



**MINUTES OF THE MEETING OF
EAST LOTHIAN COUNCIL**

**TUESDAY 10 FEBRUARY 2015
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

Committee Members Present:

Councillor S Akhtar	Councillor W Innes
Councillor L Broun-Lindsay (Convener)	Councillor M Libberton
Councillor S Brown	Councillor P MacKenzie
Councillor J Caldwell	Councillor P McLennan
Councillor S Currie	Councillor K McLeod
Councillor T Day	Councillor J McMillan
Councillor A Forrest	Councillor J McNeil
Councillor J Gillies	Councillor T Trotter
Councillor J Goodfellow	Councillor M Veitch
Councillor D Grant	Councillor J Williamson
Councillor N Hampshire	

Council Officials Present:

Mrs A Leitch, Chief Executive
Mr A McCrorie, Depute Chief Executive (Resources and People Services)
Ms M Patterson, Depute Chief Executive (Partnerships and Community Services)
and Monitoring Officer
Mr D Small, Director of Health and Social Care Partnership
Mr J Lamond, Head of Council Resources
Mr M Leys, Head of Adult Wellbeing
Mr D Nightingale, Head of Education
Mr D Proudfoot, Acting Head of Development
Ms S Saunders, Head of Children's Wellbeing
Mr T Shearer, Head of Communities and Partnerships
Mr K Christie, Service Manager – Revenues
Mr J Cunningham, Service Manager – Benefits
Ms S Fortune, Service Manager – Business Manager
Ms M Ferguson, Service Manager – Legal and Procurement
Mr P Vestri, Service Manager – Corporate Policy
Mr M Dunlop, UNISON Branch Officer
Mr D Johnson, Food Safety Officer
Ms W McGuire, Senior Development Officer
Ms P Fraser, Finance Officer
Ms F Currie, Committees Assistant

Visitors Present:

None

Clerk:

Mrs F Stewart

Apologies:

Councillor D Berry

Councillor F McAllister

Prior to presenting his report, Jim Lamond, Head of Council Resources, advised that the paper outlining the Budget Proposals of the SNP Group (Item 5b on the agenda) had been re-issued on 9 February following the discovery of an error. Mr Lamond apologised for any inconvenience this may have caused.

1. COUNCIL FINANCIAL STRATEGY 2015/16 TO 2017/18

A report was submitted by the Depute Chief Executive (Resources and People Services) outlining the Financial Strategy of the Council, which provided the financial context for Councillors in preparing their budgets for the period 2015-18.

The Head of Council Resources, Jim Lamond, presented the report, advising that the Strategy provided financial management guidance for both the Housing Revenue and General Services Accounts and established various parameters within which political groups had been asked to prepare their budget proposals.

He highlighted the key aspects of the Strategy in relation to the Housing Revenue Account (HRA): ensuring the capital programme would be sustainable and affordable through the proposed rent and revenue spending levels; meeting the requirements of the Scottish Housing Quality Standards; responding to the challenges arising from the recent and proposed UK Benefit reforms; ensuring rent arrears would be kept to a minimum; staying within the recommended upper limit for the ratio of debt to overall income of 40%; and maintaining a minimum reserve/balance on the HRA of £1 million.

In relation to the General Services Budget, Mr Lamond advised that nearly 80% of available funding came from Central Government sources and therefore indications of future grant settlements were vital to establish meaningful medium term financial plans. However, for the second year running, only one year of detailed figures (2015-16) had been made available by the Scottish Government. In addition to a potential real terms reduction in government funding, the Strategy also took into account the following key factors: the ongoing Council Tax freeze; the lack of provision made for rises in inflation; the pressures resulting from demographic changes; ongoing pressures on staffing costs; meeting the requirements of new legislation and the need for the Capital Plan to be affordable and sustainable. Mr Lamond had also set out in his report capital spending limits for the next 5 years which aimed to minimise the need for any new borrowing over the strategy period while still allowing an ambitious capital investment programme.

Mr Lamond advised that, in recent years, the Council had successfully managed costs down as a result of efficiency programmes and a Voluntary Early Release Scheme. However, in order to balance future year budgets, further reductions would need to be secured through the Council's established Efficient Workforce Management Planning and BuySmart programmes. The Chief Executive had also established a new Budget Review Group to provide additional financial scrutiny of planned spending and efficiencies across all areas of the Council.

On the use of Reserves, Mr Lamond recommended the retention of already earmarked reserves for the following purposes: balancing current and future budgets; civil emergency; Cost Reduction Fund, Insurance Fund, DSM and MELDAP/DAAT. He proposed that, should any future reserves become available, they should be directed towards the Cost Reduction Fund or the General Services Capital Fund.

On Financial Performance, Mr Lamond stressed that the management of the budget was not a once a year process, but was collectively the responsibility of all Council Officers. His team of Financial Advisers would continue to monitor performance and regular financial reports would be presented to Council and Cabinet.

Concluding his presentation, Mr Lamond stated that he was confident the Council could deliver its priority outcomes within a sustainable and balanced budget.

Mr Lamond confirmed that both budgets presented to the Council had been subjected to four tests and that both had satisfied these tests.

In response to a question from Councillor McLennan seeking clarification of funding in respect of the proposed rail stop at East Linton, Mr Lamond firstly confirmed that the project was still the subject of an open bid to the Scottish Stations Fund. As reported formally to Council in December 2014, those administering the fund had determined that no award could be made until further detailed design work was undertaken and funded by the Council and to enable this, the Council had now made provision within the existing Capital Investment Plan to support this work. In setting their proposed budgets, both political groups had been advised of this situation and had proposed suitable funding provision in 2015/16 to cover the detailed design costs associated with the bid. At this stage, and recognising that the outcome of the bidding process remained uncertain, no specific provision had been made within either set of proposals to fund the actual project works. Should the bid be successful, the Capital Fund would provide the Council with the necessary flexibility to amend its Capital Plan accordingly.

Councillor Currie referred to the Capital Expenditure Limits in the report and enquired about the long term planning for projects, particularly in schools, for the period 2018-20. Mr Lamond replied that all Capital Expenditure figures had to be applied flexibly to take account of other factors which could impact on spending in the future. He acknowledged that the Council would face a challenge on education infrastructure, but stated that the Council hoped to maximise development contributions from housing contractors to fund a significant part of the cost.

Councillor Currie also noted from the report that the Council had a 40% debt to income ratio and enquired what the ratio might be within other Scottish Local Authorities as this information was not a statutory requirement. Mr Lamond replied that he recommended a rate of 40% for East Lothian. He understood that there was a wide variety of levels across the other Local Authorities, ranging from 0% (Authorities with no housing stock) to 70-80%. In his view, the key test was around affordability but it was a complex matter. The Council had been at 0% but the level had risen to service a growing need in the community.

Councillor Veitch stated that there was much to welcome in the Financial Strategy. Efficiency programmes had clearly been effective and the focus had to remain on maximising efficiencies and living within the Council's means.

Councillor Innes thanked Mr Lamond for his report. He stated that the grant from the Scottish Government had fallen by 6% so there would be significant financial challenges ahead. The Council had an ambitious Capital Plan and this could only be achieved if the Administration was trusted to make the right decisions for the people of East Lothian.

Decision

The Council agreed:

- i. to approve the Financial Strategy, attached as Appendix 1 to the report;
- ii. to approve the 2014/15 budget adjustments, as detailed in Section 3.7 of the report; and
- iii. that, as part of presenting their budget proposals, each Group of Councillors had been recommended to:
 - develop a sustainable General Services budget avoiding the use of reserves in Year 3 (2017/18);
 - develop General Services Capital Plans which, when adjusted, were within the maximum Capital Expenditure Limits outlined at Section 3.6 of the report;
 - adopt the recommended levels for reserves, as detailed in the Financial Strategy;
 - transfer any unexpected reserves at the end of 2014/15 to either the General Services Capital Fund or the Cost Reduction Fund, with any balance on the Capital Fund to be used in future years to directly fund capital expenditure or defray capital charges;
 - prepare balanced budget proposals for General Services taking into account a freeze in the level of Council Tax and the related estimates of Scottish Government Grant;
 - retain within the Housing Revenue Account (HRA) at least £1.0 million of reserves as protection against unexpected costs of loss of income;
 - keep the ratio of income to debt charges within the HRA to below 40%;
 - propose an appropriate rent increase to support the HRA revenue and capital budget proposals.

2. COUNCIL TAX 2015/16

A report was submitted by the Depute Chief Executive (Resources and People Services) setting the Council Tax charges for the 2015/16 tax year.

Mr Lamond presented the report, advising that Councillors would be aware of the terms of the financial settlement originally offered by the Scottish Government for 2015/16, whereby an element of the proposed grant might be held back subject to the satisfying of two conditions; firstly in respect of maintaining the Council Tax Freeze and secondly in relation to the provision of places for all probationers under the teaching Induction Scheme. Also within this letter, reference was made to an ongoing joint review of the wider commitment to maintaining teacher numbers. Events over the past few days had suggested that there was now a possibility that the requirement to maintain teacher numbers would be re-instated within the settlement condition. It would therefore be necessary to monitor developments closely and, if and when necessary, he would bring forward updates to the Council.

Mr Lamond also informed Members that both political groups had confirmed their intention to accept the Scottish Government grant offer and therefore to apply a Council Tax Freeze for 2015/16. He also highlighted the discounts in relation to early payment of Council tax and to second homes and reminded Members of the arrangements and funding now confirmed to support continuation of the Council Tax Reduction Scheme.

Decision

The Council agreed:

- i. to approve the Council Tax charges for 2015/16 as listed at Section 3.8 of the report;
- ii. to approve the continued operation of the Council Tax advance payment discount at 2%;
- iii. that the Council Tax second home and long-term empty property discount should remain at 10%.

3. PROPOSALS TO INCREASE COUNCIL HOUSE RENTS: CONSULTATION EXERCISE

A report was submitted by the Depute Chief Executive (Partnerships and Community Services) outlining the results of the consultation exercise on the proposals to increase Council House rents in 2015/16, and outlining the key aspects of the consultation process.

The Head of Communities and Partnerships, Tom Shearer, presented the report, explaining that the Council had a statutory obligation to consult with all tenants when making proposals to increase rent levels. He drew attention to the work undertaken by the Project Group (established last year) and to the outcome of the consultation, advising that 1031 responses had been received, representing a return rate of 12.2% of all letters issued.

Councillor Hampshire thanked Mr Shearer and his team for carrying out the consultation exercise. He also highlighted that results had shown the majority of tenants wanted more investment in Council houses for East Lothian.

Decision

The Council agreed:

- i. to note the results of the consultation exercise; and
- ii. to note the consultation process, which would be further improved and consolidated on in future years.

4. RENT PROPOSALS 2015/16 – 2019/20

(a) Presentation by the Administration

Councillor Hampshire presented the Administration's Housing budget to the Council. He thanked officers and East Lothian Tenants and Residents Panel (ELTRP) representatives for their advice and support in developing the proposals.

Councillor Hampshire paid tribute to the dedicated and committed Council staff who continued to deliver an excellent service to tenants. He advised that 91% of the Council's housing was compliant with the Scottish Housing Quality Standard (SQHS) and a stock modernisation programme was in place to ensure that all Council houses would meet this standard. There would also be an additional £57.5m invested in housing over the next 3 years to maintain the Council's high quality housing stock. He acknowledged that this would still not meet the high demand for housing but additional measures, including shared

ownership and allocations of new affordable housing in new housing developments, would increase the number of homes available.

Councillor Hampshire declared that the Council's top priority was to invest in new housing and stated that the proposed rent increase would also allow the Council to continue to invest in the modernisation and extensions programme as well as increase the revenue available to carry out repairs to Council houses.

He called on the Council to support the rent proposals as set out by the Administration.

The Administration proposals were seconded by Councillor Day.

(b) Presentation by the SNP Group

Councillor Currie presented the SNP Group housing budget to the Council. He referred to the progress made in delivering new Council housing between 2008 and 2012 and considered that this progress had not continued under the current Administration. In his view, the Administration had also not taken advantage of the additional funding opportunities available from the Scottish Government and other sources to deliver more homes. Councillor Currie summarised his Group's proposals on rents and highlighted that it proposed lower rent increases year on year that would deliver substantial new council houses, kitchens, bathrooms and modernisation for the Councils existing homes.

The SNP Group proposals were seconded by Councillor McLeod.

(c) Debate and Decision

Following the presentations, the Provost opened the matter for debate but no debate took place.

Councillor Currie did not accept an invitation to sum up as this was normally done in response to the debate.

Councillor Hampshire responded to Councillor Currie's presentation, stating that he had unfairly criticised the Administration for the slow down in the number of Council houses and private sector housing being built in East Lothian. He pointed out that, during the economic downturn, the Council had been tied into housing developments where construction had stopped and the Council did not have power to move these developments forward. Furthermore, he stated that the development sites which Councillor Currie was taking credit for had already been identified by the Labour Group. He added that the last Administration had also inherited a revenue at 0%.

The Provost then asked the Council to move to the vote.

The HRA budget proposals of the SNP Group for 2015/16 to 2019/20 were put to the vote.

For:	7
Against:	13
Abstentions:	1

The SNP Group's proposals therefore fell.

The HRA budget proposals of the Administration for 2015/16 to 2019/20 were put to the vote.

For: 13
Against: 7
Abstentions: 1

The HRA budget as proposed and seconded by the Administration was therefore carried.

Decision

The Council agreed to approve the rent proposals as presented by the Administration and increase Council house rent levels by 5% in 2015/16.

5. COUNCIL TAX PROPOSALS 2015/16 to 2017/18

(a) Presentation by the Administration

Councillor Innes presented the Administration's budget proposals, thanking the Chief Executive, the Council Management Team and Finance officers for their assistance during the process.

Councillor Innes referred to the financial pressures faced by the Council and stated that the budget proposals he was presenting included an additional £2.3 million to fund the new commitments imposed on local authorities by the Scottish Government. These additional costs, including pension changes, increased demand for care of the elderly and children's services, would have to be absorbed without any additional funds from the Scottish Government. He stated that the only way the Council could meet these additional costs was to make further cuts and/or increase charges. However, he stated it was important that staff were confident any cuts made were essential and were the minimum required to safeguard the residents of East Lothian.

Councillor Innes stated that the budget presented by the Administration continued with the strategy devised two years ago that had been successful in stabilising the Council's finances, developing the economy and protecting front line services. He criticised the SNP Group's budget proposals which he considered had not been costed and could not possibly be achieved.

The Administration proposals were seconded by Councillor Veitch, who drew attention to the following proposals:

- £250,000 investment for Adult Wellbeing
- new money for day centres
- an extra £100,000 for Council supported bus services
- a substantial level of funding for town centre regeneration
- retaining the roads budget at a high level; and
- a generous parking improvement budget

Councillor Veitch also highlighted the Administration's financial commitment towards the development of East Linton railway station and hoped that the Council's bid to the Scottish Station Fund would be successful, enabling the station to become operational as soon as possible. He concluded his statement by thanking the officers involved in assisting Members during the budget process and thanked Councillor Innes for his role in bringing the Administration's proposals together.

(b) Presentation by the SNP Group

Councillor Currie set out the budget proposals of the SNP Group, stating that these proposals would protect the most vulnerable groups in East Lothian, in particular, Children's Wellbeing, Adult Wellbeing and Education. He drew attention to the key proposals of his Group:

- £500,000 for the Abbey Care Home in North Berwick
- £2 million for a Rail Stop at East Linton
- a new care home for Musselburgh
- £300,000 of investment in Fisherrow Harbour
- limit any increase in charges to the same rate of inflation applied to benefits and pensions
- develop an emergency respite service, increasing the number of beds available in the county
- £500,000 to reduce bed blocking
- invest in town centres and Area Partnerships to take forward regeneration
- £50,000 for the East Lothian foodbank
- remove coastal car parking charges

The SNP Group proposals were seconded by Councillor MacKenzie. He highlighted proposed additional levels of investment in Children's Wellbeing to provide family support workers, social workers and Disabilities Team Workers. The proposals also included a rise in the Education budget to continue supporting the Curriculum for Excellence and GIRFEC.

(c) Debate and Decision

Following the presentations, a full debate took place.

Councillor Day, Cabinet spokesperson for Community Wellbeing stated that the financial position remained difficult. However, he believed that the Administration's 3-year budget struck the correct balance between protecting the Council's essential services and ensuring that the Council's finances were both affordable and sustainable in the long term. He praised the work of the Community Wellbeing team and stated that the Healthy Living Service continued to lead on the Council's long-standing commitment to sport. He recalled the successes of East Lothian's sportsmen and women at last year's Commonwealth Games in Glasgow and advised that last year a £1.6 million investment in the county's 3G pitch provision had been completed. On Community Learning and Development, Councillor Day stated that the proposals set out an increase of £150,000 in the partnership grant budget which would make a significant difference to the groups and communities who relied on them. He also paid tribute to the contribution and commitment of volunteers involved in community work.

Councillor Akhtar set out the Administration's proposals for Education and Children's Wellbeing. She stated that education was a priority for the Administration which was committed to driving up standards in all the county's schools. She highlighted an investment of £150,000 over the next 3 years into the Place2Be programme to ensure that young people had access to the support they needed. Education would also be working alongside the Area Partnerships to raise levels of literacy and numeracy and to support this work, each school cluster area would be awarded £100,000.

On Adult Wellbeing, Councillor Grant informed Members that the Administration's Budget proposal was made in the context of having lost £11 million pounds in Revenue Support Grant from the Scottish Government over the last 3 years, and £1.4 million from the 2015/16 Grant. He also advised that, due to the demand for services increasing by 26% over the last

two years, the Council would invest a further £750,000 to support a wide range of measures within the Service. In respect of charges for services, Councillor Grant advised that new charges approved by Cabinet last year would now not be introduced, but existing charges would remain. There would also be ongoing support for Day Centres which provide a valuable care service in the community. The Health and Social Care Partnership, due to begin operating in July 2015, was expected to achieve significant savings for the Council in Year 2. He commented that the SNP Group's proposals appeared to reflect the same high risk policy they presented to Council last year by outsourcing the domiciliary care services and by cutting this year's respite care budget. Despite the challenges facing the Service, he stated that the Administration was committed to protecting and supporting vulnerable people and making best use of available resources.

Councillor McMillan, Cabinet Spokesperson for Economic Development and Tourism, spoke of the Council's commitment to local businesses and increasing economic growth. He also outlined the Council's achievements in supporting culture and the Arts, marketing the county as a desirable tourist destination and developing a strategy for rural broadband.

Councillor Hampshire stated that, in these difficult financial times, the Administration had had to look at all options and take some difficult decisions to reduce costs while still protecting key services. He referred to the redesign of Council services which had taken place over the past year and paid tribute to all staff who had adapted to the changes and continued to deliver quality services. He outlined the major challenges facing the Council and stated that today's 3-year budget proposals were part of a long term strategy for East Lothian. On the Environment, he advised that the Planning Service was currently working on a new Development Plan and Waste Services were being redesigned to meet European Recycling targets. He also advised that parking charges at coastal car parks would be introduced in April and the income reinvested in visitor facilities. The SNP Group's proposals, he claimed, would result in reductions in staff across the Council which would not be achievable without major cuts to the services relied upon in the community.

Councillor McNeil doubted that the SNP could deliver on their proposals and commented on their apparent narrow focus on Musselburgh. He welcomed the investment in town regeneration in the Administration's proposals and stated that there would also be support for the rural communities in East Lothian.

Councillor Goodfellow condemned the cuts in staff proposed by the SNP, considering that such a step would have a significant impact on the Council's ability to deliver services. He highlighted the role of the Area Partnerships established in 2014, stating that they would be deciding their own priorities and determining where money needed to be invested in their communities.

Summing up, Councillor Currie argued that the Labour Group had reneged on their manifesto commitments, particularly in relation to investment in the Education Service. He was critical of the Administration's performance on delayed discharges from hospital, the delivery of new housing and the proposal to introduce coastal car parking charges which he noted would provide no income until Year 2 of the budget. He stated that his Group's proposals reflected its ambition for East Lothian and would protect front line services. He recommended the SNP Group's budget to the Council.

Councillor Innes criticised the SNP Group's record on Education and Children's Services and pointed out that the Administration had increased the budgets for both of those services. His Group had also succeeded in implementing the Living Wage as part of the current pay and grading structure for all Council employees. Finally, he stressed the need for the Council to have a responsible attitude towards finances while still protecting the most vulnerable people in the community. He called on Councillors to support the Administration's budget.

The Provost then asked the Council to move to the vote.

The budget proposals of the SNP Group were then put to the vote.

For: 7
Against: 13
Abstention: 1

The SNP Group's proposals therefore fell.

The budget proposals of the Administration were then put to the vote.

For: 13
Against: 7
Abstention: 1

The budget as proposed and seconded by the Administration was therefore carried.

Decision

The Council agreed to approve the budget proposals as presented by the Administration.

Signed

Provost Ludovic Broun-Lindsay
Convener of the Council