

REPORT TO: East Lothian Council

MEETING DATE: 28 October 2014

BY: Chief Executive

SUBJECT: Council Plan – Two-Year Review

1 PURPOSE

- 1.1 To present Council with a two-year review of the Council Plan 2012-2017 and make recommendations for priorities for the remaining three years of the Plan.

2 RECOMMENDATIONS

- 2.1 Council is asked to note the two-year review of the Council Plan and the recommendations for priorities for the remaining three years of the Plan as detailed in paragraphs 3.12 – 3.14.

3 BACKGROUND

- 3.1 *Working Together for a Better East Lothian: The East Lothian Council Plan 2012-2017* was approved by the Council in August 2012. The Plan set out the Council's aim of creating a prosperous, safe and sustainable East Lothian that will allow our people to flourish. To achieve this aim the Plan has four objectives:

- **Growing our Economy** – to increase sustainable economic growth as the basis for a more prosperous East Lothian
- **Growing our Communities** – to give people a real say in the decisions that matter most and provide communities with the housing, transport links, community facilities and environment that will allow them to flourish
- **Growing our People** – to give our children the best start in life and protect vulnerable and older people
- **Growing the capacity of our Council** – to deliver excellent services as effectively and efficiently as possible within our limited resources.

- 3.2 The Council Plan details the actions that will be pursued over five years to achieve these objectives.

- 3.3 The Council Management Team has undertaken an evaluation of progress in achieving the Plan's objectives and the key actions set out in the Plan. This has been summarised within the Annual Performance Report 2013/14, which is on the agenda of the Council meeting, 28 October 2014.
- 3.4 The monitoring report shows substantial progress has been made against almost all the commitments contained in the Council Plan. Key achievements over the last year include:
- Delivering jobs and training opportunities through East Lothian Works, including over 30 work experience and modern apprenticeship opportunities in the Council
 - Supporting over 200 new business start ups
 - Increasing payments to foster carers and supporting more foster care and kincare placements for vulnerable children
 - Enhancing respite services for older people
 - Successfully introducing the Scottish Welfare Fund and delivering support for people affected by the Housing Benefit under occupancy rule
 - Completion of the new care home in Tranent
 - Building 120 new Council houses
 - Establishing six Area Partnerships which will take on devolved decision making and budget responsibilities
 - Being awarded Investor in People status
- 3.5 However, it is recognised that many commitments are ongoing and will need continuous monitoring and that further progress needs to be made on several commitments to ensure that they are fully achieved within the lifespan of the Council Plan.
- 3.6 Since the Council Plan was adopted by the Council in August 2012 the challenges which set the context for the Plan have evolved and new challenges have emerged. Two years into a five-year Plan is a good time to review the challenges and context and assess whether any new priorities need to be addressed.
- 3.7 The Council Plan includes a commitment to early intervention and tackling inequalities:
- “The focus has to be on prevention and early intervention to avoid crisis intervention. Over the next five years the Council will need to re-direct resources to priorities and the development of a preventative model of service delivery.”*

- 3.8 However, whilst the Council Plan acknowledged the significance of tackling inequalities and doing so through a focus on prevention and early intervention it lacked a robust statistical analysis to take this commitment forward.
- 3.9 The East Lothian Plan: Single Outcome Agreement 2013-2023 (the SOA) approved by the East Lothian Partnership in September 2013 was based on an analysis of the East Lothian profile, a detailed review of an extensive range of data about East Lothian and its communities. Drawing on the Scottish Index of Multiple Deprivation (SIMD) and other national and local data sources the Profile provides information about the levels of inequality in East Lothian.
- 3.10 Based on the evidence of growing levels of deprivation and relative inequality across East Lothian's communities the Single Outcome Agreement set one overarching priority: '*To reduce the inequalities across and within our communities*'. The East Lothian Partnership is developing a framework for reducing inequalities through prevention and early intervention which will ensure that the Partnership focuses on this priority.
- 3.11 An update of the context and challenges faced by the Council and our communities, including an assessment of the level of inequalities within East Lothian is provided in Appendix 1.
- 3.12 Given continuing financial and other challenges faced by the Council the Council Plan's four objectives (see para 3.1) remain valid as the key drivers of Council policy. However, given the Single Outcome Agreement's overarching priority to reduce inequalities and the evidence of significant levels of inequality across East Lothian it is recommended that the Council Plan should also adopt the priority: *To reduce inequalities across and within our communities*. Therefore the Council Plan's existing commitment to early intervention and tackling inequalities should be given higher priority over the remaining three years of the Plan.
- 3.13 In order to make significant progress in meeting this priority it is recommended that the following areas of activity should be prioritised:
- Reducing unemployment, particularly youth unemployment and improving positive outcomes for school leavers, principally through the initiatives developed and supported by East Lothian works
 - Raising attainment in schools, particularly for pupils from more economically 'deprived' areas, and providing a broader work based education experience through working with Edinburgh College and Queen Margaret University on initiatives such as the Academies
 - Reducing inequalities and ensuring the most disadvantaged groups and communities, have access to services that maximise opportunities to break the cycle of poverty or mitigate the impact of deprivation; e.g. Children's early years initiatives and improving health and wellbeing for all age groups

- Supporting the capacity of communities and voluntary organisations to show community resilience and maximise social capital from community and social networks.

3.14 Also, as is highlighted in the Council's Financial Strategy 2014/15 to 2016/17, the Council will need to continue its programme of focussed work to maximise the efficiency and effectiveness of services provided to the public within the financial constraints faced by the Council. This will include the programme of service redesign where appropriate through Best Value Reviews and options appraisal which will take into consideration the potential to work in partnership with East Lothian voluntary organisations, businesses and social enterprises.

4 POLICY IMPLICATIONS

4.1 The review of the Council Plan has shown that much progress has been made in delivering the commitments set out in the Plan in order to achieve the four objectives – Growing our Economy, Growing our People, Growing our Communities and Growing the Capacity of the Council.

4.2 However, the review of challenges facing the Council and the commitment to reduce inequalities suggest that further prioritisation needs to be given to key policies and actions in order to deliver the change and improvements required to meet the Council Plan objectives.

4.3 Focusing on the key policies and actions will contribute to meeting the Council's ambition that *"East Lothian should be a prosperous, safe and sustainable place with a dynamic and thriving economy that will allow our people and communities to flourish."*

5 EQUALITIES IMPACT ASSESSMENT

5.1 This report is not applicable to the well being of equalities groups and an Equalities Impact Assessment is not required. Any new policies developed as a result of this report would be subject to Equalities Impact assessments.

6 RESOURCE IMPLICATIONS

6.1 Financial – none directly as a result of this report. However, further reports arising out of the priorities set by this report may have financial implications.

6.2 Personnel – none directly as a result of this report. However, further reports arising out of the priorities set by this report may have staffing implications.

6.3 Other – none.

7 BACKGROUND PAPERS

- 7.1 Appendix 1: Challenges faced by the Council; Update, October 2014
- 7.2 Council Annual Public Performance Report 2013/14; East Lothian Council, 28th October 2014
- 7.3 The East Lothian Plan: Single Outcome Agreement 2013-2023; East Lothian Partnership, 30th September 2013
- 7.4 Council Plan 2012-2017; East Lothian Council, 28th August 2012

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DATE	16 th October 2014

Appendix 1: Challenges Faced by the Council; Update, October 2014

The Council Plan was framed within the context of the major challenges faced by East Lothian Council and its communities:

- Financial constraints
- The impact of the recession
- Growing population
- Welfare changes
- Affordable housing
- Sustainability and environmental challenges
- Public sector reform

This review will provide an update of these challenges set within the context of an assessment of the level of inequalities within East Lothian which has been highlighted by the East Lothian Profile which provided the evidence base for the East Lothian Plan: The Single Outcome Agreement 2012-2023.

Inequalities

Whilst the Council Plan acknowledged the significance of tackling inequalities and doing so through increased focus on prevention and early intervention it lacked a robust statistical analysis to take this commitment forward.

The East Lothian Plan: Single Outcome Agreement 2013-2023 approved by the East Lothian Partnership in September 2013 was based on analysis of evidence from the East Lothian Profile. Drawing on the Scottish Index of Multiple Deprivation (SIMD) and other national and local data sources the Profile provides substantial evidence of the levels of inequality in East Lothian.

A comparison of the overall deprivation rankings between 2012 and 2009 provided by the SIMD gives an indication of whether socio-economic conditions in East Lothian are improving or worsening relative to the rest of Scotland (see Table 1).

Overall, 73 of East Lothian's 120 datazones had a lower ranking and only 47 had a higher ranking in 2012 compared with 2009, which suggests that the indicators of deprivation in East Lothian worsened in comparison to the position across Scotland.

The data shows significant variations across the seven Council wards. For example, 13 of Musselburgh East and Carberry's 17 datazones have a lower overall ranking in 2012 (i.e. are relatively more deprived) compared to 2009 compared to only four that have a higher overall ranking. On the other hand, 10 of Haddington's 16 datazones have a higher overall ranking (i.e. are relatively less deprived) and only six have a lower ranking.

Table 1: Change in overall SIMD ranking 2009 to 2012 by Ward

Ward (number of datazones)	Datazones with lower 2012 ranking	Datazones with higher 2012 ranking
Musselburgh East (17)	13	4
Musselburgh West (15)	10	5
Fa'side (21)	14	7
Preston/ Seton / Gosford (21)	12	9
Haddington (16)	6	10
Dunbar & East Linton (14)	10	4
North Berwick Coastal (16)	8	8
Totals	73	47

Table 2 provides a comparison between the most and least deprived areas of East Lothian in relation to a number of key deprivation indicators:

- Income – the proportion of the population that has low income
- Employment – the proportion of the population that is not in employment
- Job Seekers Claimants – the proportion of the working age population claiming Job Seekers Allowance
- Children in poverty – the proportion of children in poverty
- Crimes per 10,000 population – number of crimes per 10,000 population
- Average Tariff Scores for pupils in S4.

The table highlights the significant differences between the 'most deprived' and 'least deprived' areas of East Lothian for these key indicators of deprivation.

Table 2: Comparative levels of inequality in East Lothian's 120 datazones

SIMD 2012	Range of lowest 20% 1 - 24	Range of highest 20% 97 - 120
Income deprivation	35% - 18%	4% - 1%
Employment deprivation	27% - 17%	5% - 1%
Job Seekers Claimants	13.8% - 5.7%	1.5% - 0
Children in Poverty	44.9% - 22.7%	4.9% - 0
Crimes per 10,000 pop.	1,560 - 563	128 - 0
Av. S4 Tariff Scores	77-153	235 - 297

The significant variation in attainment levels across East Lothian is notable. For example in its report on [School Education](#), (June 2014) Audit Scotland commented: *'The spread of school performance in individual councils varies across the country. For example, the middle-performing group of schools in Glasgow City were within ten percentage points of each other. In contrast, in the middle-performing group of schools in East Lothian, the percentage of S4 pupils achieving five awards at level five in 2013 differed by 21 percentage points.'*

Financial Constraints

The financial constraints faced by the Council are clearly set out in the Council Financial Strategy 2014/15 to 2016/17, which was approved at the 11th February 2014 Council meeting.

The Strategy states that in summary, the Council faces a wide range of risks and an increasingly difficult financial environment. For General Services, in the short and medium term expenditure is outstripping income. In the longer-term, pension liabilities are increasing and should be funded now rather than passed on as a burden for future taxpayers.

It is clear that the Council faces some difficult financial decisions as a result of the following:

- reductions in the income it will receive from central government
- new legislative requirements
- responding to the challenges arising from proposed UK benefit reforms over the coming years
- increasing population e.g. school rolls/elderly care
- general price inflation
- upward pressure on staff costs – particularly after a significant period of pay restraint but also arising from the likelihood of unfunded national insurance increases.

The latest estimate is that the amount of funding that is available to support council services (i.e. after all the other corporate commitments are taken into account) is going to drop from £194 million in 2013/14 to £193 million by 2016/17. The Council has had to make significant financial savings from its base budget since 2012. In the three financial years 2012/13 – 2014/15 savings have amounted to £17.3m and a further £3.377m savings have been included in the 2015/16 budget. This scenario is likely to continue up to, and including, 2018/19 and the Council will need to plan for further reductions in funding.

This means that the Council is faced with reducing its expenditure commitments or increasing its income, or some combination of both.

It may be possible to introduce new sources of income but a significant part of the medium term deficit is likely to have to be met through cost containment and avoidance. The Council is seeking to contain costs by becoming more efficient, which would minimise the effect on services provided. However, the size of the medium-term deficit suggests that more significant changes in how services are managed and delivered will be required as the means of containing costs whilst maintaining and where possible improving services. Understanding the impact of financial decisions on those in the community will help to ensure that decisions about future provision of services meet the needs of the community effectively.

Therefore the Council's Financial Strategy 2014/15 – 2016/17 will be focused on:

- delivering a Change Programme that will achieve significant efficiency savings across all areas and all inputs such as staffing and supplies
- constraining cost growth – through effective demand management, good financial control by managers and by effective negotiation with suppliers
- generating additional income and ensuring that, where the Council has decided, there is full cost recovery
- progressing integrated working with our partners where there is a proven greater efficiency
- continuing to manage down the General Services Loans Fund balance.

Impact of the Recession

Although unemployment is falling from the high levels reached during the height of the recession we have not yet returned to the low levels of unemployment that were a feature of East Lothian's economy prior to the recession.

In December 2008, 3.6% of East Lothian's economically active population (aged 16 – 64) were unemployed compared to the Scottish average of 4.9%. By December 2010 the East Lothian unemployed figure had increased to 7.1% (Scotland's average was 7.7%). Although this figure had fallen to 6.2% by March 2014 (7.3% across Scotland) this was still around two-thirds higher than at the start of the recession.

The measure of out of work benefits claimants – people claiming Job Seekers Allowance – shows similar trends.

As is shown in Table 3 below the percentage of Job Seekers Allowance claimants in East Lothian increased from 1% in November 2007 to a high of 3.6% in February 2012 and has fallen back to 2.1% - twice the rate before the recession.

Table 3: Total Job Seekers Allowance Claimants (as a proportion of resident population aged 16-64)

	East Lothian (number)	East Lothian %	Scottish %
Nov 2007	630	1.0%	2.0%
Feb 2012	2265	3.6%	4.4%
Aug 2014	1320	2.1%	2.7%

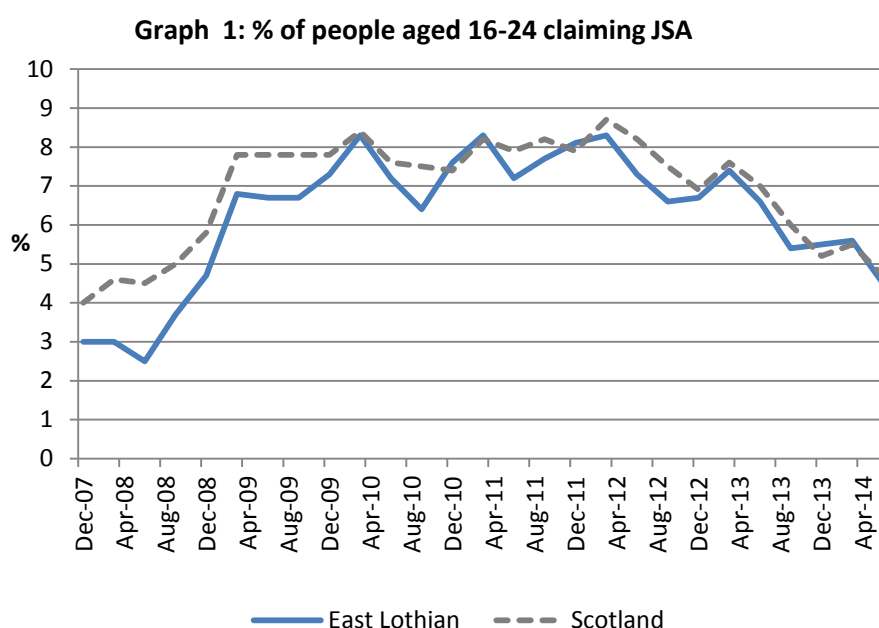
The rate of Job Seekers Allowance claimants amongst 18 – 24 year olds shows a similar movement from a low of 2.7% in May 2008 to a high of 8.5% in February 2012 then falling back to 4.4% in August 2014. However, as is shown in Table 4 below, levels of youth unemployment in East Lothian are now similar to the Scottish average.

Although youth unemployment has fallen from the high levels experienced during the height of the recession it remains higher than it was prior to the recession and is only marginally below the Scottish average. The proportion of 18-24 year olds claiming Job Seekers Allowance in East Lothian was 1.7% lower than the Scottish average in 2008 but is now only 0.4% lower.

Table 4: Job Seekers Allowance Claimants, aged 18 – 24 years

	East Lothian (number)	East Lothian %	Scottish %
May 2008	195	2.7%	4.4%
Feb 2012	700	8.5%	8.7%
Aug 2014	365	4.4%	4.8%

The trends and movement between 2008 and 2014 are clearly evident in the following graph.



Also worrying is the re-emergence of long term unemployment amongst this age group. The number and proportion of 18-24 year olds in long term unemployment (i.e. over 12 months) increased from 0 in November 2007 to 100 (1.2%) in July 2012 and has only fallen back to 60 (0.7%) in August 2014.

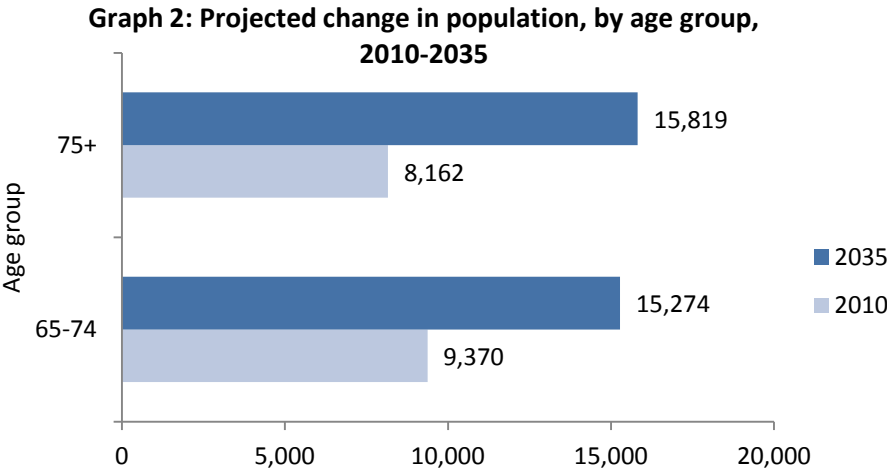
School leaver destinations – positive destinations – are a key indicator in relation to the employability of young people. In 2012/13, just under 90% of East Lothian school leavers entered positive destinations (i.e. employment, higher / further education, training and voluntary work). Although the proportion was higher than the previous year, East Lothian ranks only 27th out of the 32 councils in Scotland on this measure (where 1 is the highest and 32 is the lowest). The proportion of school leavers entering positive destinations ranges from 87.4% of school leavers from Ross High School to 95.4% of those from North Berwick High School.

Growing Population

The desirability of East Lothian as a place to live brings with it a rapidly growing population and increasing demands on infrastructure, housing and housing-related services. The population in East Lothian is expected to increase much faster over the next 20 – 30 years than in other parts of Scotland. In addition, the population in East Lothian is changing. Households are getting smaller with more people living alone and the population is getting older.

The growing population and projected increase in housing and households will create additional demand for education services. The pressure this brings to bear on the school estate is one of the key issues addressed in the Main Issues Report.

Another key challenge faced by the Council and the NHS is the growth in the proportion of the population aged 65 and over. (see Graph 2 below) Older people are the main users of social care services – 72% of all people using social care services provided by the Council are older people. In this context, the growth in the number of older people will drive continuing increases in demand for social work services over the next decade and beyond.



A particular challenge being faced by the Council is the requirement to meet the Scottish Government targets for delayed discharge to ensure that people do not have to wait in hospital for any longer than they need to. A long delay can often lead to the patient falling ill again, or losing vital life skills, independence or mobility. Currently the target is for no patient to be unnecessarily delayed in hospital for longer than four weeks. This target reduces to two weeks from April 2015 onwards.

Meeting the current delayed discharge target is proving very challenging. The growing elderly population and increasing demand for home care services and care home places will make the new target even more challenging for the new Health and Social Care Partnership.

Welfare changes

The Welfare Changes section of the Council Plan highlighted the possible impact that changes arising from the restrictions in Housing Benefits, changes to Council Tax Benefits and the proposed introduction of Universal Credit might have on the Council and benefits recipients in East Lothian.

Actions taken by the Council and the Scottish Government over the last two years, along with additional spending limits for the Discretionary Housing Payment fund have helped to mitigate the impact of welfare changes to date.

The Council has successfully implemented the Council Tax Reduction scheme as the replacement for Council Tax Benefits and has also fully implemented the new Scottish Welfare Fund, which replaced Community Care Loans and Crisis Care Grants previously administered by the DWP.

The substantial increase in the Discretionary Housing Payments fund that the Council can use to support social rented sector and private sector tenants in financial difficulty has helped to mitigate the introduction of the Housing Benefit under occupancy supplement. However, Council house rent arrears have continued to rise over the last two years, in part due to the changes in Housing Benefits and cuts in other welfare benefits due to other changes due to welfare reform.

The original plan for Universal Credit was to start rolling it out for new claims by working age claimants by October 2013. However, delays in the Universal Credit programme have seen its implementation date rolled back. This delay provides the Council with additional time to learn from the experience of areas which are piloting Universal Credit and develop measures to support benefit recipients to adapt to the new online application system and monthly payments of Universal Credit.

The Council will need to continue to respond to the changing nature of the welfare system and to the uncertainty surrounding the extent to which welfare benefits such as Housing Benefit may be devolved from Westminster to Holyrood and possibly from Holyrood to local government.

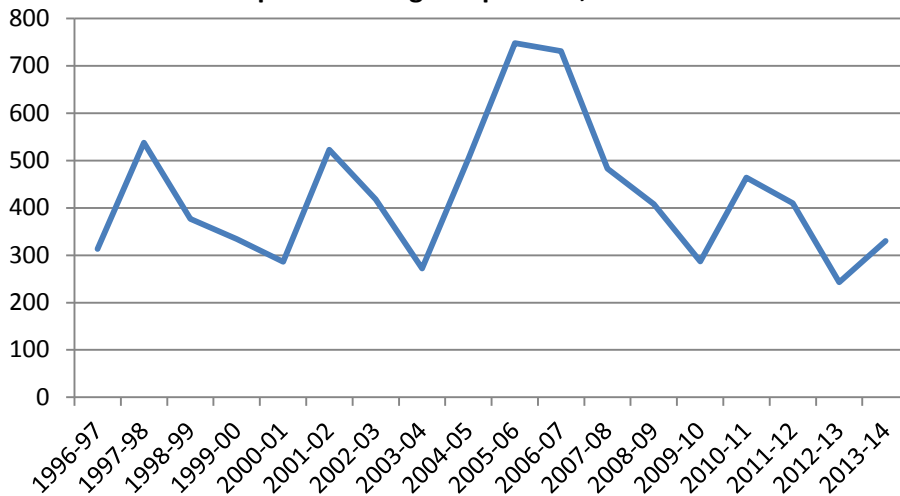
Affordable housing

The challenge section of the Council Plan states that '*A severe lack of affordable housing is a significant challenge for the Council.*' This is still the case.

The East Lothian Local Housing Strategy 2012-17 notes that 456 new homes per annum need to be built in East Lothian to meet demand. However, economic conditions meant that only 330 houses were completed in East Lothian in 2013/14. Graph 3 (below) shows the slow down in the number of housing completions in all sectors from 2007.

A key issue for East Lothian is the lack of affordable housing in the local housing market. House prices and private sector rents in East Lothian remain relatively high. The recession and the 'credit crunch' has made it more difficult for people to get mortgages, particularly first time buyers

Graph 3: Housing completions, all sectors



The lack of 2-bedroom properties, both within the Council's stock and in the private sector is a particular concern. Very few 2-bedroom properties are available to house homeless people and people on the waiting list for social housing. Demand for smaller properties has increased due to the abolition of priority need, which means that the Council has a duty to house more single people. The shortage is also exacerbated by the demand from people downsizing from larger properties that are subject to the Housing Benefit under-occupancy supplement.

Increasing the supply of housing land in order to meet the projected demand for new housing and for affordable housing is one of the key issues addressed in the Main Issues Report.

Sustainability/ environmental challenges

Two key issues for East Lothian Council in relation to sustainability are waste recycling and air quality in our towns.

The requirement to meet the Scottish Government's waste recycling target is a major challenge for the Council. The target for the amount of waste sent to landfill has increased from 50% in 2013 to 60% by 2020. In order to meet the new target and new legislative requirements the Council has adopted an ambitious Waste Strategy (24th June 2014) which will introduce a weekly food waste collection service and fortnightly refuse and recycling collections.

Air quality in East Lothian is generally very good. The results of the 2013 Air Quality Progress Report indicate that air quality targets are being met across the majority of East Lothian. However, monitoring of Nitrogen Dioxide in Musselburgh confirmed concentrations at various locations in Musselburgh High Street. In order to improve air quality the Council has declared an Air Quality Management Area (AQMA) in Musselburgh. The AQMA covers the main High Street from the junction with Newbigging to the Junction at Bridge Street. An air quality action plan has also been developed to help improve air quality.

Public sector reform

East Lothian Council has been fully engaged with the public sector reform agenda. The principles of the Christie Commission have helped to drive the Council's improvement programme and are embedded in the Council Plan through the following themes:

- Services built around people and communities
- Effective, efficient and excellent services
- Working together to achieve outcomes
- Prioritising prevention and promoting equalities.

As well these 'cultural' changes in the way in which the Council determines priorities and delivers its services the Council has also had to meet challenges set by fundamental changes in the structure of the public sector; including, the creation of the national police force and the national fire and rescue service and the integration of health and social care services

The Council is devoting significant resources in staff time to meet the challenges posed by these changes. However, the pace of change, or at least the speed at which local government responds to central government's demand for change, is going to quicken.

New legislation already enacted, or in the pipeline, such as the Children and Young people's Act and the Community Empowerment Bill will make further demands on council resources and on elected members.

However, the greatest challenge over the next three years will be the impact of the, as yet, undetermined, changes that will flow from the post-referendum devolution settlement arising from the Smith Commission.

Changes affecting local government could include the devolution of all or part of the welfare system to the Scottish Parliament with consequent devolution of responsibility for Housing Benefit to local government; devolution of employability powers and funding; and responsibility for taxation powers that may have implications for the Council Tax and council funding.

The Commission on Strengthening Local Government established by COSLA has published a report with far reaching and radical recommendations to substantially increase the tax and spending choices powers of local government whilst extending participative democracy from Councils to communities.

It remains to be seen how influential the Commission's recommendations will be in determining the future public sector reform agenda. Whichever direction public sector reform takes over the next three years, the Council will need to continue to respond positively in order to best meet the needs of East Lothian and its communities.