45%.

Table 10.1: Average probability of fuel poverty in Bonnyrigg area

Data zone	Average probability of fuel poverty (fuel bill >10% of income)
Bonnyrigg North – 01	24.20%
Bonnyrigg North – 02	30.13%
Bonnyrigg North – 03	26.47%
Bonnyrigg North – 04	30.27%
Bonnyrigg North – 05	32.45%
Bonnyrigg North – 06	34.16%
Bonnyrigg North – 07	37.83%
Bonnyrigg South – 01	33.13%
Bonnyrigg South – 02	25.01%
Bonnyrigg South – 03	36.13%
Bonnyrigg South – 04	26.85%

Bonnyrigg South – 05	26.93%
Bonnyrigg South – 06	27.82%
Bonnyrigg South - 07	20.97%

Dalkeith

Table 10.2 below shows that on average, the probability of residents in Dalkeith living in fuel poverty is 29.67%.

Table 10.2: Average probability of fuel poverty in Dalkeith area

Data zone	Average probability of fuel poverty (fuel bill >10% of income)
Dalkeith - 01	27.84%
Dalkeith - 02	31.69%
Dalkeith - 03	31.79%
Dalkeith - 04	27.35%

Easthouses

Table 10.3 below shows that on average, the probability of residents in Easthouses living in fuel poverty is 28.72%.

Table 10.3: Average probability of fuel poverty in Easthouses area

Data zone	Average probability of fuel poverty (fuel bill >10% of income)
Easthouses - 01	24.77%
Easthouses - 02	30.01%
Easthouses - 03	28.47%
Easthouses - 04	31.63%

Eskbank

Table 10.4 below shows that on average, the probability of residents in Eskbank living in fuel poverty is 36.53%.

Table 10.4: Average probability of fuel poverty in Eskbank area

Data zone	Average probability of fuel poverty (fuel bill >10% of income)
Eskbank - 01	30.40%
Eskbank - 02	39.05%
Eskbank - 03	37.11%
Eskbank - 04	35.60%
Eskbank - 05	45.04%
Eskbank - 06	31.96%

Gorebridge and Middleton

Table 10.5 below shows that on average, the probability of residents in the Gorebridge and Middleton area living in fuel poverty is 30.49%.

Table 10.5: Average probability of fuel poverty in Gorebridge and Middleton area

Data zone	Average probability of fuel poverty (fuel bill >10% of income)
Gorebridge and Middleton - 01	31.44%
Gorebridge and Middleton - 02	32.07%
Gorebridge and Middleton - 03	27.43%
Gorebridge and Middleton - 04	30.75%
Gorebridge and Middleton - 05	30.76%

Loanhead

Table 10.6 below shows that on average, the probability of residents in the Loanhead area living in fuel poverty is 27.8%.

Table 10.6: Average probability of fuel poverty in Loanhead area

Data zone	Average probability of fuel poverty (fuel bill >10% of income)
Loanhead - 01	25.75%
Loanhead - 02	26.38%
Loanhead - 03	25.88%
Loanhead - 04	36.37%
Loanhead - 05	24.61%

Mayfield

Table 10.7 below shows that on average, the probability of residents in the Mayfield area living in fuel poverty is 29.14%.

Table 10.7: Average probability of fuel poverty in Mayfield area

Data zone	Average probability of fuel poverty (fuel bill >10% of income)
Mayfield - 01	31.91%
Mayfield - 02	32.44%
Mayfield - 03	30.39%
Mayfield - 04	28.09%
Mayfield - 05	29.28%
Mayfield - 06	22.73%

Newbattle and Dalhousie

Table 10.8 below shows that on average, the probability of residents in the Newbattle and Dalhousie area living in fuel poverty is 25.02%.

Table 10.8: Average probability of fuel poverty in Newbattle and Dalhousie area

Data zone	Average probability of fuel poverty (fuel bill >10% of income)
Newbattle and Dalhousie - 01	25.29%
Newbattle and Dalhousie - 02	27.64%
Newbattle and Dalhousie - 03	22.81%
Newbattle and Dalhousie - 04	22.62%
Newbattle and Dalhousie - 05	22.73%
Newbattle and Dalhousie - 06	24.13%
Newbattle and Dalhousie - 07	29.58%
Newbattle and Dalhousie - 08	24.72%
Newbattle and Dalhousie - 09	25.69%

Newtongrange

Table 10.9 below shows that on average, the probability of residents in the Newtongrange area living in fuel poverty is 27.23%.

Table 10.9: Average probability of fuel poverty in Newtongrange area

Data zone	Average probability of fuel poverty (fuel bill >10% of income)
Newtongrange - 01	26.97%
Newtongrange - 02	29.22%
Newtongrange - 03	25.41%
Newtongrange - 04	30.97%
Newtongrange - 05	31.90%
Newtongrange - 06	18.88%

North Gorebridge

Table 10.10 below shows that on average, the probability of residents in the North Gorebridge area living in fuel poverty is 25.54%.

Table 10.10: Average probability of fuel poverty in North Gorebridge area

Data zone	Average probability of fuel poverty (fuel bill >10% of income)
North Gorebridge - 01	27.49%
North Gorebridge - 02	29.63%
North Gorebridge - 03	19.52%

Pathhead and rural East Midlothian

Table 10.11 below shows that on average, the probability of residents in the Pathhead and Rural East Midlothian area living in fuel poverty is 31.66%.

Table 10.11: Average probability of fuel poverty in Pathhead and Rural East Midlothian area

Data zone	Average probability of fuel poverty (fuel bill >10% of income)
Pathhead and Rural East Midlothian - 01	26.06%
Pathhead and Rural East Midlothian - 02	33.83%
Pathhead and Rural East Midlothian - 03	17.99%
Pathhead and Rural East Midlothian - 04	33.93%
Pathhead and Rural East Midlothian - 05	42.42%
Pathhead and Rural East Midlothian - 06	27.91%
Pathhead and Rural East Midlothian - 07	39.51%

Penicuik

Table 10.12 below shows that on average, the probability of residents in the Penicuik area living in fuel poverty is 31.05%.

Table 10.12: Average probability of fuel poverty in Penicuik area

Data zone	Average probability of fuel poverty (fuel bill >10% of income)
Penicuik East - 01	29.29%
Penicuik East - 02	27.79%
Penicuik East - 03	25.84%
Penicuik East - 04	27.81%
Penicuik North - 01	39.06%
Penicuik North - 02	25.23%
Penicuik North - 03	25.75%
Penicuik North - 04	25.40%
Penicuik North - 05	25.23%
Penicuik Southeast - 01	32.96%
Penicuik Southeast - 02	37.52%
Penicuik Southeast - 03	27.60%

Penicuik Southeast - 04	29.09%
Penicuik Southeast - 05	31.08%
Penicuik Southwest - 01	39.81%
Penicuik Southwest - 02	38.05%
Penicuik Southwest - 03	37.98%
Penicuik Southwest - 04	37.41%
Penicuik Southwest - 05	27.01%
Penicuik Southwest - 06	31.17%

Pentland

Table 10.13 below shows that on average, the probability of residents in the Pentland area living in fuel poverty is 36.12%.

Table 10.13: Average probability of fuel poverty in Pentland area

Data zone	Average probability of fuel poverty (fuel bill >10% of income)
Pentland - 01	39.15%
Pentland - 02	30.32%
Pentland - 03	38.90%

Roslin and Bilston

Table 10.14 below shows that on average, the probability of residents in the Roslin and Bilston area living in fuel poverty is 31.01%.

Table 10.14: Average probability of fuel poverty in Roslin and Bilston area

Data zone	Average probability of fuel poverty (fuel bill >10% of income)
Roslin and Bilston - 01	38.86%
Roslin and Bilston - 02	36.26%
Roslin and Bilston - 03	27.06%
Roslin and Bilston - 04	26.80%
Roslin and Bilston - 05	26.07%

Rural South Midlothian

Table 10.15 below shows that on average, the probability of residents in the Rural South Midlothian area living in fuel poverty is 37.76%.

Table 10.15: Average probability of fuel poverty in Rural South Midlothian area

Data zone	Average probability of fuel poverty (fuel bill >10% of income)
Rural South Midlothian - 01	41.44%
Rural South Midlothian - 02	43.19%
Rural South Midlothian - 03	38.97%
Rural South Midlothian - 04	27.47%

Shawfair

Table 10.16 below shows that on average, the probability of residents in the Shawfair area living in fuel poverty is 21.08%.

Table 10.16: Average probability of fuel poverty in Shawfair area

Data zone	Average probability of fuel poverty (fuel bill >10% of income)
Shawfair - 01	24.82%
Shawfair - 02	24.62%
Shawfair - 03	20.76%
Shawfair - 04	13.08%
Shawfair - 05	22.13%

Straiton

Table 10.17 below shows that on average, the probability of residents in the Straiton area living in fuel poverty is 29.08%.

Table 10.17: Average probability of fuel poverty in Straiton area

Data zone	Average probability of fuel poverty (fuel bill >10% of income)
Straiton - 01	34.72%
Straiton - 02	23.58%
Straiton - 03	26.25%
Straiton - 04	31.79%

Thornycastle

Table 10.18 below shows that on average, the probability of residents in the Thornycastle area living in fuel poverty is 29.14%.

Table 10.18: Average probability of fuel poverty in Thornycastle area

Data zone	Average probability of fuel poverty (fuel bill >10% of income)
Thornycastle - 01	30.43%
Thornycastle - 02	23.93%
Thornycastle - 03	30.74%
Thornycastle - 04	30.22%
Thornycastle - 05	30.35%

Table 10.19 below shows the 10 data zones with the highest average probability of fuel poverty – i.e. residents here are likely to pay more than 10% of their income on

fuel bills. Analysis of the tables above reveals that areas with the highest density of new builds are less likely to have a high probability of fuel poverty.

Table 10.19: Data zones with highest probability of fuel poverty

Data zone	Average probability of fuel poverty (fuel bill >10% of income)
Rural South Midlothian - 03	38.97%
Eskbank - 02	39.05%
Penicuik North - 01	39.06%
Pentland - 01	39.15%
Pathhead and Rural East Midlothian - 07	39.51%
Penicuik Southwest - 01	39.81%
Rural South Midlothian - 01	41.44%
Pathhead and Rural East Midlothian - 05	42.42%
Rural South Midlothian - 02	43.19%
Eskbank - 05	45.04%

Passivhaus

Passivhaus is the leading international low energy design standard. It is a rigorous voluntary design standard for energy efficiency in buildings which reduces buildings whole life carbon footprint and therefore is in line with the Councils planning policies on carbon reduction as well as the recently adopted Climate Change Declaration. Midlothian Council is currently progressing 2 separate pilot projects adopting Passivhaus design Standards.

Passivhaus results in ultra-low energy buildings which require little energy for space heating or cooling. These requirements are achieved through the initial design which must achieve the rigorous standards set and critically the exact implementation of that approved design to top quality standards ensuring the performance in subsequent use matches that of design. This is achieved through close monitoring of construction and verification of the works by an independent Passivhaus qualified certifier. The key elements of Passivhaus are:

- High levels of insulation
- An air tight building envelope
- Thermal bridge free design and construction
- Whole house mechanical ventilation with highly efficient heat /energy recovery

- Well insulated, triple glazed, windows and door frames
- The use of independent verifier ensures that the design performance and as built are strictly correlated and quality assured.

Passivhaus therefore addresses issues of fuel poverty by reducing the level of heating required to achieve a comfortable living environment and therefore minimises household energy costs. In addition gas boilers are not required removing both the need for boiler maintenance and also substantially reducing Carbon Emissions.

Midlothian Council is currently seeking to achieve Passivhaus standard on all directly commissioned housing projects.

Current Passivhaus proposals being developed by Midlothian Council:

34 -36 Buccleuch Street

The site currently comprises of 2 vacant shop units with upper floor accommodation and a central pend which provides access to a rear area including a derelict property. The properties are generally in a poor state of repair. It is proposed to develop 6 new build flats on the land to the rear of the properties fronting Buccleuch Street. These will be developed to full Passivhaus standard. The properties fronting Buccleuch street will be re-modelled and a further 4 - 6 flats developed to Enerphit Standard which is a Passivhaus standard for retrofit properties which takes into account the fact that due to inbuilt restrictions full passive house standards cannot be achieved. This standard still achieves carbon reduction and energy usage standards in excess of that achievable (i.e. better) than current building regulations.

Burnbrae, Hopefield

This formerly vacant site in the heart of the Hopefield housing development in Bonnyrigg has been subject to the requirement to provide a retail element facing onto Burnbrae Road. The Council acquired the site and has secured a national retailer to occupy the ground floor. Above this will be built 10 (6 x 2 bed and 4 x 1 bed) apartments. To the north of the site overlooking the open park land will be built 4 two bedroom terrace houses and 6 apartments (3 x 2bed and 3 x 3 bed houses) along with associated parking.

All the residential properties are being developed to Passivhaus standard. The retailer is being given the option to include Passivhaus and is considering this.

These two projects represent pilot projects for Midlothian and have been chosen as they offer the opportunity to develop both new build and retrofit opportunities.

Changeworks

Changeworks is a Scottish environmental charity which delivers solutions for low carbon living. Changeworks has been delivering fuel poverty advice services in Midlothian for over 15 years and currently delivers two affordable warmth projects:

Canny Tenants

The Canny Tenants Project is funded by the National Lottery and operates in partnership with Midlothian Council, Melville Housing Association and Eildon Housing Association. Canny Tenants supports tenants who have recently moved into a new property to prevent future fuel debt, reduce food & fuel costs and make household budgets more manageable.

The project objectives:

- Reduce tenants energy use and carbon emissions through improved understanding of:
 - Energy efficient behaviour e.g. how to use heating system more efficiently
 - Fuel bills
 - Switching suppliers to a more suitable provider
- Assist tenants to reduce food waste in the home through:
 - Understanding the main causes of food waste
 - Encouraging use of tools provided – e.g. shopping list, pasta measurer
- Support tenants to manage their household budget with confidence:
 - Providing a budget sheet
 - Tips on how to reduce bills

Aim High

Aim High is funded by the NHS and is a partnership project between Changeworks, Sure Start and Midlothian CABs to improve health and wellbeing. Support is provided from the CABs Income Maximisation Officer and fuel poverty advice services from Changeworks. The service is integrated into Sure Start Midlothian and is delivered through the Sure Start centres in Midlothian. The project targets Parents-to-be, families with children under 18 and young people in transition.

Key Challenges:

- There are 115 data zones for the Midlothian area and analysis of these shows that on average, 29.57% of residents are in fuel poverty
- Areas with high density of older properties are more likely to have a high probability of fuel poverty.
- Midlothian Council is currently seeking to achieve Passivhaus standard on all directly commissioned housing projects

Consultation Responses

Question asked	Individual response	Council response/LHS Outcome
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<p>4. How can services and your local community work together to improve fuel poverty, energy efficiency and climate change?</p>	<p>Promote active travel and vibrant green spaces which promote outdoor activities, invest in the material condition of the houses. People in Scotland spend most of their time in an indoor environment and even more now given coronavirus lockdown and the continuity of home working. Approximately £2.5 billion per annum is spent on health conditions associated with housing across the UK. We need to ensure the housing stock is in excellent material condition, dampness and condensation are linked to respiratory conditions and While it is not a cause of a single illness, fuel poverty, while not a cause of a single illness exacerbates the risk of conditions including respiratory conditions and arthritis and is linked to higher deaths in winter. Need to ensure a focus on older residents who are most at risk of fuel poverty and who spend most time at home. They are also the group despite coronavirus restrictions being lifted who in large numbers are reporting not feeling safe leaving their home. Material condition of our houses is key. Making sure people have all of the money they are entitled to in order that they feel more able to spend money on things like heating. For climate change let's make sure we keep all of our procurement as local and as environmentally friendly as possible. Can we use links built up during coronavirus through the red cross, through the resilience hubs and through the shielding lists to be proactive in our approach. People really valued the hot meal services across Midlothian, some of this was to do with human touch 'kindness on a plate' can we take that approach to other things and use the 'army' of volunteers at our disposal to support people over winter with things like fuel poverty. Joint working - joining the dots is again crucial Teach people about managing money and prioritising. Most of the major banks provide sessions on money management. Collaborate with other organisations. Think outside the box</p>	
	<p>With new housing developments, ensure that it is a planning condition that houses are as carbon-neutral as possible, with efficient, low-cost, renewable energy systems.</p>	
	<p>Establishing more public car electric charging points</p>	
	<p>Outdated utility services need updated. Council should actively pressure open reach to start full fibre roll out in the area which is greatly insufficient for the numbers of people working from home</p>	
	<p>Build and renovate council stock to high level of energy efficiency. Provide grants and incentives for private households.</p>	
	<p>Local groups, perhaps set up with guidance from specialists but run by the local community</p>	
	<p>Put in more roof panels to collect sun's rays to make energy and ground heating</p>	
	<p>Provide more recycling bins, more boxes to recycle. Dim the lights more at night such as street lights.</p>	

	Midlothian council could look at setting up a company like Bristol energy (it is owned by Bristol council)	
	Encourage solar power harnessing; make it compulsory to have solar panels on every new build (houses/shops/offices)	
	There needs to be electric points put in around council house so people can move on to electric cars.	
	Ban Pre-payment meters for low income households, they place people in even more poverty, the prices are astronomical and people especially pensioners scared to put heating on	
	Solar panels should be promoted, community vegetable growing patches should be everywhere. All council unkempt areas should be planted with wildflower	
5. How should resources and services be directed to improve fuel poverty, energy efficiency and climate change in your local area?	Better and cheaper public transport	
	Establishing more public car electric charging	
	Focus on the most deprived areas first before updating services for the most recently built properties	
	Offer loans to residents to put in better insulation, double glazing and solar panels	
	More car sharing schemes and park and rides. Help with getting better energy deals for those in difficulty.	
	Cycling paths and secure bike lock up option facilities at train stations.	
	Workshops, tools and resources	
	Encourage residents to take care of local landscape, maybe offer incentives that boosts the community?	
	More community based services to encourage education and accountability. Less dependence on the council as a whole	
	Access to bikes	

Key Actions

Outcome - Housing in all tenures will be more energy efficient and fewer households will live in, or be at risk of, fuel poverty.

11 House Condition

Outcome - The condition of housing across all tenures is improved.

This section will look at the current quality of housing in Midlothian – the quality of private rented housing, social housing and owner occupied housing. The Scottish Housing Quality Standard (SHQS) is the Scottish Government's principal measure of housing quality in Scotland and has been used in this chapter to assess the present situation in Midlothian.

The SHQS is a set of five housing criteria which must all be met if a property is to pass the required standard. It means social landlords must make sure their tenants' homes³⁸:

- are energy efficient, safe and secure
- are not seriously damaged
- have kitchens and bathrooms that are in good condition

Midlothian Council's aim is to ensure that the housing quality in Midlothian is improved for social and private housing tenants and that Midlothian residents are able to live in warm, energy efficient and low carbon homes which they can afford to heat. It is important to note that the energy efficiency elements of the SHQS have been replaced by the Energy Efficiency Standard for Social Housing (ESSH) which landlords need to meet by 2020.

In Midlothian, the standard of housing quality is affected by a number of factors including the age of the property, tenure and the household type. According to the

³⁸ <https://beta.gov.scot/policies/social-housing/improving-standards/>

Scottish House Condition Survey 2015-2017³⁹, 43% of the properties in Midlothian failed the SHQS. The highest failure rate was with respect to the Energy Efficient criterion (34%), followed by Healthy, Safe Secure (9%) and Lacking Modern Facilities (7%).

Of the dwellings that failed the SHQS:

- 52% were built pre-1945 compared to 40% which were built post 1945
- 45% were houses compared to 38% which were flats
- 52% were older person's households compared to 'other' households with 43% and families (36%)
- There were no properties which were 'Below Tolerable Standard'
- 75% of Midlothian dwellings are in some form of disrepair.
- Around 3% of all dwellings in Midlothian have an Energy Efficiency Rating of F or G (i.e. the lowest 2 grades of energy efficiency).

Social Housing Quality

As shown in table 11.1 below, the standard of social housing in Midlothian and Scotland is very similar:

- 43% of properties in Midlothian and Scotland failed the Scottish Housing Quality Standard. In Midlothian 37% were in social housing and in Scotland this rose slightly to 38%.
- The highest failure rate in social housing in Midlothian was with respect to Energy Efficiency (30%), followed by Health, Safe Secure (7%) and Modern Facilities (5%). This distribution is similar to the failure rate across Scotland.

Table 11.1 : Social Housing Condition – Midlothian and Scotland

	Midlothian		Scotland	
	Total %	Social Housing	Total %	Social Housing
Percentage total dwellings that fail SHQS	43%	37%	43%	38%
Below Tolerable Standard	*	-	1%	1%
In Extensive Disrepair	2%	-	6%	8%
Fail Energy Efficient criterion	34%	30%	32%	26%
Lacking Modern Facilities/Services	7%	5%	8%	8%
Not Healthy, Safe and Secure	9%	7%	12%	9%

³⁹ <https://www2.gov.scot/Topics/Statistics/SHCS>

(*) indicates base sample too small to report (-) indicates no SAMPLE cases in this category

Table 11.2 below shows the number of Registered Social Landlord (RSLs) properties which met the SHQS at the end of 2018/19⁴⁰. Of the nine RSLs with properties in Midlothian, five of those reported 100% of their stock met the Scottish Housing Quality Standard whilst the remaining four reported 95%, 94%, 86% and 33% each.

Table 11.2 : RSL SHQS Analysis

Registered Social Landlord	Total units	No. meeting SHQS 2018/19	% meeting SHQS 2018/19
Melville Housing Association	2,022	1913	95%
Castle Rock Edinvar Housing Association	984	843	86%
Bield Housing Association	116	116	100%
Dunedin Canmore Housing Association	98	98	100%
Trust Housing Association	35	35	100%
Viewpoint Housing Association	34	32	94%
Blackwood Housing Association	23	23	100%
Link Housing Association	20	20	100%
Ark Housing Association	6	2	33%

Midlothian Council Stock Condition Survey 2019

In March 2019 Midlothian Council undertook a 100% Stock Condition Survey in order to assess the condition of all council properties. The results of this survey allowed the council to assess its progress towards achieving both the EESSH and SHQS and to plan future work and budget allowances.

Table 11.3 below shows both the results of the survey and the projected results for October 2019 and it highlights:

- 198 properties were exempt and 70 properties were temporarily exempt from the SHQS (4%)
- 6651 properties were viable and met the SHQS in March 2019 (100%)

⁴⁰ The [Scottish Social Housing Charter](#) is published annually by the Scottish Housing Regulator, an independent regulator of RSLs and local authority housing services in Scotland.

- 789 properties were predicted to fail the SHQS by October 2019 (11%). This projected figure was created by an internal database which forecasts the properties coming to their notional lifecycle; the October 2019 stock survey results were likely to be lower.

Table 11.3 : Results of Midlothian Council Stock Condition Survey 2019⁴¹

	March 2019	October 2019
Total self-contained stock at the end of the reporting year	6919	6980
Self-contained stock exempt from SHQS	198	198
Self-contained stock in abeyance from SHQS	70	70
Self-contained stock failing SHQS for one criterion	0	709
Self-contained stock failing SHQS for two or more criteria	0	80
Total self-contained stock failing SHQS	0	789
Stock meeting the SHQS	6651	5923

SHQS – bringing non-exempt stock to standard and tackling exempt stock

In March 2019, 268 Midlothian Council properties were either exempt or in abeyance from meeting the Scottish Housing Quality Standard. These exemptions were due to council tenant upgrade refusals and owner occupier common stair repair objections.

In both cases the Council will continue to engage with the tenants and owner occupiers in the anticipation that the properties can be repaired to SHQS standard. Midlothian Council have

Energy Efficiency Standard for Social Housing (EESH)

The EESH sets out the minimum energy efficiency ratings that landlords are expected to meet across their housing stock. The first EESH milestone must be met by December 2020 and performance indicators will be developed by the Scottish Housing Regulator. Midlothian Council's performance will be measured once the indicators become available.

⁴¹ <https://directory.scottishhousingregulator.gov.uk/pages/landlord.aspx?LatoZNameQS=FF6BA67C-CFA9-E311-93F1-005056B555E6>

Private Sector Housing Quality in Midlothian

Private sector housing is classified into owner-occupied and Private Rented Sector (PRS) housing. The majority of dwellings in Midlothian (25,000) are owner-occupied while the PRS represents a very small proportion of housing tenure (3,000)⁴². Although data on PRS house condition in Midlothian is not available thereby making house condition analysis difficult, according to the Scottish Government the performance of the private rented sector in Scotland as a whole is relatively worse than the owner-occupied sector⁴³. Notably, the Scottish House Condition Survey 2015-2017⁴⁴ shows that of the 43% properties which failed the SHQS in Midlothian:

- 43% were owner-occupied dwellings and whilst the failure rate for PRS in Midlothian was not readily available, 52% of PRS dwellings in Scotland failed to meet the standard.
- The highest failure rate in PRS housing in Scotland was with respect to the Energy Efficient criterion (36%), followed by Healthy, Safe Secure (19%) and Modern Facilities (13%).

Table 11.4 below highlights the lack of information which is available about the Private Rented Sector in Midlothian and illustrates the housing condition in the Private Sector Housing in both Midlothian and Scotland.

Table 11.4 : Private Sector Housing Condition Analysis

	Midlothian			Scotland		
	Total %	Owner-occupied	Private Rented	Total %	Owner-occupied	Private Rented
Percentage total dwellings that fail SHQS	43%	43%	*	43%	44%	52%
Below Tolerable Standard	*	*	-	1%	1%	3%
Urgent Disrepair	30%	23%	*	30%	27%	37%
Fail Energy Efficient Criterion	34%	33%	*	32%	34%	36%
Lacking Modern Facilities/Services	7%	5%	*	8%	7%	13%
Not Healthy, Safe and Secure	9%	10%	*	12%	12%	19%

(*) indicates base sample too small to report

(-) indicates no SAMPLE cases in this category

⁴² <https://www2.gov.scot/Topics/Statistics/SHCS/keyanalyses/LATables1517>

⁴³ <http://www.gov.scot/Resource/0051/00516474.pdf>

⁴⁴ <http://www.gov.scot/Topics/Statistics/SHCS/keyanalyses/LATables2015>

The Private Housing (Tenancies) (Scotland) Act 2016- The Act:

- Overhauled existing tenancy law, by replacing the Short Assured Tenancies with the Private Residential Tenancy (PRT).
- Came into effect on 1 December 2017
- Gives security of tenure to the tenants through the abolition of the so-called “no-fault” ground for the termination of a tenancy – i.e. landlords are no longer able to recover possession of their properties just because the agreed lease term has come to an end
- PRTs no longer have a specified duration and will continue until the tenant chooses to leave, which he or she can do by giving 28 days’ notice.
- Landlords are only able to end tenancies on specific grounds, including:
 - the landlord intends to sell the property;
 - the landlord intends to use the property as a residence for self or family
 - the tenant breaching the conditions of the lease; and
 - rent being in arrears for three consecutive months.
- Imposes restrictions on rent increases and, in certain situation, permits transfer of tenancy to partners and other family members on the death of the tenant.

Addressing PRS Supply and Quality in Midlothian

The Private Rented Sector has an important role to play in providing housing for local people in Midlothian. The Council is keen to support the growth of the sector as a possible housing option for Midlothian residents who are able to afford it.

It is important to note the proximity of the City of Edinburgh to Midlothian and the effect on the affordability of the Private Rented Sector. Midlothian, East Lothian and West Lothian are in the same Broad Rental Market Area as Edinburgh and as such have the same Local Housing Allowance rates – this results in high rent levels for Midlothian Private Rented Sector tenancies.

Broad Rental Market Areas (BRMA) and Local Housing Allowances (LHA)

Broad Rental Market Area (or BRMA) boundaries are used to determine Local Housing Allowance (LHA) rates. A BRMA is legally defined as ‘an area comprising two or more distinct areas of residential accommodation, each distinct area of residential accommodation adjoining at least one other in the area; within which a person could reasonably be expected to live having regard to facilities and services’ – Scottish Government

Access to the PRS has also become more restricted to single person households under 35 years old as a result of Welfare Reform. Under the Welfare Reform Act 2012, a single person, under 35 years old, with no dependents, who is renting from a private landlord and is claiming housing benefit, will receive housing benefit at the same rate as for a single room in a shared house. This is also called the shared accommodation rate (SAR).

For the duration of the Local Housing Strategy the Council will continue to ensure:

- Improvement in the quality, condition and service in PRS housing through monitoring and the use of legislative powers
- Tenants in PRS and landlords have the best outcomes e.g. good quality housing for tenants and ongoing support for landlords to enable them commit to continuous improvements
- The growth of the PRS as a possible housing option by supporting developments that increase PRS supply e.g. Mid Market Rents (MMR) and encouraging more landlords into PRS

Help to Buy Schemes

The Scottish Government has several schemes to enable people to buy their own homes and boost the growth of the Private Sector. These schemes are promoted by Midlothian Council as an alternative to Social Housing:

- Help to Buy (Scotland) Affordable New Build Scheme
- New Supply Shared Equity Scheme
- Open Market Shared Equity Scheme
- Shared Ownership Scheme

Information on these schemes, including eligibility, can be found on Midlothian Council's website.

Below Tolerable Standard Policy

In Scotland, local authorities have a duty to make sure that all houses in their area that do not meet the Tolerable Standard are closed, demolished or brought up to an acceptable standard. The Tolerable Standard is the minimum level of repair that a house must meet to be acceptable as living accommodation. It focuses on the condition of the building itself, and does not include decoration or appliances.

Housing Renewal Areas

A Housing Renewal Area (HRA) is an area of the Local Authority that has been identified as needing improvement due to the condition and quality of housing in the area. Local Authorities have the power to enforce housing standards when a significant number of houses in the locality are sub-standard or when their appearance is adversely affecting the appeal of that area. Midlothian Council has a HRA policy, which sets out how areas will be identified and what action will be considered, however this policy is out of date and will be updated as a key priority for the LHS.

Midlothian Scheme of Assistance

Midlothian Council's Scheme of Assistance for private households sets out:

- the circumstances in which the Council will provide assistance to address problems in the private sector
- the assistance it will provide to disabled people to enable them to live independently in their own homes.

Greater details about Midlothian's Scheme of Assistance Strategy can be found in Appendix *.

Private Sector Adaptations and Funding

Table 11.5 below shows the reduction in the level of investment made in Midlothian to help people maintain their private properties. Between 2017/18 and 2019/20, overall grant funding reduced by 28% and the number of adaptations carried out reduced by 23%. In 2019/20, 'Level access shower' adaptations required 56% of the grant funding, 'other' adaptations (which include sanitary and hoist installations) accounted for 14%, 'stairlift' installations 13%, with 'access ramps' and 'bathroom installations' requiring 12% and 5% of the funding respectively. It is interesting to note that between 2017/18 and 2019/20 the financial aid granted to install stairlifts has reduced by 57% whilst the financial aid approved to install access ramps has increased by 26% during the same period.

It should be noted that in 2019/20 an additional £46,192.19 was given grant approval but due to Covid 19 restrictions, these adaptations were not been completed within the financial year and therefore not included in the total spend for that period.

Table 11.5: Private Sector Adaptation and Funding in Midlothian- 2017/18-2019/20⁴⁵

Private Works Type	Total - 2017/18			Total - 2018/19			Total - 2019/20		
	Spend	No	%	Spend	No	%	Spend	No	%
Level access shower	£149,046.08	23	50%	£144,782.78	25	65%	£117,891.70	18	56%
Bathroom adaptation	£8,046.30	1	3%	£0	0	0%	£11,102.95	2	5%
Access ramp	£20,632.96	3	7%	£17,888.87	5	8%	£26,000.50	8	12%
Stairlift	£62,521.08	22	21%	£29,902.32	15	13%	£26,978.95	9	13%
Other	£54,478.58	8	18%	£31,393.88	8	14%	£30,178.19	7	14%
Total	£294,725	57	100%	£223,967.85	53	100%	£212,152.29	44	100%

⁴⁵ Spend indicates the grant provided by Midlothian Council, not the full cost of the adaptation

	Total Spend £730,845.14	Total Adaptations 154
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Table 11.6 shows the same information, albeit for Midlothian Council properties during the same time frame. Of the 202 adaptations that were completed during this period, the majority were 'wet floor shower' installations (81%), followed by 'access ramp' installations (15%) and 'other' (4%). The level of financial investment decreased by 21% and the total number of adaptations reduced by 32%. It is interesting to note that whilst the total spend to adapt Midlothian Council properties is 19% lower than that granted to privately owned properties, the total number of adaptations carried out was 31% higher.

Table 11.6: Council Adaptation and Funding in Midlothian- 2017/18-2019/20

	2017/18		2018/19		2019/20		Total
	Spend	No	Spend	No	Spend	No	
Wet floor shower	£181,270.85	29	£192,494.80	28	£175,587.82	25	82
Level access shower	0	0	0	0	0	0	0
Access ramp	£20,313.00	5	£18,282.12	7	£4,286.00	3	15
Bathroom adaptation	0	0	0	0	0	0	0
Other	£15,471.70	3	£5,410.00	1	0	0	4
Total	£217,055.55	37	£216,186.92	36	£179,873.82	28	101
	Total Spend £613,116.29				Total Adaptations 202		

The Council is committed to investing in specialists housing provisions and future investments in this housing type will be influenced by a number of factors including:

- The level of demand for specialist accommodation
- Availability of grant funding and Council's own investment funding.
- The implementation of the Health and Social Care Integration Scheme to allow people to live at home for as long as practicable.

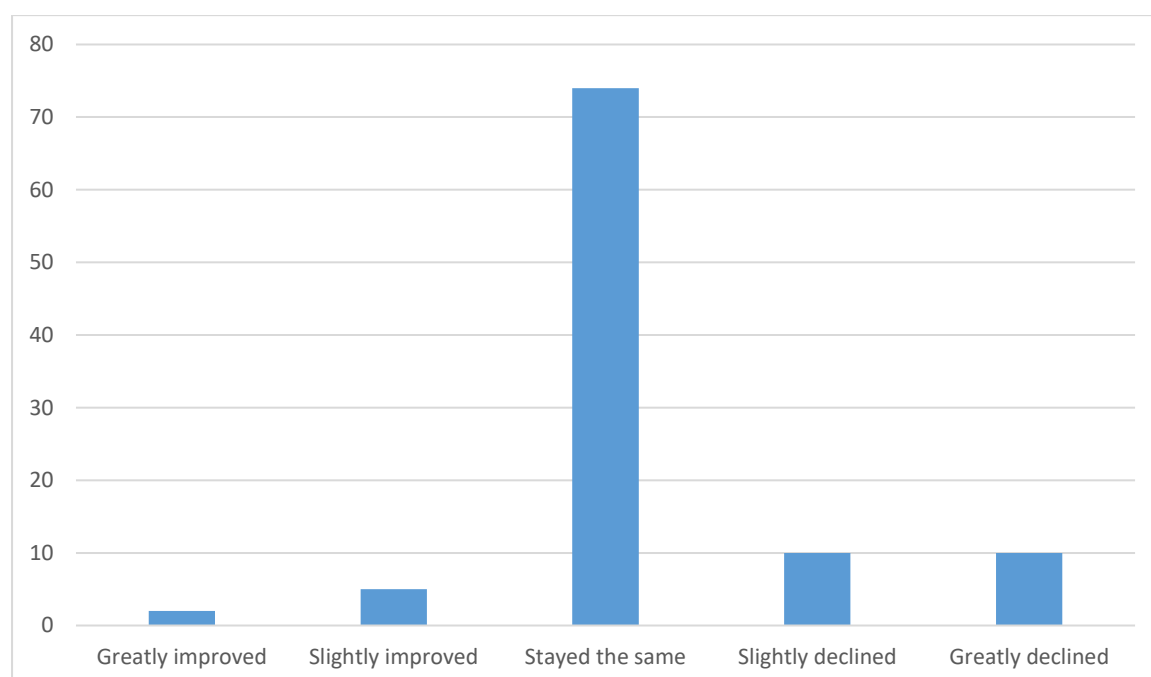
Neighbourhood satisfaction

Aside from the quality of housing itself, the quality of neighbourhoods can have a large impact on the quality of life for communities. Chart 11.1 shows findings from Midlothian

Council's Tenant Satisfaction Survey 2019. Tenants were asked if they felt their neighbourhood had improved, stayed the same or declined in the past three years. A total of 20% of respondents felt it had slightly declined or greatly declined. When asked what the contributing factors were for neighbourhood decline, the following issues were most commonly reported:

- Dog Fouling (21%)
- Other (18%) – tenants gave examples and the issues varied greatly
- Youth disorder (14%)
- Litter (9%)
- Drug dealing (9%)

Chart 11.1: Has the neighbourhood improved, stayed the same or declined in the last three years?



Dog fouling and youth disorder were two commonly reported problems. Findings from the 2018 Scottish Household Survey for Midlothian⁴⁶ (see table 11.7 below) suggest a very similar range of problems are also a concern for those living in other tenures. This implies quite strongly that dog fouling, youth disorder, littering and drug misuse affect the quality of neighbourhoods in Midlothian, regardless of tenure.

⁴⁶ <https://www2.gov.scot/Resource/0054/00548552.pdf>

Table 11.7: Percentage of people saying a problem is very/fairly common in their neighbourhood

Type of antisocial behaviour	% of Midlothian people reporting activity as very/fairly common
Animal nuisance e.g. dog fouling	35%
Rubbish/litter	32%
Drug misuse/dealing	14%
Vandalism/graffiti	13%
Rowdy behaviour	12%
Harassment	6%
Noisy neighbours	6%
Neighbour disputes	4%
Abandoned vehicles	3%

Empty Homes

According to Scottish Government data there are 40,963 long term empty properties in Scotland of which, 306⁴⁷ are in Midlothian. 'Long term empty properties' are properties which have been empty for more than six months and are liable for council tax. Under the Local Government Finance (Unoccupied Properties etc.) (Scotland) Act 2012, Midlothian Council reduced the amount of discount for long term empty dwellings and second homes from 50% to 10%, with the extra revenue used to support affordable housing. A total of £165,000 was raised between 2016/17 and 2018/19 which is being used to support Midlothian's New Build Council Housing Programme. Properties which have been unoccupied for a continuous period of more than twelve months are liable for a 100% council tax levy.

Furthermore, to ensure that vacant and long term empty properties are brought back into use, the Council will continue to provide opportunities to home owners by providing a number of intervening actions including:

1. Support and advice including access to Shelter's Scottish Empty Partnership to access VAT reductions on long term empty properties,
2. Council Tax normalisation: once landlords are able to bring back their properties into use, they will no longer be liable for the 100% council tax increase thereby bringing down their council tax.

Benefits of Bringing Empty Properties Back into Use

Once brought back into use, empty properties can achieve positive outcomes in the area and surrounding communities including:

- Providing additional housing for those in housing need
- Helping to regenerate the community or the town centre
- Discouraging anti-social Behaviour as empty properties can be magnets for fire/vandalism/fly tipping

⁴⁷ <https://www2.gov.scot/Topics/Statistics/Browse/Housing-Regeneration/HSfS/LTEmpysecondhomes/EmptySecondhometables>

- Restoring confidence in local community and the property market – buyers can be discouraged by empty properties

Key Issues in relation to Improving Housing Quality

- The proximity to Edinburgh impacts on affordability in Midlothian and has made the private rented sector a less affordable option for many renters in Midlothian
- The quality of housing varies between the private and social housing sectors in Midlothian, with a higher proportion of private housing requiring upgrade works
- Investment is required in housing in order that private housing is maintained to adequate standards or adapted to meet particular household requirements.
- A proportion of residents have concerns in relation to the quality of neighbourhood that they live in.
- There has been a significant reduction in the level of investment made in Midlothian to help people maintain their private properties
- The Housing Renewal Area (HRA) Policy needs updated

Consultation Responses

Question asked	Individual response	Council response/LHS Outcome
6. How can services and your local community work together to improve the condition of housing?	Is there more that can be done locally to better regulate private landlords on material condition standards and better inform/empower residents to know about them, hold their landlords to account?	
	Initiatives for elderly residents to have support and incentives for people to look after their rented properties.	
	Builders having to pay the cost of more resources instead of building, making plenty of money then leaving a bigger problem of demand on already over stretched resources.	
	Empty properties should be taken by the council who will use them to help people	
	Offer incentives for renovations (external and internal) to encourage a sense of civic pride	
	People don't work for free - so work would either need to be carried out through the goodness of their heart or community/council could pay for supplies and labour would be done for free	
	Having lived in a flat before our new home we struggled to get things done because some of the homes were privately owned which wasn't at all helpful.	
	Encourage/ incentives to improve. A task force to apply to for help	

	Organise awareness/training groups for the benefits of improvements.	
	Buy back more council houses	
	Offer home checks and run campaigns about improving house state, garden competition, DIY courses	
	Create local resident groups, for example when using community gardens. Local charities and community services are often happy to offer help as way of educating individuals whilst they receive peer support and a sense of wellbeing.	
	The council should be able to do more when properties are empty and derelict or in private lets / owner occupied properties. In my street we have a few houses who have gardens in a terrible state and they are just left like that. It then breeds as other think it is an acceptable way to live so more end up in a mess.	
7. How should resources and services be directed to improve the condition of housing in your local area?	Collaborate with different council departments , work with private landlords, engage with community groups and encourage volunteering to give a sense of purpose	
	Deprived areas must be a priority	
	Tenants made to keep their houses/gardens in a reasonable order	
	Roof space and cavity wall insulation should be installed on all properties which will reduce heating demand on the system in summer and make heating homes in winter cheaper	
	Place much more stringent requirements on new build developers to build better quality housing and contribute to the local area	
	Organise awareness/training groups for the benefits of improvement	
	Set up housing improvements scheme where people donate old/not required improvement equipment to stobhill or the like and distribute amounts communities to encourage improvements	
	community focused support - e.g. local groups helping with painting and gardening etc.	

Key Actions:

Actions to be agreed during final consultation process. The actions should be decided based on the key issues and consultation responses above.

Outcome: The condition of housing across all tenures is improved

12 Housing, Health and Social Care Integration

National Context

Housing has an important influence on health inequalities in Scotland and can contribute to the achievement of many of the National Health and Wellbeing Outcomes. Health and social care integration, community planning, and community empowerment provide an opportunity for stronger connection between public health and housing. The homes people live in are an important aspect of how they experience place and community, and everyone should have access to an affordable, safe and warm home. In this LHS, Midlothian Council recognises the contribution that good quality housing, place-making and effective housing related services has on health improvement, wellbeing and the reduction of health inequalities.

The Scottish Government has worked with partners to agree a set of jointly agreed and owned Public Health Priorities for Scotland to focus the whole system on the things which will have the greatest potential to improve healthy life expectancy, reduce inequalities and support sustainable economic growth over the next 10 years. Priority 1 is a Scotland where we live in vibrant, healthy and safe places and communities. This Priority recognises that the places we live, work and play, the connections we have with others and the extent to which we feel able to influence the decisions that affect us – all have a significant impact on our health and wellbeing. The immediate physical environment, the social networks we belong to, the local economy, our workplace and the accessibility of services are all important, Midlothian Council has considered the Public Health Priorities in the development of this LHS; housing colleagues engage with the Integration Authorities and will continue to work to strengthen contact with the local Public Health Teams.

Midlothian Context

Housing is a central determinant of health. Having affordable and suitable housing which is in good material condition and in safe and connected neighbourhoods is cornerstone to creating opportunities for good health and wellbeing. There is a commitment between the Integration Joint Board and Housing to strengthen collaborative working to achieve this.

Midlothian Health and Social Care Partnership

The Midlothian Health and Social Care Partnership is responsible for services that help Midlothian residents live well and get support when needed. This includes all community health and social care services for adults in Midlothian and some acute hospital based services.

While Housing and Homelessness is not a delegated function to the Integration Joint Board many people experiencing homelessness may also experience health and wellbeing challenges such as mental health, substance misuse or involvement in offending. Closer collaboration between Housing and Health and Care Services will enable a stronger approach to addressing homelessness and the health inequalities which arise.

The Health and Social Care Strategic Plan 2019-2022⁴⁸ has a section specifically on housing and property and contains a Housing Contribution Statement which highlights a number of key challenges with the Health and Social Care Partnership. These are:

- More people who are frail or have dementia are living for longer at home
- People are living longer with multiple long term conditions
- There has been little progress in reducing health inequalities
- Our services are under pressure

The Housing related actions which contribute to Health and Social Care Outcomes in Midlothian include:

New Housing Development

Midlothian's Local Plan provides a sufficient land supply to meet local needs, and all new housing being developed will meet modern building regulations which are designed to better meet particular needs. For example new build housing will have level access to ground floor accommodation and improved circulation spaces within homes. Midlothian's Strategic Housing Investment Plan 2019/20 – 2023/24 has identified sites for the development of up to 2,202 new affordable homes during this period. These are being developed by the Council and other local Registered Social Landlords. A total of 239 specialist provision homes have been identified which is 11% of the total. However, a much higher number of homes than this is likely to be suitable for those with impaired mobility but not requiring specific adaptations.

- 81 homes are being planned as extra care housing
- 104 homes are being planned as amenity housing
- 12 homes are being planned for complex care needs
- 5 wheelchair houses are being planned
- 4 homes are being planned for bariatric accommodation

⁴⁸ https://www.midlothian.gov.uk/info/1347/health_and_social_care/200/health_and_social_care_integration

- 34 homes with level access shower rooms are being planned

Current Extra Care Housing Projects in Midlothian

Gore Avenue, Gorebridge (Midlothian Council)

- 12 fully wheelchair accessible bungalow units (10 x 1 bed and 2 x 2 bed) to be built.
- 2 x 2 bed units will be suitable for individuals with bariatric needs (weighing more than 25 stone).
- Care provision and housing support will be provided by a dedicated on site team of staff.
- Estimated completion summer 2021.

Newmills Road, Dalkeith (Midlothian Council)

- 40 flats and 8 bungalows to be built.
- Will include 2 bariatric bungalows.
- All care and housing support will be provided by a dedicated on site team of staff.
- Estimated completion 2021.

Glenesk House, Eskbank (Viewpoint Housing Association)

- 30 extra care flats are proposed for development within the grounds of Glenesk House, Eskbank.
- Estimated completion autumn 2020.

Existing Midlothian Council Housing Stock

- Housing are currently working in partnership with Health & Social Care to identify properties potentially suitable for remodelling to core and cluster extra care housing.

Other Sites

- Health & Social Care are working with Housing to identify further areas for developing extra care housing.

Homelessness and Rapid Rehousing Transition Plan

Midlothian Council's 5 year Rapid Rehousing Transition Plan (RRTP) details the authority's plans to provide short and long term solutions to end homelessness and rough sleeping. It notes that there are over 1,000 homeless households in Midlothian and it can take many years for these households to access permanent housing. The Plan was renewed in 2020 and takes a housing led approach towards rehousing people who have experienced homelessness; making sure they reach a settled housing option as quickly as possible. The Plan will details the approach intended to rapidly rehouse those with multiple and complex needs. Housing first is one model which will provide intensive support to individuals with the most complex needs by providing the individual with a tenancy and intensive support at the outset of their homeless application.

It is likely that existing strategic planning groups and structures will develop and review the Rapid Rehousing Transition Plan to ensure the correct resources collaborate towards early intervention and preventing negative outcomes and the demand for costly crisis services. In particular, housing staff will work in partnership with health and social care teams to implement the Health and Homelessness Action plan which is focused on ensuring that the health and wellbeing needs of this

vulnerable group are being addressed. It will also support ways of working which can help prevent homelessness and ensure those with the most complex needs are able to access appropriate support for their needs.

The Health and Homelessness Steering Group was developed in 2016. It has been responsible for:

- Undertaking a Report in which homeless clients in Midlothian have shared their experiences of homelessness and access to health services.
- Developing an action plan to improve health services to homeless people in Midlothian
- Maximising opportunities to prevent homelessness – such as developing the hospital discharge project to get hospital staff at the Infirmary to contact the housing services team to plan the departure of people from their services.
- Reviewing and improving service provision to ensure meets the needs of homeless clients – for example the CHIT nurse (Community Health Inequalities Team) visits supported temporary accommodation units to meet with clients.

Housing / Occupational Therapist Partnership

Health and Social Care staff meet with housing representatives on a quarterly basis to review the need for specialist provision and consider further provision where required in order to address emerging needs.

Current Areas of Work:

- New adaptation policy drafted by Health and social care occupational therapists in partnership with Housing Services.
- Improved partnership working and regular communication between Housing and Health & Social Care to identify suitable clients with priority for previously adapted properties.
- Regular communication between Housing and Health & Social Care to identify possible housing solutions for specific identified cases with complex needs.
- Ongoing input to the Housing New Build Plan – next phases of New Build sites will include an increased proportion of wheelchair accessible accommodation, ground floor accommodation with facilities such as level access showers, bariatric accommodation.
- Four staff from Health and Social Care and Housing are now qualified as trainers to run Housing Solutions training which is supported by iHub. The training is aimed at supporting all staff across health, housing and social care to have earlier conversations about housing and trying to prevent these discussions occurring too late.

Intermediate Care Housing

Housing now work with Health and Social Care to provide intermediate care/ temporary accommodation for individuals who require:

- To await permanent offer of suitable housing from Midlothian Council;
- To await completion of adaptations / repairs / provision of specialist equipment in their existing property;
- To await provision of appropriate care package / support services at home;
- To provide a period of ongoing intermediate care and rehabilitation where other intermediate care facilities are assessed as inappropriate for the needs of the individual;
- To enable a period of assessment re an individual's level of care and support needs, and suitability for Extra Care Housing or other types of accommodation.

Further intermediate care flat provision has been will be included on future extra care housing sites, however work continues between Housing and H&SC to identify other potential properties throughout Midlothian which could be used for this same purpose. The aim is to ultimately have 4-5 in the area located in Dalkeith, Bonnyrigg, Penicuik, Gorebridge and Newtongrange, however other areas will also be considered depending upon the suitability of any identified property.

Support To Move

- 'Support To Move – A guide for people in Midlothian' has now been published in conjunction between Health & Social Care and Housing and offers a series of hints and tips for both professionals and their clients and families at each stage of moving house, from deciding whether or not they want to move or stay, choosing the house that's right for them, right through to planning and making the move. The guide is available on the Midlothian Council website and in all Midlothian Libraries.
- Work ongoing to develop a separate Housing Options brochure providing details of Amenity, Retirement, Wheelchair, Sheltered, Very Sheltered and Extra Care facilities in Midlothian.
- Support to Move Service – initial discussion has taken place around the viability of a Support to Move Service in Midlothian. One of the biggest challenges when encouraging people to consider a move to more suitable accommodation is simply the prospect of the planning, organising and actually moving itself.

Care & Repair Services

The principal objective of Care & Repair services operating in Scotland is to offer independent advice and assistance on adaptations, repairs and improvements to owners and private tenants who are over the age of 60 and provide the following core services.

- Information and advice on property related issues
- Major adaptations and repairs – assistance with identifying repairs and improvements, preparing specifications, obtaining quotes, and monitoring works
- Handyperson services – assisting with straightforward small repairs
- Small repairs service – assistance with small repairs that require more specialist skills and knowledge.

Midlothian currently has no Handyman or Care & Repair service and indeed is the only Local Authority in Scotland not have any such service.

Funding for fuel poverty and energy efficiency

There are various funding streams which support improved energy of housing stock, and which contribute to the reduction in fuel poverty. Whilst landlords and owners can be proactive in improving the energy efficiency of housing, the Scottish Government also funds several programmes which help improve energy efficiency or support households at risk of fuel poverty. The Home Energy Efficiency Programmes for Scotland: Area Based Schemes are designed and delivered by local authorities, targeting fuel poor areas, to provide energy efficiency measures to a large number of Scottish households while delivering emission savings and helping to reduce fuel poverty.

The Scottish Government's Warmer Homes Scotland Scheme is specifically for vulnerable owner occupiers and tenants of private landlords who can access help to make their homes more energy efficient and reduce their energy bills.

The Energy Savings Trust manages delivery of the other home energy efficiency programmes for Scotland through the Home Energy Scotland hotline on behalf of the Scottish Government in partnership with a range of advice providers and the energy companies. They offer energy efficiency advice, information on low cost energy tariffs, and advice on income maximisation as well as a wide range of energy efficiency measures.

Midlothian residents also currently benefit from a funding grant from the Big Lottery Fund. The environmental charity Changeworks will deliver the 'Canny Tenants' project until 2020 in Midlothian and the Scottish Borders in partnership with Eildon Housing Association, Melville Housing Association and Midlothian Council. Thanks to a £494,180 grant from the Big Lottery Fund, the project aims to bring about positive change for local people in the greatest need. This includes people who are in debt as well as older people and those who have been homeless or in the care system. A wide range of support is available ranging from home visits and budget management training, to help with using heating more efficiently and advice on cutting down on food waste.

Key Challenges:

- More people who are frail or have dementia are living for longer at home
- People are living longer with multiple long term conditions
- There has been little progress in reducing health inequalities
- Our services are under pressure

Key Actions:

UNISON's Plug the Gap in Local Government finance campaign**Report by Kevin Anderson, Executive Director - Place****Report for decision.****1 Recommendations**

Council is asked to consider the submission received from UNISON Midlothian, appended to this report, and determine whether it wishes to support the trade union's fair funding campaign for local government.

2 Purpose of Report/Executive Summary

The purpose of the report is to provide elected members with awareness of the campaign UNISON is pursuing, which has requested Council support, and decide what action it will take.

Date: 6 November 2020**Report Contact:** Kevin Anderson, Executive Director - Place**email:** kevin.anderson@midlothian.gov.uk**tel:** 0131 271 3102

3 Background

Unison Midlothian have provided a submission where they have requested support from Midlothian Council in terms of the financial implications and impact resulting from the Covid – 19 pandemic response, the potential effects of Brexit from the UK withdrawal from the European Union and also the funding settlement from Scottish Government in 2021/22 for local government generally.

4 Report Implications (Resource, Digital and Risk)

4.1 Resource

In March 2020 Audit Scotland drew attention to a specific funding challenge within the national report, "Early Learning and Childcare Follow up" relating to the rollout of additional funded childcare hours. Due to a decision to base funding allocations on 2014 population figures the funding that Midlothian Council will receive is 24% less that required due to the rapid growth in early years population.

<https://www.audit-scotland.gov.uk/report/early-learning-and-childcare-follow-up>

4.2 Digital

There are no digital implications related to this report.

4.3 Risk

Not applicable

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

Not applicable

4.4 Additional Report Implications

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Not applicable

A.2 Key Drivers for Change

Key drivers addressed in this report:

- ☐ Holistic Working
- ☐ Modern
- ☐ Sustainable
- ☐ Transformational
- ☐ Preventative
- ☐ Asset-based
- ☐ Continuous Improvement

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

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

A.4 Delivering Best Value

There are no direct implications related to this report.

A.5 Involving Communities and Other Stakeholders

Not applicable

A.6 Impact on Performance and Outcomes

Not applicable

A.7 Adopting a Preventative Approach

Not applicable

A.8 Supporting Sustainable Development

Not applicable

Appendix 1. UNISON Midlothian Submission

UNISON Midlothian

This council notes the Scottish Government's recent announcement of "a package of financial flexibilities and extra funding for councils to address the financial pressures caused by the coronavirus (COVID-19) pandemic over the next two years".

Whilst we welcome the recognition of the financial crises local government is in we remain concerned that this 'financial package' does not solve the problem.

Only £139m of this package was 'new' money (£49m of which had already been announced). The remainder of the package is only be available if local authorities make full use of the complicated set of 'fiscal flexibilities' set out.

But these fiscal flexibilities are no substitute for a fair funding settlement. This council still faces a perfect financial storm of extra demand for services at a time of substantial loss of income which means impossible choices about the funding of services going forward.

This council notes that £2bn of 'efficiencies' have already been taken out of local government over the last decade. We also know that the financial impact of COVID-19 will not be confined to the next few months and with Brexit looming the effects of both on the wider economy are going to make the crises in Local Government much worse.

This Council therefore pledges its support for UNISON's campaign and calls on the Scottish Government to Plug The Gap in Local Government finance in the 2021/22 budget to:

- **Reward Local Government Workers** - Local Government workers have been the hidden heroes of this pandemic. Their invaluable contribution to the Covid response should be recognised and rewarded.
- **Secure the long term financial stability of Local Government** – Local Government needs long term stability to protect essential jobs and services for the future. The salami slicing of services needs to stop.
- **Shape Local Government Fit for the Post-Pandemic Future** – It is a matter of fact that a number of roles undertaken by local government workers have changed as a result of the pandemic. These need to be recognised and their job evaluation reviewed as a result.
- **Fully Consolidate the Living Wage** – Deliver on the existing commitment to fully consolidating the living wage for all local government workers across Scotland as committed to through our last pay deal.