Midlothian

Corporate Solutions Performance Report Q2 2022/23

Quarter 2 (July – September 2022) was a challenging quarter for Corporate Solutions as it continues to support post-pandemic recovery, present options to balance future years' budgets and progress a range of transformation projects. The main challenges for this quarter continue to be achieving and maintaining financial sustainability against increasing external pressures.

Challenges

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

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

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

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

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

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

Corporate Solutions has shifted to a structure with six service areas of Finance, Human Resources, Digital, Customer Services, Legal & Governance and Corporate Resources.

Building on our nine drivers for change, Corporate Solutions has a particular focus on the key elements of the route map that encompass the delivery and acceleration of the Capital Programme, delivering digital first and remote working. The redesign of services and the changes to build back better are predicated on the overarching principle that in delivering services, whether commissioned internally or externally, we will keep our communities, our employees and our environment safe, at the same time as meeting our commitment to being carbon neutral by 2030.

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

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

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

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

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

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

Achievements

- Completion of the audited 2021/22 Financial Statements in advance of the revised statutory deadline with an unqualified audit opinion.
- Presentation to Council in August of a full suite of financial monitoring reports for quarter 1 of 2022/23 to promote sound financial governance.
- The finance team continue to provide in-depth financial input to key revenue and capital projects embedded in the Medium Term Financial Strategy
- Resources continue to be prioritised to process Scottish Welfare Fund and Self Isolation Grants as soon as these are received. This has meant that processing times for change in circumstances for benefit applications etc. are currently experiencing some delay as noted later in the report.
- In this quarter £215,051 was awarded from the Scottish Welfare Fund. 1,873 applications were received for crisis grants of which 988 met the criteria and resulted in payments of £109,583.
- Community Care Grant applications totalled circa 316 of which 103 payments were made totalling £105,468.
- In addition there were 105 applications for Self Isolation Support grants of which 39 qualified with payments totalling £8,775.

Workforce Strategy

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

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

Achievements

- Trade Union negotiations have taken place in relation to a revised Whistleblowing Policy and an Overpayments Policy. It is anticipated these will be made available soon once final agreement is reached.
- Continuation of a rolling programme of Wellness@Midlothian initiatives to ensure we continue to support the wellbeing of our staff including a recent employee engagement event at Stobhill.
- Revised industrial relations guidance was created and utilised for the strikes which took place in waste services.
- The Council agreed to 10 days of miscarriage leave to be incorporated into our suite of family leave policies and we signed up to the Miscarriage Association's pledge. In

addition, IVF treatment leave has also been added to our suite of family leave offerings.
- We continue to track our gender pay gaps and employee turnover rates. Turnover varies through the year. Consideration of the levels of turnover across services, locations and particular groups of employees helps to inform workforce planning and resourcing. Aside from 2020/21 where staff turnover was 5.9%, the turnover rate has been consistent the last 3 years between 9-10.5%. Turnover rate over the last few quarters has been static between 2.3 and 2.4%. Rate for Q2 3.6%.

Digital Strategy and Digital Learning Strategy

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

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

- Refresh the council's approach to customer service, focussing on 'digital first', while making sure alternatives remain in place for those who need them
- Have a council website that meets customer needs , enabling customers to request and pay for services online and to log in to see their interactions
- Implement an update service, so that customers contacting the council online can receive follow up text messages or emails
- Look at opportunities to automate and better integrate processes so that staff can focus on the things that matter most to customers
- Enable people to stay independent and healthy for longer by using data and technology
- Introduce bookable online and face-to-face appointments so that customers don't have to waste time queuing or travelling and to help the council reduce costs
- Review and improve online engagement with customers, including online consultations, communications and social media
- Promote Midlothian as a digital destination, creating an environment that attracts leading digital businesses to the area and supporting the innovation of start-ups
- Cultivate digital skills in our communities, ensuring that young people have access to the technology and support that they need to improve educational outcomes and to prepare them with the skills they need for the future
- Reduce digital exclusion and empower learners of all ages, enabling online access and supporting them to develop digital skills
- Support Midlothian to achieve high speed connectivity, smart infrastructure and resilient cyber defences

Funding was secured in the 20/21 budget to deliver the Equipped for Learning project, providing every school age pupil in the county with a learning device such as an iPad or Google Chromebook as part of Midlothian Council's £10.5 million investment in digital learning. Midlothian is the first local authority in Scotland to launch a digital learning project on this scale. The ambitious plan recognises the importance of digital tools to support learning. This investment will ensure Midlothian's young people have the digital skills they need to secure a positive destination such as a job or a Further or Higher Education place, which in turn will help support the local economy. Making sure all pupils have a device will

also help young people with additional support needs by giving them access to technology that can help with their different learning needs. Primary schools will have the flexibility to select the right device to support their school community until Primary 7 where all pupils from P7 upward will receive a Google Chromebook. Early years settings will also benefit from the digital strategy as they will have access to shared iPad devices.

Achievements

- Continued progression of the new Digital Services Strategy ensuring the Council has the capacity and skills to take forward the associated investment and delivery of plans.
- **Hybrid Working/Office refresh:** Workspaces in Midlothian and Fairfield House have been upgraded with new monitors and docking stations to support hybrid working. Over 1000 corporate laptops have been migrated to Global Protect and over 500 mobile phones have been migrated to new platforms to allow better integration with O365 plans. Over 400 legacy desktops have been upgraded and this work continues.
- **Target Operating Model:** A new structure was agreed to strengthen the core staffing of Digital Services by Council and CMT. A service review has commenced to implement the new staffing structure. Chief Digital Officer has been appointed to start in Q3 2022/23.
- **Education strategy**: New Web Filtering software has been successfully piloted in schools. A new Wi-Fi network for Chromebooks and iPads has been introduced. A 3rd party Wi-Fi audit for schools has taken place and the actions are being implemented to improve coverage and capacity.
- **Digital enabled projects**: a number of business applications have been upgraded and these continue to improve customer and staff experience, including SQL migrations and SSRS implementation and a major upgrade of the virtualised and storage server environment.
- **Cyber Security resilience:** The cyber risk is high. A new Cyber Analyst joined the Council in July. The Corporate Management team were provided with a cyber report to setting out actions to strengthen core digital services team and purchase of additional cyber mitigation tools. New software has been deployed to alert staff responding to phishing emails. New vulnerability scanning software has also been deployed.
- **Cyber Security Compliance**: PSN penetration testing was conducted in April and following mitigation a report was sent to the Cabinet Office for independent review. The Council achieved PSN certification this quarter.

Customer Service Strategy

The Customer Service Strategy defines the key drivers that will enable Midlothian Council to deliver 'customer service excellence' to our communities. It outlines the commitment to provide choice to the customer in the way services are accessed and provided. This includes innovation, partnership working and optimising the use of technology within resource constraints. The strategy will help us to change the way we deliver services utilising the latest technologies and linking to national frameworks.

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

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

Achievements

- Work continues on implementing the Customer Services Platform (CSP) for Midlothian Council and redesigning key services that will improve the end to end customer journey. The modules in progress (missed bins, assisted collections, additional recycling containers, bulky uplifts, registrar's certificates, customer feedback and Subject Access Requests) are being designed, configured, built and tested with services. The Registrars module is in the final testing stages with recent delays due to external supplier live payment issues. The core build for the customer feedback module is complete with final build refinements planned during Q3. Engagement continues with service areas and a number of modules are anticipated to launch in the coming months.
- Registrars have remained steady with the rush of catch-up weddings settling. There have been changes to the remote registration process which is now allowing births to be registered remotely.
- Library Services remain busy with the majority of activities and events which had been suspended due to COVID having resumed. We had a very successful and busy Summer Reading Challenge with our starting and completing numbers reaching pre-COVID figures. We also had a wide range of events making up our summer programme. We worked in partnership with the University of Edinburgh's Engineering Department which tied in perfectly with the 'Gadgeteers' theme and there was much fun had at rocket launches, bridge building and pop-up engineering sessions all across the county.
- August saw the launch of the NHS 'Near Me' video appointment service in Gorebridge Library. This pilot project provides a safe, secure private space for appointments and supplies the technology and support for people to access them. Midlothian is one of 10 library services across the country providing this service.

Procurement Strategy

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

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

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

Achievements

- Work continues on the development of the SME/Procurement strategy. The team have reviewed and streamlined the non-competitive action process, the request for procurement and developed a non-regulated procurement process and new contract database. The team are working to implement a review of the procurement arrangement across the Council including continuing to explore options for joint working with neighbouring councils, populating and maintenance of the new contract database.
- The team continues to utilise framework agreements with Scotland Excel and Procurement for Housing (amongst others) which not only provides an easier route to market but also delivers value for money.
- A range of high value/complex contracts continue to be awarded and key activities include overhaul of Contract Database and City Deal participation. A follow up review of upcoming expiring contracts within Health and Social Care began in Q2 and is in early stages. The review will look for opportunities to extend services, and consolidate opportunities for efficiency.
- Progress being made for consultation on a new procurement structure, designed to increase the capacity and capability in this area.

Growing Council

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

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

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

The approved Capital Strategy sets out the infrastructure required to meet those demographic pressures and includes the financial contributions Midlothian will make to the Edinburgh and South East Scotland City Region Deal. Encompassing five main themes the City Region Deal will bring significant investment across the regions with total investment of circa £1.3 billion across:
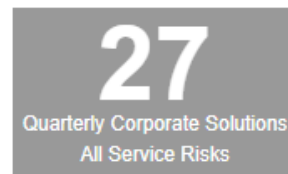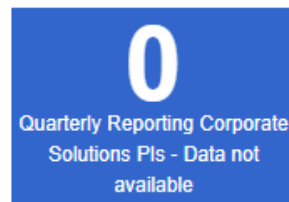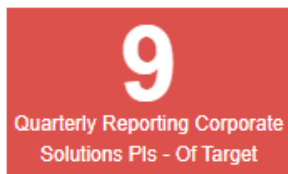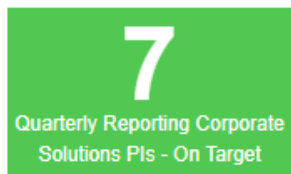
- Research, Development and Innovation: £751 million
- Integrated Regional Employability and Skills: £25 million
- Transport: £156 million
- Culture: £45 million
- Housing: £313 million

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

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

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

Quarter 2 - Corporate Solutions▾

7	9	15	0	27	0
Quarterly Reporting Corporate Solutions PIs - On Target	Quarterly Reporting Corporate Solutions PIs - Of Target	Quarterly Reporting Corporate Solutions PIs - Data only	Quarterly Reporting Corporate Solutions PIs - Data not available	Quarterly Corporate Solutions All Service Risks	Quarterly Corporate Solutions High Service Risks

Quarterly Reporting Corporate Solutions PIs - Of Target

	Code & Title	Gauge	Value	Target	Next Update Due	Last Update	History
🔴	CORPS.MPI.04 % of invoices paid within 30 days of invoice receipt (cumulative)		94.9%	95.0%	01 Jan 2023	Q2 2022/23	
🔴	CORPS.P.3.4b All recovery overpayments - as a % of all HB overpayment debt		9%	10%	01 Jan 2023	Q2 2022/23	
🕐 🔴	CR.CC.2 % of contact centre calls answered within 60 seconds		62%	90%	01 Nov 2022	Q2 2022/23	
🔴	CSE.LPI.03 Average processing time for new claims (internally calculated)		45 days	25 days	01 Dec 2022	Q2 2022/23	
🔴	CSE.LPI.04 Average processing time for change of circumstances (internally calculat…		17 days	8 days	01 Dec 2022	Q2 2022/23	
🔴	CORPS.MPI.01 Performance against revenue budget		£22.751m	£22.644m	01 Jan 2023	Q2 2022/23	
🔴	CORPS.MPI.05 % of Service PIs that are on target/ have reached their target.		82.14%	90%	01 Jan 2023	Q2 2022/23	
🔴	CORP7 Corporate Indicator - Percentage of income due from council tax received by…		94.2%	95.0%	01 Apr 2023	2021/22	
🔴	CORP8 Corporate Indicator - Percentage of invoices sampled and paid within 30 day…		93.3%	95.0%	01 Jan 2023	Q2 2022/23	

← 1 of 1 →