



**MINUTES OF THE MEETING OF
EAST LoTHIAN COUNCIL**

**TUESDAY 23 FEBRUARY 2016
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

Committee Members Present:

Provost L Broun-Lindsay (Convener)	Councillor W Innes
Councillor S Akhtar	Councillor M Libberton
Councillor D Berry	Councillor P MacKenzie
Councillor S Brown	Councillor McAllister
Councillor J Caldwell	Councillor K McLeod
Councillor S Currie	Councillor J McMillan
Councillor T Day	Councillor J McNeil
Councillor A Forrest	Councillor M Veitch
Councillor J Gillies	Councillor J Williamson
Councillor J Goodfellow	
Councillor D Grant	
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)
Mr D Small, Director of East Lothian Health & Social Care Partnership
Mr J Lamond, Head of Council Resources
Mr D Proudfoot, Head of Development
Mr T Shearer, Head of Communities and Partnerships
Ms F Duncan, Service Manager – Criminal Justice and Acting Chief Social Work Officer
Ms M Ferguson, Service Manager – Legal and Procurement
Mr I McFarlane, Service Manager, Planning
Ms L Shaw, Corporate Finance Manager
Mr P Vestri, Service Manager – Corporate Policy & Improvement
Ms Emma Padden, Solicitor
Ms C Lumsden, NHS

Visitors Present:

None

Clerk:

Ms J Totney

Apologies:

Councillor P McLennan
Councillor T Trotter

1. MINUTES FOR APPROVAL

The minutes of the Council meeting specified below were approved:

East Lothian Council – 15 December 2015

Matters Arising – In respect of the roads collaboration proposal, Councillor Berry advised that he and Councillor Currie had not yet received information regarding the financial savings that would be achieved through working collaboratively with other councils. In the absence of the Head of Infrastructure, Councillor Berry was agreeable to taking the matter off line.

2. MINUTES FOR NOTING

The minutes of the meeting specified below were noted:

East Lothian Partnership – 7 October 2015

Matters Arising – Regarding item 5: The East Lothian Plan Performance Report 2014/15, Councillor Currie enquired as to when this would be presented to Council for full discussion. The Chief Executive, Angela Leitch, indicated that this would not normally be presented to Council as it the collective responsibility of the partnership. However, she would look into Councillor Currie's request and respond to him directly.

3. TREASURY MANAGEMENT STRATEGY 2016/17 TO 2018/19

A report was submitted by the Depute Chief Executive (Resources and People Services) seeking approval of the Treasury Management and Investment Strategies for 2016/17 to 2018/19.

The Head of Council Resources, Jim Lamond, presented the report, advising that the treasury management function helps ensure that the Council has sufficient cash in the bank to meet its spending obligations. He explained that this involves arranging short and long term loans; making use of short and long term surpluses; the restructuring of existing debt, on occasion; ensuring that the revenue implications of the Council's capital spending decisions are both affordable and within certain prudential limits; and the approval of a treasury management strategy in advance of each financial year. He informed members that the report contains a summary of the most important elements of the strategy statement and that a full version of the strategy statement, which demonstrates compliance with the CIPFA Code of Practice, has been published in the Council's Members' Library Service.

Mr Lamond stated that all of the figures used in the report and supporting strategy reflect the budget decisions taken by Council on 9 February 2016. He informed Council that the report contains key information across the five year period from 2014/15 to 2018/19 and referred members to the relevant illustrative tables contained in the report. He advised that the report also summarises the Council's investment strategy statement detailing the approach the Council will take to minimise the risk to any investments and the range and type of investments which the Council will be permitted to use. He advised that the Council has no significant investments which reflect an under-borrowed position. He added that, due to relatively low interest rates, the Council is effectively funding its current activities from its own cash reserves and temporary short term borrowing, rather than investing any surplus cash. He stressed that any change to investment activity would prioritise security first, liquidity second, and then the return on investment. He reminded members about the treatment of loans to third parties within the range of permitted investments and provided details about the mid-year reporting arrangements that have been put in place.

Responding to several questions from Councillor Currie, Mr Lamond advised that loans to third parties are not part of the Public Works Loan Board as these are regarded as investments by the Council; explained the situation regarding the long term lending to ELHA; advised that, although it had been considered, there are no current plans for providing a lending facility to Enjoyleisure; and stressed that the Council's current loan portfolio is secured through fixed rate deals. Mr Lamond commented on the prolonged period of stable and low interest rates and indicated that potential slippage of capital projects could result in a higher cost for new borrowing in the future. By way of illustration, he indicated that an interest rate rise of half a percent would result in an additional liability of £1 million.

Councillor Currie raised the point that there are a number of major capital projects in the Council's approved capital plan for 2016/17 although no planning applications have been lodged or contracts put out to tender. He expressed concern that there is therefore the danger of further slippage.

Replying to questions from Councillors McLeod and Berry, Mr Lamond provided an explanation of the CIPFA Code treasury management indicators; spoke about meeting service objectives while providing a balanced budget; stated that the ratio of financing costs to revenue stream for general services has remained stable for a considerable time but is showing signs of increasing above previous levels; provided an explanation of under borrowing; and advised that revenue increases from council tax are integrated into the three year balanced budget.

Councillor Currie commented that he did not see the logic in using cash reserves at a time when interest rates for borrowing funds are low. He speculated about a future situation where the Council no longer has cash and therefore ends up borrowing funds at a higher rate of interest than is presently available. Regarding the HRA ratio, he suggested that future debate is required to establish if 40% is the correct ratio for East Lothian housing over the next five to ten years.

Mr Lamond reassured members that the Council and its advisers, Capita, are alert to the possibility of increased interest rates and are continually monitoring the situation.

Councillors Hampshire, Akhtar and Goodfellow all commented on the complexities of setting a treasury management strategy. Councillor Akhtar stated that a high number of capital projects have been delivered and that this is the correct strategy for the Council to take forward.

Councillor Innes thanked officers for the report and commented that the way the Council manages its finances is important for service delivery.

Decision

The Council agreed:

- i. to note the Treasury Management Strategy referenced in Sections 3.14 – 3.18 of the report;
- ii. to note the Investment Strategy referenced in Sections 3.19 – 3.20 of the report;
- iii. to approve authorised limits for external debt, as detailed in Section 3.13 of the report;
- iv. to approve operational boundaries for external debt, as detailed in Section 3.15 of the report;

- v. to approve the delegation of authority to the Head of Council Resources to effect movement between external borrowing and other long-term liabilities, as detailed in Section 3.16 of the report; and
- vi. to approve the detailed Treasury Management Strategy Statement, available in the Members' Library (Ref: 32/16, February 2016 Bulletin).

Sederunt: *Ms Shaw left the meeting.*

4. INTEGRATION JOINT BOARD STRATEGIC PLAN

A report was submitted by the Depute Chief Executive (Partnerships and Community Services) providing a synopsis of the East Lothian Integration Joint Board's consultation draft Strategic Plan for adult services, which identified key priorities, processes and timescales, including the process of consultation in line with Public Bodies (Joint Working) (Scotland) Act.

The Service Manager – Corporate Policy, Paolo Vestri, presented the report. He highlighted the key elements and priority actions and stated the commitment to refresh the extant Older People's Strategy.

In response to Councillor Berry, the Director of Health and Social Care Partnership, David Small, articulated that the strategic plan aims to shift resources from institutional care to long term care at home. He pointed out that the report contains condensed information and referred members to the second consultation working draft version of the strategic plan for full information.

Councillor Grant, Cabinet spokesperson for Health and Social Care, thanked officers for the report. He stated that the prime objective is to shift the balance of acute care away from hospitals and commented on the challenges faced with the budget setting process.

Councillor Currie commented that there are huge challenges ahead for health and social care and that the strategy needs to deliver improved outcomes for the people of East Lothian as well as delivering financial savings. He expressed the desire to reach a point where the budgets for the local authority and health are aligned and stated that the budgets need to be adequate for the services being directed. He added his thanks to the work carried out by officers.

Councillor Berry indicated that he would have welcomed more debate on the integration of health and social care but endorsed the plan as the correct, although complex, way to proceed.

Councillor MacKenzie commended the work being done by community groups with regard to dementia and spoke about the importance of effectively involving and supporting our communities.

Councillor MacMillan was of the view that members have been well informed regarding the Joint Integration Board and stated that the strategic plan is aspirational. In addition, he highlighted the benefits detailed in the equalities impact assessment.

Councillor Innes commented that the strategic plan represents an extremely important way forward and that communities have an integral part to play in the success of the strategic plan.

Decision

The Council agreed:

- i. to approve the detail of the IJB's draft Strategic Plan for adult services in health and social care, its key priorities and timeframe for delivery;
- ii. to note that the Strategic Plan encompasses as a key priority a review and refresh of the extant Older People's Strategy;
- iii. to note that the Strategic Plan would be delivered within available resources, recognising the challenges and constraints on the budgets identified by East Lothian Council and by NHS Lothian for all delegated services;
- iv. to support the key ambition of the IJB to shift resources from acute services into community care and support within the lifetime of the Strategic Plan; and
- v. to note the process of 'directions' from the IJB to both East Lothian Council and NHS Lothian for delegated functions and services.

Sederunt: *Ms Lumsden left the meeting.*

5. RATIFICATION OF THE SESPLAN BUDGET 2016/17 AND AMENDMENTS TO THE SESPLAN CONSTITUTION

A report was submitted by the Depute Chief Executive (Partnerships and Community Services) seeking ratification of the decision of the South East Scotland Strategic Development Planning Authority (SESplan) Joint Committee to approve the SESplan operating budget for 2016/17 and amendments to the SESplan constitution.

The Service Manager, Planning, Iain McFarlane, presented the report, pointing out that there is a 5% reduction in the contribution from East Lothian Council in 2016/17. He also informed members that the SESplan Joint Committee can now approve the publication of Supplementary Guidance for consultation although the decision to adopt the Supplementary Guidance would still require ratification by member authorities. He added that this would improve speed and effectiveness.

Councillor Berry stated the need to work reasonably with other councils but expressed concerns that the model has some flaws.

Decision

The Council agreed to ratify the SESplan's operating budget for 2016/17 and the amendments to the SESplan constitution.

6. HOUSING LAND SUPPLY: INTERIM PLANNING GUIDANCE

A report was submitted by the Depute Chief Executive (Partnerships and Community Services) providing advice to the Council on how the Housing Land Supply: Interim Planning Guidance should be used in view of approval of the Council's Draft Local Development Plan (as amended) on 17 November 2015. The report also notified the Council of the effective housing land supply position in East Lothian based on the 2015 Housing Land Audit, including planning permissions approved for residential development since 31 March 2015. In view of the continued shortfall of effective housing land in East Lothian, approval was

sought for this updated Housing Land Supply: Interim Planning Guidance as containing material considerations to be taken into account when determining planning applications for housing development on land not allocated for that purpose by the East Lothian Local Plan 2008.

The Service Manager, Planning, Iain McFarlane, presented the report, highlighting the purpose and recommendations. He referred to the Draft Proposed Local Development Plan (LDP) (as amended) which was approved by Council on 17 November 2015 and informed members that the interim guidance would apply to planning applications for housing development between now and the process of the Draft Proposed LDP (as amended) being ratified. He added that the interim guidance should be regarded as a material consideration in the planning application process; that it is key that proposals for housing development would not prejudice the existing or emerging Development Plan allocations; that the approval of the Council's draft Proposed LDP (as amended) provided the Council's 'settled view' on the strategy and sites it wants to promote; that the final LDP will carry more weight as a result of the interim guidance; and while speculative applications will still be received, the interim guidance will provide the criteria against which to assess these applications for non-allocated housing sites.

Members debated the report at length and Mr McFarlane responded to questions from members throughout the debate.

Councillor Day asked about the Scottish Reporter's view of interim guidance.

Councillor Berry raised the issues of public transport provision; the process for the assessment of effective housing land supply; and the desire to design communities and not just build houses.

Councillor Currie enquired as to why this interim guidance is regarded as being more robust than the previous version and asked how many more houses had been brought forward since the issue of the last interim guidelines.

Councillor Grant enquired about the impact of capacity in schools on potential developments.

Councillor Goodfellow enquired about the interim nature of the guidance; if there was anything to stop the Scottish Reporter from completely disregarding the interim guidance; and how many times in the past had East Lothian Council challenged the decision of the Scottish Reporter. Mr McFarlane advised that there had been no challenges in his tenure and that any decision to do so would be based on reasonability, given that the Scottish Reporter can award costs to successful appellants.

Councillor Hampshire thanked officers for the report and commented that the Council has always allocated enough land for housing development. However, as developers often hold land as an asset, the Council does not have the power to make these allocated sites effective.

Councillor Currie acknowledged that there is not a lack of land supply but that there is a lack of developers wanting to build. He expressed concern at the lack of land specifically for affordable housing (small properties), and the likelihood that sites which have not been identified in the Proposed Draft LDP (as amended) will be approved for the building of large houses.

Decision

The Council agreed:

- i. to use the approved Draft Proposed Local Development Plan (as amended) as a material consideration that gives additional weight in favour of the 'general principle' of housing development on sites included within the Draft Proposed Local Development Plan (as amended) as it determines planning applications under the Housing Land Supply: Interim Planning Guidance. The approved Draft Proposed Local Development Plan (as amended) should be taken into account on a case-by-case basis with other material considerations as appropriate;
- ii. to approve the further strengthening of the principle established in (i) above as the Draft Proposed Local Development Plan (as amended) advances through its stages to adoption, using it as a significant material consideration in favour of proposals for housing development on sites that it proposes to allocate for housing development. This would be on the basis that it provides sufficient effective housing land, and provided no representations would affect an issue relevant to the determination of an application. This should be reflected at key stages including the approved Proposed Local Development Plan and the Proposed Local Development Plan (as modified) post-examination.
- iii. to approve the use of the guidance set out in the report and the factors set out in the Housing Land Supply: Interim Planning Guidance, attached at Appendix 1 to the report, as material considerations in the assessment of planning applications for housing against SDP Policy 7 where such proposals are made for land not allocated for this purpose by the East Lothian Local Plan 2008.

7. SUBMISSIONS TO THE MEMBERS' LIBRARY, 3 DECEMBER 2015 – 10 FEBRUARY 2016

A report was submitted by the Depute Chief Executive (Resources and People Services) advising Members of the reports submitted to the Members' Library since the last meeting of the Council.

Councillor McNeill asked about the plans to publicise the funds available for community celebrations in relation to item Ref: 13/16 entitled HM the Queen's 90th Birthday – The Patron's Lunch. The Head of Communities and Partnerships, Tom Shearer, advised that the six area partnerships had been allocated £1,000 each and would award the funds within their area. He stated that there would also be public promotions through community councils, tenants and residents associations and area partnership newsletters.

Decision

The Council agreed to note the reports submitted to the Members' Library Services between 3 December 2015 and 10 February 2016, as listed in Appendix 1 to the report.

Sederunt: *Councillor Forrest left the meeting.*

SUMMARY OF PROCEEDINGS – EXEMPT INFORMATION

The Council unanimously agreed to exclude the public from the following business containing exempt information by virtue of Paragraph 1 (information relating to a particular employee of the Authority) of Schedule 7A to the Local Government (Scotland) Act 1973.

Proposals for Post of Head of Adult Services/Chief Social Work Officer

A private report seeking approval of proposed changes to the posts of Head of Adult Services, Head of Children's Wellbeing and Chief Social Work Officer was approved.