



## MINUTES OF THE MEETING OF EAST LoTHIAN COUNCIL

TUESDAY 22 AUGUST 2017  
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON

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### Committee Members Present:

Provost J McMillan (Convener)	Councillor W Innes
Councillor S Akhtar	Councillor S Kempson
Councillor L Bruce	Councillor G Mackett
Councillor S Currie	Councillor K Mackie
Councillor F Dugdale	Councillor C McGinn
Councillor J Findlay	Councillor P McLennan
Councillor A Forrest	Councillor K McLeod
Councillor N Gilbert	Councillor F O'Donnell
Councillor J Goodfellow	Councillor T Trotter
Councillor N Hampshire	Councillor J Williamson
Councillor J Henderson	

### Council Officials Present:

Mrs A Leitch, Chief Executive  
Mr A McCrorie, Depute Chief Executive (Resources and People 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  
Ms F Robertson, Head of Education  
Mr T Shearer, Head of Communities and Partnerships  
Mr S Cooper, Team Manager – Communications  
Ms C Dora, Policy Officer – Community Planning  
Ms F Duncan, Chief Social Work Officer  
Mr C Grilli, Service Manager – Legal and Procurement  
Ms K MacNeill, Service Manager – Licensing, Admin & Democratic Services  
Ms E Shaw, Service Manager – Corporate Finance  
Ms P Smith, Principal Officer (Information and Research) (Education)  
Mr P Vestri, Service Manager – Corporate Policy and Improvement

### Visitors Present:

Chief Inspector M Paden, Police Scotland  
Ms E Scoburgh, Audit Scotland

### Clerk:

Mrs L Gillingwater

### Apologies:

Councillor B Small

Prior to the commencement of business, the Provost announced that Lin Shiells, Senior Printer at the Print Unit had died the previous weekend following a short illness. He also paid tribute to Jan Antoniak, formerly of the Planning Service, and Sheila Sinclair of North Berwick Community Council, who had also died recently.

## **1. MINUTES FOR APPROVAL**

The minutes of the Council meeting specified below were approved:

### **East Lothian Council – 27 June 2017**

#### *Matters arising*

*Item 3* – With reference to the review of coastal car parking charges, Councillor McLennan asked if a timescale for the review had been agreed. Jim Lamond, Head of Council Resources, confirmed that the review would be carried out at the end of a full year of operation.

*Item 1* – Councillor Currie noted that despite confirmation that Councillor Forrest would not be join the Cabinet, the Council's 'Know Your Councillor' leaflet had indicated that he was a Cabinet member. The Chief Executive advised that the information in the leaflet was incorrect.

## **2. MINUTES FOR NOTING**

The minutes of the Local Review Body meeting of 15 June 2017 were noted.

## **3. SUMMARY OF REPORTS APPROVED IN ACCORDANCE WITH SUMMER RECESS PROCEDURES**

A report was submitted by the Depute Chief Executive (Resources and People Services) informing the Council of the urgent business undertaken over the summer recess period in terms of the procedures set out in Standing Order 15.5 and in line with the decision taken at the Council meeting of 27 June 2017.

### **Decision**

The Council agreed to note the business undertaken over the summer recess period.

## **4. EDINBURGH AND SOUTH EAST SCOTLAND CITY REGION (EESCR) DEAL**

A report was submitted by the Depute Chief Executive (Partnerships and Community Services) providing an update on the focus, scope and scale of the City Region Deal following approval of the Deal Heads of Terms with both UK and Scottish Governments; identifying the level of further work required to formalise the Deal agreement and confirm funding arrangements; bringing into the public domain the summary detail of the Deal arrangements including how they relate to East Lothian; and setting out the next steps to further develop the governance arrangements that would be required to deliver the Deal and, in so doing, provide necessary comfort to both UK and Scottish Government that partner authorities were taking the necessary decisions that would drive economic growth and reduce inequalities across the City Region.

The Head of Development, Douglas Proudfoot, presented the report, announcing that the Heads of Terms for the Edinburgh and South East Scotland City Region Deal had now been agreed and signed by the partners and the UK and Scottish Governments on 20 July. He advised that this agreement confirmed the commitment to achieve full implementation of the City Deal, which would be form a wide-ranging programme of innovation, infrastructure, housing and skills. He indicated that the specific focus for East Lothian would be on financial investment, job creation and the delivery of affordable housing. He drew attention to the joint food and drink project with Queen Margaret University, as well as proposals to improve the road and rail infrastructure and to deliver additional housing, a new primary school, jobs and leisure facilities. He highlighted the importance of delivery key sites, including Blindwells, which was one of seven key sites across the region. Mr Proudfoot set out the next steps in the City Deal process, advising that detailed proposals were now being developed, and would be presented to Council for approval in due course.

Jim Lamond, Head of Council Resources, reported that until agreement on the Heads of Terms had been reached it had not been possible to provide specific details on how the City Deal would impact the Council's finances. He reminded Members that the Council had approved the Capital Plan in February, which had included provision for accelerated growth with the City Deal in mind. Within the Capital Plan, he noted that £10m had been identified for this purpose; however, it was now anticipated that the required investment at Queen Margaret University alone would see the Council committing to expenditure of £10m, and that the Council would therefore be required to make further refinements to the Capital Plan. The situation would be monitored through the quarterly financial reports, and would be brought back to Council as part of the budget-setting process. Mr Lamond also pointed out that there would be a requirement to provide resources to support the delivery of the City Deal programme, and proposed that £0.5m be set aside for this purpose – this could be achieved by reclassifying the amount identified in a report to the Council in June to be added to the Capital Fund. He noted that the decision made by the Council at that meeting would need to be rescinded (requiring the approval of two-thirds of Members) in order for the £0.5m to be used to support the City Deal. He asked the Council to support the reclassification of these resources. There was no opposition to this request.

Referring to the confidentiality agreement that had been in place during the past few months, Councillor McLennan asked if all Councillors would be kept fully informed of City Deal developments going forward, and if there would be further reports to Council. Mr Proudfoot reminded Members that both the UK and Scottish Governments had imposed the confidentiality agreement on all City Deal partners. However, there would be a further report to Council in October in relation to the governance proposals, which should provide reassurance to Members in this regard.

On the establishment of a new regional housing company, Councillor Currie expressed disappointment that more funding had not been directed to this project and asked how this would impact on East Lothian, particularly the proposed development at Blindwells. He also questioned whether the proposed infrastructure improvements at Sheriffhall would meet the demands of the anticipated additional traffic generated by the Shawfair development. He looked forward to seeing further details and spoke of the need to reconsider capital investment planning to meet the requirements of the City Deal. Mr Lamond clarified that the £0.5 million to be set aside to cover revenue expenses associated with staffing and consultancy costs was separate to the funding of projects, and that the funding of capital projects would need to be considered alongside other factors, such as the delivery of the Local Development Plan. He believed that the Council was in a strong position and that further detail would be provided in the quarterly financial reports to Cabinet. Mr Proudfoot added that the delivery of housing was a major challenge across the wider region, and that it would be more effective to tackle this issue collectively. He also advised that engagement with the Scottish Government was positive as regards housing, and that a number of delivery models would be explored. On transportation, he advised that Sheriffhall was a

Transport Scotland asset, and that the proposed Transport Appraisal Working Group would be looking at transport investment priorities.

In response to a question from Councillor Akhtar as regards developing the young workforce, the Chief Executive explained that there would be a workstream dealing with skills and innovation, building on a detailed plan that had been developed over the past three years. She added that there would be a focus on aligning a number of plans to ensure that people across the region would benefit from the City Deal monies.

Councillor O'Donnell welcomed the establishment of an innovation park at Queen Margaret University, and asked about how this would be structured. Mr Proudfoot advised that the business case for the innovation park was fairly well advanced, and that there would be a focus on collaborative working, as well as providing a commercial and retail zone. He noted that the Council would play a significant role as regards manufacturing space, working in collaboration with Scottish Enterprise and Scotland Food and Drink, and putting East Lothian at the forefront of Scotland's food and drink sector. He added that it would be organised in conjunction with the UK Government's post-Brexit industrial strategy.

Councillor Findlay thanked Council staff for their involvement in the City Deal process, and welcomed the investment at Queen Margaret University and in the new Regional Housing Company. He advised that the Conservative Group would provide support to ensure that East Lothian's communities benefit from the City Deal.

Councillor Currie also welcomed the investment, but highlighted the importance of delivering outcomes, particularly as regards economic development and employment. He looked forward to seeing further detail on the investment at Sheriffhall and in housing.

Councillor Hampshire paid tribute to the officers involved in the City Deal and welcomed the investment in the region. He spoke of the importance of ensuring that the transport infrastructure could support the proposed developments, as well as the need to commence the development of Blindwells in order to relieve the pressure on existing communities.

Councillor Innes was encouraged by the cross-party support for the City Deal. He commented that a significant contribution from the Council would be required to deliver outcomes that would benefit East Lothian, but was confident that the Council was in a strong position to achieve this. His comments were supported by the Provost, who welcomed the potential opportunity for East Lothian to be Scotland's leading destination for food and drink.

## **Decision**

The Council agreed:

- i. to note the acceptance of the offer made by UK and Scottish Government to the Edinburgh and South East Scotland City Region partners;
- ii. to note the intended benefits that the portfolio of projects would bring to East Lothian and the wider South East Scotland region;
- iii. to acknowledge that funding would only be released subject to Treasury Green Book accredited outline business case approval;
- iv. to note the requirement for local authority funding contributions, and to approve East Lothian Council's contribution in respect of both the Innovation Park at QMU, the Integrated Regional Skills Programme and the future Housing Programme; and

- v. to note the ongoing development of governance arrangements that would be required to deliver the Deal and to approve specifically the proposed establishment of a Regional Business Council.

## **5. 2017/18 COUNCIL IMPROVEMENT PLAN**

A report was submitted by the Chief Executive presenting the 2017/18 Council Improvement Plan to the Council for approval.

The Service Manager – Corporate Policy and Improvement, Paolo Vestri, presented the report, advising that the Improvement Plan was based on evidence from a range of self-evaluation activities. He noted that there were no actions arising from Audit Scotland’s scrutiny work or the Local Scrutiny Plan, and that there were no major concerns about the Council’s governance or performance management arrangements. Members were informed that there would be a Best Value Assessment Report in 2018/19, and that the Council had recently successfully undertaken an assessment for the Quality Scotland Committed to Excellence award, which would be followed up with an application for the Quality Scotland Recognised for Excellence award. He drew attention to the action points set out in the Improvement Plan 2017/18.

### **Decision**

The Council agreed:

- i. to note the update report on the 2016/17 Council Improvement Plan (attached as Appendix 1 to the report)
- ii. to approve the 2017/18 Council Improvement Plan (attached as Appendix 2 to the report).

## **6. EAST Lothian PARTNERSHIP: LOCAL OUTCOMES IMPROVEMENT PLAN – DRAFT FOR AGREEMENT**

A report was submitted by the Depute Chief Executive seeking Council approval of the terms of the East Lothian Partnership’s draft Local Outcomes Improvement Plan: the ‘East Lothian Plan’.

Christine Dora, Policy Officer – Community Planning, presented the report, drawing attention to the three themes of the draft East Lothian Plan, and noting the focus on partnership, reducing inequality and early intervention. She advised that there would now be a consultation with community groups and the Third Sector prior to the Plan being finalised in September.

The draft East Lothian Plan was commended by a number of Members, who welcomed a number of aspects, such as improving mental health, better transport connections and alleviating poverty. The importance of delivering the Plan and measuring the outcomes was also highlighted. The Provost noted that there would be opportunities to scrutinise the delivery of the Plan.

### **Decision**

The Council agreed:

- i. to approve the outcomes and actions contained in the current draft East Lothian Plan; and
- ii. to delegate to the Chief Executive the consideration of and agreement to any further changes to the draft so that the Plan could be finalised in late September 2017.

## **7. EAST LOTHIAN LOCAL POLICING PLAN 2017-20**

A report was submitted by the Depute Chief Executive (Partnerships and Community Services) seeking approval of the East Lothian Local Policing Plan 2017-20.

Chief Inspector Matt Paden of Police Scotland presented the report, advising that Police Scotland was focused on improving outcomes for communities. He highlighted the key features of the Policing Plan, noting that, in line with Police Scotland's collaborative approach, an extensive consultation on the Plan had been undertaken, which had been favourably received.

In response to questions from Members, Chief Inspector Paden advised that the reporting of hate crime was improving, which was positive as this type of crime was generally under-reported, and that every instance of hate crime was investigated; the detection rate for hate crime was very high compared to other local authority areas. On police officer numbers, Chief Inspector Paden confirmed there was a minimum resource requirement in East Lothian, which was reviewed on a daily and weekly basis. As regards substance abuse, he noted the ongoing monitoring and partnership working with MELDAP. He also spoke of the effectiveness of partnership working with other agencies to tackle issues such as anti-social behaviour, and of the value and importance of the community police partnerships (CAPPS). As regards the information on outcomes, Chief Inspector Paden advised that detailed information on these would be provided at the Police, Fire and Community Safety Scrutiny Committee.

Councillor Mackett welcomed the report, c that the positive work done by the police within the community should be commended.

Councillor Currie questioned the effectiveness of the community police partnerships and their engagement with the public. He praised the police for their work within East Lothian, and remarked that East Lothian remained a safe place to live, due to the efforts of the police and their partners in the community.

Councillor O'Donnell indicated that she would like to see hate crime included as a key performance indicator, due to the impact this type of crime can have on individuals. She also highlighted the issue of 'fear of crime' and the need to educate young people in this regard.

Councillor Innes thanked Chief Inspector Paden for his report and conveyed the Council's gratitude to officers serving East Lothian. He agreed with other Members that East Lothian was a safe place to live, but noted that perception of crime was an issue. His views were shared by Councillor Goodfellow, who added that he would like more about partnership working included in the Policing Plan, and noting that the CAPPS in his own ward had been very successful, with many issues having been resolved.

### **Decision**

The Council agreed to approve the East Lothian Local Policing Plan 2017-20, as set out in the Appendix to the report.

## **8. EDUCATION GOVERNANCE: NEXT STEPS**

A report was submitted by the Depute Chief Executive (Resources and People Services) updating the Council on the outcome of the Scottish Government's consultation on Empowering teachers, parents and communities to achieve excellence and equity in education: a Governance Review; informing the Council of the Scottish Government's Education Governance consultation: Fair Funding to Achieve Excellence and Equity; informing the Council of the Scottish Government's publication of Education Governance: Next Steps and the service of reforms which would have wide-ranging implications for the local authority in terms of local democratic accountability, policy, delivery and finance; and seeking approval to provide an East Lothian Council response to the Scottish Government's consultation on Education Governance: Next Steps and Education Governance Fair Funding to Achieve Excellence and Equity in Education, to shape and influence the emerging Scottish Government policy in relation to Education Governance and its future approach to school funding.

The Head of Education, Fiona Robertson, presented the report in detail, drawing attention to its key aspects, including the responses to the Scottish Government's 2016 consultation on the Governance Review (set out in detail in Section 3.5 of the report), the impact of the proposed changes on local authorities (set out in Sections 3.8-3.12 of the report), and the consultation on the Next Steps (outlined in Sections 3.6-3.7 of the report). She also highlighted the report on the initial findings of the International Council of Education Advisers (outlined in Section 3.14 of the report).

Councillor O'Donnell asked about the position as regards protecting small rural schools. Ms Robertson advised that the Schools (Consultation) (Scotland) Act 2010 protected small rural schools, and that any proposed closure would have to be considered by ministers.

Councillor Akhtar asked a number of questions in relation to the report. In response, Ms Robertson advised that she had recently held discussions with head teachers in England and Wales as regards funding mechanisms, and that it had become clear that those head teachers were now spending more of their time procuring services for their schools, and that they were having to fund additional support for learning (ASL). On ASL, early learning and childcare responsibilities remaining with the local authorities in Scotland, she explained that this was due to complex legal issues. She noted that in order to meet the diverse needs of children with additional support needs, the Council had to work in partnership with other agencies. Head teachers would therefore be required to work under two different systems with the Council as well as the Regional Collaborative. She also highlighted the Council's role in delivering the '1140 hours' early learning provision by 2021. Members were advised that the Council would retain responsibility for appointing head teachers, but that head teachers would have the autonomy for delivering their own curriculum and appointing teaching staff.

Councillor McLennan urged caution with comparing the Scottish and English systems. Ms Robertson remarked that it was important to look at system changes across the UK in order to learn from them.

Councillor Currie asked about the benefits of the proposed changes, and also sought confirmation that there were no proposals to close rural schools or make cuts to ASL funding. Ms Robertson confirmed that there were no proposals to close rural schools or reduce ASL funding. She also advised that she would not argue with the themes included in the Next Steps paper, i.e. that it was child centred, would give head teachers greater autonomy, empower parents and pupils, and be more collaborative.

Councillor McLennan asked about the views of head teachers. Ms Robertson reported that head teachers had expressed concern about workload, accountability, how their views would be heard by the Regional Collaborative, and if the Regional Collaborative would understand the local context within which they were working. They were also worried that they may receive less support if staff resources were targeted to priority areas across the wider region. On attainment, she advised of the support provided to head teachers by the Council to close the attainment gap, noting that it was not clear if the Council would be in a position to continue providing such support.

Referring to a recent decision by Glasgow City Council to oppose the proposed changes, Councillor O'Donnell asked for the view of Lothian authorities. Ms Robertson reported that the Tayside authorities were also working well together as a regional alliance, and that she had been in contact with other Heads of Education in the Lothians to discuss how the matter would be reported to their councils.

Councillor Mackie proposed an amendment to the report recommendations, by way of an additional recommendation:

“East Lothian Council agrees to include the following wording in its response to the Education Governance: Next Steps and the Fair Funding to Achieve Excellence and Equity – a Consultation: ‘East Lothian Council welcomes any measures which support giving more power to Head Teachers but opposes the centralisation of Education Services to a regional body’.”

She stated that the Conservative Group was supportive of head teachers being given additional powers, and welcomed this aspect of the proposals. However, she was concerned about the lack of detail in respect of the numbers and sizes of the Regional Collaboratives, as well as the creation of additional bureaucracy. She believed that current collaborative working arrangements were being overlooked, and that the loss of accountability for local authorities would weaken democratic representation. She added that the establishment of Regional Collaboratives were an attempt to remove power from local government whilst doing little to raise standards in education.

The proposed amendment was seconded by Councillor Bruce.

Councillor Akhtar, seconded by Councillor O'Donnell, then proposed an amendment to the amendment:

“East Lothian Council welcomes any measures which support giving more power to Head Teachers ‘*to narrow the attainment gap*’ but opposes the centralisation of Education Services to a regional body.”

Councillor Mackie and Bruce confirmed that they were willing to accept the proposed amendment to their amendment.

Councillor Currie highlighted Section 3.13 of the report, claiming that the Conservative Group appeared to be supporting the empowerment of head teachers, which would result in higher levels of funding to head teachers. He also commented that the Scottish Parliament had approved the proposals to create Regional Collaboratives. He didn't believe, however, that there would be a regional education service with a regional education committee; rather, he was of the view that the proposals would result in best practice being shared across a wider area. He advised that the SNP Group would support the amendment because he did not believe that education services were being centralised.

The Provost moved to the vote on the amendment, as revised. There was unanimous support for the amendment, as revised.



Councillor Akhtar disputed Councillor Currie's assertion that the proposals would not lead to a centralised education service. She expressed concerns that the Council's view that current structures worked well had been ignored, and believed that there had been too much change already in education and that a period of consolidation was now required. She highlighted the strong working relationship between the Council and head teachers, and argued that the changes were not in the best interests of young people, head teachers or teachers. She also had concerns about accountability and performance management, given that ASL and early years' provision would continue to be the responsibility of the Council. She suggested that the Council should follow Glasgow's lead in creating a structure with clear lines of accountability, and that the response to the consultation should reflect the valuable link between local authorities and schools.

Councillor Currie spoke in favour of head teachers having greater autonomy, and of the proposals which he believed would improve outcomes for young people. He commented that the proposals provided an opportunity for changes that could be positive.

Councillor O'Donnell spoke of the importance of scrutiny, and argued that the proposals would not be scrutinised in the Scottish Parliament. She noted that people in the East Lothian community, as well as teachers and teaching unions, were concerned about the proposed changes, and that Glasgow City Council had declared that the proposals were not fit for purpose.

With reference to the previous regional councils, Councillor Goodfellow warned of the dangers of education services being centralised and the impact this might have on East Lothian. He was also concerned at the loss of accountability and democratic powers as regards education.

Councillor Innes concluded the debate by voicing his concern that Scottish ministers had not taken account of the concerns expressed during the consultation. He spoke in favour of the position taken by Glasgow City Council as regards collaborative working arrangements, which would allow for the authority to retain democratic control of schools.

## **Decision**

The Council agreed:

- i. to note the contents of the report;
- ii. to note the contents of the Empowering Teachers, Parents and Communities to Achieve Excellence and Equity in Education: an analysis of consultation responses;
- iii. to note that a range of consultation activities would be undertaken to gather the views of stakeholders in relation to the Scottish Government's Education Governance: Fair Funding to Achieve Excellence and Equity – a Consultation; and
- iv. to delegate to the Chief Executive, Leader of the Council and Education Convener, the provision of a response to the Education Governance: Next Steps and the Fair Funding to Achieve Excellence and Equity – a Consultation.
- v. to include the following wording in its response to the Education Governance: Next Steps and the Fair Funding to Achieve Excellence and Equity – a Consultation: "East Lothian Council welcomes any measures which support giving more power to Head Teachers to narrow the attainment gap, but opposes the centralisation of Education Services to a regional body".

## **9. ANNUAL REPORT OF THE CHIEF SOCIAL WORK OFFICER**

A report was submitted by the Chief Social Work Officer providing the Council with her Annual Report on the statutory work undertaken on the Council's behalf. The report also provided the Council with an overview of regulation and inspection, and significant social policy themes current over the past year.

The Chief Social Work Officer, Fiona Duncan, presented the report in detail, drawing attention to the key sections of the report, including the summary of the service's performance, partnership working arrangements, and the structure and governance of the service. She highlighted the main challenges ahead, in terms of the financial climate, growing population and increasing demands on the service.

Referring to care facilities for older people, Councillor Currie asked if consideration had been given to seeking developer contributions towards such facilities. Ms Duncan noted that all options should be open to consideration, and that her service worked closely with the Housing service. David Small, Director of Health and Social Care, indicated that there was a move away from institutional care and that he would discourage proposals to increase the number of care beds in East Lothian. He reported, therefore, that he would not be seeking developer contributions for the construction of care facilities; however, there would be proposals coming forward as regards the provision of housing for people with care needs.

Councillor Hampshire asked a question in relation to demand for care services, given the growing population of East Lothian. Ms Duncan advised that the care needs across the county varied, and that benchmarking with other local authorities was being undertaken. She noted that the Council could make a case to the Scottish Government given the demands on the service.

Councillor O'Donnell highlighted the need for the communities to play a role in providing care and support services, and asked if this was being explored. Ms Duncan advised that the Carers' Strategy was devised in conjunction with carers in the community, but noted that further work was required on what could realistically be delivered.

In response to a question from Councillor Dugdale as regards the support of children affected by their parents' alcohol and drug problems, Ms Duncan indicated that the future funding situation for MELDAP was not clear at this stage, but noted the importance of this issue. Mr Small pointed out that reserves had been used to manage the transition of this service, and that the service should be in a more robust financial position next year.

Councillor McGinn asked for an update on the historical abuse inquiry. Ms Duncan reported that the records for East Lothian were complete, and that there had been no requests for information from the inquiry to date. She indicated that there were no timescales for the completion of the inquiry.

Councillor O'Donnell welcomed the report. She warned about the financial pressures facing social work services at a time of increasing demand. She also spoke of the progress made as regards delayed discharge, noting that East Lothian was the best performing authority in the Lothians, and of the success of the hospital-at-home service. Councillor O'Donnell also advised that she had recently visited a number of day centres and had received very positive feedback; she paid tribute to the managers and volunteers of the day centres.

Councillor Currie remarked that the Scottish Government had provided additional funding for health and social care services and that it was for the Administration to choose how that funding should be used. He observed that the Council was performing well despite the

challenges facing the service, and this was partly due to the efforts of communities and volunteers.

## **Decision**

The Council agreed to note the 2016/17 Annual Report of the Chief Social Work Officer.

## **10. APPOINTMENT OF REPRESENTATIVES TO OUTSIDE BODIES – FOLLOW-UP REPORT**

A report was submitted by the Depute Chief Executive (Resources and People Services) requesting the Council to approve a change to the appointment of representatives to the Brunton Theatre Trust, and seeking approval of the appointment of an Elected Member to represent the Council on the East Lothian Golf Tourism Alliance.

The clerk advised of the need to appoint two representatives to the Brunton Theatre Trust, to replace Councillors McMillan and Goodfellow, who due to their membership of the Licensing Board, had had to step down from the Brunton Theatre Trust. The clerk also advised that a request had come in from the East Lothian Golf Tourism Alliance seeking Elected Member representation on that body.

Councillor Innes proposed Councillors Forrest and Mackie as representatives on the Brunton Theatre Trust, and Councillor McMillan as representative on the East Lothian Golf Tourism Alliance. Councillor Currie proposed Councillor Williamson as a representative on the Brunton Theatre Trust.

The Provost moved to the vote on the nominations for the Brunton Theatre Trust:

Councillor Forrest	21
Councillor Mackie	15
Councillor Williamson	6

Councillors Forrest and Mackie were thereby appointed as the Council's representatives on the Brunton Theatre Trust.

Councillor Currie queried whether representatives on the Brunton Theatre Trust had to hold certain positions within the Council. The Service Manager – LADS, Kirstie MacNeill, undertook to look into this.

Councillor Innes suggested that, in order to ensure the smooth running of business, in future where urgent appointments were required to be made, authority could be delegated to the Chief Executive, in conjunction with the Provost, Depute Provost, Leader and Leader of the Opposition.

Councillors Currie and McLennan expressed concern about this suggestion; Councillor Innes reassured them that such delegation would only be used where making the appointment was necessary and it did not meet the timescales for a Council meeting.

The Council's Service Manager – Legal and Procurement, Carlo Grilli, made reference to Standing Order 15.2, which made provision for business to be delegated to specific chief officers in consultation with senior Elected Members.

The Chief Executive suggested that she could consider any such requests for making appointments in conjunction with the Provost, Depute Provost, Leader and the Leader of the

Opposition, and report the appointment through the Members' Library. Members would then be able to debate the decision at the following Council meeting.

### **Decision**

The Council agreed:

- i. to approve the nomination of Councillors Forrest and Mackie to represent the Council on the Brunton Theatre Trust (replacing Councillors McMillan and Goodfellow); and
- ii. to approve the nomination of Councillor McMillan to represent the Council on the East Lothian Golf Tourism Alliance; and
- iii. to delegate authority to the Chief Executive, in conjunction with the Provost, Depute Provost, Leader and the Leader of the Opposition, to deal with urgent appointments, and to report any such appointments to Members through the Members' Library.

## **11. SUBMISSIONS TO THE MEMBERS' LIBRARY, 15 JUNE – 14 AUGUST 2017**

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.

In relation to Ref: 102/17 – Financial Review 2017/18 Q1, Councillor Currie expressed concern about the pressure on the Landscape and Countryside Service budget, particularly as regards income generated through coastal car parking charges. Jim Lamond, Head of Council Resources, reminded Members that the charging system had not yet had a full year of operation. He noted that there was a medium risk of the Landscape and Countryside budget being overspent, and that he would provide an updated position on this at Quarter 2.

### **Decision**

The Council agreed to note the reports submitted to the Members' Library Services between 15 June and 14 August 2017, as listed in Appendix 1 to the report.

## **12. OUTCOME OF THE SCHOOL CONSULTATION ON THE PROPOSED ESTABLISHMENT OF A SHARED HEADSHIP ACROSS INNERWICK PRIMARY SCHOOL AND STENTON PRIMARY SCHOOL**

A report was submitted by the Depute Chief Executive (Resources and People Services) seeking approval of the recommendation set out within the non-statutory Consultation Report (attached as Appendix 1 to the report) to establish a shared Head Teacher arrangement across Innerwick Primary School and Stenton Primary School.

The Head of Education, Fiona Robertson, presented the report, advising of the consultation process and responses received, which had overall been positive. Ms Robertson advised that she was confident that any concerns raised during the consultation could be addressed.

With reference to a previous Council decision, Councillor Currie asked if all future proposals for shared headships would be brought to Council for approval. Jim Lamond, Head of Council Resources, confirmed that there had been a commitment in 2010 to report such proposals to Council (which had been incorporated into Standing Orders); however, the

requirement to report to Council had since been removed from Standing Orders. The Provost advised that Standing Orders were currently being reviewed and that re-introducing the requirement to report proposals on shared headships could be considered as part of that review.

Councillor Akhtar asked if having a shared headship would impact on attainment. Ms Robertson believed that working with a larger peer group would have a positive impact on the attainment and achievement of children within those schools.

Councillor Findlay asked if there were any plans to have more headships and also shared teachers across East Lothian. Ms Robertson reported that having teachers working across two schools could have benefits as regards consistency of experience, and that this would be looked at in more detail. She added that creating shared headships fitted with the Council's vision of having non-class committed head teachers.

Councillor Kempson spoke against the proposal, claiming that shared headships were not good for staff morale and retention. She was also supportive of head teachers being involved in teaching in order to show leadership and maintaining contact with pupils. She declared that she would be voting against the proposals.

A number of Members welcomed the consultation and the proposal, citing the example of the successful shared headship at Humbie and Saltoun Primary Schools, as well as the two-campus headship at Dunbar Primary School.

The Provost moved to the vote on the proposal to establish a shared headship arrangement across Innerwick and Stenton Primary Schools:

For: 20  
Against: 1

**Decision**

The Council agreed to approve, on the basis of the outcome of the non-statutory school consultation and taking account of the education and social benefits of the proposal, that a shared Head Teacher arrangement across Innerwick and Stenton Primary Schools was the preferable option to ensure high quality leadership and provide the Head Teacher with the ability to effectively manage duties associated with recent and planned changes within education at a national level by releasing the Head Teacher from any class teaching commitment.

Signed .....

Provost John McMillan  
Convener of the Council





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

**TUESDAY 12 SEPTEMBER 2017  
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

**1b**

**Committee Members Present:**

Provost J McMillan (Convener)	Councillor S Kempson
Councillor S Akhtar	Councillor G Mackett
Councillor L Bruce	Councillor K Mackie
Councillor S Currie	Councillor C McGinn
Councillor F Dugdale	Councillor P McLennan
Councillor A Forrest	Councillor K McLeod
Councillor N Gilbert	Councillor F O'Donnell
Councillor J Goodfellow	Councillor T Trotter
Councillor N Hampshire	Councillor J Williamson
Councillor J Henderson	

**Council Officials Present:**

Mr A McCrorie, Depute Chief Executive (Resources and People Services)  
Ms M Patterson, Depute Chief Executive (Partnerships & Communities)  
Mr J Lamond, Head of Council Resources  
Mr R Montgomery, Head of Infrastructure  
Mr D Proudfoot, Head of Development  
Ms F Robertson, Head of Education  
Mr S Cooper, Team Manager – Communications  
Mr C Grilli, Service Manager – Legal and Procurement  
Ms K MacNeill, Service Manager – Licensing, Admin & Democratic Services

**Visitors Present:**

None

**Clerk:**

Mrs L Gillingwater

**Apologies:**

Councillor J Findlay  
Councillor W Innes  
Councillor B Small

The Provost opened the meeting by conveying the Council's best wishes to Councillor Innes, who was taking leave of absence due to ill health. He advised that the meeting had been called with the purpose of appointing a Depute Leader; however, he had also agreed to accept an urgent item – Amendments to the Scheme of Administration, in order to facilitate the smooth running of Council business.

## **1. APPOINTMENT OF DEPUTE LEADER OF THE COUNCIL**

A report was submitted by the Depute Chief Executive (Resources and People Services) seeking to appoint a Depute Leader of the Council, to put suitable arrangements in place to ensure business continuity for the Council in the absence of the Council Leader, and to arrange substitution for the Council Leader on outside bodies.

Kirstie MacNeill, Service Manager – Licensing, Admin and Democratic Services, presented the report, advising of the proposal to appoint a Depute Leader, who could undertake the role and duties of Council Leader in Councillor Innes's absence. The Depute Leader would represent the Leader at various committee and outside body meetings. She also advised of the proposal to replace Councillor Innes on the Planning Committee and on the MJRC.

The Provost called for nominations for the position of Depute Leader. Councillor Goodfellow, seconded by Councillor O'Donnell, nominated Councillor Hampshire. There were no other nominations, and Councillor Hampshire was duly appointed to the position of Depute Leader of the Council.

The Provost called for nominations for a councillor to replace Councillor Innes on the Planning Committee. Councillor Hampshire, seconded by Councillor Akhtar, nominated Councillor Forrest. There were no other nominations, and Councillor Forrest was duly appointed to the Planning Committee.

The Provost then called for nominations to represent the Council on the outside bodies noted below:

CoSLA Convention: Councillor Hampshire, nominated by Councillor Akhtar and seconded by Councillor Forrest

CoSLA Leaders' Meeting: Councillor Hampshire, nominated by Councillor Goodfellow and seconded by Councillor Akhtar

East Lothian Investments Ltd: Councillor Hampshire, nominated by Councillor Akhtar and seconded by Councillor O'Donnell

East Lothian Land Ltd: Councillor Hampshire, nominated by Councillor Akhtar and seconded by Councillor Goodfellow

Pennypit Community Development Trust: Councillor O'Donnell, nominated by Councillor Hampshire and seconded by Councillor Dugdale

As there were no other nominations, the councillors nominated were duly appointed to represent the Council on the outside bodies listed.

The Provost then called for nominations to represent the Council on the Musselburgh Joint Racing Committee. Councillor Hampshire, seconded by Councillor O'Donnell, nominated Councillor Akhtar. There were no other nominations, and Councillor Akhtar was duly appointed to the Musselburgh Joint Racing Committee.

### **Decision**

The Council agreed:

- i. to approve the appointment Councillor Hampshire as Depute Leader of the Council;



- ii. to authorise the Depute Leader of the Council to undertake the role of Leader and to substitute for the Leader in the Leader's absence in connection with all Council business including attendance at meetings of the Council, Cabinet, committees and sub-committees;
- iii. to approve the appointment of Councillor Forrest to replace Councillor Innes on the Planning Committee; and
- iv. to approve the following appointments as appropriate replacement councillors to substitute for and represent the Leader at meetings of all associated committees and outside bodies to which the Leader is appointed:

CoSLA Convention – Councillor Hampshire  
 CoSLA Leaders' Meeting – Councillor Hampshire  
 East Lothian Investments Ltd – Councillor Hampshire  
 East Lothian Land Ltd – Councillor Hampshire  
 Pennypit Community Development Trust – Councillor O'Donnell  
 Musselburgh Joint Racing Committee – Councillor Akhtar

**2. PROPOSED AMENDMENTS TO STANDING ORDERS APPENDIX 1: SCHEME OF ADMINISTRATION**

A report was submitted by the Depute Chief Executive (Resources and People Services) seeking approval of proposed amendments to the Council's Standing Orders, Appendix 1: Scheme of Administration.

Kirstie MacNeill, Service Manager – Licensing, Admin and Democratic Services, presented the report, reminding Members that a number of vacancies remained on the Audit & Governance Committee and Policy & Performance Review Committee. She warned of the risks of meetings of these committees being inquorate whilst these vacancies remained unfilled and therefore proposed that the quorum for both be amended, as a temporary measure, to state 'half + 1 of the places filled', rather than 'half + 1'. She advised that this change would reduce the risk of meetings being inquorate and ensure the proper governance of the Council.

**Decision**

The Council agreed:

- i. to approve the proposed amendments to the Standing Orders, Appendix 1: Scheme of Administration, set out in Appendix 1 to the report, in relation to the temporary changes proposed to the quorums for the Audit & Governance Committee and the Policy & Performance Review Committee (as outlined in Section 3.2 to the report); and
- ii. to note that the proposed changes would come into effect at the close of the Council meeting on 12 September 2017.

Signed .....

Provost John McMillan  
 Convener of the Council





**MINUTES OF THE MEETING OF THE  
LOCAL REVIEW BODY**

**THURSDAY 31 AUGUST 2017  
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

**2**

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**Committee Members Present:**

Councillor N Hampshire (Chair)  
Councillor McMillan  
Councillor S Kempson

**Advisers to the Local Review Body:**

Mr I McFarlane, Planning Adviser to the LRB  
Mr C Grilli, Legal Adviser/Clerk to the LRB

**Others Present**

Mr L Taylor, ELC Planning Policy Officer  
Mr N McFarlane, ELC Transportation Planning Officer (Items 1 and 2)  
Mrs Houghton, Applicant

**Committee Clerk:**

Mrs F Stewart

**Declarations of Interest**

None

**Apologies**

Councillor Innes  
Councillor O'Donnell  
Councillor Trotter

Councillor Hampshire, elected to chair the meeting by his colleagues, welcomed everyone to the meeting. 0

The Chair advised that a site visit for today's planning application had been carried out prior to the meeting.

Following a presentation from the Planning Adviser, Members would decide if they had sufficient information before them to reach a decision today. Should Members decide they had sufficient information, it was open to them to uphold for the reason given in the Decision Notice or uphold for a different reason. It was also open to them to overturn the original decision with or without conditions.

Members had received the applicant's Notice of Review and supporting documents together with the Council's submission. Members had also had full access to the planning files for each application.

#### **1. PLANNING APPLICATION 17/00158/P- REVIEW AGAINST DECISION (REFUSAL) INSTALLATION OF SOLAR PANELS TO THE REAR SOUTH FACING ROOF OF PROPERTY AT COURTYARD COTTAGE, 2 REDSIDE FARM STEADING, NORTH BERWICK**

Iain McFarlane, Planning Adviser, stated that a drawing in the Council Officer's report showed the proposals in detail and information had been provided on how the solar panels would be installed. He advised that Members had had the opportunity to see the south facing elevation on the site visit and had also viewed the roof slope through the archway to the steading. The Planning Adviser stated that the key determining factor in considering this application was whether the proposed solar panels would be so significantly harmful as to warrant refusal of the application. Members could also consider whether it was appropriate to introduce such fabric to a Listed Building.

The Chair invited questions from Members and Councillor McMillan enquired if the proposals could be viewed as sustaining or enabling development, as he understood that the applicants were seeking a solution to high energy bills. The Planning Adviser stated that the application needed to be viewed in the context of the applicant electing to change the use of the property from agricultural to residential. The applicants had argued that the high cost of energy had created a need to reduce energy costs, but in planning terms, this was not strictly a material consideration. However, Members could decide how much weight they wished to attach to this. The Planning Adviser also pointed out that granting the application would create a precedent and alter the character and appearance of the building. The Case Officer for this planning application had not considered the proposals as enabling development.

The Chair stated that the Council had, in the past, allowed the introduction of materials not normally found on Listed Buildings in Conservation Areas, particularly when the changes were being made to the rear of a building. The Planning Adviser replied that, in Conservation Areas, the focus had to be not on the materials, but on the visual impact of the proposed new materials. If the elevation of this property was not visible publicly, then it could not be argued that the solar panels would have an adverse visual impact.

The Chair stated that this building was a farm steading which would likely have fallen into disrepair had it not been altered significantly to make it suitable for residential accommodation. A large number of vellux windows had been added to the roof of these buildings which was in itself a significant change. The Planning Adviser replied that the

solar panels would be dark on the red roof pantiles. He added that Members may wish to consider the context of what had been done to the steading buildings to bring them into residential use. The key was to conserve the appearance of agricultural buildings as far as possible. This was achieved more successfully in some places than others.

The Chair asked his colleagues if they had sufficient information to proceed to determine the application today and they confirmed that they had. Comments from Members followed.

Councillor McMillan stated that he had been impressed by the farm steading and noted from the Officer's Report that the building was listed as being of special architectural or historic interest (category B). He also noted from the report that Historic Environment Scotland (HES) had advised that the installation of solar panels on the principle elevation of a historic building should be avoided due to the detrimental visual impact on the building's historic character and that solar panels on south facing roof slopes might be inappropriate as locations for solar panels. Having also considered the terms of planning policy DP6 and ENV3, Councillor McMillan was minded to support the Case Officer's decision to refuse the application. He understood that residents in rural areas would seek to reduce their energy costs but was satisfied that alternative forms of heating could be explored.

The Chair stated that he had found the site visit very useful. As a member of the Planning Committee for many years, he had visited a number of steading developments across East Lothian. At this steading, he was interested to note that much of the courtyard still had walls and animals while, in other steadings, this element had been removed. He therefore considered that the developer of this steading had succeeded well in retaining its rural character. He had observed that there were already a number of skylight windows in the roof space and considered that the proposed solar panels would not have a significant adverse impact in the context of the alterations which had already been made to the property. He was therefore minded to overturn the original decision of the Case Officer.

Councillor Kempson stated that she had been impressed by the view of the steading through the archway on her visit to the site but considered that the solar panels against the red pantiled roof would be inappropriate and would have a significant impact on the character of the property. She would therefore support the Case Officer's decision to refuse the application.

## **Decision**

The ELLRB agreed by a majority of 2:1 to uphold the original decision of the Planning Officer for the reasons given in the Decision Notice dated 5 May 2017:

1. The proposed 12 solar panels would appear as harmfully prominent, bulky and incongruous features on the roof of the house. They would be out of keeping with the character of the building that derives from it having been part of an agricultural steading. Consequently the proposed solar panels would not preserve or enhance the character and appearance of the listed building but would detract from it. Consequently the proposed solar panels would be contrary to Policy 1B (The Spatial Strategy: Development Principles) of the approved South East Scotland Strategic Development Plan (SESplan) and Policies DC1 (Part 5), ENV3 and DP6 of the adopted East Lothian Local Plan 2008.

2. If approved, the proposed development would set an undesirable precedent for the installation of solar panels on the roof slopes of other houses within the former Steading. Over time, such change would be collectively out of keeping with the character and appearance of the built form of the group of houses of Redside Farm Steading to the detriment of the character and appearance of the listed building and to the visual amenity of the landscape of the area.

A Decision Notice would be issued within 21 days.

Signed

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Councillor N Hampshire  
Convener of Local Review Body (Planning)

# East Lothian Council

2016/17 Annual Audit Report

3



 AUDIT SCOTLAND

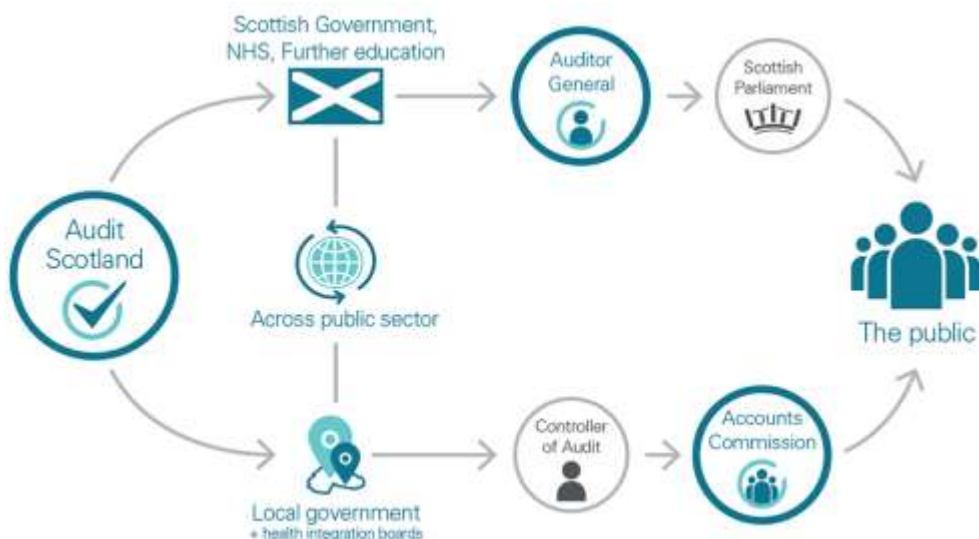
To Members of East Lothian Council and the Accounts Commission

26 September 2017

## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.



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# Key messages

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## Audit of the 2016/17 annual accounts

- 1 Our audit opinions were all unqualified. These covered the financial statements, management commentary, remuneration report and the annual governance statement.
- 2 Unqualified opinions were issued for the Dr Bruce Trust administered by the Council.

## Financial management

- 3 Financial management is effective with a budget process focussed on the Council's priorities.
- 4 The Council has a good track record of delivering services within its budgets and over the last two years has consistently contained its expenditure within annual budgets.
- 5 The Council has appropriate internal controls in place and overall these were found to be operating effectively.

## Financial sustainability

- 6 The Council has financial strategies and plans over the short and medium term and these are robust with linkages to wider Council initiatives however there is no long term (five to ten years) financial plan in place to demonstrate the feasibility of significant longer term projects.
- 7 The Council recognises the need to develop a sustainable budget and has developed a three year financial plan aligned to its priorities that seeks to deliver a balanced budget avoiding the use of reserves by 2019/20, and sets out how it will address future budget challenges.
- 8 The Council has supported its annual budgets through the use of reserves in recent financial years. This position is not sustainable in the longer term with decreasing levels of available reserves.

## Governance and transparency

- 9 A comprehensive programme of member induction was provided following the Council elections in May 2017 to support new members in discharging their governance and scrutiny role.
- 10 The effectiveness of scrutiny has diminished with one political party not participating in scrutiny committees. This arrangement has now been codified so as to assist the committees to be quorate. The result is less effective scrutiny overall.
- 11 The Council is open and transparent in the way that it conducts its business, with the public able to attend meetings of the Council and its committees. Committee minutes, agendas and papers are readily available on the Council's website.

## Value for money

- 12** Our Best Value work during the year concluded that the Council has effective arrangements in place regarding financial and service planning and financial governance and resource management.
- 13** The Council has appropriate arrangements in place for the collection, monitoring and reporting of performance information.
- 14** It is important that there is alignment of objectives between the Council and Group components and that corrective action is taken on a timely basis where a divergence becomes apparent.

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# Introduction

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1. This report is a summary of the findings arising from the 2016/17 audit of East Lothian Council (the Council).

2. The scope of the audit was set out in our Annual Audit Plan presented to the March 2017 meeting of the Audit and Governance Committee. This report comprises:

- an audit of the annual report and accounts
- consideration of the four dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 1](#).

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## Exhibit 1 Audit dimensions



Source: Code of Audit Practice 2016

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3. The main elements of our audit work in 2016/17 have been:

- an interim audit of the Council's main financial systems and governance arrangements
- audit work covering the Council's arrangements for securing Best Value relating to financial governance and resource management and, financial planning
- an audit of the Council's 2016/17 annual report and accounts including the issue of an independent auditor's report setting out our opinions.

4. East Lothian Council is responsible for preparing the annual report and accounts that show a true and fair view in accordance with the Local Authority Accounts

(Scotland) Regulations 2014. It is also responsible for establishing effective governance arrangements and ensuring financial management is effective.

- 5.** Our responsibilities as independent auditor are established by the Local Government in Scotland Act 1973 and the [Code of Audit Practice 2016](#) guided by the auditing profession's ethical guidance.
- 6.** As public sector auditors we provide an independent auditor's report on the annual report and accounts. We also review and report on the arrangements within East Lothian Council to manage its performance and use of resources such as money, staff and assets. Additionally, we report on the Council's best value arrangements. In doing this, we aim to support improvement and accountability.
- 7.** Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#).
- 8.** This report raises matters from the audit of the annual report and accounts, risks or control weaknesses. Communicating these does not absolve management from its responsibility to address the issues we raise, and to maintain adequate systems of control.
- 9.** Our annual audit report contains an action plan at [Appendix 1](#). It sets out specific recommendations, responsible officers and dates for implementation.
- 10.** As part of the requirement to provide fair and full disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2016/17 audit fee for the audit was set out in our Annual Audit Plan and as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.
- 11.** This report is addressed to both the Council and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).
- 12.** We would like to thank all management and staff who have been involved in our work for their co-operation and assistance during the audit.

# Part 1

## Audit of 2016/17 annual report and accounts



### Main judgements

**We have issued unqualified audit opinions on the Council's annual report and accounts. These covered the financial statements, the remuneration report, the management commentary and the annual governance statement.**

**We have issued an unqualified audit opinion on the Dr Bruce Fund administered by the Council.**

### Unqualified audit opinions

**13.** The annual report and accounts for the year ended 31 March 2017 were approved by the Audit and Governance Committee on 26 September 2017. We reported, within our independent auditor's report:

- an unqualified opinion on the financial statements
- unqualified opinions on the management commentary, remuneration report and annual governance statement.

**14.** Additionally, we have nothing to report in respect of those matters which we are required by the Accounts Commission to report by exception.

### Audit of the charitable trust administered by East Lothian Council

**15.** Due to the interaction of the Local Government in Scotland Act 1973 with the charities legislation, a full and separate audit and auditor's report is required for each registered charity where members of East Lothian Council are sole trustees, irrespective of the size of the charity.

**16.** Our duties as auditors of the charitable trusts administered by East Lothian Council are to:

- express an opinion on whether the charity's financial statements properly present the charitable trusts' financial position and are properly prepared in accordance with charities legislation
- read the trustees' annual report and express an opinion as to whether it is consistent with the financial statements
- report on other matters by exception to the trustees and to the Office of the Scottish Charity Regulator.

**17.** We received the unaudited trust's accounts on 2 August. Some presentational adjustments were required to align the disclosures in the accounts to the new FRS 102 based SORP. There were no adjusted or unadjusted audit differences raised however we did note the following:

The Council's annual report and accounts are the principal means of accounting for the stewardship of resources and performance in the use of resources.

- the trust's accounts were not advertised in line with the requirements under Regulation 9 of the Local Authority Accounts (Scotland) Regulations 2014 issued under section 105 of the 1973 Act
- the unaudited accounts were not signed on behalf of the trustees, and
- the Dr Bruce Fund was set up to provide relief for the poor of Musselburgh. One of the risks identified for managing this is the financial demands placed on those funds. In 2016/17 there was a net movement in funds of £6,800, of which £3,291 was income received. In the same period £50 was disbursed. There is a need for the trustees to review whether an appropriate balance has been struck in managing the risk and fulfilling the charitable objective.

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### **Recommendation 1 ([Appendix 1, action plan point 1](#))**

**The unaudited accounts should be advertised in line with the Regulations.**

**The unaudited accounts should be signed on behalf of the trustees prior to submitting for audit.**

### **Recommendation 2 ([Appendix 1, action plan point 2](#))**

**The Council should review the method(s) used to promote this (and other) charitable trusts to ensure that the potential availability of these funds are known to the wider community.**

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18. After completing our audit we issued unqualified audit opinions in respect of the 2016/17 financial statements of the Dr Bruce Fund.

### **Trust funds**

19. East Lothian Council acts as a Trustee for 46 trusts, bequests and other funds, which are administered in accordance with the terms of each trust. During 2016/17, the trusts funds operated at a surplus of £141,000, an increase of £15,000 on the surplus from 2015/16. The overall asset book value increased during 2016/17 from £4.66 million to £5.28 million by 31 March 2017. Total Usable Reserves were £2.52 million.

20. Of the 46 trusts being administered by the Council, only 16 were actively used, i.e. incurred expenditure or earned income, in 2016/17. A total of £17k was disbursed in 2016/17, with £49k being received in income. The remainder of the trusts, accounting for £1.83 million of total usable reserves of £2.52 million, were not actively used in 2016/17. Many of the trusts are also very small as measured by the size of their usable reserves. There appears to be a lack of promotion of the availability of the trusts and a risk that some could become dormant.

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### **Recommendation 3 ([Appendix 1, action plan point 3](#))**

**The Council should ensure that the trusts it administers are promoted more widely amongst the public, and the trust objectives clarified legally to facilitate their use. An exercise should also be undertaken by the Council to consider whether any trusts could be consolidated.**

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### **Submission of the Council's annual report and accounts for audit**

21. We received the unaudited annual report and accounts on 27 June 2017, in line with the audit timetable set out in our 2016/17 Annual Audit Plan. In 2016/17,

for the first time, the Council's group accounts included the financial results of East Lothian Integration Joint Board (the IJB).

**22.** We have completed the audit of the IJB and have reported our findings separately to the IJB Audit and Risk Committee on 12 September 2017 where the accounts were approved. We are satisfied that the Council had good arrangements in place to agree year end balances between itself and its partners. Our audit testing also confirmed that the council properly identifies transactions that relate to work commissioned by the IJB.

**23.** The Council's working papers provided with the unaudited report and accounts were of a good standard and finance staff provided good support to the audit team during the audit. This helped ensure that the final accounts process ran smoothly.

## Risk of material misstatement

**24.** [Appendix 2](#) provides a description of those assessed risks of material misstatement that were identified during the planning process which had the greatest effect on the overall audit strategy, the allocation of resources to the audit and directing the efforts of the audit team. Also, included within the appendix are the wider audit dimension risks, how we addressed these and conclusions.

## Materiality

**25.** Materiality defines the maximum error that we are prepared to accept and still conclude that that our audit objective has been achieved (i.e. true and fair view). The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement.

**26.** Our initial assessment of materiality for the annual report and accounts was undertaken during the planning phase of the audit and is summarised in [Exhibit 2](#). Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

**27.** On receipt of the annual report and accounts and following completion of audit testing we reviewed our original materiality calculations and concluded that they remained appropriate.

## Exhibit 2 Materiality values

Materiality level	Amount
<b>Overall materiality</b> – This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It was set at 1% of gross expenditure for the year ended 31 March 2017.	£3.4 million
<b>Performance materiality</b> – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement we have calculated performance materiality at 50% of overall materiality.	£1.7 million
<b>Reporting threshold (i.e. clearly trivial)</b> – We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. This has been calculated at 1% of overall materiality.	£34,000

Source: Audit Scotland Annual Audit Plan 2016/17



## How we evaluate misstatements

**28.** All individual misstatements which exceeded our reporting threshold have been amended in the audited financial statements. There were no unadjusted errors above the reporting threshold which impact the Council's primary financial statements.

**29.** A number of presentational and monetary adjustments were identified within the financial statements during the course of our audit. These were discussed with relevant officers who agreed to amend the unaudited financial statements. The effect of these adjustments is to increase the Council and group in-year deficit on provision of services by £2 million, the Council total net comprehensive expenditure by £5.3 million and the group total net comprehensive expenditure by £4.5 million. Net assets as recorded in the Council balance sheet have decreased by £5.3 and group net assets have decreased by £4.5 million.

## Significant findings

**30.** International Standard on Auditing 260 (UK & Ireland) requires us to communicate to you significant findings from the audit. These are summarised in [Exhibit 3](#) (where a finding has resulted in a recommendation to management, a cross reference to the Action Plan in [Appendix 1](#) has been included).

## Exhibit 3

### Significant findings from the 2016/17 audit of East Lothian Council

Issue	Resolution
<p><b>1. Non-current asset valuations</b></p> <p>Our audit identified a number of assets in the asset register that were not included in the external valuer's report.</p> <p>Investigation by officers revealed that 32 assets were required to have valuations undertaken during 2016/17 and corresponding updates to the asset register.</p>	<p>Officers arranged for the required valuations to be completed by 31 August 2017.</p> <p>Adjustments were made to reflect the updated asset valuations in the asset register and the accounts. Officers have also reviewed the Council's procedures for arranging valuations and updated these accordingly.</p> <p>The adjustment resulted in an increase of £0.7 million to the Council's net assets, an increase of £0.8 million to the Common Good net assets and an increase of £1.5 million to the group net assets.</p> <p>The revaluations also resulted in an increase to the deficit on provision of services of £1.2 million for both the Council and the group, a decrease in total net comprehensive expenditure of £0.7 million in the Council accounts, an increase in total net comprehensive income of £0.8 million in the Common Good account and a decrease in total net comprehensive expenditure in the group accounts of £1.5 million.</p>
<p><b>2. Duplicate assets in asset register</b></p> <p>During investigation of the above issue, Council officers also identified a number of assets with duplicate entries in the asset register.</p> <p>This issue arose as a result of additional accounts being set up to record enhancement expenditure. When the assets were subsequently revalued, the</p>	<p>Adjustments were made to remove the duplicate assets in the asset register and the accounts.</p> <p>Officers have reviewed the Council's procedures and controls for accounting for enhancement expenditure to prevent duplicate accounts from being created.</p> <p>Correction of the error resulted in a decrease in net</p>

Issue	Resolution
<p>original asset values were adjusted to reflect the enhancement values however the enhancement expenditure was not removed, leading to duplication in the asset register and the accounts.</p>	<p>assets of £5.9 million, an increase in the deficit on provision of services of £0.7 million and an increase in total net comprehensive expenditure of £5.2 million in both the Council and group accounts.</p>
<p><b>3. Asset categorisation</b></p> <p>During investigation of an audit query regarding community assets, Council officers identified that a number of assets had incorrectly been categorised as community assets instead of other land and buildings.</p>	<p>Officers reviewed the assets to determine the correct classification.</p> <p>Adjustments have been made to transfer the assets identified from community assets to other land and buildings in the asset register and the accounts.</p> <p>The reclassification resulted in a decrease to community assets in the balance sheet of £1.5 million with a corresponding increase to the other land and buildings category. This was a classification error and consequently, no monetary impact on the accounts.</p>
<p><b>4. Housing Rent Income</b></p> <p>Our audit identified that a number of former Council properties which had been sold continued to be designated as rental properties within the Housing Rents system. This led to the accumulation of rent debtor balances for these properties.</p> <p>This issue arose because the costs of communal upgrade works were correctly allocated to these properties however this triggered to system to flag the properties as rental properties in error.</p>	<p>Officers have corrected the status of these properties within the Housing Rents system in 2016/17.</p> <p>Officers have agreed to review procedures for allocating this type of expenditure to prevent this error from recurring.</p> <p>Adjustments have been made to remove the related income and reduce the debtor in the accounts.</p>
<p><b>5. Integration Joint Board</b></p> <p>The Council's Comprehensive Income and Expenditure Statement in the unaudited accounts did not include the Council's contribution of £44 million to the East Lothian IJB as required by the Integrated Resource Advisory Group (IRAG) guidance.</p> <p>Inclusion of these amounts has the effect of increasing both the Council's income and expenditure by the same amount. The overall impact is nil.</p>	<p>Officers have updated the Council's accounts and included the contribution to the East Lothian IJB in the Comprehensive Income and Expenditure Statement.</p> <p>Officers will liaise with the IRAG group to ensure presentational requirements like this are included in the future.</p>
<p><b>6. Bad Debt Provision</b></p> <p>The Council have had to increase their provision for doubtful debts since the introduction of Universal Credit and therefore there is an increased likelihood of non-recovery of income.</p>	<p>There is a Rent Scrutiny Board in place and the S.95 Officer attends these meetings. The Rent Scrutiny Board monitors the levels of outstanding debt continuously.</p> <p>Universal Credit and the bad debt provision were subject to extensive discussions at Audit and Governance Committee meetings during 2016/17.</p>

Source: Audit of the 2016/17 accounts

## Going concern

**31.** The financial statements of the Council, its group and the associated charitable trust (Dr Bruce Fund) have been prepared on the going concern basis.

## Other findings

**32.** In addition to the issues described in detail above, our also audit identified a number of minor presentational and disclosure issues which were discussed with management. These were adjusted and reflected in the audited annual report and accounts.

## Objections

**33.** The Local Authority Accounts (Scotland) Regulations 2014 require a local authority to publish a public notice on its website that includes details of the period for inspecting and objecting to the accounts. This must remain on the website throughout the inspection period. The Council complied with the regulations and there were no objections.

## Whole of Government Accounts

**34.** For 2016/17, the Council will exceed the £350 million threshold set for the requirement for an audit of the whole of government accounts. The Council submitted the stage one consolidation pack for the whole of government accounts to the Scottish Government on 21 July in line with the requirements. We anticipate that the stage two consolidation pack will be submitted to external audit on 25 September 2017. We expect to complete our audit of the Council's whole of government accounts by the deadline of 30 September 2017.

# Part 2

## Financial management



### Main judgements

**Financial management is effective with a budget setting process focused on the Council's priorities.**

**The Council has a good track record of delivering services within its budgets and over the last two years has consistently contained its expenditure within annual budgets.**

**The Council has appropriate internal controls in place and overall these were found to be operating effectively.**

### Financial performance in 2016/17

**35.** In February 2016 the Council approved a general services budget of £227 million for 2016/17. The budget was aligned to the Council's plans and strategies that contribute to commitments made in both the Single Outcome Agreement and the Council Plan. The 2016/17 Financial Review reported to Council in June 2017 reported an underspend of £1.1 million against budget. This included planned transfers of £3 million from the general reserve and £0.7 million from earmarked reserves.

**36.** The Council has a good track record in delivering services within budget over the current and previous financial years. While the Council's spending has remained in line with its overall budget, there are variations in how different services have performed. The more significant over and underspends are summarised in [Exhibit 4](#).

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

### Exhibit 4

Summary of significant over and under spends against budget

Area	Under/over spend (£m)	Reason(s) for variance
<b>Underspends</b>		
Resources and People Directorate	£0.913	<p>Various underspends in pre-school, Additional Support for Learning, primary, secondary and school support budgets.</p> <p>Includes underspend on PPP/PFI budget due to vacancies in the team and lower than anticipated insurance premiums.</p>

Area	Under/over spend (£m)	Reason(s) for variance
Partnership & Community Directorate – excluding HRA	£1.260	Includes staffing underspends across most sub-service areas. Planning fee income exceeded budget expectations.
<b>Overspends</b>		
Health & Social Care Partnership	£0.444	Increase in the number of children placed in external fostering placements and secure accommodation. Non-delivery of planned efficiency programme for Adult Wellbeing service.

Source: 2016/17 End of Year Financial Review

**37.** The Council has recognised the need to develop a sustainable General Services budget and its three year Financial Strategy to 2018/19 aims to avoid the use of reserves in 2018/19. Recent spending plans and strategies allow for the use of reserves in years one and two however to demonstrate resilience and financial sustainability, the use of reserves in year three of the Financial Strategy is discouraged with the goal being to lessen the future dependency on reserves.

**38.** The Council is making progress to reduce its reliance on the use of reserves as outlined in the Financial Strategy however there continues to be uncertainty around future funding levels beyond 2017/18. The identification and deliverability of recurring savings remains critical to the delivery of the three year balanced budget.

**39.** In July 2017, the Edinburgh and South East Scotland City Region Deal (the City Deal) Heads of Terms was agreed by the UK and Scottish Government resulting in a commitment to invest over £600 million over the next 15 years in East Lothian and the five other local authorities in the region. Challenges and opportunities from this significant milestone will require financial plans and strategies to be revisited and this is recognised in the most recent paper presented to Members in August 2017. The Council has been proactive in informing Members of progress towards this goal with routine updates provided to Council including impact, uncertainties and proposal for going forward.

**40.** Overall, the Council's budget setting, monitoring and reporting arrangements are effective. Members are routinely informed and kept up-to-date with developments. Reports presented to the various committees are easy to follow and understand and contain sufficient information for the reader.

## Housing Revenue Account

**41.** The Council is required by legislation to maintain a separate housing revenue account (HRA) and to ensure that rents are set to at least cover the costs of its social housing provision. Rent levels are therefore a direct consequence of the budget setting process for the year.

**42.** The 2016/17 Financial Review reported to Council in June 2017 reported an underspend of £2.2 million against the HRA budget. This included planned transfers of £3.2 million from the general reserve and £1.495 million from other reserves. The operational underspend can be attributed but not limited to increases in rental income with the introduction of new council housing stock, a reduction in debt charges following a review of the loans fund and a lower than planned increase to the bad debt provision as a result of the impact of Universal Credit.

**43.** The Council's Financial Strategy Statement (2017/18 – 2019/20) states that the HRA reserve should not fall below £1 million. This is to allow for a contingency against unexpected increases in costs, loss of income and to protect against risks associated with UK welfare reform proposals.

**44.** The Council has utilised HRA balances in line with its Financial Strategy. Revised guidance was issued by the Scottish Government in 2014 and sets out the parameters for wider use of the HRA. The Council reviews its rent levels annually and makes any necessary adjustments, the outcome of which has resulted in rent increases over a number of years. The income generated from the increases is used to reinvest into housing and to defray the cost of borrowing. As outlined in the Financial Strategy, 2017/18 is the final year where there will be a transfer to the HRA.

**45.** The biggest impact on the HRA for 2016/17 is the depreciation, impairment and revaluation losses increase to £20.961 million (2015/16: £9.723 million). This is largely due to two items:

- The completion of 109 new council homes in 2016/17. The difference between accounting and funding basis means that an adjustment is required to reduce the value of the council dwellings on the basis of existing use for social housing (c.£11 million).
- A significant amount of enhancement work as part of the ongoing modernisation programme was carried out (c.£11 million).

**46.** Overall, the HRA records a deficit of £9.5 million in 2016/17 (2015/16: £2.2 million) resulting in an HRA balance of £5.0 million.

**47.** Effective processes are in place to oversee the management of the HRA. This includes routine reporting of the HRA to Members and an HRA Programme Board who meet regularly and oversee the operational delivery and strategic direction of the HRA capital programme.

## Efficiency savings

**48.** With reduced funding from government and increased demand for financial services, efficiency savings are an important means of bridging the gap between funding received and spending commitments.

**49.** The Council is required to make an annual return to COSLA in respect of recurring efficiency savings. The Cabinet receives regular budget monitoring reports including savings plans which have been risk assessed.

**50.** The 2016/17 annual return to COSLA submitted by the Council indicated that £2.9 million of savings were planned. The Council achieved actual savings of £5.0 million. Some of the planned savings in relation to Adult Wellbeing and Property Maintenance were not delivered in-year however this was offset by efficiencies and underspends in other areas including staffing and supplies and services.

## Borrowing in 2016/17

**51.** The Council's outstanding loans at 31st March 2017 were £347 million, an increase of £7 million on the previous year. £13.2 million of loan repayments were made and there were £20.2 million of new loans taken out.

**52.** The Council has maintained its borrowed position in accordance with its financial strategy, which is to minimise the impact of any borrowing on the Council's Loans Fund Balance. This strategy includes temporary borrowing at lower rates than PWLB new loan rates, and was reviewed when considering the Treasury Management Strategy for 2017/18. Debt charges in-year totalled £27.6 million (£9.1 million of which related to HRA).

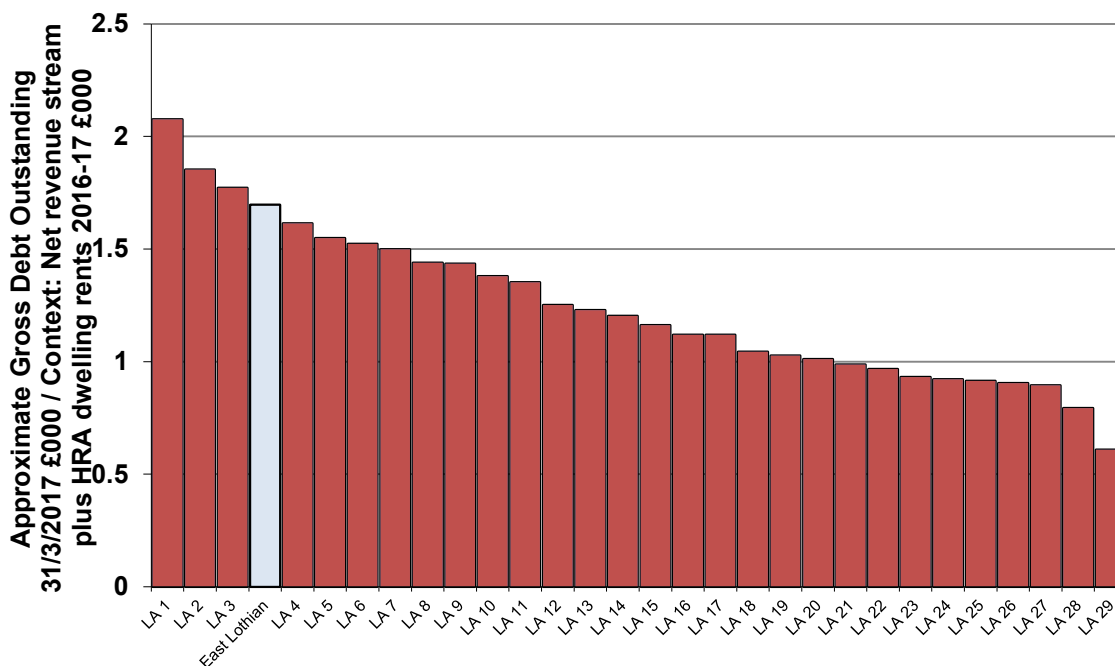
**53.** The capital balance outstanding on PFI/PPP contracts at 31 March 2017 was £41 million, a balance which is virtually unchanged from the previous year.

**54.** Total external debt was within the authorised limit and operational boundary set within the Council's treasury management strategy. When compared to other Scottish councils in [Exhibit 5](#), the Council's overall borrowing position remains at the upper end. The Council's Treasury Management Strategy highlights that it will continue to consider the affordability of future borrowing.

**55.** The composite interest rate for East Lothian Council for all debt (including its PFI/PPP finance lease liability) was 4.1% in 2016/17. Overall the average interest rate on external debt for Scottish councils was between 4% and 8% in 2016/17, therefore East Lothian Council is at the lower end of the average interest rate paid for debt outstanding. The Council should continue to ensure that it is obtaining best value in this area.

## Exhibit 5

### Overall indebtedness as a percentage of annual income in 2016/17



Source: East Lothian Council Unaudited Accounts 2016/17

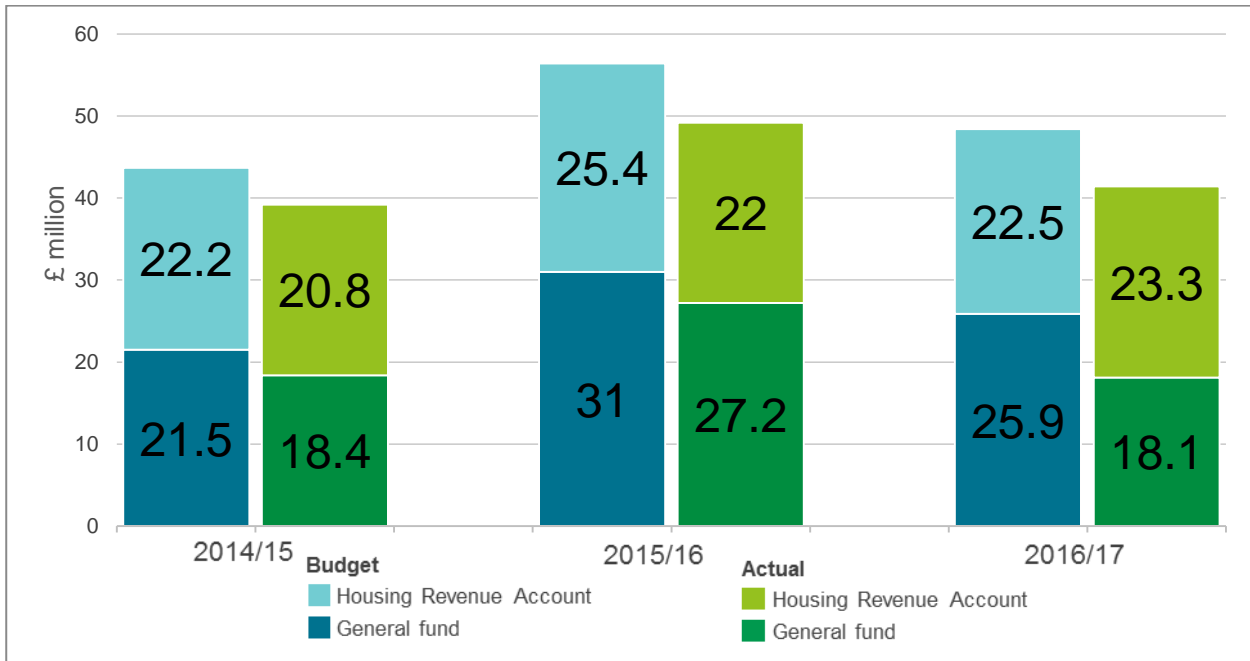
## Capital programme 2016/17

**56.** Total capital expenditure in 2016/17 was £18.1 million for General Services and £23.3 million for the Housing Revenue Account. Of the total capital budget £25.9 million related to general services and £22.5 million to the HRA.

**57.** Capital spend was £7.9 million below budget, comprising an underspend of £7.8 million on the General Services capital programme, partly offset by an overspend of £0.8 million on the HRA. The Council has a history of slippage in its capital programme as outlined in [Exhibit 6](#).

## Exhibit 6

### Capital slippage compared to budget (General Fund and HRA)



Source: End of Year Financial Reviews (2014/15, 2015/16, 2016/17)

**58.** The majority of the capital underspend for General Services relates to slippage and will be carried forward to the 2017/18 capital programme. Slippage was primarily due to delays in commencement of projects including delays to the design programmes for several projects. Some of these projects have now begun however others have not yet commenced. Significant projects include Law Primary School (£2.2 million underspent) and Cemeteries extensions (£0.9 million underspent). The main contract works are now ongoing for Law Primary however we note that there was no movement since 31 March 2016 on the Cemeteries extensions and that no land has been identified or agreements concluded in relation to this project.

**59.** The HRA capital programme had a total overspend of £0.8 million. Within HRA, £11.2 million was spent on modernisation with an overspend of £0.3 million. Spending of new affordable homes was £11.8 million, which was £0.9 million above the approved budget. Two mortgage to rent applications were processed during the year, resulting in an underspend against the approved budget of £0.5 million. The net overspend of £0.8 million was offset during the year by increased grants of £0.9 million.

**60.** Whilst management has an understanding of capital slippage and does not consider this to be problematic in 2016/17, there is a risk that ongoing delays in capital projects such as the cemeteries extensions could impact on service plans going forward.

### Budgetary monitoring and control

**61.** The [Local Government in Scotland: Financial overview 2015/16](#) (November 2016) highlighted that the need for budgets and forecasts to reflect actual spending becomes increasingly important for Councils with decreasing (or low levels) of usable reserves to rely on.

**62.** Each year as part of its budgeting process, East Lothian Council prepares a Financial Strategy Statement covering a three year period including the forthcoming and subsequent two financial years. The Financial Strategy Statement



outlines the main opportunities, risks and constraints that the Council has identified it will face over the next three years. The Financial Strategy Statement is used as the basis for preparing the Council's budgets for the same three year periods. As both the Financial Strategy Statement and three year budgets are updated on an annual basis, they are amended to reflect changes to financial forecasts or assumptions.

**63.** We noted that the Council's budget and savings plan is aligned to the Council priorities as set out in the Council Plan. This is consistent with good practice.

**64.** Within the Council, the detailed scrutiny of financial performance is delegated to the Cabinet committee which receives quarterly revenue and capital monitoring reports. From our review of these reports and attendance at committee we concluded that they provided a sound overall picture of the budget position at service level. Also, the reports forecast out-turn position for the year and include good narrative explanations for significant variances against budget. They allow both members and officers to carry out scrutiny of the Council's finances.

### Financial capacity within the Council

**65.** The Section 95 officer is the Head of Council Resources with responsibility for a wide range of services including finance, human resources and information technology. He is a member of the corporate management team and has direct access to the chief executive and Council Members. We concluded that the Section 95 officer has appropriate status within the Council.

**66.** The finance team includes a sufficient number of qualified and experienced staff who receive sufficient and appropriate training.

**67.** Following Council elections in May 2017, 11 new Members were elected. The Council provided all new and continuing Members with an 'Elected Member Induction Programme' during May and June immediately following the elections. This helped provide a smooth transition and helped ensure committee and Council business continued as normal. The induction is extensive and covers a wide range of areas on how the Council works and the programme specifies what sessions are compulsory for new Members. External audit were invited to present at the induction session on 'Local Government Finance and Audit' where both internal and external audit presented a summary. Overall, this induction programme will assist Members in exercising their scrutiny responsibilities effectively. A significant amount of support was and continues to be provided to Members by the Council.

**68.** We reviewed the induction training and materials provided to Members and concluded that it was thorough and fit for purpose.

### Internal controls

**69.** As part of our audit we identify and inspect the key internal controls in those accounting systems which we regard as significant for the production of the financial statements. Our objective is to gain assurance that the Council has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

**70.** Our findings were included in our interim audit report that was presented to the Audit and Governance Committee on 20 June 2017. We concluded that overall the key controls were operating effectively. We did, however, identify several control weaknesses where additional work was undertaken to gain assurance for our audit of the 2016/17 financial statements. An action plan has been put in place by management to address the issues identified.

## Prevention and detection of fraud

**71.** We have responsibility for reviewing the arrangements put in place by management for the prevention and detection of fraud. We reviewed the Council's arrangements including policies and codes of conduct for staff and elected Members, whistleblowing, fraud prevention and fraud response plans.

**72.** Based on the evidence reviewed by us, we concluded that the Council has adequate arrangements in place for the prevention and detection of fraud. There were no frauds reported in 2016/17.

## National Fraud Initiative

**73.** The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise co-ordinated by Audit Scotland. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify 'matches' that might suggest the existence of fraud or error.

**74.** The latest position on NFI investigations by the Council is summarised in [Exhibit 7](#).

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### Exhibit 7

#### National Fraud Initiative 2016/17

**Total number of matches**



**3,430**

**Number recommended for investigation**



**577**

**Completed/closed investigations**



**110**

Source: NFI website

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**75.** Progress is slowly being made on NFI matches. This is particularly important for time sensitive matches such as housing benefit and student loans. At the time of writing this report, the summary sheet prepared by Internal Audit records:

- 110 investigations have been processed and cleared
- 242 investigations are in progress
- 225 have yet to be reviewed.

**76.** A report on the NFI work is scheduled to be presented to the Audit and Governance Committee in February 2018 by the Head of Internal Audit. The Head of Internal Audit is confident that they will have completed all the NFI work prior to this date. We are content with the processes used by the Council in undertaking NFI work.

# Part 3

## Financial sustainability



### Main judgements

**We noted that the Council has financial strategies and plans over the short and medium term and these are robust with linkages to wider Council initiatives however there is no long term (five to ten years) financial plan in place to demonstrate the feasibility of significant longer term projects.**

**The Council recognises the need to develop a sustainable budget and has developed a three year financial plan aligned to its priorities that seeks to deliver a balanced budget avoiding the use of reserves by 2019/20, and sets out how it will address future budget challenges.**

**The Council has supported its annual budgets through the use of reserves in recent financial years. This position is not sustainable in the longer term with decreasing levels of available reserves.**

### Financial planning

**77.** It is important that long-term financial strategies are in place which link spending to the Council's strategies. Although councillors only approve the budget for a single year, this should be supported by indicative future spending plans (covering three years at least) that forecast the impact of relevant pressures on the Council.

**78.** We considered whether the Council's Financial Strategy meets the requirements set out in *Scotland's public finances – a follow-up audit: Progress in meeting the challenges* (June 2014). We noted that the Council has financial strategies and plans over the short (one year) and medium (two to five years) term and these are robust with linkages to wider Council initiatives, the Local Development Plans, Community Partnerships and the newly approved Edinburgh and South East City Region Deal.

**79.** The Council approved a three year Financial Strategy in February 2017 covering the period from 2017/18 to 2019/20 together with indicative spending plans for the same period. The Strategy is thorough and provides readers with the background on how the budget was drafted, financial prospects, how the budget will be managed during the year and the monthly and quarterly performance reports issued to managers with budget responsibility. The Financial Strategy also outlines the main opportunities, risks and barriers the Council faces over the next three years in delivering its objectives. There is currently no long term (five to ten years) financial plan in place.

**80.** Long-term financial strategies covering a five to ten-year period help set the context for annual budgets. They also help clarify the financial sustainability of an organisation over an extended period and can help identify problems with affordability at an early stage. Although funding allocations from the Scottish Government typically cover one to three-year spending review periods, this should

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

not prevent public bodies assessing their spending needs and options over a longer period.

**81.** Given the significant investments and work planned in East Lothian as outlined in the Council Plan 2017-20, including the building of 10,050 new homes by 2024 and other associated infrastructure costs, there is a need for longer term planning (five to ten years) to ensure the sustainability, feasibility and practicalities of spending plans. The risk is there are insufficient funds to achieve the Council's strategic plans.

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#### **Recommendation 4 (Appendix 1, action plan point 4)**

**The Council should prepare a longer term (five to ten year) financial plan to ensure the sustainability, feasibility and practicalities of current spending plans. There is a risk that there are insufficient funds to achieve the Council's strategic plans.**

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### **Funding position**

**82.** The Council approved its 2017/18 budget in February 2017. The budget was set at £208.2 million which includes a transfer of £2.5 million from reserves and £1.4 million of efficiency savings / increased income to address the identified funding gap.

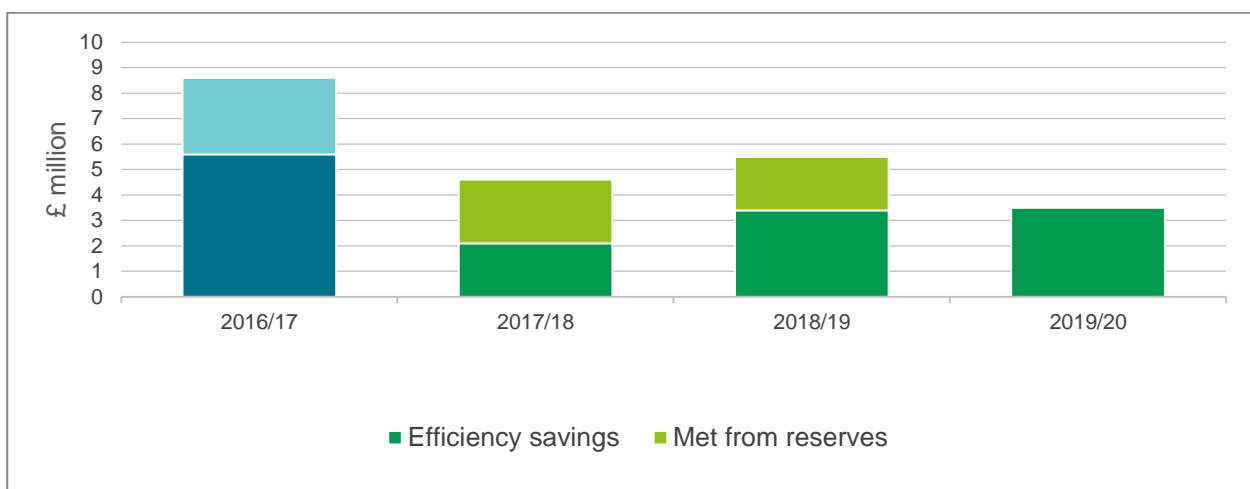
**83.** The Council faces a number of challenges in maintaining a sustainable financial position in future. These include rising demands for services, increasing costs of services and reductions in overall central government funding.

**84.** Looking at the Council's budget information and financial projections for 2017/18 to 2019/20, it is forecasting funding gaps of £4.6 million (2017/18) £5.5 million (2018/19) and £3.5 million (2019/20). The Council plans to bridge these gaps mostly through the use of efficiency savings and the transfer of reserves from the general fund in 2017/18 and 2018/19 as illustrated in [Exhibit 8](#).

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### **Exhibit 8**

#### **Identified funding gaps 2016/17 – 2019/20**



Source: Administration Budget Proposals 2016/17 – 2018/19 and 2017/18 – 2019/20

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## Savings plans

**85.** As outlined in paragraphs 47 to 49, the Council achieved its efficiency savings target in 2016/17 although it did not achieve its planned savings in some areas.

**86.** The Council has identified that it needs to make savings of £2.1 million for 2017/18, £3.4 million for 2018/19 and £3.5 million for 2019/20 as part of its plans to maintain financial balance. To manage this effectively the Council needs to regularly review its medium term financial plans and rigorously monitor the actual level of savings achieved in comparison to its plans.

## Reserves

**87.** One of the key measures of the financial health of a local authority is the level of reserves held.

**88.** The general fund reserve is the Council's largest useable reserve. This reserve has no restrictions on its use. Its main purpose is to provide a contingency fund to meet unexpected expenditure and as a working balance to help cushion the impact of uneven cash flows.

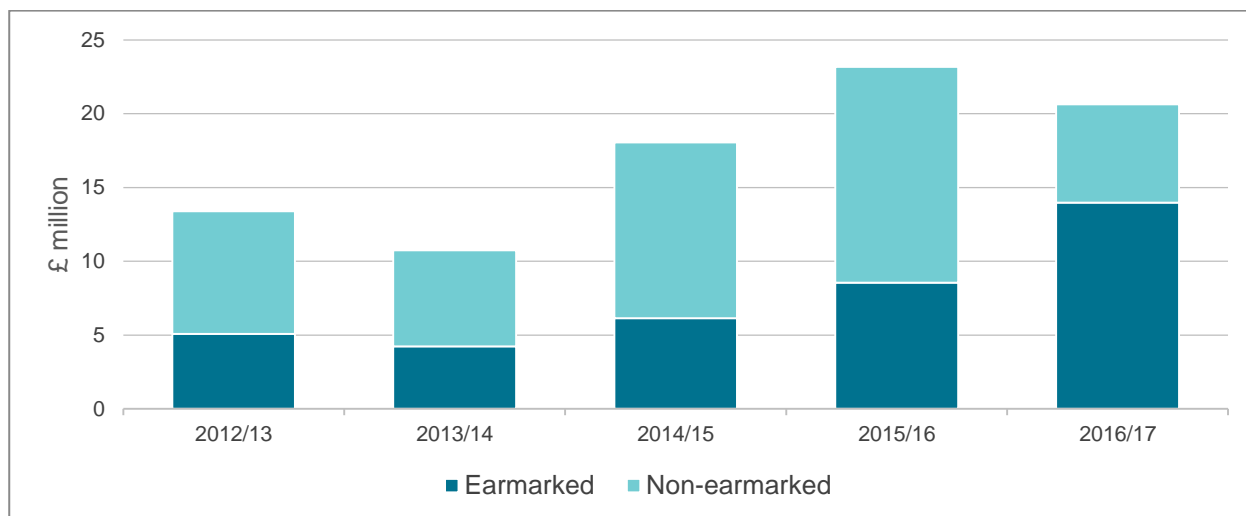
**89.** The Council reviews the level of its general reserve when setting its budget each year. The Council's approved Financial Strategy does not specify a required level of reserves as a percentage of revenue however it specifies that the Council must take a view on the likely level of reserves at the start of the financial year, any plans that have already been made to use reserves and how much should be held to meet any risks that might materialise over the next three year period when setting its annual budget. Any reserves that do not need to be held as part of this strategy should be used for the benefit of or directly returned to tax or rent payers. The Council has made a number of contractual commitments and these are earmarked against the general reserves each year. The level of non-earmarked general fund reserves as at 31 March 2017 was £5.8 million.

**90.** [Exhibit 9](#) provides an analysis of the general fund reserve over the last five years split between earmarked and non-earmarked reserves. This shows a notable fall in non-earmarked reserves in recent years as reserves have been specifically earmarked to support future budgets to maintain financial balance. The Council recognises that it is not sustainable to support its budgets through use of reserves in the longer term and has developed its Financial Strategy and three-year budget for the period 2017/18 to 2019/20 so that no use of reserves will be required by 2019/20. The use of reserves in year three of the Financial Strategy is discouraged with the goal being to lessen the future dependency on reserves.

**91.** All of the Council's reserves have commitments against them but some of the commitments can be changed for example, commitments for future use against the capital programme for those projects which have not yet commenced.

## Exhibit 9

### Analysis of general fund over last five years



Source: End of year Financial Reviews (2013/14, 2014/15 and 2015/16) end of year reserves forecast 2016/17

## Treasury management

**92.** At 31 March 2017, the Council's long term borrowing stood at £337 million, an increase of £12 million on the March 2016 level of £325 million. During the same period, short term borrowing decreased from £15 million to £10 million.

**93.** In line with the Council's Treasury Management Strategy for 2016/17, there was a limited degree of borrowing undertaken during the year (£20m) to minimise the risk associated with holding higher levels of investments. Interest payable and similar charges stayed virtually static in comparison to 2015/16 levels at £16 million in 2016/17. The Council borrowed £6.5 million less than planned in the year due to slippage on the capital programme.

**94.** Total external debt (which includes the Council's long term liabilities) was within the authorised limit and operational boundary set by the Council's treasury management strategy. The current borrowing position is within the Council's prudential indicators and the Council will continue to consider the affordability of future borrowing. Routine position updates are provided to management and Members.

# Part 4

## Governance and transparency



### Main Judgements

**A comprehensive programme of member induction was provided following the Council elections in May 2017 to support new members in discharging their governance and scrutiny role.**

**The effectiveness of scrutiny has diminished with one political party not participating in scrutiny committees. This arrangement has now been codified so as to assist the committees to be quorate. The result is less effective scrutiny overall.**

**The Council is open and transparent in the way that it conducts its business, with the public able to attend meetings of the Council and its committees. Committee minutes, agendas and papers are readily available on the Council's website.**

### Governance arrangements

**95.** We reviewed the Council's governance and accountability arrangements in 2016/17 as part of the follow up of the Role of Boards report which included:

- confirming that the governance framework and governance arrangements, including decision-making and scrutiny, are regularly reviewed and updated to ensure they remain effective – we found these arrangements to be satisfactory.
- assessing the effectiveness of decision-making to ensure it is balanced by effective scrutiny and challenge by those independent of the body – we found sound processes in place surrounding decision making and effective scrutiny and challenge by Members during 2016/17.
- confirming that there is effective scrutiny and challenge in place over policy decisions, service performance, and programme management – we observed through committee attendance effective scrutiny and challenge.
- confirming that decision makers have the information they need to scrutinise, challenge and make transparent decisions – we found that decision makers were given appropriate information to make decisions.
- ensuring that it is clear what decisions have been made, who made them and the rationale supporting those decisions – we found that documentation over decisions and rationale was clear and available.

**96.** We have noted that since the year end and following the election there has been a deterioration of effectiveness of scrutiny with certain committee seats not taken up by one political party.

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

## Elected Member changes

**97.** The Council saw significant changes in its elected members following the local government elections in May 2017, with 11 of its 22 members being elected for the first time. The Council recognises that this brings opportunities with new ideas and approaches from the Members but it also provides challenges for the Council in ensuring the Members have the right skills to be effective in their role.

## Elected Member induction programme

**98.** The Council provided all new and continuing Members with an 'Elected Member Induction Programme' during May and June immediately following the elections. This helped provide a smooth transition and helped ensure committee and Council business continued as normal.

**99.** The induction is extensive and covers a wide range of areas on how the Council works and the programme specifies what sessions are compulsory for new Members. External audit were invited to present at the induction session on 'Local Government Finance and Audit' where both internal and external audit presented a summary. Overall, this induction programme will assist Members in exercising their scrutiny responsibilities effectively. A significant amount of support was and continues to be provided to Members by Council officers however if the learning is not applied in a timely fashion, the benefit of having attended these training sessions will be lost.

**100.** We reviewed the induction training and materials provided to Members and concluded that it was thorough and fit for purpose. We also observed support being offered to Member throughout the year.

## Appointments to committees

**101.** The Council is now led by a minority Labour administration whereas previously it was a Labour/Conservative coalition. The Conservative Party now forms the official opposition; previously this was the Scottish National Party (SNP).

**102.** At the Council meeting on 23 May 2017, the Council approved appointments to its various committees however the SNP indicated that they would like more time to consider their nominations for the following groups:

- Audit and Governance Committee (3 SNP) – scrutiny committee
- Policy and Performance Review Committee (3 SNP) – scrutiny committee
- Licensing Sub Committee (2 SNP)
- Joint Consultative Committee (1 SNP)
- Resilient People Partnerships (1 SNP)
- Safe and Vibrant Communities Partnership (1 SNP)
- Sustainable Economies Partnership (1 SNP).

**103.** A paper was presented at the 27 June 2017 Council meeting to approve the above appointments however the SNP confirmed that they would not be making any nominations at the meeting. As stated in the Standing Orders, the Council has a commitment to ensuring there is political balance on the above two scrutiny committees. The absence of nominations from the SNP means that this has not yet been achieved.



**104.** Per the Council's Scheme of Administration, membership for both scrutiny committees is eight with quorum being half the membership plus one (i.e. 5 members in total). The Council has not achieved full membership as set out in the Scheme of Administration during the period since the May local elections because one political party has chosen not to participate.

**105.** As the Council faced a risk of scrutiny committee meetings being inquorate, the Council amended the Scheme of Administration, changing the quorum from five members to four members at a special Council meeting on 12 September 2017.

**106.** Nevertheless the effectiveness of scrutiny has diminished with the non-participation of one political party. Given that the duty of Best Value is a responsibility of the Council as a whole, administration and opposition alike, we are likely to focus on how the Council has addressed this situation as part of our Best Value audit scheduled for 2017/18.

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### **Recommendation 5 (Appendix 1, action plan point 5)**

**The Council should review its Scheme of Administration for the two scrutiny committees to ensure they are fit for purpose. There is a risk that the scrutiny committees may not operate as intended by the Council due to the lack of political balance as members from one of the opposition parties are no longer represented. The result is less effective scrutiny overall.**

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### **Management commentary, annual governance statement and remuneration report**

**107.** The Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 requires councils to prepare and publish, along with their financial statements, an annual governance statement, management commentary and a remuneration report that are consistent with the disclosures made in the financial statements. The management commentary should be fair, balanced and understandable and also clearly address the longer-term financial sustainability of the body.

**108.** Based on our knowledge and work performed, we concluded that the management commentary, annual governance statement and remuneration report are consistent with the financial statements and accurately reflect the position of the Council.

### **Internal audit**

**109.** Internal audit provides senior management and elected members with independent assurance on the Council's overall risk management, internal control and corporate governance processes.

**110.** The internal audit function is carried out by the East Lothian Council Internal Audit section overseen by the Head of Internal Audit.

**111.** We carried out a review of the adequacy of the internal audit function and concluded that it operates accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.

**112.** To avoid duplication of effort we place reliance on the work of internal audit wherever possible. In 2016/17 we did not place any formal reliance on internal audit reviews for the purpose of obtaining direct assurance for our financial statements work. We considered internal audit report findings as part of our wider dimension work.

## Risk management

**113.** We reviewed the Council's Risk Management Strategy which sets out its risk management arrangements. The policy is reviewed on a three yearly cycle and was last reviewed in January 2015.

**114.** We found the strategy to be clear and comprehensive covering all the expected elements, including identification, quantification and actions to mitigate risks, and clear allocation of responsibility for ownership of risks.

**115.** Regular risk management reports are provided to the Council Management Team and elected members. We also reviewed the Council's risk register as part of our planning work and concluded that it was satisfactory. The most recent report on the corporate risk register was considered by Members at the Cabinet meeting in September 2017.

**116.** Overall we concluded that risk management processes in the Council are satisfactory and operating effectively.

## Transparency

**117.** Transparency means that the public, in particular local residents, have access to understandable, relevant and timely information about how the Council is taking decisions and how it is using resources such as money, people and assets.

**118.** There is evidence from a number of sources which demonstrates the Council's commitment to transparency. Members of the public can attend meetings of the full Council, Cabinet and other committees. Minutes of these meetings and supporting papers are readily available on the Council's website.

**119.** The Council's website allows the public to access a wide range of information including the register of Members' interests, current consultations and surveys and how to make a complaint. In addition, the website provides details of the East Lothian Citizen's panel and how to participate. The panel provides information and feedback on services as well as information on the needs of local communities.

**120.** The Council makes its annual accounts available on its website. These include a management commentary which provides details of performance against budget, information on the use of reserves and risks and uncertainties facing the Council.

**121.** Overall, we concluded that the Council conducts its business in an open and transparent manner.

## Lender Option Borrower Option

**122.** During the year we received correspondence on a number of local authorities using Lender Option Borrower Option (LOBO) loans. A LOBO loan is typically a long term loan where the interest rate is initially fixed but the lender has the option to propose or impose on pre-determined future dates, a new fixed interest rate. The borrower has the option to either pay the revised interest rate or to repay the loan.

**123.** East Lothian Council has six of these standard LOBOs within its market debt portfolio, totalling £34 million. The Council does not hold any inverse LOBOs, where the interest rate paid varies in relation to a specified market rate.

**124.** We have held discussions with senior council officers and reviewed supporting papers including an analysis of the LOBOs held by the Council and comparable PWLB rates of interest, and the council's treasury management policies and controls.

**125.** Based on our work we can conclude that:

- the use of LOBOs has been undertaken in line with the Council's treasury management policy, which is reviewed and approved annually by members
- the interest rates on the standard LOBOs were lower than the comparable PWLB rates available at the time, and the Council's interest costs to date on these loans have been less than the PWLB equivalent
- the option to propose or impose a new fixed interest rate has never been exercised by the lenders
- the potential for debt restructuring is kept under regular review by the Council as part of its treasury management arrangements.

**126.** There are no further issues we wish to raise in this report.

### Integration of health and social care

**127.** Legislation to implement health and social care integration was passed by the Scottish Parliament in February 2014. This brings together NHS and local council care services under one partnership arrangement for each area.

**128.** The Scottish Government's 2020 vision places greater emphasis on enabling people to stay in their homes, or another homely setting, where possible, sharing their lives with their family and friends and doing the things that give life meaning and value. The integration of health and social care is seen as a means of achieving this.

**129.** The East Lothian Integration Joint Board (IJB) is provided in partnership with NHS Lothian and was established on 27 July 2015. It assumed responsibility for the delegated health and social care services set out in its Integration Scheme from 1 April 2016. The financial transactions of the East Lothian IJB have been consolidated into the Council's group accounts and we have audited these with satisfactory results.

**130.** Whilst 2016/17 was the first full year of operation of the Integration Joint Board, there are some examples of new ways of working including:

- the joint health and social care daily "huddle" focusing on hospital admissions and delayed discharges
- the transfer of services from the old age psychiatry day hospital into joint community supports
- the moves towards a local recovery focus in drugs and alcohol services
- the development of a local "crisis" services for those in emotional or social distress.

**131.** These are early examples and the Council and its partners should look to demonstrate significant further examples of new ways of working arising from integration and the impact or improvements to services in future years. Audit Scotland, as part of a series of reports, will be reporting on integration authorities' progress after the first year of IJBs being established. The report is due for publication in Spring 2018.

### Local scrutiny plan

**132.** The 2017/18 Local Scrutiny Plan (LSP) prepared by the Local Area Network (LAN) of scrutiny partners for the Council was submitted to the Council on 1 May 2017. It was also presented to the full Council meeting on 27 June 2017.

**133.** The LAN did not identify any new scrutiny risks in the year which would require specific scrutiny work during 2017/18. The Council will be subject to a range of nationally driven scrutiny activities as set out in the LSP.

## Equalities

**134.** The Equality Act 2010 introduced a public sector general duty that encourages public bodies to mainstream equality, that is, ensure it is part of their core work. The Act requires that by no later than 30 April 2015 and every two years thereafter, public bodies must publish a report on the progress made to achieve the quality of outcomes it has set.

**135.** We reviewed the current (2015 - 2017) equalities report and concluded that the Council has met its statutory duty to:

- publish information on progress made in mainstreaming equality within the Council
- report on progress made towards achieving equality outcomes published in 2013
- publish annual employee information and details of the progress made in gathering and using information to better meet the duty
- publish updated gender pay gap information.

**136.** We concluded, on the basis of evidence reviewed, that the Council is proactive in ensuring that equality is mainstreamed.

## Equal pay

**137.** In September 2017, the Accounts Commission published its findings from an audit of equal pay across local government. The audit found that councils underestimated the challenges involved in implementing the Single Status Agreement (SSA) and some of the approaches taken by councils did not always prioritise pay equality and were later found to be discriminatory.

**138.** East Lothian Council implemented single status in 2008 and reports that between 2004/05 and 2015/16 it has spent £5.9 million compensating workers who had been unfairly paid and settling equal pay claims.

**139.** Almost 27,000 equal pay claims across Scotland remain live. Currently East Lothian Council has no live claims. Workers could potentially still make new claims against councils. This means that councils need to be confident that they have fair and transparent pay arrangements and take necessary action, such as regular equal pay audits, to deliver pay equality in line with their public sector equality duty.

# Part 5

## Value for money



### Main judgements

**Our Best Value work during the year concluded that the Council has effective arrangements in place regarding financial and service planning and financial governance and resource management.**

**The Council has appropriate arrangements in place for the collection, monitoring and reporting of performance information.**

**It is important that there is alignment of objectives between the Council and Group components and that corrective action is taken on a timely basis where a divergence becomes apparent.**

### Best Value

**140.** The Accounts Commission agreed the overall framework for a new approach to auditing Best Value in June 2016. Best Value will be assessed over the five year audit appointment, as part of the annual audit work. In addition a Best Value Assurance Report (BVAR) for each council will be considered by the Accounts Commission at least once in this five year period.

**141.** The BVAR report for East Lothian Council is planned for publication in late autumn 2018.

**142.** Best Value audit work carried out this year focussed on the Council's arrangements for demonstrating Best Value in financial and service planning and, financial governance and resource management. We concluded that the Council has effective arrangements in place regarding these areas. The effectiveness of the Council's Best Value arrangements in other areas will be assessed and reported throughout our audit appointment.

Value for money is concerned with using resources effectively and continually improving services.

### Following the public pound

**143.** Local authorities have a statutory responsibility to comply with the Accounts Commission / COSLA Code of Guidance on funding external bodies and following the public pound.

**144.** The Council has identified and regards Enjoy East Lothian Ltd. as an Arm's Length External Organisation (ALEO) in line with the guidance. In Council papers and for the remainder of this report, it is referred to as enjoyleisure.

**145.** The Council's Financial Regulations contain a section on arrangements for funding external bodies. These emphasise that the Section 95 Officer is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that also apply throughout the Council. The Section 95 Officer must also ensure that accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. Services must adhere to the Council's guidance for allocating funds to external

organisations. The guidance applies where funding is provided, or transferred, to arm's-length bodies such as companies, trusts and voluntary organisations.

**146.** Internal audit considers funding provided to external organisations annually. A *Review of Payments to Third Sector Organisations by Children's Services* was undertaken as part of the Internal Audit Plan for 2016/17 and was presented to the November 2016 Audit and Governance Committee. The review identified a number of areas with scope for improvement and management have accepted these.

**147.** In November 2015 the Council presented a paper to the Policy and Performance Review Committee, *Council Arrangements with enjoyleisure ALEO*, setting out the governance arrangements with the ALEO, its contribution to wider council objectives and three areas for action in 2016/17:

- Enjoyleisure will work with the council to develop the Physical Activity Implementation Plan as part of SOA Outcome 6.
- The Council will work with enjoyleisure to agree a set of key performance measures that will be used as a performance scorecard and monitored accordingly by partners.
- Enjoyleisure will report annually to the council's audit and governance committee.

**148.** There have been no reports presented to the Audit and Governance Committee during 2016/17 regarding enjoyleisure or the other significant ALEO, the Musselburgh Joint Racing Committee (MJRC), and we cannot find evidence of any routine performance monitoring / reporting to Council committees in this area.

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### **Recommendation 6 ([Appendix 1, action plan ref. 6](#))**

**Formal reporting and monitoring arrangements should be put in place for significant group components (e.g. enjoyleisure and MJRC) to ensure the Council is complying with the duties set out in the Code of Guidance on Funding External Bodies and Following the Public Pound.**

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**149.** Audit Scotland is currently carrying out a performance audit of Scottish councils' use of ALEOs. The project scope for this exercise can be found on our website. The report's aim is to support councils by identifying good practice, lessons learned and give assurance to the public over this means of service delivery.

### **Governance arrangements for subsidiaries included in Group Accounts**

**150.** In line with the Code of Practice on Local Authority Accounting, the following organisations are defined as subsidiaries within East Lothian Council for the purposes of preparing group accounts:

- Musselburgh Joint Racing Committee (MJRC) whose purpose is to organise and develop horse racing at Musselburgh Links.
- East Lothian Land Ltd. – set up to manage land to support economic development in East Lothian.
- Common Good Funds – used to further the common good of the residents of the areas of the former Burghs of Dunbar, Haddington, Musselburgh and North Berwick
- 46 Trust funds with various purposes and objectives.

**151.** We found the Council's annual Group Boundary assessment to be satisfactory and that the above bodies met the definition of a subsidiary and have been appropriately included in the group accounts. In the case of the MJRC the Minute of Agreement (signed in 2015) was an important element of that assessment.

**152.** During the course of 2016/17 issues relating to the governance of the MJRC were brought to our attention. The membership of the MJRC comprises seven board members made up of four Councillors and three representatives from the Lothian Racing Syndicate (LRS).

**153.** In July 2017, the racecourse was granted an extended temporary licence to 31 December 2017 by the British Horseracing Authority (BHA). The BHA stipulated that the temporary licence was subject to an independent review of the governance of MJRC conducted by a person/firm with no pre-existing connections to the Council, MJRC or the BHA. The review is to be conducted with recommendations implemented within nine months (i.e. April 2018) with the BHA taking into account any progress made in the intervening period. The BHA Board will then consider the status of the licence in April 2018.

**154.** The governance review is therefore a matter for the Council and the LRS to take forward. The review will also cover the operational matters that are the remit of the MJRC.

**155.** We noted the following at the time of writing our report:

- There were a number of inquorate meetings in 2016/17. There is a risk that the MJRC are not carrying out their governance duties as required and failing to provide good governance.
- The scoping document for the governance review was issued in September 2017. A firm/person will be appointed by the end of September to carry out the governance review. The review is scheduled to be completed by 31 October at which point findings will be agreed and implemented subject to the satisfaction of the BHA. There remains a risk that the licence will not be extended beyond December 2017 and this would have significant economic consequences for the local community.
- The 2016/17 audit opinion on the MJRC accounts will not be available by 30 September 2017. We would expect all subsidiaries to have their accounts audited and signed off by 30 September prior to our signing off of the Council's Group accounts.

## Performance management

**156.** We considered the Council's performance management arrangements in the course of our audit.

**157.** The performance management framework uses *How Good is Our Council*, and this is now in established use across all services. This provides a means of evaluating the performance of the Council's services against a set of criteria, against which each Service conducts a self-evaluation on an annual basis. The Council provides corporate support, including facilitated events for all services, to maintain consistent standards in the process.

**158.** We reviewed the range of non-financial performance information available on the council's website and found it to be comprehensive. Green, Amber and Red ratings are used to flag whether performance is better, slightly worse or much worse than expected.

**159.** Non-financial performance information is also prepared and reported on a quarterly basis to the Policy & Performance Review committee. We found that

reporting of performance was timely, up to date and comprehensive, with performance for the 4th quarter of the 2016/17 financial year being reported to committee in June 2017.

**160.** Financial performance is intended to be reported to the Cabinet committee on a quarterly basis with a year-end report presented to the full Council. We highlighted in our Audit Plan that there was scope for improvement in the timeliness of reporting of financial performance. We reviewed the timeliness of financial reporting during 2016/17 and for the 2017/18 financial year to date. We noted an improvement to the timeliness of reporting with the financial monitoring report for the first quarter of 2017/18 submitted to the Member's Library in August 2017 following the full Council meeting. The report is submitted to the Members' Library due to the summer recess.

**161.** Notwithstanding issues around the timeliness of reporting, we found that the financial reports clearly outlined details of the specific areas within each service where any budget pressures were occurring and provide information regarding the measures being taken to address these. We have seen evidence that Finance work with the service where budget pressures have been identified in order to assess options for delivering their planned efficiencies during the year.

## Overview of performance targets

**162.** The Council participates in the *Local Government Benchmarking Framework* (LGBF). The framework aims to bring together a wide range of information about how all Scottish Councils perform in delivering better services to local communities, including the cost of services and how satisfied citizens are with them.

**163.** The most recent National Benchmarking Overview Report 2015/16 by the Improvement Service was published in February 2017 and covered the 2015/16 reporting period. This report was submitted to the Policy and Performance Review Committee in March 2017. This found that, overall, the Council performed well in comparison to other councils and that its performance had improved since the previous year. Overall 64.4% of the Council's performance indicators were ranked within the first two quartiles. When compared to the previous year, 14 indicators improved their quartile position, 37 remained the same and 8 worsened during 2015/16.

**164.** Additionally, the Performance and Review Committee receives regular performance reports throughout the year and an annual performance report. These reports monitor progress against the Council's key priorities. Based on the most recent report submitted to the Committee in June 2017 a number of positives were highlighted including:

- Delayed discharge patients waiting over 2 weeks fell from 22 in quarter 3 to 11 in quarter 4.
- The number of attendances at indoor sports and leisure facilities has increased from 169,879 to 221,812 during quarter 4. The number of attendances at pools has also increased, from 94,791 to 125,316.
- During the year, 236 new business start-ups were recorded. The annual target of 200 was achieved.

**165.** At the same time the Council recognises that it has to improve performance in a number of key areas such as homelessness and tenant rent arrears. The Performance and Review Committee has requested further reports on both these areas and these have been added to the committee's 2017/18 Annual Work Programme for monitoring and review to assess progress.



## Statutory performance indicators (SPIs)

**166.** The Accounts Commission places great emphasis on councils' responsibility for public performance reporting. The Commission does not prescribe how councils should report this information but expects them to provide the public with fair, balanced and engaging performance information.

**167.** For 2016/17 two SPIs were prescribed:

- SPI 1: covering a range of information relating to areas of performance such as improving local public services, improving local outcomes, engaging with communities and achieving Best Value
- SPI 2: relates to the reporting of performance information as required by the Local Government Benchmarking Framework.

**168.** Internal Audit review the Council's arrangements for the preparation and reporting of Performance Indicators on an annual basis. As part of the 2016/17 internal audit plan, a review was undertaken of the arrangements in place for 2015/16.

**169.** The review concluded that the internal controls and procedures established by management were operating satisfactorily in some areas however there was scope for improvement around the arrangements in respect of specific indicators, including the calculation approach adopted and the retention of supporting documentation. An action plan to address the internal audit recommendations was agreed with management and implementation will be followed up by Internal Audit.

## National performance audit reports

**170.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2016/17, a number of reports were issued which are of direct interest to the Council. These are outlined in [Appendix 3](#).

**171.** National reports, together with management recommendations to address areas for improvement locally, are considered by the Audit and Governance Committee. The Council are pro-active in this area ensuring national reports presented to the Committee are accompanied by a covering paper summarising the report's key points, impact on the Council and areas for action.

## Good practice points

**172.** In 2016/17 a number of national reports were presented to the Audit and Risk Committee and we noted good discussion and scrutiny of the various reports. We noted the actions the Council put in place in response to the reports including actions and recommendations. For example, the [Maintaining Scotland's Roads: Follow up report](#) covering paper (prepared by the Council) cites the original national report (2004) and the subsequent follow up reports (2011, 2013 and 2016) thus ensuring the issue remains current and Members are aware of the changes since the original report and the journey the Council have made. Members appeared engaged and informed about the subject.

# Appendix 1

## Action plan 2016/17

### 2016/17 recommendations for improvement

Para no.	Issue/risk	Recommendation	Agreed management action/timing
17	<p><b>1. Dr Bruce Fund</b></p> <p>The trust's accounts were not advertised in line with the requirements under Regulation 9 of the Local Authority Accounts (Scotland) Regulations 2014 issued under section 105 of the 1973 Act.</p> <p>The unaudited accounts were not signed on behalf of the trustees.</p> <p><b>Risk:</b> There is a risk of non-compliance with statute/legislation.</p>	<p>The unaudited accounts should be advertised in line with the Regulations.</p> <p>The unaudited accounts should be signed on behalf of the trustees prior to submitting for audit.</p>	<p>Agreed - actions will be put in place to ensure both advertisement and signing of draft accounts for 2017/18.</p> <p>Service Manager- Business Finance / Service Manager – Corporate Finance</p> <p>June 2018</p>
17	<p><b>2. Dr Bruce Fund</b></p> <p>The Dr Bruce Fund was set up to provide relief for the poor of Musselburgh. One of the risks identified for managing this is the financial demands placed on those funds. In 2016/17 there was a net movement in funds of £6,800, of which £3,291 was income received. In the same period only £50 was disbursed.</p> <p><b>Risk:</b> The fund may not be operating the way in which it was intended i.e. providing relief for the poor of Musselburgh.</p>	<p>The Council should review the method(s) used to promote this (and other) charitable trusts to ensure that the potential availability of these funds are known to the wider community.</p>	<p>Agreed – officers will explore options to more actively promote the use of Dr Bruce Trust fund more effectively.</p> <p>Service Manager- Business Finance / Service Manager – Corporate Finance</p> <p>March 2018</p>
19	<p><b>3. Trust Funds</b></p> <p>Of the 46 trusts being administered by the Council, only 16 were actively used, i.e. incurred expenditure or</p>	<p>The Council should ensure that the trusts it administers are promoted more widely amongst the public, and the trust objectives clarified legally to help facilitate their</p>	<p>Agreed – officers will explore options to more actively promote the use of the Trust funds. In addition further work will be undertaken to explore the feasibility of any</p>

Para no.	Issue/risk	Recommendation	Agreed management action/timing
	<p>earned income, in 2016/17.</p> <p><b>Risk:</b> There is a risk that trust funds held could become dormant due to lack of use and lack of wider knowledge in the community as to their existence.</p>	<p>use. An exercise should also be undertaken by the Council to consider whether any trusts could be consolidated.</p>	<p>consolidation of Trust Funds</p> <p>Service Manager- Business Finance / Service Manager – Corporate Finance</p> <p>March 2018</p>
79	<p><b>4. Long term financial plans</b></p> <p>Long-term financial strategies covering a five to ten-year period help set the context for annual budgets, help clarify the financial sustainability of an organisation over an extended period and, can help identify problems with affordability at an early stage.</p> <p>Given the significant investments and work planned in East Lothian as outlined in the Council Plan 2017/20, including the building of 10,050 new homes by 2024 and other associated infrastructure costs, there is a need for longer term planning.</p> <p><b>Risk:</b> There is a risk that there are insufficient funds in the future to achieve the Council's strategic plans.</p>	<p>The Council should prepare a long term (five to ten year) financial plan to ensure the sustainability, feasibility and practicalities of current spending plans.</p>	<p>Work is already on-going to review the current financial plans and their sustainability for both revenue and capital budgets. The ability to prepare a longer term financial plan will be considered within the context of the budgetary planning cycle.</p> <p>Head of Council Resources / Service Manager - Business Finance / Service Manager – Corporate Finance</p> <p>February 2018</p>
101	<p><b>5. Scrutiny committee appointments</b></p> <p>The Council have a commitment to ensuring there is political balance on their two scrutiny committees. The lack of nominations from the SNP means this has not yet been achieved and as a result the Scheme of Administration has been amended.</p> <p><b>Risk:</b> There is a risk that the scrutiny committees may not operate as intended by the Council due to the lack of political balance as members</p>	<p>The Council should review their Scheme of Administration for the two scrutiny committees to ensure they are fit for purpose.</p>	<p>Agreed to review the current Scheme of Administration.</p> <p>Service Manager – Licensing, Administration and Democratic Services</p> <p>February 2018</p>



**Para  
no.**

**Issue/risk**

**Recommendation**

**Agreed management  
action/timing**

from one of the opposition parties are no longer represented. The result is less effective scrutiny overall.

**147**

**6. Following the Public Pound**

There have been no reports presented to the Audit and Governance Committee during 2016/17 regarding enjoyleisure or the other significant ALEO/Group components (e.g. the Musselburgh Joint Racing Committee) and we cannot find evidence of any routine performance monitoring / reporting to Council committees in this area.

Formal reporting and monitoring arrangements should be put in place for significant group components (e.g. enjoyleisure and the Musselburgh Joint Racing Committee) to ensure the Council is complying with the duties set out in the Code of Guidance on Funding External Bodies and Following the Public Pound.

Agreed - arrangements are already in place for EnjoyLeisure to report to future Audit and Governance Committees.

Service Manager – Business Finance

January 2018

# Appendix 2

## Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

Audit risk	Assurance procedure	Results and conclusions
<b>Financial statement issues and risks</b>		
<p><b>1 Risk of management override of controls</b></p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.</p>	<p>Detailed testing of journal entries.</p> <p>Review of significant management estimates and evaluation of the impact of any variability in key assumptions.</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluation of significant transactions that are outside the normal course of business.</p>	<p>We undertook detailed testing of journal entries, accruals and prepayments. We also reviewed accounting estimates and transactions for appropriateness.</p> <p>We did not identify any instances of management override of controls.</p>
<p><b>2 Risk of fraud over income</b></p> <p>East Lothian Council receives a significant amount of income in addition to Scottish Government funding. The extent and complexity of income means that, in accordance with ISA240, there is an inherent risk of fraud.</p>	<p>Analytical procedures on income streams.</p> <p>Detailed testing of revenue transactions focusing on the areas of greatest risk.</p>	<p>We performed detailed analytical procedures on income streams and undertook detailed testing of revenue transactions.</p> <p>We did not identify any instances of fraud.</p>
<p><b>3 Risk of fraud over expenditure</b></p> <p>The Financial Reporting Council's <a href="#">Practice Note 10 (revised)</a> requires consideration of the risk of fraud over expenditure. The extent and nature of expenditure, for example, welfare benefits, social care payments and grants means that there is an inherent risk of fraud.</p>	<p>Audit work on the National Fraud Initiative matches.</p> <p>Assessing the high level key controls in areas of significant expenditure.</p> <p>Focused substantive testing of expenditure and housing benefit transactions.</p>	<p>We reviewed the Council's progress in investigating NFI matches and this is reported in paragraph 73.</p> <p>We assessed the high level key controls in areas of significant expenditure and overall these were found to be operating satisfactorily.</p> <p>We undertook detailed testing of expenditure transactions including housing benefit transactions.</p> <p>We did not identify any instances of fraud.</p>
<p><b>4 Estimation and judgements</b></p> <p>There is a significant degree of</p>	<p>Review and comment on the appropriateness of the Council's policy with regard to</p>	<p>We reviewed the council's policy and undertook focussed</p>

Audit risk	Assurance procedure	Results and conclusions
<p>subjectivity in the measurement and valuation of the material account areas of non-current assets and provisions.</p> <p>This subjectivity represents an increased risk of misstatement in the financial statements.</p>	<p>useful lives.</p> <p>Completion of 'review of the work of an expert' in accordance with ISA500 for the professional valuer.</p> <p>Focused substantive testing of asset valuations and asset useful lives.</p> <p>Focused substantive testing of provisions</p>	<p>substantive testing of asset lives.</p> <p>We also reviewed the standing of the professional valuer in accordance with ISA 500 and undertook detailed testing of key valuations within the accounts.</p> <p>We identified an error in the financial statements relating to asset valuation which has been corrected by officers.</p>
<p><b>5 Group accounts</b></p> <p>East Lothian Council has a range of interests in other entities which require consolidation in the group accounts. For 2016/17 this includes the East Lothian Integrated Joint Board.</p> <p>The complexity of the group arrangements leads to a risk over the accuracy and completeness of the group accounts.</p>	<p>Review of the group boundary assessment undertaken by the council.</p> <p>Component audit questionnaires and, where appropriate, meetings with the auditors of material components in accordance with ISA 600.</p> <p>Review and testing of the consolidation process.</p>	<p>We reviewed the Council's group boundary assessment and consolidation process and undertook detailed testing of consolidation workings.</p> <p>We reviewed the component audit questionnaires completed by component auditors.</p> <p>The East Lothian IJB has been consolidated as a joint venture in the group accounts.</p> <p>We did not identify any material misstatements.</p>
<p><b>6 Universal credit</b></p> <p>The Council has reported a significant increase in the level of rent arrears since the introduction of Universal Credit in East Lothian from March 2016 (£157k or 12% increase).</p> <p>There is a risk that assets could be overstated if the provision for doubtful debts is not revised in light of rising rent arrears. There is also an increased risk to the overall delivery of services in line with the Council's strategic objectives.</p>	<p>Monitor rent arrears levels and provision for doubtful debts.</p>	<p>We monitored the rent arrears levels and related provision for doubtful debts.</p> <p>We found that rent arrears have increased by approximately £300k however there has also been a corresponding increase in the provision.</p> <p>We concluded that, as 2016/17 was the first full year of universal credit and there were some "teething troubles" with its introduction, the position should be reviewed again in 2017/18, after a further year of universal credit to enable better quantification of its impact.</p>
<p><b>7 Developer contributions</b></p> <p>Internal Audit carried out a review of developer contributions during 2016/17 and identified a number of risks which were fundamental to the system and required immediate action.</p> <p>Due to the significant level of development taking place in East Lothian, there is an increased risk of misstatement</p>	<p>Review of Developer Contributions framework.</p> <p>Focused substantive testing of income and associated accounting treatment from developer contributions.</p>	<p>We undertook focussed substantive testing of a sample of developer contributions and found that they were accounted for appropriately.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>or incorrect accounting treatment in the financial statements due to the infrequency of these transactions.</p>		
<b>Wider dimension risks</b>		
<p><b>8 Financial sustainability</b></p> <p>ELC's Council Plan recognises that it faces a challenge to achieve financial sustainability, due to factors including reducing income levels and increased demand for services. In the past, funding gaps have been filled by the use of reserves however the council recognises the need to develop a more sustainable budget in the medium term.</p>	<p>Undertake specific audit work on financial planning. This will include assessing the robustness of the council's financial plans.</p>	<p>Our review and consideration of the Council's financial plans is reported in paragraph 77 of this report.</p>
<p><b>9 Financial management</b></p> <p>The Quarter 2 financial report for 2016/17 identifies two services (Adult Wellbeing and Children's Wellbeing) as high risk of not operating within approved budgets. Members were asked to approve a £1million non-recurring budget virement from Corporate Management budgets to support Adult Wellbeing pressures and delivery of efficiencies.</p> <p>There is a risk that the council will not achieve a balanced year end position and also of future budget overspends if a sustainable budget is not developed timeously.</p>	<p>Review of financial monitoring reports and the council's financial position.</p> <p>Undertake specific audit work on financial governance and resource management.</p>	<p>Our review and consideration of the Council's financial monitoring and financial governance is reported in paragraph 64 of this report.</p>
<p><b>10 Timeliness of financial reporting</b></p> <p>The previous external auditor raised a recommendation in the 2015/16 annual audit report that there was scope for improvement in the timeliness of financial reporting (specifically the quarter 4 report and subsequent timing of the following quarter 1 report to Cabinet.)</p> <p>There is a risk that the budget monitoring process may not be operating due to information</p>	<p>Monitor the council's progress towards implementing timelier financial reporting.</p>	<p>Our review and consideration of the timeliness of the Council's financial reporting is reported in paragraph 160 of this report.</p> <p>We reviewed and concluded that the timeliness of reporting had improved.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>not being made available in a timely manner to make decisions.</p>		
<p><b>11 Capital slippage</b></p> <p>The 2016/17 quarter 1 and 2 financial reports highlight significant capital underspends of £13.8m (HRA) and £17.3m (general services) however there is a lack of actions noted to address this.</p> <p>There is a risk that available capital funding may not be utilised efficiently and that plans may not reflect actual practice (e.g. borrowing is based on unrealistic or unachievable capital plans).</p>	<p>Monitor capital slippage and assess any actions taken to reduce slippage.</p> <p>Focussed substantive testing of capital expenditure.</p>	<p>Our review and consideration of the timeliness of the Council's capital slippage is reported in paragraph 57 of this report.</p> <p>We undertook focussed substantive testing of a sample of capital expenditure transactions and found no significant issues.</p>
<p><b>12 IT Strategy</b></p> <p>The Council's current IT strategy covers the period 2011- 2014. It is due to be replaced by a new Digital Strategy which is to be considered at the Cabinet meeting in March 2017.</p> <p>The Council's IT strategy is outdated and there is a risk that this could impact on the delivery of services or on corporate initiatives, such as savings plans, which depend on ICT improvements.</p>	<p>Monitor progress in preparation and approval of the new IT strategy.</p> <p>Review the new strategy when available and comment on its appropriateness.</p>	<p>The Council's new Digital Strategy was approved by the Cabinet in March 2017.</p> <p>We reviewed the strategy and concluded that it is appropriate and linked to the Council's priorities.</p>
<p><b>13 Business Continuity</b></p> <p>The council recognises a Medium level risk in respect of Business Continuity in its risk register. During Audit &amp; Governance committee discussions, members were informed that the disaster recovery testing plan is not up and running yet nor has it been tested.</p> <p>There is a significant risk that business continuity arrangements may not be sufficiently robust if they have not been properly tested.</p>	<p>Monitor progress in preparation and approval of the business continuity testing arrangements.</p> <p>Check results of disaster recovery testing/BCP testing to ensure it is fit for purpose.</p> <p>Review the testing arrangements when available.</p>	<p>In addition to the IT Business Continuity Plan (BCP) that is refreshed each year under the guidance of the Emergency Planning and Risk Manager, an IT disaster recovery plan has been prepared, with specific recovery plans for each of the top priority systems and facilities.</p> <p>As part of the annual BCP process, the Council look to provide evidence of having undertaken a recovery of the Council email system and of the social care system. These recovery events can take place following a failure or as part of a planned test.</p> <p>We plan to look at this area during our planning for 2017/18.</p>























Audit risk	Assurance procedure	Results and conclusions
<p><b>14 Highways network asset (HNA)</b></p> <p>HNA are to be recognised for the first time in councils' 2017/18 financial statements. While this is not a risk to the 2016/17 financial statements, it is a new and complex area and if sound arrangements are not put in place there is a risk of misstatement in the 2017/18 financial statements.</p>	<p>Assess the arrangements in place to implement the new requirements.</p> <p>Review and assess the valuation methodology for HNA.</p>	<p>In light of the indefinite postponement of the introduction of the new Highways Network Assets accounting requirements, the Council has reassessed its priorities and paused its preparatory work in this area.</p> <p>We will continue to consider this as part of our audit risk assessment for 2017/18 and future audit years.</p>

# Appendix 3

## Summary of national performance reports 2016/17



Apr			
May		Common Agricultural Policy Futures programme: an update	
Jun		South Ayrshire Council: Best Value audit report	 The National Fraud Initiative in Scotland
Jul		Audit of higher education in Scottish universities	 Supporting Scotland's economic growth
Aug		Maintaining Scotland's roads: a follow-up report	 Superfast broadband for Scotland: a progress update
			 Scotland's colleges 2016
Sept		Social work in Scotland	 Scotland's new financial powers
Oct		Angus Council: Best Value audit report	 NHS in Scotland 2016
Nov		How councils work – Roles and working relationships in councils	 Local government in Scotland: Financial overview 2015/16
Dec		Falkirk Council: Best Value audit report	 East Dunbartonshire Council: Best Value audit report
Jan			
Feb		Scotland's NHS workforce	
Mar		Local government in Scotland: Performance and challenges 2017	 i6: a review
			 Managing new financial powers: an update

### Local government relevant reports

[The National Fraud Initiative in Scotland](#) – June 2016

[Maintaining Scotland's roads – a follow up report](#) – August 2016

[Social work in Scotland](#) – September 2016

[Local government in Scotland: Financial overview 2015/16](#) – November 2016

[Local government in Scotland: Performance and Challenges 2017](#) – March 2017

# East Lothian Council

## 2016/17 Annual Audit Report

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)

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**REPORT TO:** East Lothian Council  
**MEETING DATE:** 31 October 2017  
**BY:** Chief Executive  
**SUBJECT:** 2016/17 East Lothian Council Annual Report

---

**4**

## **1 PURPOSE**

- 1.1 To provide the Council with the 2016/17 East Lothian Council Annual Report.

## **2 RECOMMENDATIONS**

- 2.1 That Council approves the 2016/17 Council Annual Report.

## **3 BACKGROUND**

- 3.1 The Annual Report is a summary of the Council's performance and achievements in the financial year 2016/17 (April 2016 – March 2017). It is structured around the four objectives of the Council Plan 2012-17:

- Growing our Economy
- Growing our People
- Growing our Communities
- Growing our Capacity.

- 3.2 Since this is the final Annual Report covering the period of the 2012-2017 Council Plan it includes an Overview section providing a summary of how the Plan was delivered. It concludes with a summary of the key elements of the new 2017-2022 Council Plan.

- 3.3 The information contained within the Annual Report has been drawn from the Council's Key Performance Indicators, reports to Council, Cabinet and Committees, audit and inspection reports and monitoring of the Council Plan undertaken by Council Management Team.

- 3.4 It contains a summary of the 2016/17 Annual Performance Report on the c.100 key performance indicators monitored by the Council via the Policy and Performance Review Committee, which was considered and approved by the Committee on 11 October 2017. This showed that the majority of performance indicators were above or close to their target with an improving or stable trend. Several indicators showed significant improvement in 2016/17. However, the report also highlighted several indicators that were below target or showing a worsening trend, most of which have already been the subject of reports to the Committee.
- 3.5 The main part of the Annual Report provides a summary of some of the key activities and initiatives undertaken in 2016/17 to support the achievement of the Council Plan objectives and commitments.
- 3.6 The Annual Report also provides a summary of the Council's financial performance for 2016/17 as reported in the Council's Annual Accounts along with a note of the financial outlook looking forward into the medium term.
- 3.7 The 2016/17 Annual Report along with the previously published Annual Performance Report and the Council's Annual Accounts provide the public with a comprehensive view of the 'State of the Council'. Following Council approval of these reports a summary, easy to read document bringing together the key elements from each of these annual reports will be published.

#### **4 POLICY IMPLICATIONS**

- 4.1 The reporting of performance is essential if the Council is to demonstrate continuous improvement and Best Value. Reporting performance will help the Council to display openness, transparency and accountability. Best Value places a duty upon the Council to report performance to the public in order to enhance accountability.

#### **5 INTEGRATED IMPACT ASSESSMENT**

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

#### **6 RESOURCE IMPLICATIONS**

- 6.1 Financial – none.
- 6.2 Personnel – none.
- 6.3 Other – none.

## 7 BACKGROUND PAPERS

### 7.1 Appendix 1: 2016/17 East Lothian Council Annual Report

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# How Good is Your Council?

## East Lothian Council's 2016/17 Annual Report

October 2017

## Welcome to 'How Good is Your Council?'

### East Lothian Council's 2016/17 Annual Report

This is East Lothian Council's Annual Report for 2016/17. It highlights the Council's activities and achievements, and provides information on the Council's performance during the last financial year. It is the last Annual Report covering the period of the 2012-2017 Council Plan.

**'Working Together for a Better East Lothian: The East Lothian Council Plan 2012-2017'** sets out the Council's ambition to make East Lothian an even more prosperous, safe and sustainable place with a dynamic and thriving economy that will allow our people and communities to flourish. In this report we outline the continuing progress that was made towards achieving the objectives and commitments set out in the Plan.

In 2016/17 the Council continued to be under financial pressure, which has meant budgets were constrained and difficult budget choices had to be made. Despite these pressures we are very pleased that the Council was able to continue to provide high quality services and meet the needs of the people and communities of East Lothian.

Almost all of the commitments made in the 2012-2017 Plan have been fully achieved. The old Plan has formed the foundation for the Council's new 2017-2022 Plan. But the Council continues to face unprecedented financial challenges and increasing demand for more and better services from an ever growing population and communities that quite rightly expect the highest quality of services. As demand for quality services rises and resources are restricted we need to provide best value for money – better services at lower cost.

We understand that East Lothian Council cannot do everything that is required on its own – the people and communities of East Lothian supported by the Council and other agencies can best deliver the solutions required by 'working together for a better East Lothian'. That is why the Plan clearly states that the Council will increasingly become: an enabling and empowering authority, working with its citizens and communities and partners to deliver the solutions that work best for East Lothian; a more entrepreneurial authority; and, a digital authority embracing technology to deliver services.

We have begun a journey of transformation, redesigning services and the way we deliver them through innovation, prioritising prevention and early intervention and working in partnership with other public agencies and communities. We look forward to working with Council staff, our public sector partners and East Lothian's communities over the coming year to make further progress.

Angela Leitch  
Chief Executive

Willie Innes  
Council Leader

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## Overview

### The 2012-2017 Council Plan

This is the last Annual Report covering the period of the [2012-2017 East Lothian Council Plan](#): '*Working Together for a Better East Lothian: The East Lothian Council Plan 2012-2017*'. The Plan set out the Council's aim of 'creating a prosperous, safe and sustainable East Lothian that will allow our people and communities to flourish' under four key themes/ 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.

A review of how the 2012-2017 Council Plan was delivered, that was carried out in early 2017, showed that all 80 of the commitments made in the Plan have either been delivered or are at advanced stages of being delivered. Only three actions were shown as only being partly delivered. These are some of the recent achievements.

#### ***Growing our Economy***

- Over 25 young people supported into job opportunities with local businesses through the Scottish Employment Recruitment Initiative and council funds were used to create paid graduate internships and Modern Apprenticeships
- The Construction and Technology Academy was established in Musselburgh with capacity for 160 places for pupils from East Lothian schools
- The Council supported the creation of the East Lothian Food and Drink Business Improvement District (BID)

- The Council has supported the development of a Master Plan for the former Cockenzie Power Station site which has been the subject of extensive public consultation

### ***Growing our People***

- Record low number of children on East Lothian's Child Protection Register with the total never exceeding 30
- Olivebank Child and Family Centre received the highest possible grading of 'Excellent' in all four areas of inspection in its Care Inspectorate Report
- Attainment and post school participation shows an improving trend
- The Council invested over £1.4m in providing a new communications provision for children with additional support needs at Knox Academy
- A Joint Inspection of Older People's Services by the Care Inspectorate highlighted many areas of strength such as outcomes for older people and innovative services

### ***Growing our Communities***

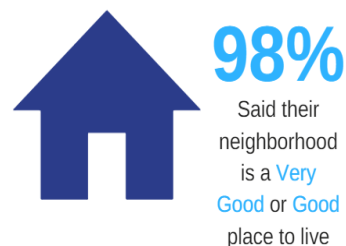
- The Council has continued the council house building programme with several new housing developments which delivered 48 new properties in 2015/16 and a further 100 additional properties added to our housing stock in 2016/17
- Tendering exercises undertaken by the Council for supported bus services resulted in improved services with better and more frequent services in key routes
- The new waste collection service introduced in April 2015 has made a major contribution to increasing East Lothian's waste recycling rate from just under 43% to over 52%
- The six Area Partnerships received £600,000 additional funding in 2016/17 to support initiatives aimed at reducing the attainment gap
- The Council adopted a proposed Local Development Plan which identifies preferred sites for over 10,000 new homes and business growth

## ***Growing the Capacity of our Council***

- Legal and Licensing Services received very good results from a national benchmarking exercise which showed they operate efficiently and cost effectively and have high levels of client satisfaction when compared to other local authorities
- Local Government Benchmarking data shows that the Council performed well in respect of several key indicators including measures of public satisfaction with council services, the % of Council Tax and Business Rates collected and the cost of support services and democratic services
- The Council has established a Transformational Change Programme supported by a dedicated Programme Manager team
- The Council was awarded Investor in People (Bronze level) status in 2015 and progressed to Silver level when re-assessed in 2017.

## **What our citizens say**

East Lothian Council, on behalf of East Lothian Partnership, commissioned a Residents Survey which was carried out in March 2017. Face to face interviews were carried out with a representative sample of 1,565 local resident across East Lothian. Topics covered in the Survey included: Neighbourhood and Quality of Life; Community Safety; Health and Wellbeing; Perceptions of the Public Services; and, Local Priorities. As well as providing the public's views on issues that helped to inform the development of the new East Lothian Plan and new Council Plan, the survey provided assurance that East Lothian's citizens still have a very high level of satisfaction with East Lothian as a place to live, with council services and with the way the Council is performing.



The survey found a very high level of satisfaction with council services as shown in the following graph



Survey respondents also were asked to what extent they agreed or disagreed with various statements about the Council. The level of agreement was highest for the following statements:

- My local Council does the best it can with the money available (79% agreed)
- My local Council provides high quality services (72%)
- My local Council designs its services around the needs of the people who use them (70%)

The level of disagreement was highest with regards to:

- I can influence decisions affecting my local area (26% disagreed)
- My Council is good at listening to local people's views before it takes decisions (13%).



## 2016/17 Annual Performance Report

The Council monitors how well it delivers its services using a range of performance indicators. These indicators are generally reported on a quarterly or annual basis. The indicators have a target that helps to provide context on how well the Council is performing. Comparisons with other areas in Scotland are also available for some indicators. Further information regarding each indicator can be found on the Council's [performance website](#).

The Council published its [2016/17 Annual Performance Report](#) in September 2017. The report summarises the performance of around 100 indicators that are regularly monitored by the Council's Policy and Performance Review (PPR) Committee. The report showed that the majority of performance indicators were above or close to their target with an improving or stable trend.

Several indicators showed significant improvement in 2016/17, including:

- calls to the contact centre answered within 20 seconds – up from 44% in 2015/16 to 66.6%
- percentage of S2 pupils reporting they take part in physical activity – up from 75.8% to 81.8%
- traffic lights – average time taken to repair failure fell from 10.3hrs to 4.5hrs
- percentage of dwellings meeting Scottish Housing Quality Standards – increased from 92% to 96%
- Council Tax in-year collection – increased from 96.6% in 2015/16 to 97.5%
- time taken to process change of circumstances in Housing Benefits and Council Tax rebate – fell from 3.5 to 2.6 days
- number of jobs per 10,000 adults – increased from 3191 to 3589
- number of jobs protected and/ or created through grant and loan awards – increased from 276 to 466.

However, several indicators were below target or showed a worsening trend.

### **Number of delayed discharge patients waiting over 2 weeks (11 as at March 2017)**

The trend has been improving since the indicator peaked at 38 in the second quarter of 2016/17. However, this indicator has been consistently below the nationally set target of no delayed discharges over 2 weeks. Actions to address this have been monitored by the Integration Joint Board and reported to the Council's PPR Committee on several occasions over the last year.

**Homelessness – average number of days to re-housing (345 days)**

This indicator has consistently been above target although the trend has improved through 2016/17. The main reason for not meeting the target in re-housing people on the Council house waiting list is the high demand for, and relatively low turnover of, vacant available houses.

**Proportion of Community Payback Orders starting placement within 7 working days (33% as at March 2017)**

This indicator fell below target in both Q2 and Q4. Individuals can have more than one Order opened at the same time, but a new Order cannot be started until the current Order is completed. Therefore, of the 33 Orders set in Q4, 11 (33%) started on time, 20 (60%) started late due to client reasons and only 2 (6%) started late due to service reasons.

**Number of fly-tipping incidents (583 incidents in the year)**

This indicator has consistently been above target since it was established and the PPR Committee has considered several reports on this subject.

**Trading Standards advice requests and consumer complaints completed within 14 days (84% and 70%)**

Both these indicators have been below the 100% target in 2016/17. It should be noted that whilst all requests and consumer complaints are actioned within 14 days some cases take longer to resolve and complete.

**Value of current tenant rent arrears (£1,676,047)**

Tenant rent arrears have increased since the introduction of full service Universal Credit in March 2016. Additional resources have been put into the Revenues service in order to mitigate against the negative impact of Universal Credit.

**Time taken to process new claims for Housing Benefit and Council Tax Rebate (32.5 days)**

This indicator has been affected by the introduction of full service Universal Credit. The complex nature of some Universal Credit claims and the need for claimants to make separate claims for Council Tax Rebate have had a negative impact on the workload of the Benefits service contributing to the negative trend in this indicator.

### **Percentage of population claiming Job Seekers Allowance (JSA) and Proportion of 18-24 yr olds claiming JSA (2.7% and 3.8%)**

These indicators suggest that there has been an increase in out of work benefits claimants in East Lothian at a higher rate than the Scottish rate. However, the number of JSA claimants in East Lothian in the previous year may have been under-recorded due to changes in counting out of work benefits associated with the introduction of Universal Credit which may account for a large part of the recent rise in East Lothian's figures.

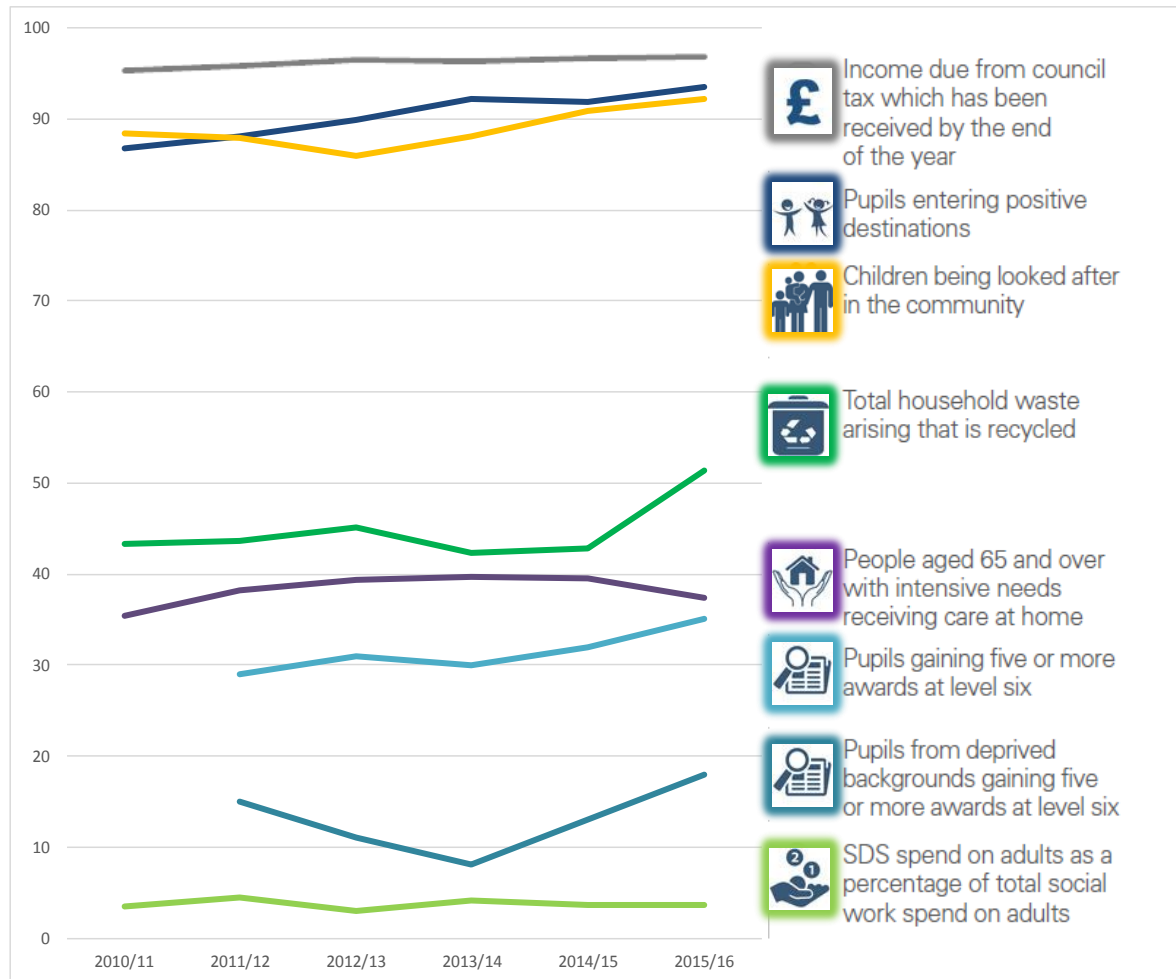
### **The Local Government Benchmarking Framework**

The Local Government Benchmarking Framework brings together a wide range of information about how all Scottish councils perform in delivering services to local communities. The Framework relies on data published by Councils in their Annual Public Performance Reports so is not published until the January of the year after the year to which it relates. So the 2016/17 data will not be available until January 2017.

The last LGBF report published in January 2017 covered the 2015/16 year. It showed that the Council's performance across the LGBF indicators improved slightly during 2015/16. Almost 40% (23) of our indicators are in the top quartile (highest performing) and only 14% (8) are in the bottom quartile (lowest performing). 14 indicators improved their comparative position, 37 remained the same and 8 worsened during 2015/16. The Council uses the LGBF results to identify relatively poorly performance which may require remedial action such as sickness absence, rent arrears and time taken to complete non-emergency repairs. The Council is participating in several benchmarking groups which aim to help councils understand why their performance differs from one another.

The table below shows how several key indicators across a range of services have performed over the period 2010/11 – 2015/16 (the last year for which verified data is available), with all but one showing an improving trend.

Table 1: Five year comparison of key Local Government Benchmarking Framework Indicators



## **Growing our Economy – to increase sustainable economic growth as the basis for a more prosperous East Lothian**

East Lothian's Economic Development Strategy 2012-22 identified a series of strengths and weaknesses for economic development in East Lothian. Strengths included a diverse business base with some strong factors such as food & drink, tourism, higher education, East Lothian's proximity to Edinburgh and its quality of life. Weaknesses consisted of a lack of large employers, pockets of deprivation, limited availability of land for economic development and poor public transport infrastructure.

The Economic Development Strategy outlines two strategic goals aimed at building on the strengths and addressing the weaknesses to further improve East Lothian's economic competitiveness:

- Increase the number of business in East Lothian with growth potential
- Increase the proportion of East Lothian residents working in and contributing to East Lothian's economy.

Delivering the Economic Development Strategy is the responsibility of the Sustainable Economy Partnership, which includes the Council, Scottish Enterprise, Skills Development Scotland, Edinburgh College and representatives of the business sector. Particular challenges faced by the Partnership in delivering the Economic Development Strategy include:

- Youth unemployment
- Relatively low wages for people working in East Lothian
- East Lothian has a lower number of businesses per 10,000 population than the Scottish average.

### **How we did in 2016/17**

**Developing East Lothian's Young Workforce** – East Lothian Works, East Lothian's employability hub, made significant progress in preparing and implementing the 'Developing the Young Workforce Action Plan'. As is shown below East Lothian Works was successful in supporting substantial numbers of unemployed people participate in employability programmes and in supporting over

1,000 senior pupils gain the benefit of work experience placements. In addition, the Council accessed external funding to support 11 local businesses to take on young people with multiple barriers to employment and used existing budgets to create 8 new paid work experience placements, 11 Graduate internships and Modern Apprenticeship opportunities within the council.



**Edinburgh and South East Scotland City Region Deal** – In partnership with other local authorities in South East Scotland City Region, the council submitted detailed propositions for an ‘Edinburgh and South East Scotland City Region Deal’ to both UK and Scottish Government’s in April 2016. The Deal is a mechanism for accelerating growth by leveraging in significant government investment. By investing this funding in infrastructure, skills and innovation, economic performance will be significantly improved. After a lengthy period of negotiation and deliberation the UK and Scottish Governments announced the basis of the Deal in August 2017 providing significant levels of infrastructure investment into the City Region and East Lothian.

**Cockenzie Former Power Station site** – During 2016, the Council commissioned Peter Brett Associates to undertake a master-planning exercise for the former power station site at Cockenzie, which has potential to offer significant future employment opportunities. The main purpose of the master-planning exercise is to develop a clear vision for the future of the site with local communities and stakeholders reflecting a shared understanding of the future opportunities and options for this important site. The Council submitted a proposal to buy the site from Scottish Power and in October 2017 Scottish Power announced the Council was the preferred bidder.

**Tourism and Visitor Promotion** – East Lothian is fortunate to host a wide selection of events that attract visitors from outwith the county such as Fringe by the Sea, Lammermuir Festival, The Saltire and the National Museums’ of Scotland Airshow. This year, the Council collaborated with a range of organisations to welcome several additional events for 2017, including the Scottish

Seniors' Golf Open, and the Tour of Britain cycle race. Day and overnight visitors to East Lothian are increasing and continue to support and provide new opportunities for the tourism sector.

**Broadband** – the Council continues to engage with key Digital Scotland Superfast Broadband, Community Broadband Scotland and local suppliers to try to resolve issues around the roll out of Broadband. There remain properties and postcodes in East Lothian not expected to achieve minimum levels of broadband coverage. Therefore, the Council has continued to lobby and influence policy in this area and looks forward to detail on the Scottish Government R100 (Reaching 100% coverage) initiative.

**Increasing jobs and businesses in the local economy** – During 2016/17 the indicators used by the Sustainable Economy Partnership to measure progress against the key objective of increasing jobs and businesses in East Lothian have shown positive trends.

**Jobs and Business growth, 2015/16 – 2016/17**

	2015/16	2016/17
Number of jobs per 10,000 adults	3,191	3,589
Number of businesses per 10,000 adults	394	407
Number of local business start-ups supported through Business Gateway	148	236
Number of jobs protected and/ or created through grants and loan awards	276	466

## **Growing our People – to give our children the best start in life and protect vulnerable and older people**

### **Children and Young People**

Services for children and young people in East Lothian are facing increasing demands. The number of annual referrals to the Children's Services has risen from 1,768 in 2004 to 3,184 by March 2017. The effects of significant changes to benefits, a growing population and greater public and multi-agency awareness about child safety and wellbeing have contributed to the increasing workload. Continued low rates of Looked After Children and a low rate of children on the child protection register provide evidence of the preventative and early intervention strengths of the service.

### **How we did in 2016/17**

**East Lothian Children and Young People's Plan 2017-2020** – To comply with new statutory obligations, East Lothian Children and Young People's Services Plan was refreshed in early 2017. The Plan, which is a joint responsibility between the Council and NHS Lothian, looks at all the services that impact on the lives of children and families, establishes what's working well and what could be better, and sets out how services will be developed and improved.

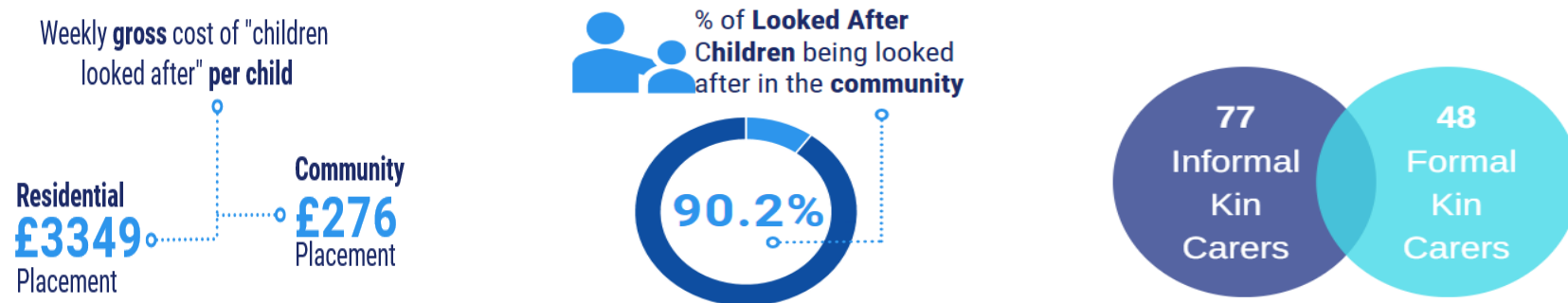
Alongside supporting the development of the Plan, a major focus of the Council's work in relation to children and young people in 2016/17 has been implementing the provisions contained within the Children and Young People (Scotland) Act 2014 that are aimed at improving outcomes for children and young people.

**Allocated Cases and Referrals** – There was an average of 872 allocated cases at any one time during the year with average caseloads for practitioners of just over 17. There were 3,184 referrals to the service, a rise of 336 (12%) on the previous year. Over 30% of referrals came from Musselburgh whilst just 5.2% came from the North Berwick cluster. The Police Service was responsible for almost half of the referrals.



**Child protection** – there was an average of 43 children on the Child Protection Register during the period. The rate per 1,000 (0-15 population) of 2.3 is below the national average rate of 3.0. Child Protection training has been delivered to Council staff and partners on an ongoing basis over the past year.

**Looked After Children** – East Lothian has a low rate of looked after children and young people compared with the national average. Young people within Residential Care constitute around 10% of the total of East Lothian looked after population. The largest group of children and young people are placed in foster care which has been shown to lead to better outcomes for children and comes at a far lower cost than residential care. East Lothian Council is making greater use of home supervision, formal kin care (where children are legally placed in the custody of friends or relatives) and informal kin care arrangements.



The East Lothian Champions Board provides a platform for care experienced young people to have their voices heard and an opportunity to influence policy and practice at a strategic level. The Champions Board was successful in its bid to the Life Changes Trust for a total of £224,000 in 2016 and is currently in year two of the three year funding period. The funding is supporting the Champions Board to bring about transformational change in the lives of care leavers. The East Lothian Corporate Parenting Plan is structured around the Champions Board 7 Priorities for Change.

## Education

East Lothian Council's vision and values for education align with the Key Priorities in the National Improvement Framework for Scottish Education as set out in Scottish Government strategies, '*Achieving Excellence and Equity*' and '*Delivering Excellence and Equity in Scottish Education*'. These are:

- Improvement in attainment, particularly in literacy and numeracy
- Closing the attainment gap between the most and least disadvantaged children
- Improvement in children and young people's health and wellbeing
- Improvement in employability skills and sustained, positive school leaver destinations for all young people.

The Council is responsible for providing education or early learning and childcare for a total of almost 16,500 children and young people. That number is going to rise substantially over the next few years as a result of the commitment to provide 1140 hours of early learning and childcare for all 3 and 4 year olds and 'vulnerable' 2 year olds, and the fast growing population.



**8,492**

pupils in 35 primary schools



**5,641**

pupils in 6 secondary schools



**2,361**

3 and 4-year-olds and 93 eligible  
2-year-olds accessing early  
learning and childcare

The key challenges facing East Lothian's Education Service are:

- Budget and Resources – delivering on the Scottish Government's commitment to extend the number of Early Learning and Childcare places for eligible 2 year olds and then plan to increase the number of funded early learning & childcare hours from 600 to 1140 per year by 2020; providing for increasing numbers of children and young people who require additional support; recruitment and retention of staff at all levels in schools.
- Managing Change – continuing to develop the Curriculum for Excellence; delivering the commitments to improve attainment and reduce the attainment gap between the highest and lowest attaining pupils and looked after children; implementing the new National Improvement Framework; and implementing the new requirements set out in legislation and national initiatives including: Children and Young People (Scotland) Act 2014; Education (Scotland) Act 2016, and the Education Governance Review.

## **How we did in 2016/17**

### **Early Learning and Childcare**

The Early Learning & Childcare Strategy 2016-2021 focuses on improving outcomes and closing the attainment gap for children in East Lothian and on delivering the increase in funded Early Learning Childcare provision from 600 to 1140 hours by 2020.

The Council invested over £0.5m at Prestonpans Early Learning and Childcare Centre (formerly known as The Red School) to provide early learning and childcare for children aged 2 to 5 years. The new provision is scheduled to open in October 2017.

A new Tots & Teens Provision, the third of its kind in East Lothian, opened at Musselburgh Grammar School in September 2016 to compliment the childcare modules undertaken by pupils, encouraging them to consider Childcare as a career.

## Primary Education

From August 2016, the Scottish Government started collecting teacher 'professional judgement' on Curriculum for Excellence achievement of a level in literacy (reading, writing and listening and talking) and in numeracy at Primary 1, Primary 4, Primary 7 and Secondary 3. The National Improvement Framework Report (December 2016) published these teacher 'professional judgement' ratings at national, local authority and individual school level. These statistics are classified as 'experimental statistics' as they are still an evolving approach to assessment and cannot be used for benchmarking performance. The table below sets out the experimental statistical data for East Lothian Council for 2015/2016, the 2016/17 data is expected to be published in December 2017.

<b>CfE level and stage</b>	<b>Reading</b>	<b>Writing</b>	<b>Listening &amp; talking</b>	<b>Numeracy</b>
Early level by the end of P1	73%	64%	82%	74%
First level by the end of P4	69%	63%	78%	67%
Second level by the end of P7	60%	52%	69%	56%
Third level or above by the end of S3	84%	81%	82%	68%

Quality Assurance and Moderation Support Officers are providing support and advice to improve teacher confidence in their judgment of pupil achievement. New English and literacy and Mathematics and numeracy curriculum frameworks will be implemented in the 2017/18 academic session to improve consistency in planning teaching, learning and assessment.

The Early Development Instrument (EDI) is a ground breaking study that measures young children's readiness to learn across a range of factors. The second phase of the study was carried out in 2016. The results of the 2016 study and comparison with the 2012 study indicate:

- Greater percentages of children were vulnerable in Physical Health and Wellbeing, Emotional Maturity and overall across the five domains in 2016 compared to 2012.

- The majority of children entering P1 have the skills needed for successful learning. However, there is a notable variation in children's readiness to learn across the county, and across socio-economic groups.
- Girls are less likely to be vulnerable compared to boys.


The Education Service Improvement Plan 2017/18 sets out actions to address areas for improvement highlighted by the EDI report.

### Secondary Education

Analysis of the interim results of the SQA National Courses in 2017 showed that overall exam results were either maintained or showed an improvement over the previous year's results at most levels.

Overall, attainment and post school participation in East Lothian shows an improving trend over the seven-year period to 2016. East Lothian's performance in 2016 is typically higher than the national trend. For example, the percentage of young people achieving Grade A awards in English and Mathematics at National 5 is at the highest rate in 5 years

Some of the highlights in the Council's performance in SQA awards 2016/17 included:

Number of pupils gaining  
5+ awards at level 5  
**IMPROVED**  
By 13% 

**78.5%** of National 5 entries passed with an A-C award, an increase on last year's rate of 76.9

**35.5%** passed at Grade A (Band 1 or 2), a 3.1% improvement on the previous year and the highest rate since National 5 qualifications were introduced in 2014

**100%** Pass rates for National Qualifications 2 to 4 remain consistent

However, there are areas where further improvements still need to be made, for example in Literacy and Numeracy at SCQF Levels 5 and 6 or better, and overall in the middle 60% attaining grouping of pupils, to bring East Lothian's performance more in line with its 'Virtual Comparator'.

Post school participation in East Lothian shows an improving trend since 2008/09. East Lothian's performance in 2016 saw an increase of 1.7% on the previous year with 93.5% entering a positive destination, its highest rate over the last eight years, and just above the national average. Overall the gap in positive destinations between East Lothian leavers from the 30% most deprived areas and the 30% least deprived areas has decreased slightly from 11.7 percentage points in 2012 to 8.9 percentage points in 2016.

### **The East Lothian Construction and Technology Centre**

The East Lothian Construction and Technology Centre opened in Musselburgh in August 2016 providing young people with better access to relevant vocational learning opportunities within construction and related skills within East Lothian. The new centre is a partnership initiative with Edinburgh College and key industry partners, including Morrison Construction and Hart Builders. It offers qualification opportunities in skills in future technologies and construction and traditional crafts, alongside development and enhancement of core skills and attitudes for employability. The Centre has capacity to take 160 young people from all 6 East Lothian Secondary Schools. In 2016/17, 48 pupils undertook SCQF level 4 Skills for Work Construction Skills courses, 6 pupils undertook SCQF level 5 SQA National Progression Award in Brickwork and 7 pupils undertook a pre-vocational course in construction skills.

### **Policy Development**

During 2016/17 the Council has developed and adopted several strategies and policies that have been informed by engagement with children, young people and parents.

***The Education Accessibility Strategy 2017-2020*** sets out how the Education Service will ensure improvements in the Curriculum (increasing disabled pupil's participation); improve the physical environment of schools to enable better access to education and associated providers; and improve communication with disabled pupils.

***The Respect for All – Anti-Bullying Policy*** will be implemented in all East Lothian Council Schools and Early Learning and Childcare Settings. It will be embedded through a series of training presentations and cascaded to staff, pupils, parents and parent councils during 2017/18.

***The Parental Engagement Strategy 2017-2020*** sets out how the Education Service will support our schools and partner providers to ensure all parents and carers are encouraged and supported to engage in their children's learning and to become involved in the life and work of the school.

***East Lothian Council's Play Policy*** which acknowledges the importance of play for children of all ages was developed by a stakeholder group from across our communities. Actions to enhance children's and young people's opportunities to play will be set out within the Education Service Action Plan 2017/18.

### **School Consultations**

During 2016/17 the Education Service successfully consulted on the development of education provision on several location, relocation and school catchment area change proposals, including:

- the relocation of Wallyford Primary School
- the location of a new additional secondary education provision in the Musselburgh area
- the establishment of a new primary school with early learning & childcare provision and its associated catchment area at Craighall
- proposed changes to several primary school catchment areas.

The proposed changes will allow the Council to manage the school estate and provide sufficient school accommodation in light of a growing community as a result of committed and planned developments within the emerging Local Development Plan.

### **Student Evaluation of Experience (SEE)**

The annual SEE Survey asks pupils in P6 and S2 for their views on a wide range of subjects, including teaching and learning, community safety, participation, child protection, physical/sports activities and environmental issues.

The combined P6 and S2 percentages (positive responses) under each heading in 2016-17 were roughly in line with the previous year with the exception of those under the 'Included' category which increased by 6 percentage points to 84.8%. The 'Respected' category also showed a 2.6 percentage point increase to 75.6%. Overall, positive responses within the 'Nurtured' category remain the lowest at 67.2% with the 'Safe' category remaining the highest at 91.2%.

Most notable improvements in 2016/17 on the previous year for the Education Service related measures at an authority level are:

- % of S2 pupils agreeing that they enjoy being at their school – increased from 75.7% to 80.1%
- % of P6 pupils agreeing that most pupils behave well in school – increased from 78.3% to 81.9%
- % of P6 and S2 pupils agreeing that pupils in their school take account of other people's feelings and viewpoints – increased from 79.7% to 83.1% (P6) and 58.0% to 61.0% (S2)
- % of S2 pupils agreeing that they take part in physical activities outside the school day – increase from 75.8% to 81.8%.

### Percentage of pupils taking part in physical activities outside the school day



### Percentage of primary 6 and second year pupils agreeing that the school recognises their achievements made in school and outside of school



Areas for further improvement for the Education Service and partners are:

- % of P6 and S2 pupils agreeing that they use the school web log/site/learning log to help in their learning
- % of S2 pupils agreeing that the school recognises their achievements out of school that most pupils behave well in school, and that pupils in their school take account of other people's feelings and viewpoints.



## **School Inspections and Reviews**

Education Scotland inspected one primary school and secondary school in session 2016/17. St Mary's RC PS received a positive inspection report with a number of key strengths identified by Inspectors. The Knox Academy inspection was not so positive with only one indicator judged as Good; two as Satisfactory; and one evaluated as Weak.

The Education Service is supporting Knox Academy to address the areas for improvement identified during the inspection. Officers undertook a progress visit June 2017 and will seek further evidence of progress to address the areas for improvement throughout session 2017/18 prior to the Education Scotland follow up visit March 2018.

In partnership with Education Scotland's Attainment Adviser, the Education Service successfully undertook eight school reviews across our primary schools to validating the school's evaluation of strengths and areas for improvement. The outcome of the review visits has informed the key priorities for action in the Education Service Plan 2017/18 to address areas for improvement to meet children's entitlement to a Broad General Education and planning learning, teaching and assessment.

## **Developing our Curriculum**

Staff across all our schools worked collaboratively to lead in the development of curriculum frameworks from 3 to 18 in English and literacy, Numeracy and Mathematics, Health and wellbeing, Science and Social subjects. These frameworks have been developed to support progression, develop knowledge and skills and ensure there is a consistent and shared understanding of standards and expectations for our children and young people. Further frameworks are being developed in 2017/18 for Religious and Moral Education, Modern Languages, Technologies and Expressive Arts.

The Education Service conducted a review of the 1+2 Modern Languages Strategy and undertook an exercise to review progress against national expectations. The priority actions identified within the 1+2 ML review exercise will be taken forward in 2017/18.

## Adults and Older People

Services for adults and older people are provided by the Health and Social Care Partnership, which brings together services previously run by the Council or NHS Lothian. The Partnership is governed by the Integration Joint Board (IJB) with members appointed by the Council and NHS Lothian along with representatives of stakeholder groups such as service users.

The Partnership and IJB have faced several key challenges over the last year including:

- Growing demand for services from the rising older population which puts strain on budgets for care at home and home care
- Difficulty in meeting the demand for care at home services due to difficulties in staff recruitment and retention
- Persistent levels of delayed discharge – older people staying in hospital longer than necessary.

### How we did in 2016/17

East Lothian IJB published its first [Annual Performance Report](#) on 24th August 2017. The report showed health and social care integration had achieved some very positive outcomes for people in East Lothian. For example, 95% of adults supported at home are able to look after their health very well or quite well (the Scottish average is 94%); 92% of adults supported at home agreed that their services and support had an impact on improving or maintaining their quality of life.

Success stories include the launch of the new Help with Independent Living and Daily Activity (HILDA) self-help web site; 1st Response mental health drop-in sessions; the Care Home Team, Hospital at Home and Hospital to Home Teams.

However, there are also areas that the IJB needs to focus on over the next year, including looking at how to reduce emergency admissions to hospital (consistently above the 0 delayed discharge in 2 week target); helping more people to have end-of-life care at home or in a homely setting; continuing to drive up care service inspection grades, and continuing to build the positive experience of GP care, currently sitting at 85% in East Lothian.

## Providing Care at Home



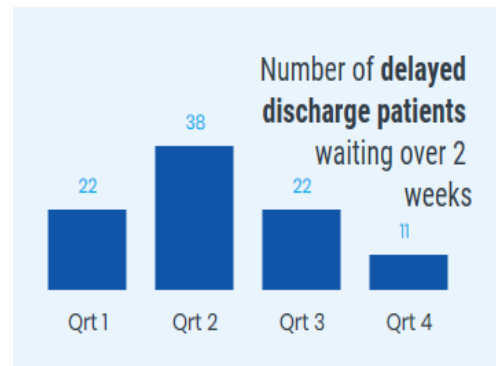
Percentage of people aged 65+ with intensive needs **receiving Care at Home**



Proportion of care at home clients (65+) receiving a service at **weekends**



Proportion of care at home clients (65+) receiving **evening/overnight service**



Over the last year adult and older people's services have led on two major projects which aim to increase the efficiency and effectiveness of care at home services and older people's day care.

### Care at Home Provision

A large £20 million Care @ Home re-modelling and procurement project ran throughout 2016/17. Key phases of the project during this year included:

- Stakeholder engagement
- Pilot modelling
- Specification development
- Formal procurement exercise
- Assessment of tenders
- Award of new contracts.

The project has successfully allowed the Council to move away from two frameworks, one providing care at home to older people over 65 and the other providing care at home to adults with specialist support needs, to operating a single framework providing care at home support to all clients regardless of age or support need.

The project also introduced a means by which providers could work with individuals in a different way – care and support being organised to achieve personal outcomes agreed between the provider and the client and funded through a Personal Budget. This is a departure from social workers prescribing how support is delivered by the day and hour and provides Self Directed Support style independence for those opting for this option.

### **Older Peoples' Day Care**

This project is addressing several challenges linked to long standing care @ home provision, such as a lack of day care capacity and low Care Inspectorate grades for existing Day Centres.

The project adopted a co-production approach to reviewing day care provision for older people. The project involved Council officers working with the East Lothian Association of Day Centres, the ten day centres and other stakeholders including elected members. It looked at key elements of day care provision including the model of care, training, transport, data collection and the role of the association. Several events were held where these issues were explored in detail and progress reported back.

The IJB considered a report in early 2017 proposing a way forward for day centre provision for the next three years, based on developing the centres as health and social care centres. This model will support opportunities to improve service delivery by taking pressure off care at home provision, providing one stop shops for a range of professions and services, providing respite opportunities for carers, preventing delayed discharge through the use of emergency places. This proposal was accepted with further investment agreed to allow all ten day centres to be funded more equitably based on the number of registered places they offer and are able to fill.

East Lothian has developed an innovative model – ten small charities led by committees whose members are all over 65, running all older peoples day care provision – older people providing support to other older people with increased needs in their local communities.

## **Growing our Communities – to give people a real say in decisions that matter most and provide communities with the housing, transport links, community services and environment that will allow them to flourish**

### **Community Engagement and Participation**

The Council is committed to ensuring that services are built around people and communities. Therefore the Council is committed to, and has been developing, a range of ways in which to engage effectively with East Lothian's people and communities in order to better develop services around their needs.

It has an ambitious programme of devolving decision making to the most appropriate level and empowering communities through establishing Area Partnerships to develop strategies and Area Plans tailored to their needs backed by significant budgets.

The Council recognises the importance of people having a voice and that voice being heard and has produced a [Guide to Community Participation Opportunities](#) that sets out the many ways in which communities and individuals can engage with the Council to help develop and enhance vibrant and cohesive community life; including, Community Councils, Area Partnerships, Tenants and Residents Associations, the Citizen's Panel, Residents Reviews, involvement in users and stakeholder groups and responding via the [Consultation Hub](#) to the many consultation exercises held by the Council.

The Council's proactive approach to community engagement and participation means that it is well placed to respond to the new duties and responsibilities it has been given through the Community Empowerment (Scotland) Act 2016 around community participation requests and asset transfer requests.

## How we did in 2016/17

**Area Partnerships** – the six Area Partnerships that were set up in 2014 have continued to develop and play a positive role for their communities. They have been working to achieve the priorities set out in their Area Plans. All Partnerships have held annual public meetings which were used as opportunities to engage with the wider public on the development of priorities for action in the Area Plans.

The Council devolved a total of £1.85m in 2016/17 to the six Area Partnerships from four funding streams:

- £600,000 for services provided by the Council’s Amenities Services
- £300,000 for roads capital expenditure
- £350,000 for non-recurring general services
- £600,000 to be used for initiatives aimed raising attainment and reducing the attainment gap.

The funding has been used for a variety of activities across the six Partnerships. Listed below are just some of the projects that one Area Partnership, Haddington & Lammermuir, supported over the past year:

- Knox Academy study support
- “Buddy Bear” anti-bullying programme in all primary schools
- Upgrade of section of footpath from Gifford to Sandyford Burn
- HETRA Mental Health peer support group
- Garvald Youth Shelter
- Haddington “Good Memories” Dementia group’

**Consultation and Engagement** – the Council refreshed the membership of the East Lothian Citizens Panel that was established in 2014. The Panel now has around registered members who are approached at least twice a year to complete a Panel questionnaire. Panel members have also been invited to get involved in other consultation and engagement activities, such as a

focus group that will be consulted on the design of the new Council website. Topics covered in Panel questionnaires have involved transport, community safety, health and wellbeing, recycling and satisfaction with Council services.

The Council's Consultation Hub hosted a large number of consultations, including the many School location, relocation and catchment area consultations highlighted in the Education section above. The results of some of the consultation exercises carried out during the last year have been summarised in the [You Said...We Did](#) case studies included in relevant sections of the report.

## Reducing Inequalities

The review of the Council Plan carried out in October 2014 included an assessment of levels of inequality in East Lothian. Given the evidence of growing levels of deprivation and relative inequality across East Lothian the Council agreed that the existing Council Plan commitment to tackling inequalities should be given a higher priority by adopting the overarching priority: *To reduce inequalities across and within our communities.*

The Council established the East Lothian Poverty Commission in early 2016 to bring a new perspective and greater understanding of poverty and to make recommendations for how poverty and the cycle of deprivation can be tackled in East Lothian. The Commission, which was chaired by Annette Bruton, Principal of Edinburgh College reported in late 2016.

The [Poverty Commission report](#) highlighted issues of in-work poverty, the impact of a cycle of poverty and the strain that living in poverty places on people's individual and family mental health and overall wellbeing. It also highlighted the ongoing stigma and social isolation experienced by those living in or close to poverty. The Commissioners said '*everyone has the right to a decent standard of living - a right to a life free from poverty*' and challenged all public agencies and communities to pay more attention to poverty.

The detailed evidence based report included 56 recommendations based around the following themes:

- Having a home
- Financially included
- Secure and Protected

- Educated
- Working your way out of Poverty
- Healthy and Well
- Connected to the Community
- Empowered and responsible

The recommendations included a mixture of short term and longer term outcomes. During the course of the work of the Commission some progress has been made on some recommendations, including, for example, supporting the development of a Credit Union facility in Prestonpans, and introducing a new Integrated Impact Assessment framework.

Work is progressing on implementing an Action Plan based on the Poverty Commission's recommendations which will form key elements of work for several Council services including Education, East Lothian Works and Community Housing.

## Community Housing

The [East Lothian Local Housing Strategy 2012-2017](#) outlines how the Council addresses issues relating to housing, homelessness, housing support and fuel poverty.

Demand for new housing in East Lothian is very high. However, in recent years there has been a limited supply of land available for new housing in the area. Therefore increasing the supply of affordable housing is a key priority for the Council. The Local Development Plan is crucial in this as it identifies potential housing development sites which will enable the delivery of new housing-building programmes at scale and pace. The provision of more affordable housing is crucial to reducing the number of people on the Council housing list, which has fallen from over 4,500 to 3,700 but is beginning to rise again and to reduce the number of homeless people in temporary accommodation and B&B emergency accommodation.

There is growing evidence that Universal Credit is having a significant financial impact on Council tenants and the Council's Housing Revenue Account. The Council is working closely with partners to support claimants through the transition into Universal Credit and to help manage rent arrears and prevent homelessness. Assisting tenants affected by the roll out of Full Service Universal Credit



has placed additional demands on our local housing and homeless teams. Meeting the demand from homeless applicants is proving to be increasingly challenging for local authorities, and in East Lothian we have seen the average length of time spent in temporary accommodation grow from 162 days in 2015/16 to 192 days in 2016/17.

Other key priorities for the Council's Community Housing Service include maintaining a high level of tenant satisfaction and continuing with the council capital investment programme to ensure the council house modernisation programme is delivered to help meet the Energy Efficiency Standard for Social Housing (EESH) and Scottish Housing Quality Standard (SHQS).

## How we did in 2016/17

The [2017 Landlord Report](#) outlines the key performance areas. These are a few of the highlights from the report.

**New Council housing** – the Council delivered 100 additional properties in 2016/17: in Dunbar, North Berwick and Musselburgh. A further 53 new build units will be completed in 2017/18. In addition the Council has acquired additional housing stock through a programme of targeted purchases for sale on the open market.

**Modernisation** – The Council's house modernisation programme provided a wide range of improvements to Council tenants' homes.



Tenants' satisfaction with the modernisation that has been carried out was very high.



**Rents** – the Council carried out extensive consultation with tenants on rent levels and budget plans prior too setting the 2016/17 housing budget. Following the consultation which agreed with proposals to increase rents and to progress with the modernisation programme, Council house rents were increased in April 2016 by 5%.

**98%** agreed that the Council should modernise its existing stock

**91%** thought that their rent is good value for money

**76%** thought the Council was proposing a fair rent increase

East Lothian's Council house rents are still among the lowest in Scotland. For example, the weekly rent for 4-apartment Council house in East Lothian is £60.88 compared to the Scottish local authority average of £75.40 (2016/17).

**Repairs** – working with the Property Maintenance service, Community Housing aims to ensure that repairs are carried out to the highest standards as quickly as possible in line with the Scottish Housing Charter objectives. In 2016/17 the Council undertook 12,838 domestic day-to-day repairs and 8,731 domestic emergency repairs. The Council improved its average turnaround time for both categories by 1 day for day-to-day repairs to 12.75 days, and from 5.04 to 4.98 hours for emergency repairs. In 2016/17 the Council turned around its empty properties in an average of 34.9 days, which was a significant increase from the previous year, and similar to the Scottish local authority average of 33.6 days.



**Fuel poverty** – in 2016/17 the Council carried out 589 central heating upgrades and other work to improve the energy efficiency of our properties including insulation and other energy reduction measures. Information and advice was provided, targeting vulnerable households identified as being most susceptible to fuel poverty. A pilot project with Citrus energy, to ensure tenants get advice on the cheapest energy providers, was also run to help reduce fuel poverty. This pilot has been successful and the service will be rolled out to all new Council tenants.

**Energy Efficiency Standard for Social Housing & Scottish Housing Quality Standard** – As at March 2017, 37% of the Council stock was recorded as meeting the new EESSH standard. The Council is developing plans to ensure full compliance by 2020. The percentage of housing stock fully compliant with the SQHS has increased to 96%.



Work is ongoing to encourage owners to participate in communal works (such as door entry systems) to help achieve full compliance. The Council is now undertaking a rolling programme of stock condition surveys (including energy assessments) to ensure the data held is accurate and up-to-date, to ensure planned programmes are targeted most appropriately.

## Transport and Roads

Good transport links and good standard of roads whether it is for work, leisure or for the delivery of the goods and services are fundamental to maintaining a dynamic economy and flourishing communities. The vision for the Local Transport Strategy, which aims to support the East Lothian vision is that East Lothian will have well-connected communities with increased use of sustainable transport to access services and amenities. There are two key challenges for our Transport Strategy:

- Reducing the number of single person car journeys – almost half of all journeys to work in East Lothian are conducted in cars containing one person. The drive to improve bus connectivity and travel times is a must if we are to keep East Lothian moving over the next 10 years of house building, as the present road infrastructure cannot sustain the projected increase car usage.
- Improving access to public transport – some areas of East Lothian are well served by public transport; however, people in rural areas and areas to the east of the county find public transport, costly, less frequent and more difficult to access.

### How we did in 2016/17

Supported bus services (non-commercially viable routes that require Council subsidy) have continued to see an increase in users throughout East Lothian since new contracts were set up in May 2015. First Bus, one of the main bus service providers in East Lothian pulled out of East Lothian in 2016. However, its services were taken over by a new provider, East Coast buses, which increased investment in the network, and has secured a 5% to 35% increase in users over various routes. Other operators Prentice and Border Buses (previously Perrymans) have also expanded routes.

The Council has supported a community initiative piloting a community bus project from Humbleton to Haddington which has attracted an average 8 passengers per trip.

The introduction of smart card technology, allowing school pupils to use their Young Scot cards on scheduled buses has seen over 1400 school children utilising this facility for home to school transport – reducing costs to the council and supporting the local bus network. On the back of the success with the school children using smartcard technology two operators – Prentice Coaches and

Eve Coaches – now offer similar products to their commercial passengers with other providers also planning to introduce this facility.

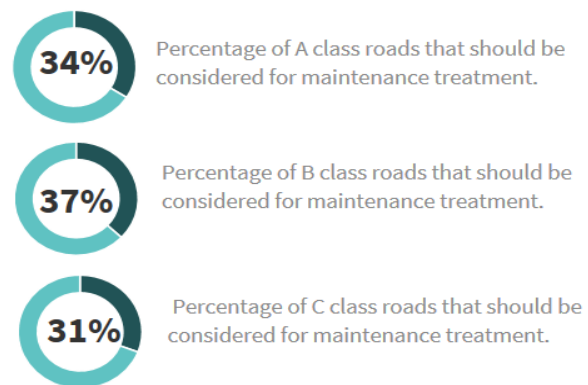
The Bus Forum continues to operate successfully and meets two times a year, bringing together all the bus operators, the Council and users to discuss all aspects of the bus network.

The Council has continued to lobby for improvements to stations, rail services and rolling stock operating from East Lothian and in particular has supported the proposal to re-open a rail stop and station in East Linton.

The maintenance of our 920 kilometres of roads, our pavements and street lighting continues to be a priority for the Council. In 2016/17 the Council invested over £5.5m on road renewal and repairs and the programme of replacing old, inefficient street lighting with new luminaires fitted with LED lighting.



## Maintaining Our Road Network



Improved road safety continues to be a priority for the Council and its partners, including Police Scotland the Fire and Rescue Service. Work related to improving road safety over the last year included:

- approval of the Road Safety Plan
- road safety education – including Junior Road safety officers, 2MOROs Driver event pedestrian, cyclist and motorcyclist safety training
- studies into accidents and the subsequent implementation of appropriate prevention measures to achieve 2020 national casualty targets
- consideration of road construction and maintenance works to improve road safety
- work to secure the convenient and safe movement of vehicular and other traffic, including pedestrians
- the implementation of school streets initiatives, speed reduction and speed calming measures
- piloting 20mph speed restrictions in several areas where there has been local demand and support.

## **Community Services**

One of East Lothian's strengths is the strong sense of community in each of its towns and villages. The services provided by the Council across all of East Lothian help to make our communities balanced and sustainable communities. This section of the report highlights some of the community services and activities that are so important to our communities, including: Customer Services (libraries and Area Offices), Amenity and Leisure Services, and the vital services provided by the Council's Facilities Management Service.

### **Customer Services**

The Council's customer services include area offices, libraries and the Contact Centre. During 2016/17 the service made further progress in integrating library and customer services operating from our joint facilities in Dunbar (Blsachingfield), North Berwick and Tranent (George Johnstone Centre) and developing closer links between the school and the public library services.

Libraries and Area Offices are increasingly used to provide support to customers who need advice and assistance in using digital technology to access Universal credit which has put increasing pressure on some offices and libraries.

## YOU SAID ..... WE DID....

### Changes to Prestonpans Library and Aldhammer House

#### **We asked**

We carried out a consultation to gather views on proposals to move customer services from Aldhammer House to Prestonpans Library.

#### **You said**

The majority of respondents said that they wanted the two services to remain in separate buildings and did not want to see any changes to the Library building. A small majority (54%) said that they would like to see an increase to Library opening hours.

#### **We did**

Based on the feedback, we decided not to relocate customer services from Aldhammer House to Prestonpans Library. However, we did increase the Library's opening hours by 6 hours a week in order to encourage more use by schools. We also decided to make use of vacant office space at Aldhammer House to accommodate Capital Credit Union. The services provided in Council buildings in Prestonpans may be revisited in the future as part of a fuller review of public sector accommodation in Prestonpans.

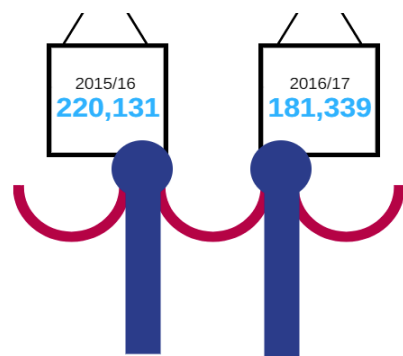
East Lothian Council was part of the National initiative to establish Coding Clubs in libraries supported by staff and volunteers. Coding Clubs now operate in five of our libraries, including Musselburgh, Haddington, and North Berwick. These Coding Clubs along with Lego clubs are equally attractive to girls and boys and will hopefully assist in children gaining and interest and skills in Science, Technology, Engineering and Mathematics (STEM) subjects.

Several Customer Service Assistant Trainee posts in libraries were created in 2016. These part-time posts have mainly been filled by senior school students/school leavers, and their energy and enthusiasm has been invaluable in supporting customers to use digital technology and to assist all our customers in making the most of our library services.

In 2016, changes were made to the Council's Mobile Library Service so that eight of villages to the east and west of the county are provided a Mobile Library by Live Borders Trust and Midlothian Council. East Lothian residents are making good use of this service.

East Lothian Library Service was a finalist for Service Team of the Year 2016 in the Sport, Leisure and Culture category in the APSE Awards held in November 2016.

Libraries and Museums visitor numbers fell in 2016/17 compared to the record high numbers achieved in the previous year.



Number of visits to museums



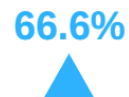
Number of visits to libraries

The Council's Contact Centre provides a key front-line access to all Council services for the public. Ever growing numbers are using the Contact Centre to make requests for a service, report a fault, make a payment for service or merely to seek to speak to a council officer about an issue. Despite the growth in demand for the service and the growing complexity of some of the issues dealt with the Contact Centre managed to maintain and in some cases improve its performance through 2016/17.





Calls to the contact centre answered within 20 seconds up from 44% in 2015/16



As part of the Council’s change programme and to meet changing public expectations about how to access services the Council has started a major procurement exercise to put a new Customer Relationship Management (CRM) system in place to better manage how we deal with customer contacts and to increase the range of on-lone digital services available to the public on the Council’s website and through smart phones.

### Amenity and Leisure Services

2016/ 17 saw the Council’s amenity services deliver a wide range of work and projects in partnership with the county’s six Area Partnerships including new and extended path networks supporting active infrastructure locally. Priorities for the service have included: improving greenspace within our parks and open spaces; supporting a range of local groups and organisations including, various Parks Friends Groups, In Bloom Groups, Community Councils, and Residents’ Associations.

East Lothian’s Countryside Volunteers, working alongside our Countryside Rangers continue to be a model of good practice and have been highlighted as best practice nationally. Involving our local people in managing our special environment here in East Lothian is both important and invaluable in maintaining high quality coastal and countryside sites. The network of path volunteers are making a significant contribution to East Lothian’s path network.

The Sports Development Team continue to support and deliver sporting pathways across the county ensuring that there are systems and processes in place for talented East Lothian performers to achieve their potential. There continues to be an impressive representation from East Lothian in regional and national sporting squads. The range of activities and opportunities to participate in sport and physical activity continues to grow. Active Schools participation levels in East Lothian, which are around

10% higher than the Scottish average, have increased by 30% per cent over the last five years with 160,000 visits recorded during the academic year 2016/17.

## **YOU SAID ..... WE DID....**

### **Lewisvale Park Revamp**

#### **We asked**

Printed questionnaires were distributed during the 'Live from Lewisvale' event during the Riding of the Marches, along with voting sheets proposing three different designs for a new children's play facility. An online survey was also available and promoted via social media. The consultation was run by Musselburgh Area Partnership and nearly 700 people took part.

#### **You said**

64% of respondents said they were not satisfied with the activities available at the park and felt that there was not enough to do. 41% said they would like to see the children's play facilities improved.

#### **We did**

Based on the feedback received Musselburgh Area Partnership agreed to invest £37,000 in a revamp of the children's play park, with the work being carried out by the Council's Amenity Services.

The last few year have seen a big rise in Community Sports Hub (CSH) activity. In 2016/17, 1,215 people within East Lothian put on activity sessions at CSHs compared to 825 in 2013/14, demonstrating the significant impact community volunteers put towards running and organising local sport.

enjoyleisure, the Council's partner in providing leisure and sports services, continues to grow the number of visits to our indoor sports and swimming facilities and have provided enhanced health and fitness classes across the county. The new learn to swim programme is reaching more children more often than before with a significant increase in lessons delivered.

Number of **attendances**  
at **pools** in the year



482,823

Number of **attendances**  
at **indoor sports & leisure**  
**facilities** in the year



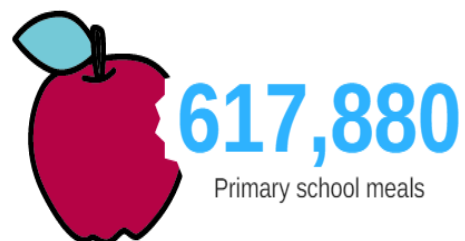
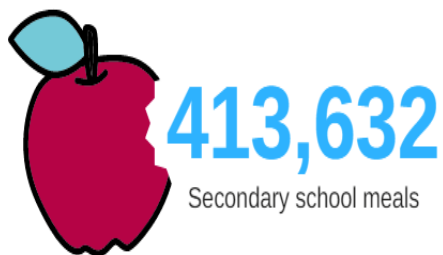
757,409

## Facilities Management

The Council's Facilities Management Service delivers cleaning and janitorial services that keep over 100 public buildings open as well as catering and other services in schools and care homes. The impressive range of services provided across the county includes:

- School meals, cleaning and janitorial services in 35 Primary Schools; school meals in six Secondary Schools; and, cleaning and janitorial services in the new Construction and Technology Academy
- Catering, domestic, laundry and handyman services in three homes for older people – Eskgreen (30 bed unit); Crookston (60 beds); and The Abbey (30 beds)
- Caretaking services in a total of 19 Council buildings
- Cleaning services in 52 buildings including libraries, local offices and museums
- Toilet attendants responsible for servicing all 33 Council public toilets
- A special clean team delivering cleaning services, including house clearances, window cleaning and stair cleaning services for Void housing, homeless and social work housing
- A mailroom, security and printing services across all Council offices.

In the 2016/17 academic year (August 2016 to June 2017) the Council's catering teams served over 1 million school meals, including almost 1/2m free school meals in primary schools.



## YOU SAID ..... WE DID....

### School Lunch Drinks Options

#### **We asked**

We asked parents for their views on a range of lunchtime drink options for primary school pupils

#### **You said**

The survey was shared extensively through Facebook and we received a total of 1,043 responses from parents. Some parents were worried about tooth decay if drinks other than milk or water were served, others were worried that if not enough choice offered children would not drink during the school day, overall: 97% said they would like plain water to be available; 94% said they would like milk to be available; and, 48% said naturally flavoured milk drinks and 58% said fruit juice mixed with water.

#### **We did**

We introduced a second water and milk only day onto the weekly menu. We also introduced a sugar free naturally flavoured milk drink for one day a week to offer some variety and also to encourage children who would not usually drink milk.

## The Environment

The quality of the natural environment is one of East Lothian's greatest assets. The Council is committed to providing a high quality environment, improving the wellbeing and quality of life of our communities and promoting a sustainable lifestyle, and will work with, encourage and support communities to become actively engaged with their local environment. The Council recognises that sustained progress must be made in relation to climate mitigation, in order to meet more ambitious emissions targets likely to be set at a future date. The Council has agreed a strategic framework to take forward the climate change agenda in East Lothian, comprising an overarching Sustainable Energy and Climate Action Plan, underpinned by a Climate Adaptation Strategy; Local Heat and Energy Efficiency Strategy and the Local Transport Strategy.

Alongside the challenges it faces in meeting climate changes and emissions targets the Council is facing two other key challenges in respect of the environment.

- Increasing recycling in order to reduce the use of landfill for waste – the Scottish Government have set two targets that will apply to all waste. By 2025 we have an ambitious target of 70% recycling rate to achieve, which added to a ban on biodegradable waste going to landfill in 2020 and an overall maximum allowance of 5% of waste to landfill will present major challenges for the Council and our communities.
- Improving air quality – whilst air quality targets are being met across the majority of East Lothian, high levels of Nitrogen Dioxide concentration have been recorded at various locations in Musselburgh High Street.

### How we did in 2016/17

#### Recycling

The council's new waste collection service introduced in April 2015, offers every household access to weekly food waste collection, fortnightly glass, cans, plastics, paper and cardboard recycling, fortnightly garden waste collections and fortnightly residual/ non-recyclable waste collection. The new service made an important contribution to increasing East Lothian's recycling rate (the percentage of household waste that is recycled) by almost 10% from 42.7% in 2014/15 to 51.4% in 2015/16. In 2016/17 we have

built on this success and the household waste recycling rate has increased to 52.4%. Public and business use of the Council's recycling centres also continued to increase in 2016/17.

WE INCREASED THE AMOUNT OF  
**Other Waste  
Recycled by  
23%**



The success in introducing the new service and improving recycling rates was recognised in the Council's waste service being awarded the 2017 'Striving for Excellence in Waste and Recycling' award by the Association of Public Service Excellence (APSE).

The Council has signed up to the Scottish Household Waste Charter which provides support to ensure we reach 70% recycling. This will involve a revision to our current strategy and will seek to enhance kerbside recycling frequency and simplify the service, while maximising income from recycling material to help offset the additional collection costs. The objective is to design and gain approval of these changes for implementation in 2020.

### **Air Quality**

An Air Quality Management Area (AQMA) was declared in Musselburgh High Street in November 2013, with the 2016 progress report and monitoring results from 2015 indicating that all air quality objectives were complied with. However, the 2017 report confirmed that during 2016 acceptable levels of Nitrogen Dioxide were exceeded at two locations in Musselburgh High Street.

The Council published the Musselburgh Air Quality Action Plan in February 2017 to outline the measures to be taken to ensure compliance with the objectives. The Plan outlines 13 measures to be implemented to improve air quality within the AQMA and throughout the county in general, with early progress in several areas including: extensive involvement of commercial fleet operators in the Eco Stars Fleet Recognition Scheme which aims to reducing fuel consumption and emissions; examination of

improvements in the Urban Traffic Control system in Musselburgh; and working through the East Central Scotland Vehicle Emissions Partnership to raise awareness of vehicle emissions and impacts upon air quality among the general public. In early 2017, the Partnership was the first in Scotland to use NASA technology to monitor vehicle emissions, undertaking a pilot scheme using state of the art remote Emissions Detecting and Reporting (EDAR) technology.

## **Regulatory Services**

The Council provides several important 'regulatory services' which enforce legislation or provide approval or permissions required under the law including Environmental Health and Protection, Trading Standards, Planning and Building Standards. These services are mainly reactive, responding to the demand arising from growing business activity and pressure for new housing developments.

### **Environmental Health and Protection**

The pressures on the Environmental Health Service increase year on year with changes in legislation, increasing population and demand on the service having to be managed on a priority/ risk basis. The service is continuously being reviewed in order to target priority areas of work, delivering aspects of the service differently, reducing or removing aspects of the service, whilst continuing to work as effectively as possible to protect public health.

A Service Review, concluded in February 2017 resulted in the amalgamation of the formerly distinct Food & Safety and Environmental Protection teams. This has enhanced the ability to provide greater capacity and resilience in all Environmental Health activities. A workforce time monitoring exercise was undertaken to establish where more efficient use of time can be achieved and thereafter reinvested into the higher risk activities of the Service.

The average time for inspections has reduced, whilst maintaining or increasing the amount of time within the food business, engaging with the operator and/or staff. In 2015-16, it was calculated that on average, high risk inspections were requiring 5.75 hours, with Category C inspections taking an average of 11 hours. This has been reduced to 4 hours for high risk inspections and 3.5 hours for Category C inspections.

A significant amount of time is expended by the service in dealing with the reactive nature of dealing with public health and environmental protection complaints. In 2016/17 a total of 1075 complaints, covering housing conditions, noise, pests and other nuisance were received. A new Complaints Handling System was devised, piloted and implemented in 2016 to ensure all complaints are suitably logged, responded to and closed, with the complainant kept informed of progress and outcomes. Together with ensuring efficiency of service, it was key to maximise interaction and liaison with the complainant in order to manage expectations of service and the protracted time periods that many complaints can require to full resolution, particularly where enforcement action is necessary.

Another major development of the service was the launch of the My East Lothian App in early 2017. The app allows members of the public to use their mobile phones to notify the Council of problems such as food safety concerns, fly tipping and noise nuisance. With an initial target of 300 users within 3 months, the app reached 350 registered users within 4 weeks.

## Trading Standards

During 2016/17 the Trading Standards service became a Shared Service with Midlothian Council whereby a single Manager manages the services provided across both Councils.

In 2016/17 the Trading Standards service received over 400 official contacts from the public, businesses and other authorities. Resolution times were affected by staff shortages. However, 100% of all enquiries to the service were responded to on the same day and 78.5% of complaints received and advice to businesses requests, were resolved or completed within 14 days of receipt.



70%

Percentage of Trading Standards **consumer complaints** responded to within **14 days**



84%

Percentage of Trading Standards **business advice** requests responded to within **14 days**



A key priority for the service is to deal with complaints about rogue traders. The service liaises closely with local police and participated in Operation Monarda, the national joint annual exercise aimed at tackling rogue traders.. The Trusted Trader Scheme continued to show success, with over 50 businesses registered. Also, during 2016/17 tobacco control enforcement was increased and test purchasing undertaken for the first time in two years found that none of the seven premises visited sold cigarettes to the under 18 volunteer.

## Planning

The main priority for the Council's Planning service in 2016/17 was completion of the proposed Local Development Plan (LDP). A vast amount of work was put into preparing all the documentation associated with the LDP, consulting with all interested community groups, developer interests and the general public before presenting the Council's response. The Proposed LDP and accompanying responses (Schedule 4) to representations were approved by Council and submitted to Scottish Ministers for examination in March 2017.

Alongside preparing the LDP the service has dealt with a growing number of planning applications. Over 1,000 planning applications determined. The approval rate was 96.7%, with 94% of decisions taken under delegated powers rather than by planning committee, reflecting a high rate of pre-application discussions and successful negotiation with developers over design and technical matters. The average timescale for major application determinations, 32.6 weeks compares well with the national average of 37 weeks. Significant approvals for housing to meet need and demand were made. The Housing Land Audit shows that 584 homes were completed by developers, the highest since 2008. 195 of these were affordable houses.

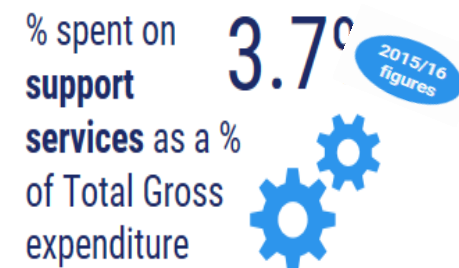
Planning fee income in 2016/17 was some £250,000 higher than budgeted, reflecting the increase in planning applications.

The increase in new developments in East Lothian reflected by the increase in planning applications has meant increased demand for the Building Warrants. The Council issued over 900 Building Warrants in 2016/17. In order to deal with the increased demand and to provide a more streamlined and efficient service the Council introduced e-Building Standards in conjunction with e-Planning, allowing clients to process Building Warrant / Planning applications fully on-line.

## Growing our Capacity – to deliver excellent services as efficiently and effectively as possible

Given the diminishing resources and financial pressures faced by the Council along with the growing demand for services and additional burdens arising from legislation and Scottish Government policies, the Council needs to maintain its focus on delivering services as efficiently and effectively as possible and ensure it provides value for money. A key part of this process is ensuring that the Council has effective and challenging scrutiny and performance monitoring arrangements in place to provide the evidence to support the drive to continuous improvement.

The Council's 'backroom' or central support services are in the frontline of the drive to provide efficient and effective services. The support services include the Revenues, Benefits and Financial Assessments, Information Technology, Human Resource and Payroll, Legal and Procurement, Licensing, Administration and Democratic Services, Strategic Assets and Capital Programme Management, Communications, Policy and Performance and Customer Feedback services and teams. The Council makes every effort to keep the cost of its support services as low as possible. The latest benchmarking data available, the 2015/16 Local Government Benchmarking Framework, showed that East Lothian had one of the lowest levels of expenditure on support services amongst Scottish local authorities.



### How we did in 2016/17

**Council Tax and Business Rates collection** – the Council collected 96.79% of Council Tax and Water and Sewerage due in 2016/17, which was a slight increase on the 96.64% achieved in the previous year. The Council collected 97.83% of Business Rates due in 2016/17 which was slightly less than the 2015/16 collection rate of 98.98%.



Council Tax in-year collection - increased from 96.6% in 2015/16 to

  
**97.5%**



**Rent collection** – East Lothian was the first area in Scotland to be moved by the Department of Work and Pensions to the Universal Credit Full Digital Service. As well as new claims for the six in-work benefits that have been rolled up into Universal Credit being in scope, certain changes in circumstances for those already in receipt of DWP benefit could also trigger a move to Universal Credit. As expected, there has been a rapid increase in claims, across all areas of East Lothian through 2016/17.

Over recent years the Council has made progress in improving rent recovery and reducing the level of rent arrears, through a combination of additional rents staff resources and reviewing procedures. Gross rent arrears as a percentage of rent due for the reporting year increased from 8.6% in 2015/16 to 9.4% in 2016/17. However, unfortunately these improvements were outstripped in 2016/17 by the increase in rent arrears arising from Universal Credit, and total rent arrears increased to £1,676,047.


**Benefits** – The Council’s Benefits and Financial Assessment Service has been at the forefront of dealing with, and mitigating the impact of the UK Government’s welfare reforms, including the introduction of Full Service Universal Credit. This has involved:

- Delivery of the Scottish Welfare Fund paying Community Care Grants and Crisis Grants
- Distribution of more than £500,000 in Discretionary Housing Payment to mitigate the impact of Housing Benefits under occupancy
- Collaboration between the Welfare Reform Task Group (Council and DWP group to oversee the actions to mitigate the impact of welfare reform) and the Welfare Reform Reference Group (a wider group of partners and third sector groups)
- Partnership working between the Council and Job Centre Plus/ DWP to support vulnerable people who are affected by the rollout of Universal Credit across East Lothian

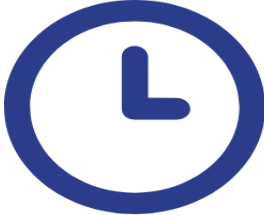
- Supporting the implementation of the Digital Inclusion Action Plan to improve access to digital services for people who may be otherwise excluded (e.g. provision of broadband and access to computers in community centres and libraries)
- Continued funding of the Haddington and Musselburgh Citizens Advice Bureaux through a new contract to provide welfare and money advice services.

The additional work involved in liaising with the DWP over the Housing costs related element of Universal Credit (formerly Housing Benefits) and the need for Universal Credit claimants to submit separate claims for Council Tax Credit has been a contributor towards increases in the time taken to process changes or new claims for Housing Benefit and Council Tax Credit, although the time taken to process changes in circumstances fell.

Time taken to process new claims for **housing benefit** and **council tax rebate**



**32.5 Days**



Time taken to process change of circumstances in Housing Benefits and Council Tax rebate - fell from 3.5 days in 2015/16

**2.6 days**

**Information Technology** – the Council’s IT service achieved the highest score recorded in the UK wide SOCITM Customer Satisfaction Benchmarking in 2016. Further SOCITM benchmarking among Scottish Local Authorities showed that East Lothian has the lowest spend on IT per head of population of any Scottish local authority. The programme to modernise the Council’s core IT Infrastructure continued with key projects, including replacement of the Windows XP and Windows Server 2003 operating systems and the wider deployment of technology to support of new ways of working that allow staff to work effectively whether in the office, remotely or from home took place. The Connected Learning Network (CLN) which allows staff and students to use their own devices in school was rolled out at a faster pace than anticipated to a further nine Primary Schools; which leaves only 14 to be completed in 2017/18.

**Managing staff absence** – after several years when staff absence fell the Council experienced a significant increase in staff absence in 2014/15. Reducing staff absence a key focus of the work of Human Resource advisers and managers in 2015/16 and

this contributed to a reduction in days lost per full time employee from 10.3 days absence per full-time equivalent (FTE) in 2014/15 down to 9.7% in 2015/16. This figure is still too high and the focused work continued through in 2016/17. The Council revised its Sickness Absence policy and the new policy was introduced in January 2017. However, despite this sustained activity, the absence level increased marginally from 9.7 days absence per FTE in 2015/16 to 9.8 in 2016/17. Every effort continues to be made to improve the Council's staff absence figures.

**Strategic Assets and Capital Programme Management** – a number of key drivers have informed the Council's asset management activity during 2016/17, including work to support the development of the proposed Local Development Plan. This involved carrying out a detailed assessment of the impact of the addition of over 10,000 houses on all categories of assets (mainly transport, education / community, open space and recreation) and identifying the level of developer contributions required to enable this development. The work has identified that significant investment of around £130M will be required over the period of the Plan to provide the new and expanded schools and community infrastructure required to support this level of development.

Agreement was reached with Police Scotland in early 2017 on a proposal to create a Collaborative Hub within John Muir House, providing space for community and operational Police currently based in Haddington Police Station and Council staff to work together.

As part of the Council's development of new ways of working to reduce office footprint and increase efficiency the Planning Strategy and Planning Development teams were co-located in one area, providing flexible workspace with informal and formal meeting areas within a reduced footprint. Dependent on funding allocation and its business case, this successful pilot will be rolled out to other areas as part of a wider review of our office estate with the aim of improving utilisation, improving service delivery and enabling collaborative working.

The Council's property portfolio of non-operational assets continued to perform well in 2016/17, generating income of over £2.3M in the year to July 2016, and an occupancy rate of c.92%, an increase of c.5% over the previous year.

## Customer Feedback

Customer feedback in the form of complaints and compliments is one of the ways in which the Council monitors how it is performing in the eyes of the people that matter most – the users of Council services.

The Council complies with the model Complaints Handling Procedure (CHP) for local authorities introduced by the Scottish Public Services Ombudsman (SPSO).

- **Stage 1 (Frontline Resolution)** – Complaint dealt with at point of service within 5 working days
- **Stage 2 (Investigation)** – Complaint investigated; acknowledged within 3 working days and response provided within 20 working days

If complainants remain dissatisfied after completing this process then they have a legal right of appeal to the SPSO.

In 2016/17, the Council received 873 complaints, a decrease of almost over 7% from the 940 complaints received in the previous year. Just over 70% (619) of these complaints were dealt with at Stage 1 and the remainder (254) were taken to a Stage 2 investigation.

Of the Stage 1 complaints, 231 (37%) were not upheld, 200 (32%) were upheld, 166 (27%) were partially upheld and 22 (4%) moved to Stage 2; meaning they could not be resolved at frontline. Exactly half of the 254 Stage 2 complaints were not upheld, 90 (35%) were partially upheld and only 37 (15%) were upheld in full.

The service areas with the highest number of complaints over the year were: Property Maintenance; Community Housing; Waste Services; and, Transportation. Property Maintenance complaints ranged from missed appointments to waiting for parts. The main reasons for Community Housing complaints included waiting times for Council Housing, and appointment times and updates for repairs. Whilst Waste Services had a high volume of Stage 1 complaints the number is very small in relation to the 130,000 customer service visits per week. Most complaints related to bins not being uplifted or awaiting delivery of new bins longer than expected. There were no clear trends behind Transportation complaints.

During 2016/17 the Council received 228 compliments and 80 comments, which was a decrease compared with the 308 compliments and 105 comments received in 2015/16. The service areas that received the highest number of compliments were: Adult Wellbeing; Customer Services; Property Maintenance; and, Waste Services.

## Self-Evaluation

Self-evaluation is a crucial part of the Council's continuous improvement process, ensuring that the Council as a whole and its services are self-aware of both strengths and weaknesses and can take action to ensure further improvement.

All council services undertake a self-evaluation using a How Good is Our Council framework based on the European Quality Foundation Model. The results of these self-evaluation exercises are reflected as improvement actions in service plans and the Council Improvement Plan.

In addition, the Council has adopted a Code of Corporate Good Governance based on the six principles of good governance and the self-evaluation model outlined in the CIPFA/ SOLACE *Guidance on Delivering Good Governance in Local Government*, and undertakes an annual self-evaluation against framework. The self-evaluation carried out in April 2017 concluded that the Council continues to have good governance and control arrangements in place across the six corporate good practice principles but identified several areas for further development and improvement to build on existing good practice and improvement action already being implemented. The improvement actions included:

- Adopt a 2017-2022 Council Plan
- Prepare and adopt a Workforce Plan, incorporating a Workforce Development Plan
- Develop a regulatory services charter covering all services that provide regulatory services to business
- Review elected members' development needs and provide an ongoing training and development programme
- Review the Council's key performance indicators and targets
- Further develop staff communications and engagement, building on positive programmes such as the One Council Workshops.

## External Scrutiny

In 2016/17 the Council undertook two external assessments to support its drive towards excellence through continuous improvement.

The Investor in People assessment undertaken in March 2017 confirmed the Council as an 'Established Investor in People organisation'. This means that the Council has achieved the Silver level award (the previous assessment undertaken in 2015 gave the Council a Bronze award) demonstrating that good practice is not only developed but is established as a normal way of working in the Council.

The Council also submitted itself to a Quality Scotland assessment process which resulted in being awarded a Committed to Excellence award (April 2017). This is the second level of recognition offered by the European Foundation for Quality Management (EFQM). The award assesses how the Council evaluates its performance and makes improvements in a structured and continuous basis.

Both the IIP and Quality Scotland assessments provided recommended improvement actions, including:

- Reviewing and promoting the Council Values
- Developing a workforce plan and workforce development plan including issues such as succession planning, rewards and recognition, management development and leadership development
- Reviewing then Council's key performance indicators and targets
- Developing staff communications and engagement, building on positive programmes such as the One Council Workshops.

These improvement actions were reflected in the Corporate Governance Self-evaluation and Council Improvement Plan and are being implemented through 2017/18.

The Council also receives assessments and reports from its external auditors, Audit Scotland. The external auditors' audit of the Council's 2016/17 accounts provided a high level of re-assurance to the Council that its financial management, control mechanisms, governance and scrutiny arrangements are effective. The auditors provided the Council with unqualified audit opinions covering the financial statements, management commentary, remuneration report and the annual governance statement.



### Elected Member Scrutiny

East Lothian Council has two committees that perform the ‘scrutiny’ function: the Audit and Governance Committee and the Policy and Performance Review Committee. A third scrutiny committee was added in 2015/16 – the Police, Fire and Rescue and Community Safety Scrutiny Committee which focusses on scrutinising the performance of the Police and Fire & Rescue services in East Lothian.

Scrutiny involves examining and monitoring the activity of the Council with the aim of improving the quality of services. Scrutiny ensures that executives are held accountable for their decisions, that their decision-making process is clear and accessible to the public and that there are opportunities for the public and their representatives to influence and improve public policy.

Each Committee receives regular monitoring reports that highlight issues that might need further scrutiny. The Audit & Governance Committee received around 20 internal audit reports that show the results of investigations conducted by the Council’s auditors. The Policy & Performance Review Committee received regular performance reports that demonstrate the extent to which the Council is achieving its goals.

The following table summarises some of the issues that the Audit & Governance Committee and Policy & Performance Review Committee have reviewed during 2016/17.

<b>Audit &amp; Governance Committee</b>	<b>Policy &amp; Performance Review Committee</b>
Corporate Governance Self-evaluation Corporate Risk Register Six Service Risk Registers Annual Treasury Management Review Draft and Final Annual Accounts External Auditors’ Audit Report, Strategy Review and Plan Council Improvement Plan Monitoring Report	Quarterly Performance Indicator Reports Draft 2015/16 Annual Performance Report 2015/16 Local Government Benchmarking Framework Annual reports on Social Work Complaints, Customer Complaints, and, Public Protection Update reports on East Lothian Works fly tipping, delayed discharges, Transformation Programme, Universal Credit, and Coastal Car Parking Charges A legacy report

## Council Finances

The following table provides a summary of the Council's 2016/17 budget showing both where the Council's money comes from and where it goes (source 2016/17 Statement of Accounts)

### Where the money comes from

	£m
Council Tax	43,937
Non domestic rates	24,370
Non ring-fenced government grants	144,370
Capital grants and contributions	15,721
<b>Total</b>	<b>228,403</b>

### Where the money goes:

Net expenditure by service:	2015/16 £,000s	2016/17 £,000s
Resource & People Directorate	107,335	107,463
Health & Social Care Partnership	69,283	59,276
Partnership & Communities Directorate	58,716	55,860
Corporate & Central Services	743	1,064
Housing Revenue Account	(133)	9,533
<b>Total cost of services</b>	<b>£235,944</b>	<b>£233,196</b>
(Gains) / Losses on the disposal of non-current assets	(£547)	(£3,460)
Financing and investment income and expenditure (e.g. interest payable)	21,562	20,012
Taxation and non-specific grant income	(236,907)	(228,403)
<b>(Surplus)/ Deficit on the provision of services</b>	<b>£20,052</b>	<b>£21,345</b>

## Financial Performance for 2016/17

Despite the continuing challenging operating environment, the Council delivered better than anticipated financial results for 2016/17. Stringent and thorough monitoring and management of expenditure by budget holders and increased income in areas such as Planning application meant that the Council delivered an operational underspend against approved budget of £1,017 million in General Services and £1,985 million in the Housing Revenue Account. However, this still meant that the Council had to use a total of £4,873 million (£2.640 million for General Services and £2.233 million for the Housing Revenue Account) to balance the books; although this was £3 million lower than anticipated

The council operates three Trading Operations (Roads, Property Maintenance and Facility Services) which all delivered an in-year surplus in 2016/17 and met their statutory requirement to deliver a break even position over a rolling three year period.

In accordance with the financial strategy, continued tight control over capital spending allowed the council to restrict the burden of debt charges whilst maintaining a significant level of investment in infrastructure and new development totalling £41.292 million (£18,149 million relating to General Services and £23,343 million in the Housing Revenue Account). Several capital projects were underspent in this year but the capital allocation has been rolled over into the following year.

## Financial Outlook and Strategy

The Council's financial strategy forms the basis of the Council's stewardship over the taxpayer's funds. It covers a 3-year period and is updated and approved each year by the Council, with the most recent strategy covering the period 2017/18 to 2019/20 approved by Council on 21<sup>st</sup> February 2017. The strategy aims to reduce any future reliance on reserves, and takes into consideration forecasts around the financial environment which the Council is likely to be operating within over the medium to longer term. The approved financial strategy focuses on:

- Delivering an enhanced Change Programme that will achieve significant efficiency savings across all areas and inputs such as staffing and supplies
- Constraining cost growth through a preventative approach and effective management
- Generating additional income and ensuring that, where the Council has decided to charge, there is full cost recovery

- Progressing partnership working where there are proven efficiency or service gains
- Continuing to manage the General Services Loans Fund balance ensuring affordability across the three years of the strategy, and sustainability in the longer term.

Despite the positive results for 2016/17, the Council, in common with other public bodies, continues to face significant financial challenges with further reductions in public sector funding levels expected to continue for some years. In the medium term it is clear that the Council faces some very difficult financial decisions as a result of the following:

- Real terms reductions in the income it will receive from Scottish Government, given its programme of priorities with investment in Health Services and other public services means that enhanced investment in Local Government services remains unlikely
- Meeting our obligations from new legislation and statutory arrangements
- Uncertainty relating to the potential impacts of the UK's departure from the EU
- Responding to the challenges arising from UK benefit reforms, in particular the introduction of full service Universal Credit
- Increasing population and other demographic changes e.g. increased numbers of young and old, early years care/ school rolls/ elderly care
- Pay awards above the previously anticipated 1% cap
- General price/ inflationary pressures.

In order to prepare robust financial plans for the medium to longer term (five-years) the Council has modelled scenarios based on the current approved three-year budget taking into account key variables (Revenue Support Grant - the c.70% of Council income received from the Scottish Government - Pay and non-pay inflation on three levels of optimism. The three scenarios for the next five years (2018 – 2023) suggest that the level of additional savings on top of the existing planned efficiencies (almost £7m could range from £12.4m to £39m.

All of the scenarios indicate a clear requirement that the Council will need to make large cost savings unless there is a significant improvement in the level of funding provided to Local Government through the next financial settlement and beyond.

## The 2017-2022 Council Plan

The Council adopted a new Council Plan for 2017-2022 in June 2017, immediately following the May 2017 Council elections. The new Plan continues the journey towards realising the East Lothian vision by building on the ambition and achievements of the previous Council Plan, taking account of the challenges and new opportunities faced by the Council. It also takes on board the commitments made by the Council Administration and many of the commitments made by the opposition parties in their 2017 election manifestos.

The Plan outlines the strategy the Council will follow and details the objectives and strategic goals it has set itself over the next five years to strive to meet the vision of an even more prosperous, safe and sustainable East Lothian with dynamic and thriving economy that will allow our people and communities to flourish.

The themes set out in the 2012-2017 Council Plan remain relevant and will continue to be the themes and objectives of Council Plan 2017-2022:

- Growing our Economy
- Growing our People
- Growing our Communities
- Growing our Capacity

The overarching objective is to *'reduce inequalities within and across our communities'*.

The Plan sets out strategic goals which will make the biggest impact in delivering these key themes and objectives.

- Reduce unemployment and improve the employability of East Lothian's workforce.
- Reduce the attainment gap and raise the attainment and achievement of our children and young people.
- Improve the life chances of the most vulnerable people in our society.

- Extend community engagement and decision making and increase community and individual resilience.
- Deliver transformational change and harness the opportunities technology offers in the provision of services.

Despite difficult financial circumstances faced by the Council, all the commitments made in the 2012-2017 Plan have either been achieved or are at advanced stages of being achieved. More still needs to be done in order to continue the drive towards achieving our vision. The Plan reflects the need to target resources to reduce the impact of poverty and deprivation; to invest in, or re-direct resources to, new priorities through a preventative model of service delivery; investing in prevention and early intervention to avoid more costly crisis intervention. Crucially, the Council will prioritise measures that contribute to inclusive and sustainable growth that reduces inequality and helps to break the cycle of poverty.

The Council Plan, which is both ambitious and aspirational is set within the context of the continuing financial, demographic and policy challenges faced by the Council and the county. It aims to maximise the benefits from the opportunities presented by the positive platform created by previous Council Plans and more recent developments such as the City Region Deal.

It is based on the understanding that East Lothian Council cannot address the diverse needs of our population on its own. Therefore it is aligned to the new East Lothian Plan that was adopted by the East Lothian Partnership in September 2017. At the heart of the Plan is the concept that the Council and the people and communities of East Lothian can best deliver these solutions in partnership – ‘working together for a better East Lothian’. Therefore, over the next five year, the lifetime of this Plan, the Council will increasingly become:

- an enabling and empowering authority that works with its citizens and communities, the business and third sectors and other public sector partners to deliver the solutions that work best for East Lothian.
- a more entrepreneurial authority, developing new ways of ensuring services are provided in the most effective and efficient way possible;
- a ‘digital’ authority, fully embracing and exploiting opportunities to use technology to deliver services.

## To contact us, or tell us what you think

We always want to hear what the people of East Lothian think about our services. Was this report easy to read? Did it inform you about Council services? Did it allow you to judge out performance? How could we improve the report next year?

If you want to give us feedback on this report or would simply like further information or to make a comment about the Council, email the Policy & Performance Team at:  
**[policy@eastlothian.gov.uk](mailto:policy@eastlothian.gov.uk)**

Versions of this publication are available on request on audiotape, in Braille or in your own language.

Tel: 01620 827199





**REPORT TO:** East Lothian Council  
**MEETING DATE:** 31 October 2017  
**BY:** Depute Chief Executive (Resources & People Services)  
**SUBJECT:** Financial Prospects – 2018/19 and Beyond

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**5**

## **1 PURPOSE**

- 1.1 To provide the Council with an update on the financial outlook for 2018/19 and beyond, setting out forecasts of the Council's anticipated cost pressures and changes to funding over the medium term, and to set out proposed changes to the budget planning framework for 2018 to 2023.

## **2 RECOMMENDATIONS**

2.1 Members are recommended to:

- note the content of the report including the financial prospects for 2018/19 through until 2022/23;
- agree that advance work on budget development for 2018/19 onwards commences in accordance with the potential scenarios outlined within this report; and
- approve the new budget development process set out in paragraph 3.11 of this report.

## **3 BACKGROUND**

### **2017-2020 Current Budget**

- 3.1 At its meeting of 21 February 2017, the Council approved a General Services budget for 2017/18 and an outline budget for two subsequent years. In addition, the Council meeting on 27 June 2017 approved a number of additional budget adjustments for 2017/18.

3.2 The budget approved from 2017/18 to 2019/20 was balanced in each year, however included a number of key assumptions as to income and expenditure commitments, as well as the delivery of a range of efficiencies. The ability for the Council to deliver its commitments and associated outcomes within available resources is predicated on ensuring that these assumptions remain accurate and should any of these assumptions change then appropriate remedial action is put in place. A summary of key variables that were reflected within the approved budget over the next 3 years is set out below;

- **Revenue Support Grant**

- Assumed 'flat cash' across the 3 year horizon with the exception of one adjustment relating to potential reduction in historic Loan Charge Support. This includes the assumption that the additional £130 million funding which was reflected within the overall 2017/18 Local Government Settlement to secure the Parliamentary Budget process is baselined. At the moment, we currently have a one year confirmed LG Finance Settlement for 2017/18, with the assumed level of Scottish Government general Revenue Support Grant (RSG) £166.108 million.
- The general RSG funding provided from the Scottish Government currently makes up over 71% of the Council's overall funding. Given the significance of the grant funding, any variance to the current assumptions can have a significant financial implication to overall resources and forward plans.

- **Other Scottish Government Funding**

- The Council also receives Scottish Government funding for a growing number of specific purposes including: Social Care Fund, Pupil Equity Fund, Criminal Justice Funding as well as additional funding provided to support the delivery of Early Learning and Childcare – 1140 hours expansion.
- Over the past few years, there has been an increasing trend for an increased level of national policy commitments being funded by grant which can only be used for these specific purposes at the same time as we are facing reductions in the core grant for the provision of other services. The earmarking of these resources, reduces the scope for flexibility in how the Council allocates resources in a way which best meets shared outcomes. The current budget assumes that the current levels of specific grant funding will continue across the 3 year budget.

- **Council Tax Income / Yield**

- Following years of relative stability as a result of the nationally imposed Council Tax Freeze, the Council Tax income within the 3 year approved budget includes: anticipated income relating to the change in Council Tax multipliers introduced in 2017/18,

increased yield from additional properties anticipated to be built in the next 3 years, and an assumed annual Council Tax increase of 3%.

- **Use of Reserves**

- The Council plans to make use of reserves amounting to £4.670m across the next 2 years, with no reserves applied in year 3 in line with the requirements of the Financial Strategy to deliver a sustainable budget.
- The 2016/17 audited accounts reports a total General Fund Reserves balance of just over £20.5 million. Most of these reserves have already been earmarked to support a wide range of future commitments. As a consequence, there is minimal flexibility to manage financial pressures through reliance on reserves. The importance of the financial strategy to steer an appropriate course of actions and ensure the deliverability of a recurring and stable cost base has never been higher.

- **Pay / Pensions**

- The approved budget assumed a pay award of 1% for all staff which is largely in line with public sector pay policy. From April 2017, the annual pay award has now been agreed for most staff groups (excluding Teachers). The actual award is overall higher than the budgeted 1%, with the average anticipated to be just under 1.3%. Whilst the pay award has been approved for 2017/18 only, the additional costs will create a recurring pressure throughout the current budget model.
- As highlighted above, we are already facing additional pressure on the approved budget arising from the approved pay award from April 2017. The teachers' pay negotiations remain ongoing; however, assuming that teachers pay settles in line with other staff groups, it is likely that there will be an additional £0.4 million recurring pressure on the baseline budget across the next 3 years.
- In addition, the Scottish Government has set out within its Programme for Government the removal of the public sector pay cap, which is currently sitting at 1%. This will inevitably place increased pressure on wider public sector pay claims. Even if pay awards are contained within 2017/18 levels for 2018/19 and 2019/20, this will place an increased recurring pressure on the wider Council budget.
- Any increase in pay will also increase the totality of employers pension & NI contributions. We currently have in place a stability mechanism agreement with Lothian Pension Fund which provides a degree of certainty around current employers pension contribution rates. This stability mechanism will be updated in

line with the next triennial valuation, the outcome of which will be effective from April 2018. An expected 0.5% increase in contribution rates from April 2018 and April 2019 has already been reflected within the annual budget, however there is a risk that this may increase. Latest indications also suggest that there may be an increase to employers contributions rates required to support the Teachers' Pension Scheme, resulting from the outcome of recent actuarial valuations. It is likely that any new rates would be effective from April 2019. No increase to teachers' pension contribution rates are reflected within the existing budget.

- **Inflation**

- Following an extended period of low inflation, no inflationary adjustment has been made to individual service budgets, however some limited adjustments are made to reflect inflationary increases relating to certain exceptional contractual commitments including PPP. Already we are starting to see some inflationary pressures affecting the procurement of supplies & services.
- UK inflation rate is currently at its highest rate in recent years, and is currently standing at 3%. Experts are currently forecasting that inflation will range between 2% and 3% in 2018/19 reducing marginally over the following few years.

- **Demand Growth**

- There are relatively few areas where demand growth has been built into service budgets although the current budget includes an anticipated increased in pupil school roll over the next 3 years in line with significant planning projections.
- The Council is currently experiencing a rapidly expanding population with the delivery of an additional 10,000 new homes by 2024 (equating to around a 20% growth) and with this is forecast a significant growth in particular in the number of school-age children and the number of pensioners. This will create both opportunities for the Council but also will provide significant financial challenges in terms of the provision of services to meet these growing demographic changes such as; the number of school children, care packages, waste collection etc. and ensure that the Council has the appropriate infrastructure to support these growing demands.

- **Capital commitments including future LDP / City Deal**

- The Council already has an increased General Services Capital Programme which has been designed to support the infrastructure requirements across the Council area.

- Whilst the majority of these costs are likely to fall outwith the current 3-year approved budget, the financial implications of supporting both any future adopted LDP and emerging City Deal commitments are significant and the Council budgets will need to be updated to reflect the related capital and revenue implications.

- **Transformational Change / Efficiency Programme**

- A key requirement to of the current budget is the delivery of the planned programme of efficiencies. The Council has already made significant progress in delivering previous year's recurring efficiencies, and an enhanced transformational change programme is now underway that will support the delivery of new efficiencies. This will not only secure the financial efficiencies which are needed within the approved budget, but will also ensure that the Council is better equipped to deliver further savings and including ensure that our IT platforms remain flexible and fit for purpose
- The current 3-year budget assumes the delivery of an additional £9 million of efficiencies from 2017 to 2020.
  - £4.8 million service efficiencies;
  - £2.4 million enhanced programme of transformational change;
  - £1.85 million staffing / enhanced vacancy management.
- Whilst substantial progress has been made, the delivery of an additional £9 million of new savings over the next few years does not come without significant challenges. Any delays regarding the implementation of these recurring savings will create further problems, and ensuring that the Council has resilient plans in place to minimise any potential delays, or accelerate any new efficiency programmes remains critical.

**General Services Budget – Prospects/Potential Implications**

- 3.3 Whilst many of these assumptions still remain appropriate, the implications of any movement in any of these key variables poses a very significant risk to balancing our budgets and therefore to maintaining service provision at existing levels.
- 3.4 The overall economic position for the public sector and local government is likely to remain challenging for the foreseeable future with independent commentators from a wide range of sources including: Fraser of Allander Institute, Government Expenditure and Revenue Scotland (GERS), Office of Budget Responsibility (OBR) and the Improvement Service (IS); suggesting that the current period of austerity is likely to remain in the medium term. Further uncertainty has been created relating to the potential impacts upon the economy and public spending of the UK's

departure from the EU. Furthermore, we know that as part of the Government's programme of priorities, that continued investment in health and other public service portfolios means that enhanced investment in local government services remains unlikely.

- 3.5 The Scotland Act (2016) adds another layer of complexity and uncertainty to future public sector funding projections, where a number of taxes including Income Tax have been devolved to Scotland. The devolution of these taxes will impact on the Barnett Formula and Block Grant which Scotland receives from the UK Government. As a consequence, the future sustainability of public sector funding and Scottish Government expenditure will be increasingly dependent upon the performance of the Scottish economy.
- 3.6 Given the challenging economic situation, it remains highly likely that the Council will expect further reductions in funding over the next few years, and there will be a requirement to deliver significant budget reductions going forward to ensure that services can be delivered within available resources. It is therefore essential that the Council's Financial Strategy provides a practical framework within which policy choices can be identified, debated and approved. This will require some difficult choices to be made around how resources are prioritised to best deliver local services.

### **Funding Gap**

- 3.7 Despite the many uncertainties facing Scottish local authorities, in particular those arising from reduction in Government funding, the need for medium to longer term financial planning is becoming increasingly important. Councils must ensure that they have robust financial plans in place to mitigate any potential impact arising from a wide range of variables highlighted earlier in this report. This need for medium to longer term financial planning is promoted by Audit Scotland both nationally and locally to help ensure longer term financial sustainability in the delivery of public services.
- 3.8 Scenario based financial modelling has been carried out across a 5-year planning horizon. Further details are provided within **Appendix 1** but in summary the modelling work has been carried using a relatively limited set of key variables (RSG, Pay and Non-pay Inflation) on three levels of optimism. In reality the budget model includes a wide range of different variables all of which may ultimately impact on any future funding gap.
- 3.9 These scenarios have currently been modelled against the existing approved 3-year approved budget, and therefore any funding is over and above existing planned efficiencies as illustrated in the summary table set out in paragraph 3.10. A summary of these scenarios are set out in Section 3.10 with the basis behind each scenario set out below.

- Scenario 1
  - RSG remains in line with current 3-year approved budget, and remains static in cash terms from 2019/20 onwards
  - Pay assumes recurring impact of 2017/18 pay award, and a 1% claim in 2018/19 to 2022/23
  - Non Pay / Inflation – assumes an increase of 2% in 2018/19 and a 0.1% reduction each year until 2022/23 to 1.6%
- Scenario 2
  - RSG decrease by 1% each year until 2022/23
  - Pay assumes recurring impact of 2017/18 pay award, and a 1.5% increase in 2018/19 and each year until 2022/23
  - Non Pay / Inflation – assumes an increase of 2.5% in 2018/19, 2.4% in 2019/20 and 2.2% from 2020/21 until 2022/23 in line with current UK Government forecast for inflation from 2020.
- Scenario 3
  - RSG decrease by 3% in 2018/19 and 2019/20 and an annual 2% reduction from 2020/21 until 2022/23.
  - Pay assumes recurring impact of 2017/18 pay award, and a 2.25% increase in 2018/19, a 2.05% increase in 2019/20 and a 1.45% increase from 2020/21 until 2022/23, all of which equates to 0.75% below the inflation rate projections.
  - Non Pay / Inflation – assumes an increase of 3% in 2018/19 in line with current UK inflation rate, a 2.8% increase in 2019/20 and a 2.2% increase from 2020/21 until 2022/23 in line with current UK Government forecast for inflation from 2020

3.10 The estimated total level of savings which will be required to be delivered over the next 5 years are summarised in the following table and set out in more detail in **Appendix 1** of this report.

<b>Scenario</b>	<b>18/19 £'000</b>	<b>19/20 £'000</b>	<b>20/21 £'000</b>	<b>21/22 £'000</b>	<b>22/23 £'000</b>	<b>TOTAL</b>
Existing Planned Efficiencies	3,447	3,492	-	-	-	<b>6,939</b>
1	2,200	1,710	2,920	2,830	2,740	<b>12,400</b>
2	4,961	4,439	5,530	5,514	5,498	<b>25,942</b>
3	9,708	8,671	6,936	6,875	6,814	<b>39,004</b>

- 3.11 All of the scenarios indicate a clear requirement that the Council will require to make large cost savings unless there is a significant improvement in the level of funding provided to Local Government through the next financial settlement and beyond. While the level of savings identified will undoubtedly change as work progresses on developing the Revenue Budget, this provides an indication of the scale of financial challenge potentially facing the Council over the next five years. Reductions on this scale would have a potentially significant adverse impact upon service delivery and it is imperative that early consideration is given to how best this might be minimised. What remains clear however is that if these reductions materialise, the Council will be required to make some difficult choices in order to balance the budget.

### **Budget Development Process**

- 3.12 Officers have been reviewing the current budget development process and are recommending that the following arrangements should apply to the 2018/21 budget. This will set the framework for the budget discussions and set out the financial platform for the development of an updated set of financial plans.
- A 3-year General Services revenue budget is prepared covering 2018/19 to 2020/21, based on a roll forward of existing budget plans.
  - A longer term General Services capital budget is prepared covering the 5 year period 2018/19 to 2022/23.
  - The Council's Financial Strategy setting out a clear direction on how the Council will manage its financial resources in the medium to long will now be considered at an earlier date in advance of the budget meeting.
  - An initial set of DRAFT budget proposals (covering both General Services and HRA) is developed by the Administration and considered by Cabinet on 16 January 2018 covering both revenue and capital budgets.
  - Other Political Groups will have the option to develop any amendments to the Administration budget, with formal proposals to be considered by Council on 13 February 2018, where the Council budget for both General Services, HRA and Council Tax setting will be approved.
- 3.13 Given the high likelihood that further savings will be required to be delivered across the next few years, it is recommended that advance work on budget development for 2018/19 and beyond commences to consider the potential options outlined within this report.



#### **4 POLICY IMPLICATIONS**

- 4.1 There are no direct policy implications associated with this report although on-going monitoring and reporting of the Council's financial performance is a key part of the approved Financial Strategy.

#### **5 INTEGRATED IMPACT ASSESSMENT**

- 5.1 The subject of this report has been considered and given there is no change in policy direction, there is no requirement to undertake any further impact assessment.

#### **6 RESOURCE IMPLICATIONS**

- 6.1 Financial – as described above
- 6.2 Personnel - none
- 6.3 Other – none

#### **7 BACKGROUND PAPERS**

- 7.1 Council 21 February 2017 – Item 1 – Council Financial Strategy 2017/18 – 2019/20
- 7.2 Council 21 February 2017 – Item 4a – Budget Proposals – Administration
- 7.2.1 Council 27 June 2017 – Item 4 – 2016/17 End of Year Financial Review
- 7.2.2 Members Library Report 102/17 – Financial Review 2017/18 – Quarter 1

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<b>DATE</b>	18 October 2017



**Appendix 1 – Financial Modelling 2018/19 to 2022/23 and potential savings gap**

<b>Scenario 1 - A</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>TOTAL</b>
<b>RSG – Flat Cash</b>	0	0	0	0	0	0
<b>Pay</b>	400	0	1,300	1,300	1,300	4,300
<b>Non Pay / Inflation</b>	1,800	1,710	1,620	1,530	1,440	8,100
<b>TOTAL SAVINGS GAP</b>	<b>2,200</b>	<b>1,710</b>	<b>2,920</b>	<b>2,830</b>	<b>2,740</b>	<b>12,400</b>

<b>Scenario 2 - B</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>TOTAL</b>
<b>RSG decrease</b>	1,661	1,629	1,600	1,584	1,568	8,042
<b>Pay</b>	1,050	650	1,950	1,950	1,950	7,550
<b>Non Pay / Inflation</b>	2,250	2,160	1,980	1,980	1,980	10,350
<b>TOTAL SAVINGS GAP</b>	<b>4,961</b>	<b>4,439</b>	<b>5,530</b>	<b>5,514</b>	<b>5,498</b>	<b>25,942</b>

<b>Scenario 3 - C</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>TOTAL</b>
<b>RSG decrease</b>	4,983	4,786	3,071	3,010	2,949	18,799
<b>Pay</b>	2,025	1,365	1,885	1,885	1,885	9,045
<b>Non Pay / Inflation</b>	2,700	2,520	1,980	1,980	1,980	11,160
<b>TOTAL SAVINGS GAP</b>	<b>9,708</b>	<b>8,671</b>	<b>6,936</b>	<b>6,875</b>	<b>6,814</b>	<b>39,004</b>



**REPORT TO:** East Lothian Council

**MEETING DATE:** 31 October 2017

**BY:** Chief Executive

**SUBJECT:** Edinburgh and South East Scotland City Region  
(ESESCR) Deal – Governance and Project  
Management Arrangements

**6**

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## **1 PURPOSE**

### **1.1 This report:**

- i. seeks approval to establish a joint committee for the purpose of progressing and implementing the Edinburgh and South East Scotland City Region Deal, and to delegate authority to the Chief Executive to enter into a minute of agreement; and
- ii. updates Council on Project Management Office (PMO) arrangements to support the continued development of the Deal.

## **2 RECOMMENDATIONS**

### **2.1 It is recommended that the Council:**

- i. agrees to establish a Joint Committee under Section 57 of the Local Government (Scotland) Act 1973 with City of Edinburgh Council, Fife, Midlothian, West Lothian and Scottish Borders Councils, representatives from the higher education and further education sector, and business, to oversee the governance arrangements for the Edinburgh and South East of Scotland City Region Deal;
- ii. approves the arrangements that will inform the proposed Minute of Agreement establishing the Joint Committee as detailed in the appendix to this report;
- iii. agrees that the Leader of the Council or Depute Leader in his absence, be appointed to represent the Council on the Joint Committee;
- iv. delegates authority to the Chief Executive, in consultation with the Leader/Depute Leader of the Council, to negotiate and agree the

Minute of Agreement establishing the Joint Committee, in line with the principles stated in the appendix to this report, and any financial and resource contributions, if they are required; and

- v. notes that the Project Management Office is being enhanced as partners enter the Implementation Phase and that contributions will be sought from Councils to fund this.

### **3 BACKGROUND**

- 3.1 In June 2016, the six local authorities agreed to the principle of establishing a joint committee for the City Region Deal programme. Shadow delivery governance has been established, with the Leaders from the six partner local authorities providing strategic direction for the negotiations with the UK and Scottish Governments to secure agreement of the Heads of Terms in July 2017.
- 3.2 The role of the committee was highlighted as:
  - determining strategic focus;
  - agreeing investment priorities;
  - overseeing planning and implementation activity; and
  - monitoring impact.
- 3.3 Although a joint committee has been meeting on a shadow basis (as the Leaders' group) since June 2016, it has not been established formally and the next steps are to establish this committee, its remit and membership.
- 3.4 The Local Government (Scotland) Act 1973 gives power to local authorities to discharge their functions either by delegating power to a committee, sub-committee, officer, or to another local authority in Scotland. This includes the power to appoint a joint committee made up of two or more local authorities.
- 3.5 The Joint Committee will aim to deliver increased value for money from the Edinburgh and South-East Scotland City Region Deal and wider regional collaboration and provide the appropriate oversight and strategic direction.

#### **Remit**

- 3.6 The local authority partners to the deal have the power to delegate which decisions they feel necessary for the joint committee to be able to progress work streams. The remit contained in the appendix provides decision making powers but would require any decision to commit funds and resources, to be undertaken by individual governing bodies rather than the joint committee. Significantly, the delegation of powers to a joint committee does not preclude the individual local authorities from still making those decisions.

- 3.7 The proposed powers are outlined in the appendix to this report.
- 3.8 Constituent councils will be able to add further powers to the remit of the Joint Committee at a later date if this is felt necessary. Non-Council members will be able to delegate further powers to their representatives when required.

### **Membership**

- 3.9 It is proposed that the membership includes a representative from each local authority. Fife Council who have two co-leaders will have two members, although they will only have one vote between the two members.
- 3.10 The Local Government (Scotland) Act 1973 also allows the committee to contain members who are not councillors. The committee must consist of two-thirds councillors, but if the committee regulates or controls the finance of the local authority or its area then only councillors are permitted to be voting members.
- 3.11 The joint committee is a local authority decision making body but the remit of the Joint Committee outlined in the appendix allows non-Council members to have full voting rights on an equal footing with Council members. These members would make up three of the ten members and would include a minimum of one business representative and one higher education/further education representative.
- 3.12 It would be a decision for the higher education/further education and business member organisations whether they were content to empower their representatives on the committee to commit their organisations to the decisions made at the Joint Committee.

### **Minute of Agreement**

- 3.13 It is proposed that a minute of agreement is produced that will set out arrangements of the Joint Committee and how it will operate. These will include amongst other things the membership, voting rights, period of office, quorum and who would chair the meeting. The details laid out in the appendix to this report would form part of this minute of agreement.
- 3.14 It is proposed that the power to finalise and agree the Minute of Agreement is delegated to the Chief Executive, in consultation with the Leader/Depute Leader of the Council, to allow for the details of the minute of agreement to be drafted in October but for there to be no delay in the creation of the Joint Committee. The Chief Executive will report to Council upon the signing of the Minute of Agreement establishing the Joint Committee.
- 3.15 Progress with implementing the Edinburgh and South-East Scotland City Region Deal and the work of the Joint Committee will be reported to meetings of East Lothian Council on a regular basis. Engagement with

the UK and Scottish Governments continues as a key element of this workstream.

### **Wider Arrangements**

3.16 The wider regional governance model to deliver the Edinburgh and South East of Scotland Deal will also include:

- a new cross-regional Business Leadership Forum to bring together voices from across the private sector to play a full role across the City Regional development and delivery process (as approved by Council on 22 August 2017);
- an Executive Board comprising the six regional local authority chief executives, six regional local authority directors with a remit for the economy, plus a representative for the region's universities and colleges, and a programme management officer function. Its remit will be to support the Joint Committee in the delivery of the City Deal Programme; and
- a Programme Management Office (PMO). Experience from other City Region Deals has suggested that a well-resourced and led PMO that provides a central point of contact for all parties is essential. Councils will be expected to contribute staff or financial resources to the PMO. The Executive Board has agreed that each Council will contribute up to £28,000 in 2017/18 to enhance the PMO so that it can deliver the documents required by Governments before any funding is released. The level of funding will be reviewed in 2018/19.

## **4 POLICY IMPLICATIONS**

4.1 Agreement on a deal for the Edinburgh and South East Region would support delivery of the Council priorities in respect of Growing our Economy, People and Communities as set out within the Council Plan and the SOA. Any such deal will have significant implications for the Council's Financial Strategy and its future Capital Plans.

## **5 INTEGRATED IMPACT ASSESSMENT**

5.1 Inclusive growth is a shared policy objective of the Council and national governments. The interventions identified within the Heads of Terms Agreement aim to reduce inequalities across the city region and by definition within East Lothian. The integrated regional skills programme in particular will work to ensure that all residents throughout the region have the ability to share in future success.

5.2 A City Region Deal would also provide a mechanism to help drive forward investment in sustainable place making. A holistic approach to sustainable growth is at the heart of the City Region Deal.



## 6 RESOURCE IMPLICATIONS

- 6.1 Financial - The Programme Management Office for the Edinburgh and South East Scotland City Deal will be supported by contributions of £28,000 from the six city region partners for the next 12 months. Costs will be reviewed thereafter. This expenditure can be met from the funding set aside for supporting the City Deal at Council in June 2017.
- 6.2 Personnel – Council officers will continue to service the Executive Board and supporting workstream project groups. The Council will explore the secondment of resources into the PMO in conjunction with other partners.
- 6.3 Other – none at this time.

## 7 BACKGROUND PAPERS

- 7.1 Edinburgh and South East Scotland City Region Deal – Report to East Lothian Council 28 June 2016 and 22 August 2017.
- 7.2 Heads of Terms Agreement signed by UK/Scottish Governments and Partner Authorities on 20 July 2017.
- 7.3 East Lothian Council Summer Recess Arrangements – Standing Order 15.5 Members Library Report – Edinburgh and South East Scotland Region - City Deal Proposition.

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## **Appendix 1 - Joint Committee Arrangements**

### **Membership**

There will be one representative from each council, except in the case where there are joint leaders, where two will be permitted. There will be three non-Council representatives (including a minimum of one business and one regional higher and further education representative from the Edinburgh and South East Scotland city region). Each representative organisation will be allocated one vote.

### **Period of Office**

The period off office will be determined by each individual member authority, but must not extend beyond the next local government elections.

### **Meetings**

There will be a minimum of six meetings per annum.

### **Convener and Vice-Convener**

The chair and vice-chair will be rotated annually.

### **Quorum**

The quorum will be three elected members and three councils, plus one non-council representative.

### **Remit**

- Oversee the implementation of the Edinburgh and South East Scotland City Region Deal programme;
- Monitor the impact of the Edinburgh and South East Scotland City Region Deal Programme;
- Build and support inclusive growth focusing on the needs of the local area and strengthening the partnership between public, private and third sectors;
- Improve business involvement from the Edinburgh and South East Scotland city region in local decision making;
- Collaborate and work in partnership to assist in delivering regional planning and transport policy linking the Edinburgh and South East Scotland City Region Deal to SESTRAN and SESPlan; and
- Work in partnership on other initiatives across the Edinburgh and South East Scotland city region with the explicit support of individual constituent members.

### **Standing Orders**

The Joint Committee should adopt its own Standing Orders.

### **Meeting Arrangements**

Any minute of agreement should include the arrangements for the location of meetings and which constituent council will administer the meeting.

### **Timescales**

These arrangements will be reviewed by the members after the first six and twelve months. After partners enter the delivery stage, this will be reviewed periodically as deemed appropriate.

**REPORT TO:** East Lothian Council

**MEETING DATE:** 31 October 2017

**BY:** Depute Chief Executive (Resources and People Services)

**SUBJECT:** Education Governance Next Steps: Regional Improvement Collaboratives

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**7**

## **1 PURPOSE**

- 1.1 To inform Council of the announcement of the agreed position between Local Government and the Scottish Government on implementing Regional Improvement Collaboratives.
- 1.2 To seek Council approval for East Lothian to be a member of the South East Alliance and to progress with a South East Regional Improvement Collaborative Plan to add value to our current improvement activities and support East Lothian Council to achieve its vision for children and young people.

## **2 RECOMMENDATIONS**

- 2.1 The Council is asked to:
  - i. note the contents of this report;
  - ii. note the contents of the draft South East Regional Improvement Collaborative Starter Paper;
  - iii. approve East Lothian Council's membership of the South East Alliance Regional Improvement Collaborative;
  - iv. agree to delegate to the Chief Executive Officer, East Lothian Council's participation in the development of the South East Alliance Regional Improvement Collaborative and Regional Improvement Plan;

- v. note that update reports will be brought to the Education Committee outlining progress with the development of the South East Regional Improvement Collaborative and Improvement Plan.

### **3 BACKGROUND**

- 3.1 In September 2016 the Scottish Government published 'Empowering teachers, parents and communities to achieve excellence and equity in education: a Governance Review'. The Governance Review examined the system changes required to devolve decision making and funding directly to schools and communities. The review also sought views on the governance of education in Scotland and how the Scottish Government can further empower teachers, practitioners, parents, schools and early learning and childcare settings.
- 3.2 The Scottish Government published an analysis of the submissions to the Governance Review consultation alongside the publication of Education Governance: Next Steps June 2017. The Education Governance: Next Steps paper sets out a number of changes to the governance of Scottish education some of which require legislative change and will be included in an Education Bill.
- 3.3 The Education Governance: Next Steps paper makes it clear that enhanced regional collaboration between education authorities will be a feature of future arrangements. *A Nation with Ambition, The Government's Programme for Scotland 2017-18* states the Government's intention to consult on an Education Bill to take forward a programme of reform to school education; strengthen the education workforce and improve collaboration and engagement. The Education Bill will provide legislative underpinning for Regional Improvement Collaboratives.
- 3.4 A Scottish Government and Local Government Steering Group was established to jointly scope out the design and development of Regional Improvement Collaboratives based on the policy direction outlined in the Education Governance: Next Steps paper. An agreed position between Local Government and the Scottish Government on implementing Regional Improvement Collaboratives was announced 28 September 2017 and set out within the Regional Improvement Collaboratives for Education Joint Steering Group Report Appendix 1. A letter sent to all Chief Executive Officers 3 October 2017 states that both the Scottish Government and Local Government have shaped the development of the Regional Improvement Collaboratives, working to ensure improved outcomes for children are at the heart of this work Appendix 2.
- 3.5 The Joint Steering Group Report outlines the initial proposals for the composition of six Regional Improvement Collaboratives and that East Lothian Council will be a member of the South East Regional Improvement Collaborative. Immediate next steps include agreement around the leadership and formation of the Improvement Collaboratives

with a Regional Lead Officer to be identified to support the development of a Regional Improvement Collaborative Plan and Workforce Plan by January 2018. The Regional Lead Officer and the Regional Improvement Collaborative Plan will be agreed and approved by the Chief Executives of the local authorities within the collaborative.

- 3.6 Chief Executive Officers and Directors of Education from each of the local authorities within the South East Alliance have worked in partnership to develop and build on existing partnership arrangements to inform the South East Regional Improvement Collaborative Plan. Some of this existing work will be included as part of the delivery plan for the South East Regional Improvement Collaborative.
- 3.7 The South East Alliance has commenced plans for a Regional Improvement Collaborative with a focus on Quality Improvement and Raising Attainment. More detail is set out in the South East Alliance starter paper included as Appendix 3. The progress and outcomes of the Delivery Plan for the South East Improvement Collaborative will be reported to Education Scotland and to the appropriate committee within each Council.
- 3.8 Membership of the South East Alliance presents the opportunity to develop a vision for our South East Improvement Collaborative that is inclusive of our headteachers and schools to deliver excellence and equity on a regional basis. Each of the local authorities within the South East Alliance is signed up to the key principles outlined within the Education Governance: Next Steps paper. Following these principles will allow a partnership approach in delivering the relevant aspects of the Edinburgh City Deal as well as the expectations detailed in the Next Steps document. The South East Alliance recognises that it will not succeed in reducing inequity without a holistic approach across Children's Services. The wider Getting it Right for Every Child (GIRFEC) agenda is of crucial importance when tackling inequalities and closing the attainment gap.

#### **4 POLICY IMPLICATIONS**

- 4.1 There are no direct policy implications associated with this report.

#### **5 INTEGRATED IMPACT ASSESSMENT**

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

## **6 RESOURCE IMPLICATIONS**

- 6.1 Financial - no direct implications associated with this report. The outcome of the Scottish Government's Fair Funding consultation could have significant implications for the Council in terms of the future funding of education and the work of the South East Regional Improvement Collaborative.
- 6.2 Personnel - no direct implications associated with this report. The South East Regional Improvement Collaborative will have implications for personnel within the Council in order to progress the actions set out in the Regional Improvement Plan.
- 6.3 Other - None

## **7 BACKGROUND PAPERS**

- 7.1 Education Governance - Next Steps Executive Summary June 2017  
<http://www.gov.scot/Resource/0052/00521038.pdf>

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**REGIONAL IMPROVEMENT COLLABORATIVES FOR EDUCATION**

**Report of the Joint Steering Group – Updated 21<sup>st</sup> September 2017**

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## **1. Background**

Following the publication of the '*Education Governance: Next Steps*' paper in June 2017, it was agreed that a joint Steering Group be established between the Scottish Government and Local Government. The remit of this group is to work together to develop proposals, based on the policy direction outlined in the 'Next Steps' document.

The Steering Group is led by co-chairs, Fiona Robertson, (Director of Learning, Scottish Government), and Angela Leitch (SOLACE Education and Young People's Strategic Lead). Membership includes representation from the following:

- Scottish Government, Learning Directorate
- Scottish Government, Children & Families Directorate
- Education Scotland
- COSLA
- SOLACE
- ADES

## **2. Purpose**

This report summarises the first task of the Steering Group, which is to develop options for the role and responsibilities of the Regional Improvement Collaboratives. The purpose of this task is to ensure that together we can establish a clear basis for the Regional Improvement Collaboratives (ICs) so they can be developed at pace, with a clear focus on supporting schools and authorities to raise attainment and close the attainment gap. This work is driven by 'Getting It Right for Every Child' (GIRFEC), and will also make a central contribution to ongoing joint work on Public Service Reform, and in particular, the collaborative work on children and young people that is already underway.

## **3. Scope**

The remit for this work on ICs was jointly agreed and defines a set of specific areas for the Steering Group to consider. These were set out as follows (direct extract):

- Guiding principles: Clear guiding principles will be developed and agreed to frame the work of the collaboratives and help to 'operationalise' the policy intentions in the 'Next Steps' document.
- Functions: Building on the purpose of the collaboratives as set out in the 'Next Steps' paper (Section 3.1 and 4.1 in Annex A), consider the essential functions that each collaborative must discharge, and the extent to which other functions

should be for each collaborative to determine. This will include what needs to be consistent across the collaboratives and where there is scope for regional flexibility in terms of approaches to improvement.

- Leadership: Proposals for putting in place interim leadership arrangements that will enable the collaboratives to develop their work, and consider arrangements for filling leadership roles in the longer-term. This includes views of the group on the skills and qualities that those leading the collaboratives will need to demonstrate and build on existing collaboratives.
- Staffing: Initial guidance on the optimal staffing mix of the collaborative, drawing on existing local authority officers, Education Scotland and staff from other agencies.
- Geography: Agree the process, building on existing work, to define the regional improvement collaborative geographies, ensuring reach and deliverability in every part of Scotland and to every school.
- Accountability: Options to consider local democratic accountability alongside national accountability.
- Measures of success: Initial thinking on criteria to describe what success would look like at the various stages of the development and implementation of the collaboratives; including the initial launch, the formation and content of a collaborative action plan, at the end of year one, and so on.

#### **4. Process**

The Steering Group first met on 3<sup>rd</sup> August 2017 and agreed how to tackle each of the areas identified in the remit, drawing on the expertise and experience of all members. A number of discussion papers were commissioned from group members for wider discussion by the Group as a whole. The Steering Group also drew on the work of existing collaboratives operating on a regional basis, in order to learn lessons from their experience and build on their approach. The Group recognised the need for pace, commitment and energy to be focused on collaboration, in order to improve outcomes for children and young people.

This report will now outline the Group's interim conclusions for each of the areas outlined above, for consideration by SOLACE Officer Bearers (by Education and Young People's Strategic Lead), Sally Loudon (Chief Executive, COSLA) and Paul Johnston (DG Education, Justice and Communities, SG).

**The report will then be subject to discussion and agreement between Ministers and COSLA. An interim discussion took place between DFM and Cllr. McCabe on 15<sup>th</sup> September, which is reflected in the accountability section. A further discussion took place on 21<sup>st</sup> September to agree this version of the report.**

## **5. (a) Interim Conclusions: Key Messages**

It should be noted from the outset that all members of the Steering Group welcomed the opportunity to work together to shape these proposals, which will essentially deliver on the policy direction set by 'Next Steps'.

**Early discussions revealed a strong consensus around a number of key messages, namely:**

- A shared vision to improve the education and life chances of our children and young people, through delivering excellence and equity, with a collective commitment to close the gap in attainment between our least and most disadvantaged children and to raise attainment for all.
- Clear recognition of the improvement work that is already underway across Scotland, whilst acknowledging the need to address variability in performance and quality improvement support for schools. There is a need to secure greater consistency in pace and impact, reflecting the ambition of 'Next Steps'.
- Agreement on the importance of increased collaboration and the principle of establishing ICs, as part of wider improvement work.
- Recognition that strong and collaborative leadership, at all levels, will be key to delivering on this ambition. This is not about creating a new formal body, but about developing different ways of working, bringing together capacity from across an area, and beyond, in order to add value through collective efforts.
- A commitment that the development and implementation of the ICs should be driven by the analysis of data and performance, and an absolute focus on addressing gaps, variability in outcomes and areas for improvement.
- A strong commitment to the principles of GIRFEC and a clear desire to ensure that together we create an empowered 'system' to deliver excellence and equity for all our children.

## **5. (b) Interim Conclusions: Guiding Principles**

A set of 'guiding principles' will frame the work of the ICs to help 'operationalise' the policy intentions as set out in the 'Next Steps' document. The Steering Group has therefore defined a set of guiding principles which it is proposed should be core to all ICs. This does not preclude individual ICs from expanding upon this core list should they wish to reflect additional aspects of existing regional activity, or to respond collectively to particular local needs.

**The guiding principles proposed by the Steering Group for all ICs, are as follows:**

- **Outcome-focused** – the primary purpose for ICs is to support schools in the delivery of educational improvement, developing and maintaining a coherent focus on raising attainment and closing the attainment gap, whilst ensuring that activity is aligned to the National Improvement Framework (NIF).
- **Child-centred** - improvement must reflect the principles of GIRFEC and take a holistic approach to the needs of the child. ICs must consider the 'whole system' and ensure that all partners are working across authority boundaries and that they are engaging with those working closest to children, and with children themselves, at the point of need, as and when required.
- **A thematic approach** – in order to ensure function comes before structure, ICs must establish clarity of purpose and common goals, drawing on the NIF and contributions of all partners. The focus should be on building collective expertise, knowledge and capacity to drive continuous improvement.
- **Robust, locally-driven and evidence-based** – reform initiatives must be driven by the needs and priorities identified in each region, whilst reflecting national priorities and evidence. Where appropriate, ICs will also draw on the activity and experience of existing regional groupings and their work to date. Evaluation must be built in from the outset.
- **Agile and flexible** – each IC must build the capacity of the 'system' in order to respond to specific needs, and to react to change and unexpected events. They should actively encourage innovation and seek opportunities for partnership working. Sharing best practice within and beyond their IC will be essential.
- **Empowering** – it will be important for ICs to create an environment based on trust and open dialogue, working with partners to ensure that progress can be made at pace, and that any ambiguities or tensions can be surfaced and resolved through collective effort. A 'culture of collaboration' will need to develop at all levels across the 'education community', whilst ensuring collective support to the role and responsibilities of headteachers in securing change in the classroom and beyond.

Furthermore, the Steering Group discussed whether ICs may want to supplement these guiding principles with more detailed 'design principles' to further assist them in their work, particularly in areas where collaborative working is at an earlier stage. These could be expressed as key questions to be asked when considering specific priorities and improvement initiatives. An example of some initial work that was developed by an existing Collaborative is given in Appendix A for consideration.

## **5. (c) Interim Conclusions: Functions**

The Group was asked to consider the functions for ICs, based on the overarching purpose set out in 'Next Steps' which states that ICs will:

- Provide excellent educational improvement support for headteachers, teachers, managers and practitioners through dedicated teams of professionals. These teams will draw on Education Scotland staff, local authority staff and others.
- Provide coherent focus across all partners through delivery of an annual regional plan and associated work programme aligned with the National Improvement Framework.
- Facilitate collaborative working across the region, including sharing best practice, supporting collaborative networks and pursuing partnership approaches.

**The Steering Group wish to endorse and emphasise the importance of the following parameters regarding the functions of ICs:**

- The functions of the ICs must support and directly contribute to nationally and locally identified priorities, and the overall policy objective of empowering our teachers, parents, partners and communities to deliver excellence and equity for all our children.
- There should be clarity at the outset regarding the essential core functions for all ICs, and those functions which individual ICs should determine, where a more tailored and flexible approach is required to suit local areas and clusters of schools. As referred to in 'Next Steps', there is no 'one size fits all' solution. The Steering Group has set out a proposal for that distinction in the next section on 'functions'.
- All ICs should be evidence-based and build on existing practice across Scottish education, at both local and national level. Activity should not be restricted to schools alone, but encompass the range of learning environments that are experienced by children and young people, including all early learning and childcare providers delivering the statutory entitlement.
- ICs should also consider educational improvement within the context of local Children's Services and the range of work led by multi-agency partners to improve outcomes for children, including Community Planning Partnerships, Social Work, Community Learning and Development and the Third Sector. Links with business and skills-related organisations will also be important in terms of supporting the development of the young workforce.
- The Group was also clear that this was about all partners working differently, as well as about securing 'additionality' through collaboration, thereby protecting against displacement or replication of activity.

- The Group emphasised the key role that Education Scotland will play in supporting the delivery of all the functions, as a core part of the work of ICs, including bespoke support to schools. This will require Education Scotland to take on a significantly enhanced role and purpose going forward, with a strengthened improvement function, as referred to in 'Next Steps'.

**On this basis, the Steering Group proposes that the following functions are undertaken by all ICs:**

- Identify **priorities** for improvement within the region, based on an **analysis** of all available evidence on educational performance within the region, including school attainment data, and consideration of the priorities set out in the **National Improvement Framework (NIF)**.
- Formulate a **regional improvement plan**, based on the process of analysis and prioritisation mentioned above, and drawing on school improvement plans, local authority improvement plans and the national improvement plan. The plan should be agreed with the Chief Inspector of Education, to both ensure that it takes account of all available evidence on performance, and to support and challenge the selection of the educational strategies and interventions. 'Next Steps' refers to this plan being an annual requirement for all ICs. **The Steering Group discussed whether it would be preferable to require three year regional plans, with a clear commitment for an annual review of performance.** This would empower colleagues to tackle more systemic change and to develop more substantive and sustainable programmes of work, whilst retaining a clear commitment to pace and delivery. It would also match the three year budget planning timeframe within local authorities which could help unlock new ways of allocating resource to improvement activity. **It is proposed that this is considered alongside the current legislative requirements for annual reporting on the National Improvement Framework.**
- Enhance and improve **professional learning** for teachers, other professionals and key partners within the region, within a national framework, to ensure delivery on identified local priorities.
- Ensure that an appropriate **range of support, interventions and programmes** are in place to raise attainment and close the poverty-related attainment gap within the region. This should include proportionate and tailored support to schools and early learning and childcare providers.
- **Identify, promote and share good practice** in learning, teaching and assessment within the region, and with other regions. This should operate at all levels, and include developing networks of teachers and other professionals to share good practice, through **peer-to-peer and school-to-school collaboration**. These networks should include subject or sector specialisms across the region and build on areas identified for improvement, ensuring an appropriate level of challenge is injected into these groupings.



- Support schools **to interpret and implement key educational developments** and insights gained from research.
- Ensure and enhance **subject-specific support and advice** across all eight curriculum areas, with a clear focus on literacy and numeracy and the areas of improvement identified for that region, and their contribution to attainment.
- Facilitate access to **sector-specific support and advice** which may include areas such as early learning, Gaelic Medium Education, and additional support for learning.
- Build capacity in **improvement methodology**, through review, collaboration and shared approaches. This will include working with local authorities to ensure appropriate support is in place for schools to ‘manage change’ successfully through training, support, peer review and challenge.
- Take a **regional approach to supporting staffing challenges**, including recruitment and retention; promoting shared approaches to building capacity and securing improvement.
- Work with local authorities and other partners to **support wider collaborative working** across the ‘system’, including education, social work, health, Community Planning Partnerships and others to ensure that together, ‘we get it right for every child’.

**The Steering Group proposes that the following functions should be tailored to local needs by individual ICs:**

- The ‘**improvement offer**’ should be proportionate depending on school performance and capacity for self-improvement. Within a region, some schools may need a ‘light touch’ approach and others may need more significant support or intervention to secure improvement. It will therefore be the responsibility of the IC, in collaboration with the constituent local authorities, schools and other local partners, to determine the nature of activity and how that is delivered in practice.
- Following on from this, it should be the responsibility of each individual IC to decide on their ‘**model of staff deployment**’, to ensure they are able to deliver on the core functions and agreed priorities.
- Each IC will have a different starting point as they consider how best to deliver on the core activity and priorities. It is anticipated that all the ICs will develop over time and that in order to secure real improvement, each IC will need to **test new and different ways of working** to assess the impact on improvement in their area. What works in one area may not work in another. Whilst all ICs should encourage innovation, there will need to be flexibility and variation in the approaches taken.

Once regional plans are in place, it will be important for each IC to **simplify and clarify the landscape to avoid any confusion in schools and learning centres**,

in terms of where to go for different types of improvement and support. This will be particularly important for headteachers given their changing role and responsibilities, as well as by other professionals, who will need clarity as to what is being provided by the IC, what is being provided by their individual local authority, and essentially where to go for specialist advice.

## **5. (d) Interim Conclusions: Leadership**

**The Steering Group would like to highlight the critical role of effective leadership in the development of the ICs, for example:**

- It is clear that the ICs will rely on excellent educational leadership and the top priority for educational leaders will be to achieve excellence and equity for every child within the region.
- There is already a wide range of improvement activity underway across the education sector in Scotland. 'Next Steps' builds on this and sets out a clear ambition for increased pace, reach into every school and greater consistency of impact. Strong and collaborative leadership, at all levels, and across the system, will be key to delivering on this ambition.
- The leadership must ensure that improvement activity is focused on the most effective interventions and that it progresses with pace and impact.
- Educational leaders working within the ICs must have the highest levels of credibility, visibility and educational strength and expertise in order to motivate and inspire change and improvement.
- They will also need to ensure that improvements are embedded and sustained.

There are a number of options available for developing leadership capacity across the ICs. As stated in 'Next Steps', leadership development at all levels will be built around new career pathways for teachers and the 'Framework for Educational Leadership'. Programmes currently led by SCEL will be expanded and offered as progressive leadership pathways for teachers within regions. This will be linked to succession planning and the new campaign to attract more teachers into promoted posts including headship.

**The Steering Group has considered the policy direction set by 'Next Steps' and a number of themes have emerged from those discussions:**

To recap, 'Next Steps' indicates that strategic leadership and direction will be provided by a 'Regional Director' and a wider regional leadership team. It indicates that the Regional Director post will be appointed by the Scottish Government and will report to the Chief Inspector of Education for Scotland.

- Whilst there is a strong recognition of the importance and critical contribution of leadership to the work of ICs, since the publication of 'Next Steps' there have been a range of views regarding the model of leadership proposed. This relates to the identification, deployment and accountability of the Regional Directors, as well as to any changes in the statutory responsibilities of Local Government with respect to education.

- Having considered how this might operate, local government colleagues have reflected on current experience and developed a proposal for that top tier of leadership which is intended to address some of those concerns and to secure buy-in, pace, ownership and support from local authorities, ADES and other partners. In this model, the Director role is positioned as a 'Regional Co-ordinator' and is appointed following a nomination by local authority Chief Executives and employed by a Local Authority. The Director would be accountable as senior officer, to the Chief Executives of the constituent local authorities, as well as providing reports and information to the Chief Inspector of Education. A wider system of local and national reporting could then be developed which allows for local and national democratic accountability for children and families. This type of model is currently being developed in the Northern Alliance and West Partnership.

On considering the proposed Local Government model of leadership, Education Scotland indicated that the Chief Inspector of Education would want to be involved in the appointment, working with colleagues to ensure that candidates have the right skills, experience and track record, to make the best possible impact on leading improvement within the region.

**Following discussions between the DFM and Cllr. McCabe on 15<sup>th</sup> and 21<sup>st</sup> September, each IC will be led by a 'Regional Improvement Lead' (rather than the title of 'Regional Director'). The Regional Improvement Lead will be selected jointly by the local authorities that make up the IC and the Chief Inspector of Education. The appointment would be made with the agreement of the Chief Executives in all the authorities and with the Scottish Government, (who would be advised by the Chief Inspector). The Regional Improvement Lead would be formally line managed by the Chief Executive of the employing authority, whilst reporting to all of the collaborating authorities and to the Chief Inspector.**

## **5. (e) Interim Conclusions: Staffing**

### **The Steering Group agreed the following:**

- Staffing decisions must directly reflect consideration of all the functions required for the IC and the agreed priorities for improvement.
- It will be important for each IC to ensure they secure the best possible mix of staffing to enable them to deliver with ambition and pace. Getting the right mix of expertise will be essential.
- The Group acknowledged the current variability in support for improvement across the country and that for some there will be a need for a significant shift and rapid scaling up of activity, based on the local needs identified.

### **The Steering Group has developed some initial guidance for ICs to consider when developing their education leadership teams.** For example:

- Firstly, it is worth re-emphasising that within 'Next Steps', there is not a proposal to establish a new body or employing authority, a position supported by the Steering Group. Collaborating on a regional basis towards collective aims will be a **way of working** which will be embedded throughout the system – both within and between organisations who are working to get it right for every child. This should be reflected in how the ICs approach their staffing decisions.
- Each IC will develop a '**workforce plan**', taking a holistic view of the functions they need to deliver on, (reflecting national, regional and local priorities), the skills mix to deliver those functions, and identifying where there is existing capacity, (including the role of digital solutions), and where there are gaps.
- As mentioned earlier, the Steering Group proposes that it should be the responsibility of each individual IC to decide on their '**model of staff deployment**', to ensure they can deliver on the core functions and agreed priorities. The priority for each IC is to ensure it has an agile and flexible staffing model which is responsive to the needs and priorities within the region, whilst also reflecting the ongoing requirements of the constituent local authorities. ICs will also need to think carefully about how they balance that need for flexibility with the need to ensure that the core offering is sufficiently resourced to deliver progress at pace, and to ensure that improvement support is available where and when it is needed.
- In determining the exact make-up of each IC, each area should consider the evidence and the agreed priorities, but also ensure that they draw on existing activity, connections and partnerships. Furthermore, given the strong focus on the use of performance data and evidence from a range of sources, it will be important for each IC to consider how best to ensure they have the required **resource for data analysis** on a regional basis.

- It will also be important to **consider the respective areas of strengths and expertise within a region, alongside areas for accelerated development**; this will help ensure a region is getting the most from existing skills and expertise, that it is identifying gaps, and that it can target where to share and redeploy resources and where it needs to bring in additional expertise.
- All ICs will need to have a **core team** which will include senior officers, e.g. the Chief Education Officers from each local authority within the IC, and senior officer(s) from Education Scotland and from the Care Inspectorate in relation to early learning and childcare. They should also ensure that their Attainment Advisers form a key part of the ICs, charged with bringing an equity focus to the work of the IC, whilst still working intensively on the Scottish Attainment Challenge. It will also be important to link with the Improvement Advisers for the Children & Young People Improvement Collaborative.
- This **core offer would obviously be built upon** depending on the scale of the IC and the needs/ priorities within the region. Other areas that ICs may want to consider include Continuing Professional Development, social care, health and well-being, parental engagement, and additional support for learning.
- A **wider leadership forum** could also include cluster leaders, (for example, a headteacher from each of the clusters/ area school groups within the region), and leaders from partner agencies and youth employment co-ordinators.
- It is anticipated that **additional resources** will be needed to boost staffing capacity within the ICs. This may include specialists in all eight curriculum areas within each IC, plus additional dedicated sector or specialist expertise and capacity as required. The impact of recruiting additional staff, (who are likely to come from schools), will need to be risk assessed in terms of staffing shortages in areas such as STEM. Resourcing may also draw on universities, businesses and other wider community links, again depending on local needs and priorities. ICs may also need to look beyond their own region to secure the required expertise and input, and engage with national agencies and national networks.
- A model for **administrative support** will be required for each IC. This could include communications, events and branding. Arrangements for aspects of support such as travel and subsistence could be met by the employers of the individuals within the IC or through a service level agreement between the partners within the IC. This will be for each IC to determine.

## **5. (f) Interim Conclusions: Geography**

The Steering Group was asked to agree the process, building on existing work, to define the geographies of the ICs. The approach must ensure reach and deliverability in every part of Scotland and to every school, including consideration of early learning and childcare settings.

Initial work has been undertaken by Local Government to look at existing relationships and the range of activity. They propose that each local authority in Scotland belongs to a collaborative grouping based on local assessment of where the most meaningful work can be undertaken on a partnership basis. The geographies proposed by Local Government are noted below:

The Northern Alliance	Aberdeen City Council Aberdeenshire Council Argyll and Bute Council Comhairle nan Eilean Siar Highland Council Moray Council Orkney Islands Council Shetland Islands Council
The Tayside Collaborative	Angus Council Dundee City Council Perth and Kinross Council
The West Partnership	East Dunbartonshire Council East Renfrewshire Council Glasgow City Council Inverclyde Council North Lanarkshire Council Renfrewshire Council South Lanarkshire Council West Dunbartonshire Council
South West Collaborative	East Ayrshire Council North Ayrshire Council South Ayrshire Council Dumfries and Galloway Council
South East Collaborative	Edinburgh City Council East Lothian Council Fife Council Midlothian Council Scottish Borders
Forth and Almond Valley Collaborative	Clackmannanshire Council Falkirk Council Stirling Council West Lothian Council

**The Steering Group noted the groupings which have been identified by Local Government. Based on this consideration, the Group reflected further on the remit of the Steering Group which was to agree the process for final decision-making. The Group had an initial discussion on the range of factors that will need to be taken into consideration when deciding on the final groupings. They are as follows:**

- Scale of the grouping.
- Capacity to deliver additionality, including the availability of specialist support.
- Range of school performance.
- Existing regional footprint and regional arrangements.
- Other cross-authority collaborative working, such as the City Region Deals.

Furthermore, it is worth noting that the Scottish Government Early Learning and Childcare Expansion Programme Delivery Team is working with the Improvement Service, to ensure that Change Managers appointed to support authorities in planning for and implementing the expansion, are aligned to IC geographies, once agreed.



## **5. (g) Interim Conclusions: Accountability**

The Steering Group was tasked with developing options to address local democratic accountability alongside national accountability, within the context of the policy direction set out in 'Next Steps'. This will enable ICs to directly support teachers, practitioners and headteachers to deliver excellence and equity in education, by facilitating both the decentralising of some Education Scotland resources and the pooling and sharing of local authority resources to ensure an enhanced and responsive improvement capacity.

**There is also a strong link between governance and funding. The Steering Group's remit does not extend to funding and so this is highlighted as an area requiring further discussion.**

In considering a possible model, the Steering Group looked at how an accountability framework can contribute to an effective governance system, with reference to the changes that are articulated in 'Next Steps' regarding the roles of headteachers, Local Government, Education Scotland and the Scottish Government, as well as the step change in pace and impact which 'Next Steps' requires. The Steering Group therefore considered accountability along the lines set out in 'Next Steps', as well as a proposal developed by local government colleagues.

**The Steering Group agreed that the key responsibility for all ICs will be to:**

- **Secure excellence through raising attainment:** ensuring that every child achieves the highest standards in literacy and numeracy, set out within Curriculum for Excellence levels, and the right range of skills, qualifications and achievements to allow them to succeed.
- **Achieve equity:** ensuring every child has the same opportunity to succeed, with a particular focus on closing the poverty-related attainment gap.
- **Share collective responsibility across the whole system - the embodiment of GIRFEC:** multiple agencies within and outwith the Scottish Government and local authorities strive towards these aims at every level of their delivery. Relationships forged at a strategic level help to make sure that delivery on the ground can put the child at the centre.

**The Steering Group also agreed that any model must also meet the following five principles:**

- **Strategic alignment and deliverability** - the role of ICs within the system to ensure alignment from high-level strategy to operational delivery and to bring added value to the delivery of the policy direction of 'Next Steps'.

- **Clarity** - clear agreed goals for multiple agencies and parties, (the system), around children and young people, striving towards commonly held aims (primarily delivering excellence and equity).
- **Simplicity and transparency** - minimal additional bureaucracy and structures.
- **Agility** - each stakeholder's (agency or individual) ability to articulate their place in the whole picture and be an active participant in its success.
- **Support collaboration** - clear process(es) whereby stakeholders can add value to the 'system' and be held to account for their contribution and performance in relation to ICs.

**Following discussions between DFM and Cllr. McCabe on 15<sup>th</sup> and 21<sup>st</sup> September, the following model of shared accountability is set out below. This model demonstrates a commitment to collaboration throughout the approach, at every stage and at every level:**

**The Regional Improvement Lead would be:**

- Selected jointly by the local authorities that make up the IC and the Chief Inspector of Education for Scotland. The process of selection will itself be collaborative, with the IC authorities and the Chief Inspector working closely from the outset of the appointment process. It is the expectation that in the first instance, the regional role will be fulfilled by reassigning an existing local government employee into this post, although this may be someone from outwith the region. The exact parameters will be for discussion between the local authorities and the Chief Inspector depending on their assessment of the local context. The final appointment should be made with the agreement of all of the Chief Executives within the IC and with the SG (who will be advised by the Chief Inspector).
- Formally line managed by the Chief Executive of the employing authority, but reporting to all the collaborating authorities (at official and political level), and to the Chief Inspector.

The IC as a whole would also have an accountability to the Chief Executives and Convenors of the collaborating authorities and to the Chief Inspector. Schools and headteachers must have an opportunity to comment on the extent to which the IC provides the support that they need.

## **This model is based on the following agreements:**

- **Each IC must take forward a meaningful and substantive improvement agenda**

As stated earlier, a 'Regional Improvement Plan' must be developed that covers all eight curriculum areas, with a clear focus on the key improvement priorities in the region and on the work that is needed to close the attainment gap. The Plan must also be designed in a 'bottom-up manner, based on the needs and improvement priorities of schools, and must be approved by the Chief Inspector.

A 'Workforce Plan' also needs to be developed alongside the Improvement Plan. The Workforce Plan will be assessed to ensure that it will deliver the full range of activity within the Improvement Plan, at pace. As many staff as possible need to be deployed full-time or close to full-time, in order to achieve the relentless focus on improvement as set out in the functions of the ICs. All contributors will have a role to play in the staffing (including Education Scotland) and the Chief Inspector must agree the Workforce Plan.

- **The Role of Education Scotland**

Each IC will be committed to supporting headteachers to deliver improvement at pace. This requires close collaborative working with Education Scotland who will make a substantial contribution to each IC, including involvement in selecting the Regional Improvement Lead, agreeing the Improvement Plan and the Workforce Plan, as outlined earlier.

- **Timing**

Each IC must be fully operational with a Regional Improvement Lead in place by the end of October. Given that the primary purpose of the ICs is to support schools and teachers in the delivery of educational improvement, the views and priorities of schools will be crucial in developing the plans. The Improvement Plans of ICs should flow from those identified by schools in the National Improvement Framework process. Each IC must also consult with schools and wider interests on the development of their Improvement Plan and their Workforce Plan. To ensure that sufficient time is built in to support this consultation, it is suggested that both plans must be agreed by the end of January 2018 in alignment with National Improvement Framework timescales.

- **Geography**

It will be important to ensure that each proposed grouping has sufficient educational strength.

- **Review**

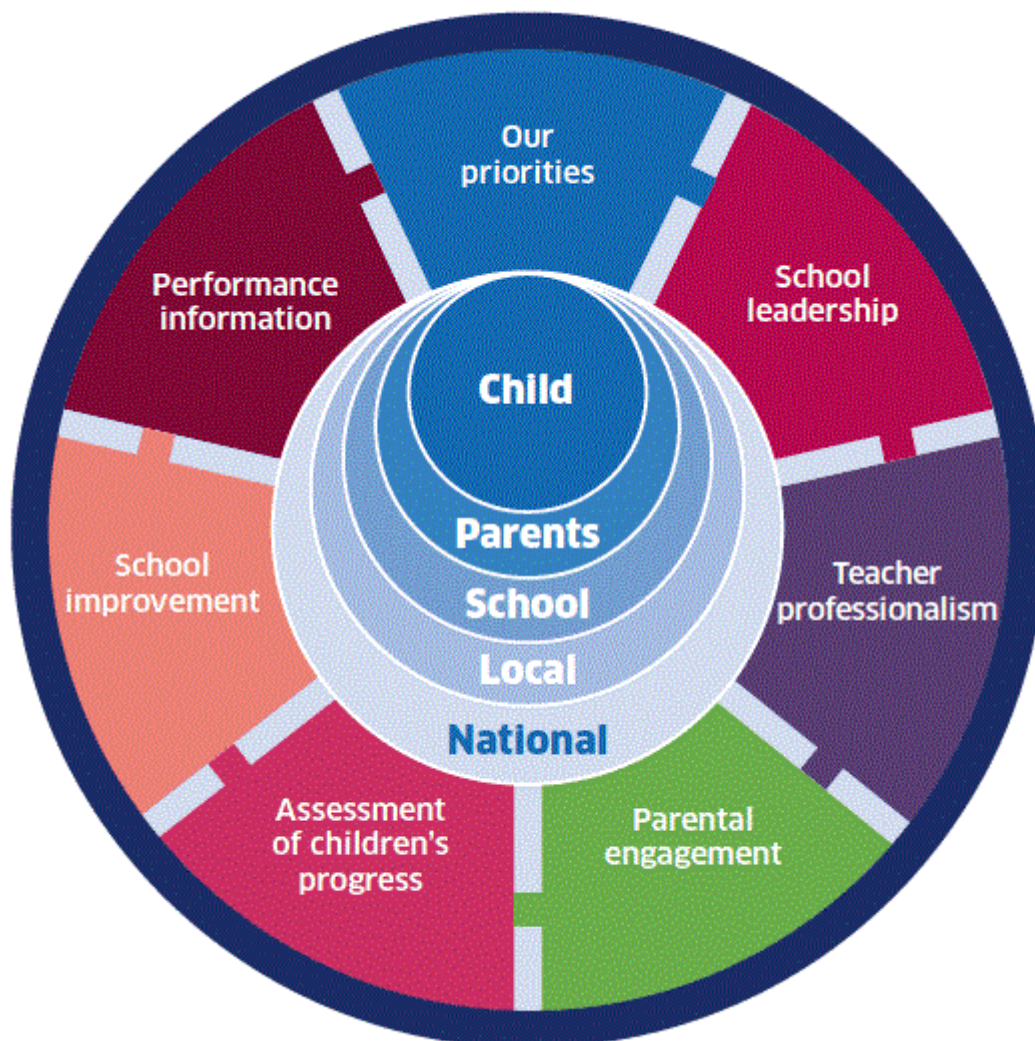
**This arrangement will be subject to review.** This would involve an independent review when each IC has been in full operation for six months, followed by a more detailed review after 12-18 months. One suggestion is to invite the OECD to conduct a 'rapid review'; this will be explored further, along with other options.

## **6. Interim Conclusions: Measures of Success**

The Steering Group has undertaken initial thinking on what criteria and approaches could be adopted to reflect the various stages in the development and implementation of the ICs.

**The Steering Group agreed that we are starting in a strong position with the National Improvement Framework (NIF), which provides a clear foundation for looking at performance data and the established drivers of improvement (see diagram below). This should form a core part of the regional plans for each IC and their assessment of progress going forward, along with other measures that may already be in operation.**

It will also be important to look at what other mechanisms reveal about ‘measures of success’. ICs will need to draw on existing measures, where they exist, and link in with other initiatives and evaluations that relate to children and young people, and the attainment gap in particular.



The challenge will be how to assess the additional contribution of collaboration to improved outcomes. Several existing collaboratives are already in discussion with partners from academia regarding independent evaluation. It would be worth drawing on those discussions to share the thinking and to consider whether these approaches could be developed for other regions, and to consider how this might contribute to a 'national picture' of progress. HM Inspectors of Education may also inspect and review the impact of the ICs in the future. Similar models of inspection have been introduced in other countries where regional models are in place, e.g. Wales.

The approach to measurement should also reflect the move to an outcomes-based approach to performance which ties in with existing mechanisms for monitoring performance.

**At this stage, the Steering Group recommends that further development work is undertaken once the approach and formation of ICs have been agreed.**

This would enable the work to be more closely aligned to the principles and functions that have been proposed in this report, drawing on the NIF, as well as wider work looking at the measurement of the attainment gap. A subgroup could be formed to bring together experts and analysts from relevant organisations along with links to the existing Collaboratives. This subgroup could be tasked with developing a more detailed plan, perhaps considering the core expectations for all ICs and other options that individual ICs might consider. This would also inform further thinking on the key milestones for the development of ICs.

This will be considered alongside the proposal referred to in the accountability section, where all ICs would be subject to an initial independent evaluation, after six months of full operation.

## Appendix A: Example of Design Principles/ Key Questions

As reported earlier, the Steering Group agreed a set of guiding principles to shape the work of ICs. The Group also agreed that ICs should consider some key questions as they develop their plans. Whilst acknowledging that design principles must be locally driven to be meaningful and effective, the Group felt that the following extract, drawn from work by an existing Collaborative, could be a helpful way of supporting prioritisation and assessing individual proposals.

- Which outcome/ priority does this contribute to? What is the scale of change envisaged?
- Does it support our national priorities of excellence and equity, and the principles of GIRFEC?
- How well does it reflect the 'guiding principles'?
- What does the related evidence tell us? Do we have the views of headteachers, teachers, other professionals, families, children, others?
- Is the proposal about a change in delivery or improving performance within the current approach? Have a range of options been considered?
- Has the use of digital technology been considered?
- What are the staffing implications?
- What is the potential social impact?
- Are there any negative social consequences or potential unintended consequences?
- Does this reflect the level of ambition envisaged – could it go further?
- Does this contribute to a shift to prevention?
- Have all partners agreed to this? Are there other organisations that this may impact upon? Do we have a 'handling plan'?
- Does it require a realignment or closure of other services or funding streams? Who would need to make changes or realign funding?
- What does the cost-benefit analysis reveal?
- Are there any potential savings that arise from this? If so, when would they be realised?
- Are there other options that could have a greater impact?

## Appendix B: Current Regional Groupings

A number of local authorities across Scotland have already begun to develop stronger approaches and mechanisms for collaborative working. The three most developed are the Northern Alliance (eight Councils), the Tayside Children's Services Collaborative (three Councils and an NHS Board) and the West Partnership (eight Councils). All have established relationships with wider partners in their region, in addition to these core members.

These models of collaboration all vary in scope, approach and maturity, but all illustrate a strong and shared commitment to the improvement agenda and our shared goal of improving the education and life changes of our children and young people.

The Steering Group has drawn on the experience of these areas in developing this initial work and further engagement will be undertaken to ensure that the development of ICs continues to build on that activity and indeed the learning.

A number of key themes from these three groupings have emerged to date:

- All have a strong commitment to raise the ambition and pace and are thinking carefully about scale, capacity and how best to secure additionality through their collective efforts.
- There is variation in the contexts in which they are defining their collaborative working, (e.g. an initial focus on education now evolving to the wider system, children's services as the starting point, and economic development as the overarching framework); all have devoted time to articulating their shared purpose and local connections.
- All have identified education as a key priority and demonstrate a strong commitment to delivering excellence and equity.
- There is a strong focus on the use of data and evidence as the main driver to inform priorities and action.
- Whilst all are at different stages of delivery, all report being at a crucial stage in their development, thinking carefully about the leadership and sustainability of their collective efforts, including the potential to increase the scale and pace of those efforts, and how they can measure impact and the contribution of collaboration to improved outcomes.







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Local Authority Chief Executives

CC: Directors of Education

03 October 2017

Dear Chief Executive,

## **EDUCATION REFORM: REGIONAL IMPROVEMENT COLLABORATIVES**

Following the announcement of the agreed position on implementing Regional Improvement Collaboratives on Friday 28<sup>th</sup> September, we would like to set out the process for progressing with the operation of each collaborative.

Both the Scottish Government and local government have shaped the development of the Regional Improvement Collaboratives, working to ensure improved outcomes for children are at the heart of this work.

As you know, the guiding principles which will underpin the development of the Regional Improvement Collaboratives, and the next steps to put them in place, have been developed through a Steering Group co-chaired by Scottish Government and SOLACE and are supported by both Scottish Ministers and COSLA Leaders. The report of the Joint Steering Group is Annexed to this letter for your information.

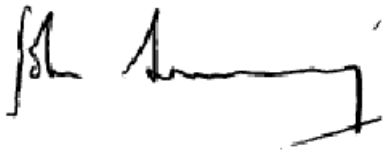
The immediate next steps agreed are around the leadership and formation of the Improvement Collaboratives with a Regional Improvement Lead to be identified by 31 October 2017; and the development of both an Improvement Plan and a Workforce Plan for each collaborative by 31 January 2018. These appointments and plans will be agreed and approved by the Chief Executives of the local authorities within the collaborative and with the Scottish Government, as advised by the Chief Inspector of Education Scotland. The improvement plans should flow from the priorities identified in school plans under the National Improvement Framework process and the timescale is intended to allow sufficient time to consult with schools.



The report recognises the need for bespoke models, within a nationally agreed set of core functions, to be developed to reflect each region's particular context. Education Scotland has also announced that most of their education staff will be contributing to the collaboratives, working alongside staff from local authorities and schools to support and drive improvement. Discussions should now to be taken forward in regions in the first instance, including officials from both Education Scotland and the Scottish Government so that work can continue in close partnership. You are asked to confirm to the Scottish Government the Chief Executive lead contact for each Improvement Collaborative, to facilitate those discussions.

We look forward to working in partnership as we take forward this important first step in implementing the education reform agenda.

Yours faithfully,



**JOHN SWINNEY, MSP  
SCOTTISH GOVERNMENT**



**COUNCILLOR STEPHEN McCABE  
COSLA**

**South East Alliance**

**South East Improvement Collaborative**  
**Collaboration to Deliver Excellence and Equity**

**South East Alliance Members:**

Edinburgh City Council  
East Lothian Council  
Midlothian Council  
Fife Council  
Scottish Borders Council

## **Background**

### **South East Alliance (SEA)**

The existing South East Alliance partnership, (Edinburgh, East Lothian, Midlothian and Scottish Borders) have already been engaged in planning collaborative activity to support development work across the 4 local authority areas. Previous work developed is attached as Appendix 1. Some of this existing work will be included as part of the Delivery plan for the South East Improvement Collaborative and some may sit as pieces of work that will be delivered as part of the South East Alliance partnership eg delivery of 1140hours of Early Learning and Childcare.

The South East Alliance has now included Fife and have begun plans for a Regional Improvement Collaborative with a focus on Quality Improvement and Raising Attainment. The South East Improvement Collaborative focus on Quality Improvement and Raising Attainment allows some existing work and any future work (eg the skills agenda as part of the Edinburgh City Deal) to be developed as part of the South East Alliance partnership.

The progress and outcomes of the Delivery Plan for the South East Improvement Collaborative will be reported to Education Scotland, other work carried out as part of the South East Alliance partnership will be reported to relevant groups such as City Deal Board or ELC regional structures.

### **South East Improvement Collaborative (SEIC)**

The Scottish Government published its Education Governance: Next steps paper in June 2017, in response to the Delivery Plan and Consultation document Empowering teachers, parents and communities to achieve excellence in education and subsequent wide ranging consultation.

The Next Steps paper makes it clear that enhanced regional collaboration between education authorities will be a feature of future arrangements. COSLA, working with SOLACE and ADES, reviewed existing regional education collaborations across Scotland with a view to identifying a collective local government proposal on cross boundary collaboration. Each of these Regional Improvement Collaboratives would meet the strategic aims of the Delivery Plan and requirements for local authority accountability.

This offers the South East Alliance the opportunity to develop a vision for our South East Improvement Collaborative that is inclusive of our headteachers and schools to deliver excellence and equity on a regional basis. As the South East Alliance all local authorities are signed up to the key principles outlined within the Next Steps paper. Following these principles will allow a partnership approach in delivering the relevant aspects of the Edinburgh City Deal as well as the expectations detailed in the Next Steps document. The South East Alliance will not succeed in reducing inequity without a holistic approach across Children's Services. The wider Getting it Right for

Every Child (GIRFEC) agenda is of crucial importance when tackling inequalities and closing the attainment gap.

This document is intended to outline how we could use the South East Alliance to create a South East Improvement Collaborative Improvement (SEIC) with the function to:

- raise attainment and achievement
- help to deliver excellence and equity
- develop work related to GIRFEC and tackling attainment inequity
- share expertise across the Collaborative to effect change
- maintain local democratic accountability
- contribute to the growth of the regional economy
- contribute to relevant Edinburgh City Deal outcomes

## **Context for the Development of the South East Improvement Collaborative (SEIC)**

### **Local Outcome Improvement Planning**

In July 2015 the Community Empowerment Act and related legislation came into force requiring each Community Planning Partnership to have a coherent plan that will empower and support local communities even down to a neighbourhood level. The Local Outcome Improvement Plan may take account of the Council Plan or there may in some instances still be both. As a large part of each local authority, Education must play a central role in the development and delivery of the LOIP as part of the Community Planning Partnership.

### **Children's Services Planning**

The Children and Young People (Scotland) Act 2014 is a key part of the Scottish Government's desire to make Scotland the best place to grow up. It is underpinned by the Scottish Government's continued commitment to the UN Convention on the Rights of the Child and the GIRFEC approach.

The Act aims to ensure that planning and delivery of services are integrated, focussed on securing quality and value, based on a preventative approach, dedicated to promoting, supporting and safeguarding children and young people's wellbeing.

Plans for each Community Planning Partnership are to be published for a three year period starting in April 2017 setting out how outcomes are to be improved for children and young people. An annual report on progress is to be published.

### **National Improvement Framework**

In December 2016 the Scottish Government published the 2017 National Improvement Framework (NIF) and Improvement Plan for Education, which are

designed to deliver the twin aims of excellence and equity with a focus on four priorities:

- improving attainment, particularly in literacy and numeracy;
- closing the attainment gap between the most and least disadvantaged children and young people;
- improving children and young people's health and wellbeing; and,
- improving employability skills and sustained positive school leaver destinations for all young people.

The NIF also recognises the importance of six drivers for improvement:

- School leadership;
- Teacher professionalism;
- Parental engagement;
- Assessment of children's progress;
- School improvement; and,
- Performance information.

## **Education Governance**

On 15<sup>th</sup> June 2017, the Deputy First Minister published the government's response to the Governance Review, focusing on the empowerment of schools and communities to deliver excellence and equity for all learners. The main thrust of the document is to empower headteachers to make more localised decisions on learning and teaching and the curriculum to meet the needs of their communities. In addition, the document states that up to seven Regional Improvement Collaboratives will be created.

*Regional Improvement Collaboratives will:*

- 1) *Provide excellent educational improvement support for headteachers, teachers and practitioners through dedicated teams of professionals. These teams will draw on Education Scotland staff, local authority staff and others;*
- 2) *Provide coherent focus across all partners through delivery of an annual regional plan and associated work programme aligned with the National Improvement Framework;*
- 3) *Facilitate collaborative working across the region, including sharing best practice, supporting collaborative networks and pursuing partnership approaches; and*
- 4) *Be led by a Regional Director, to be appointed by the Scottish Government and report to the HM Chief Inspector/Chief Executive of Education Scotland.*

*Education Governance: Next Steps*

In its *Education Governance: Next Steps* paper, Scottish Government indicates that Regional Improvement Collaboratives should align their plans with the Priorities and Key Drivers set out in the National Improvement Framework (NIF):

The SEIC is committed to the key drivers within the National Improvement Framework and the planning and reporting cycles as outlined in the Education (Scotland) Act 2016. The SEIC will identify and work on areas where collaboration will enhance each individual education authority's existing and future plans to implement the priorities and key drivers as outlined in the NIF. The SEIC also recognises the role of headteachers, teachers and parents in an empowered and collaborative approach to improving educational outcomes for our children and young people.

### **Focus for SEIC Delivery Plan**

The priorities, key drivers and aims sit well with possible future work and indeed areas where some work has already taken place. In order to be able to have a clear focus and measure the impact of our work we have agreed two areas as an initial focus:

- 1) Improving Attainment and Achievement, including closing the attainment gap
- 2) Quality Improvement in Schools and Early Years settings

#### **1. Improving Attainment and Achievement, including closing the attainment gap**

Improving attainment and achievement is a key driver for all improvement work in school communities. Within SEIC we would wish to look at ways to improve attainment and achievement for all, ensuring that our children and young people are best placed to access a positive and sustained destination on leaving school leading to good life outcomes.

SEIC offers schools and early years' settings the opportunity to be part of, and benefit from, work streams linked to NIF key drivers that will focus on:

- professional learning and leadership development (**teacher professionalism**)
- how to engage parents, particularly from areas of deprivation and those that are hard to reach, in their child's learning (**parental engagement**)
- using data related to closing the attainment gap to maximum advantage (**performance information**)
- ensure effectiveness for the use of Pupil Equity Fund (PEF) and Scottish Attainment Challenge (SAC) resources (**school leadership**)
- share research and evidence-based practice to inform programmes of work (**school improvement**)
- the formation of specialist curriculum support (**teacher professionalism**)

- assessment and moderation of CfE levels (**assessment of children's progress**)

In order to develop our Regional Improvement Collaborative we require to:

- create a culture where our headteachers, teachers and parents embrace the responsibility of continuous improvement in schools, across clusters and on a regional basis
- develop a joint programme of professional learning based on developing teacher professionalism, professional enquiry and school leadership
- share practice in family learning to secure parental engagement in children's learning as well as parental involvement in schools
- share ways of preparing data and analysing data relating to vulnerable groups
- moderate PEF/SAC plans including PEF/SAC spend and sharing practice through peer review opportunities
- provide opportunities to share research outcomes and outcomes from Improvement Collaborative work
- establish specialist curriculum teams from central and school based staff which will offer support and professional learning to bring about improvements in curriculum delivery and learning and teaching.

### **Quality Improvement in Schools and Early Years' Settings**

As stated in the Education Governance: Next Steps paper, local authorities will retain the duty to support schools to continuously improve. SEIC offers schools the collective opportunity to look inwards, outwards and forwards, as described in HGIOS?4, and will support and challenge schools and early years settings through:

- approaches to self-evaluation and quality improvement which improve outcomes (**school leadership**)
- use of data to secure continuous improvement (**performance information**)
- support and guidance on improvement planning in line with NIF (**school improvement**)

Each of the above will enhance and complement individual local education authority's existing practices and plans for Quality Improvement as well as building a sustainable model for the future. It will also build on partnerships and collaborations across schools encouraging a delivery model for improvement and accountability that will be the responsibility of the school to deliver.

In order to develop our Regional Improvement Collaborative we require to:



- identify resources available within each authority, across the region and in Education Scotland which will offer support and challenge to schools
- develop a proportionate formula to secure equity for each local authority
- build on each local authority's approaches to continuous improvement and self-evaluation and develop a SEIC plan to offer support and challenge to schools and early years settings
- offer opportunities for school improvement collaboratives across SEIC to share best practice and learning between and amongst schools and early years settings
- explore how best to engage children and young people in improving services
- identify and utilise available data analysis already in use, both quantitative and qualitative, to help drive improvement
- ensure engagement and ownership of headteachers to deliver improvement at a school, cluster and regional level
- develop a plan for SEIC to address continuous improvement.

## **Method of Delivery**

We will ensure that our work produces collective added value through:

- Increased capacity to directly support in a targeted way
- Increased knowledge of a critical mass of staff to be focussed on specific areas to make a difference
- Using the expertise of a wide range of headteachers, deputies, principal teachers and teachers
- Making best use of the most effective systems from across the SEIC
- Sharing solutions to reduce bureaucracy

Examples of delivery of collective improvement through:

- the use of our expertise from across the region, including headteachers and teachers, to make best use of data analysis from the new national standardised assessments through a SEIC forum on assessment
- facilitating the delivery of a series of seminars/engagement sessions to allow for the sharing of best practice across schools, clusters and the regional area in closing the attainment gap
- developing with headteachers, teachers and parents support, guidance and practical advice on engaging parents in their child's learning
- establishing a culture of Peer Learning/Peer Review (schools pairing or clustering to quality assure across their group of schools) within the SEIC where headteachers take the lead role
- establishing a regional senior phase forum with school staff, specialists, employers and colleges
- developing school partnerships to evaluate the impact of PEF/SAC plans with a view to supporting the reporting cycle on the PEF/SAC and Improvement Planning; and

- providing an online forum to share research findings from practitioner inquiry and improvement collaborative tests of change.

## Governance and Reporting

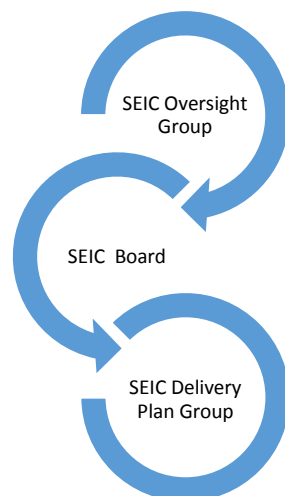
In addition to the priority areas, at the Deputy First Minister’s request, the Council also made some recommendations around the issue of governance. The Council felt that it was important to consider how to de-clutter the system without damaging it. The Council advised against becoming too focussed on changing the structure of the education system when, arguably, the more important aspects are the culture and capacity within the system. In particular the Scottish Government should:

- Learn from existing attempts to formally share education services between local authorities e.g. the Northern Alliance, and other forms of non-structural regionalisation that have been successful internationally.
- Create learning hubs around the country where education professionals can go to learn about different elements of educational practice.

**INTERNATIONAL COUNCIL OF EDUCATION ADVISERS**  
**July 2017**

Getting governance right is imperative. It is vital to retain local democratic accountability whilst at the same time bringing together the key representatives involved in decision-making across the SEIC. The 3 groups of personnel as seen below would provide the relevant staff to drive improvement across the ‘region’ and provide accountability for the work of SEIC.

## The South East Improvement Collaborative Governance



**SEIC Oversight Group** would comprise Education Conveners/portfolio holders x 5 and CEOs x 5. It is envisaged this group would only meet once or twice per year to oversee the work of SEIC as part of the political accountability.

**The SEIC Board** would be formed with Directors of Education or equivalent x 5, Headteachers x 5 and National Bodies (ES, SDS, Colleges) The SEIC Board would appoint a Chair. The SEIC Board will also approve the SEIC plans and receive reports on the progress of the plan and its impact. This will be the key officer leadership group, agreeing areas for priorities for collaboration, commissioning workstreams and receiving reports from workstream leads. It will meet quarterly with the first meeting in each new financial year considering progress with previous work and setting new priorities for the coming academic session, as well as overseeing the formulation of the SEIC Plan.

**SEIC Delivery Plan Group** will accept commission from the SEIC Board. Officers, headteachers and teachers will collaborate to undertake specific tasks, with Heads of Service, senior officers or Head Teachers taking the lead as appropriate to levels of expertise and need. Such delivery groups will meet as appropriate to address and deliver the commissioned tasks from workstreams within the SEIC Plans.

**Importantly the work of each local education authority will continue to be overseen through existing governance arrangements, maintaining local government accountability for the delivery of education services to each community and local authority area.**

The SEIC Board may be chaired by the 'Regional Lead Officer' or a nominated member of the group. This post should be appointed by Chief Executives of the SEIC from among the existing Directors/Heads of Service in the five local authorities. This would not be a substantive position but would be a leadership role for a fixed term. The Regional Lead Officer (RLO) will also report to the Chief Executive of Education Scotland on the outcomes of the SEIC Board decisions.

The support for the RLO would be agreed by Chief Executives and may take different forms dependent on existing structures and agreed priority workstreams. Additional resource could be added if available to support the co-ordination and delivery of the SEIC Plan.

Discussions would need to take place with Education Scotland to consider the best way in which they could support the Partnership. For example, this could be through a link senior officer, similar to their Area Lead Officer role. Rather than having the Partnership linking with up to five Area Lead Officers, there would be one Education Scotland appointee who would provide the Partnership with direct support.

These arrangements would also provide a platform for the potential development of self-evaluation and improvement work in wider children's services particularly where there is a close connection to school attainment such as with outcomes for looked after children. A more holistic GIRFEC approach would be beneficial in tackling the attainment gap and reducing inequity.

## **Proposed Measures to Evaluate Impact**

Short-term measures required for implementation of action plan to be decided to help have a focus for value added impact in first 6 months.

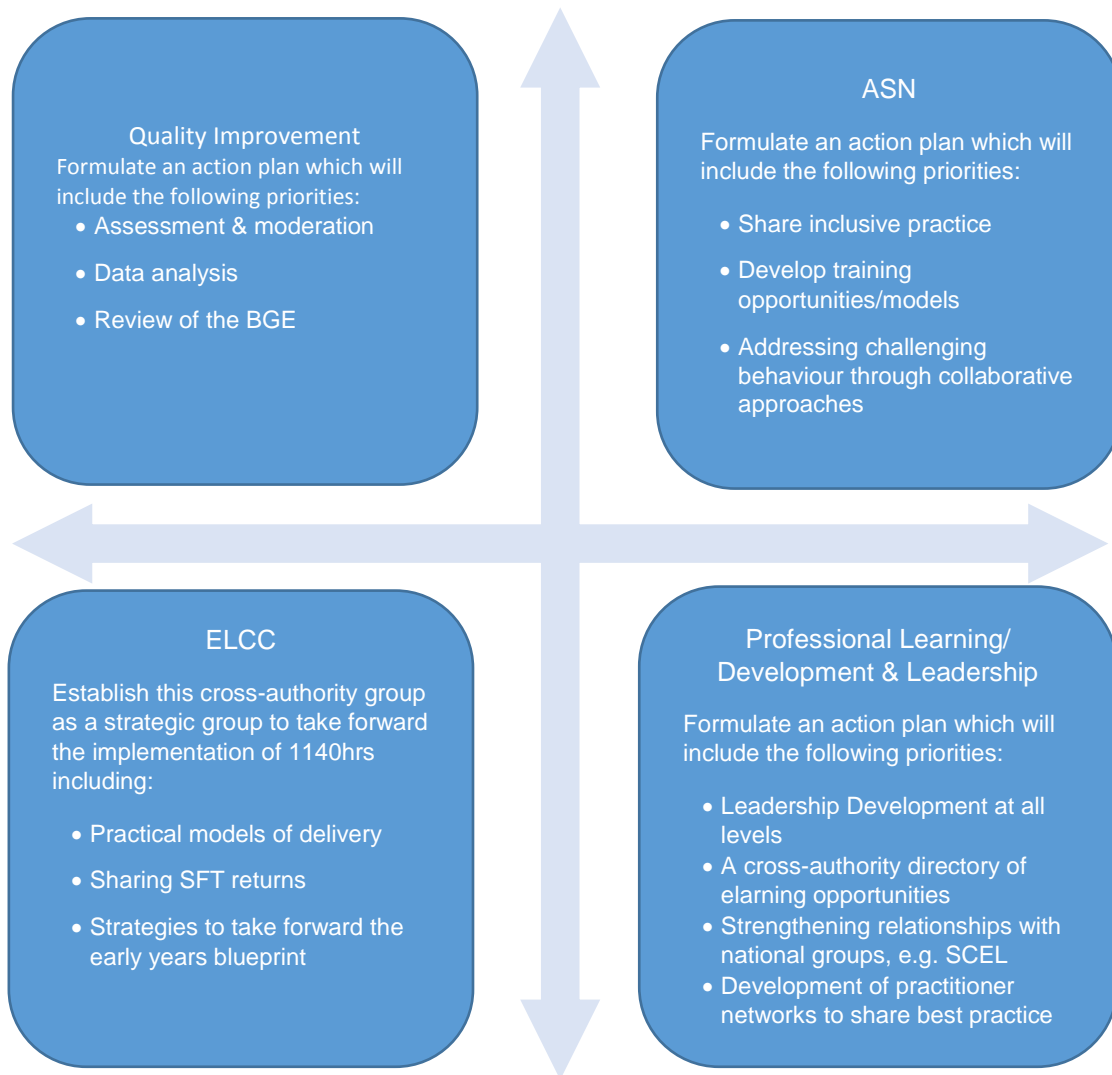
Improvement:

- Improved approaches to self-evaluation and managing change as measured by ES school inspections and local authority visits
- Effective Improvement plans in place
- Positive evaluations of events to share good practice across SEIC
- Number of schools involved in Learning Partnerships (schools that partner to support and challenge each other)

Attainment and Achievement including closing the attainment gap

- Number of schools engaged in moderating and evaluating PEF Plans and reports as part of a School Partnership
- Increase in number of pieces of research undertaken across the SEIC to inform practice
- Increase in CfE attainment across the SEIC
- Reduction in CfE attainment gap between the least and most deprived
- Increase in SQA performance across the SEIC
- Reduction in SQA performance gap between the least and most deprived
- Increase in % of positive school leaver destinations
- Reduction in gap between the most and least deprived for SLD

South East Alliance





**REPORT TO:** East Lothian Council

**MEETING DATE:** 31 October 2017

**BY:** Depute Chief Executive (Resources and People Services)

**SUBJECT:** Expansion of Early Learning and Childcare to 1140 hours –  
Draft Implementation Plan

**8**

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## **1 PURPOSE**

- 1.1 To present the draft Early Learning and Childcare Implementation Plan (Appendix 1) to the Council for approval.
- 1.2 To provide an update on the submission of the draft Early Learning and Childcare Implementation Plan and Financial Template to the Scottish Government 5 October 2017.
- 1.3 To provide the Council with an overview of East Lothian's vision and proposed model of delivery to meet the requirements of the expansion programme.

## **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Council:
  - approve the draft Early Learning and Childcare Implementation Plan;
  - acknowledge that the draft Early Learning and Childcare Implementation Plan is subject to the Scottish Government's stated intention that the implementation of the expansion will be fully funded and that the submission of this Plan is the first step towards confirming the funding that will be made available; and
  - notes that, once the Scottish Government confirms funding levels, the draft Early Learning and Childcare Implementation Plan will be revised to reflect this and a further update will be provided to Council at that time.

### **3 BACKGROUND**

3.1 As of August 2014, the Children and Young People (Scotland) Act increased the number of hours of free early learning and childcare provided to parents and carers from 475 hours per year to 600 hours per year and introduced an entitlement for eligible 2 year olds. In October 2016 the Scottish Government Consultation on the “Blueprint for 2020: The Expansion of Early Learning and Childcare in Scotland” set out the Scottish Government’s vision for the expansion of provision which is underpinned by principles of: Quality; Flexibility; Accessibility; and Affordability. In March 2017, the Scottish Government issued planning guidance to Local Authorities to support the development of Local Authority Implementation Plans for the expansion of 1140 hours early learning and childcare by 2020 in line with these principles.

3.2 The Local Authority Implementation Plans will be used to:

- progress the early learning and childcare expansion programme by articulating local plans in a consistent manner;
- support the development of a National Implementation Framework, including financial assumptions and commitments;
- inform discussions on funding allocations; and
- inform the monitoring and evaluation of the expansion programme.

3.3 The East Lothian 1140 Hours Project Board and associated working groups were established to lead the expansion programme and worked together to develop the draft Implementation Plan and proposed delivery model. The proposed delivery model is described in detail within the draft Early Learning and Childcare Implementation Plan and summarised below.

3.4 The implementation of 1140 hours of early learning and childcare is a key principle within the East Lothian Council Early Years Strategy, and will become an integral part of the work carried out by the Early Learning and Childcare Team.

#### **3.5 Proposed Implementation Plan**

##### **3.5.1 Future Delivery Plan**

3.5.2 The East Lothian 1140 Hours Project Board has undertaken a significant programme of activity to explore options available to deliver the expansion of early learning and childcare across the county in a way that meets the Scottish Government’s principles of flexibility, affordability, accessibility and quality.

3.5.3 The East Lothian draft Implementation Plan takes account of the Local Development Plan and the projected increased demand for pre-school provision created by the 10,500 new houses to be built in East Lothian over the next 10 years.



3.5.4 The Scottish Government's "Blueprint for 2020: The Expansion of Early Learning and Childcare in Scotland" supports and encourages "blended models" with partnership and community childcare providers, including childminders. Within East Lothian, discussion has taken place and will continue in a way which includes all childcare provision in and across all cluster areas.

3.5.5 To meet demand, creative measures such as the provision of early learning and childcare in Local Authority Nurseries over 50 weeks rather than the current 38 week model and full utilisation of outdoor space are required.

The values and importance of family learning is acknowledged in the Implementation Plan and this element has been built in to all proposals for expansion.

3.5.6 The benefits of the proposed delivery model are:

- Quality: the remit of the Early Learning and Childcare Team Officers has been revised to provide support and challenge across all early learning and childcare provision within East Lothian. A review of the quality of provision within all local authority nursery classes is currently underway and this will inform future support and development needs and improve the consistency of high-quality learning experiences for all children. The expansion in early learning and childcare will complement other improvement actions to close the poverty related attainment gap and ensure our children start Primary 1 ready to learn.
- Flexibility: the early learning and childcare expanded service will offer increased flexibility and choice to parents.
- Affordability and accessibility: the expanded early learning and childcare provision will reduce early learning and childcare costs for working parents and those who are seeking to move into work, education or training. The cluster model approach will ensure early learning and childcare is accessible to parents across the county.

3.5.7 Implications for the Workforce

There are implications for the current workforce:

- Staff contracts: most local authority staff based in primary school nursery class settings work during the school term. The expansion programme will require increased flexibility of daily and weekly working patterns and work is underway to try out new ways of working within the East Lothian trials planned 2017/18.
- Leadership and management: almost all of East Lothian Council's early learning and childcare settings are located within primary schools and are led by primary school Head Teachers on SNCT's terms and conditions. Early learning and childcare provision beyond school term time will require a new management structure to be developed to cover out-with term time.

- The East Lothian 1140 hours Workforce Group is in place to support ongoing plans to develop new working patterns that will be required by the expansion programme.

### 3.5.8 Additional Staffing

The Scottish Government announced that each Early Learning and Childcare setting in an area of high deprivation will get an additional graduate or teacher, with East Lothian receiving 3. The Council was required to submit to the Scottish Government an action plan setting out how it intended to allocate these additional staff. The 1140 Hours Project Board and Workforce Group agreed that the additional staff will be allocated to Olivebank Child and Family Centre, Sanderson's Wynd Nursery Provision and a shared post between Elphinstone and Whitecraig Nursery Provision. Further detail is set out in the 1140 Graduate Commitment Plan, Appendix 2

### 3.5.9 Implications for the Early Years and School Estate

The East Lothian 1140 hours Project Board has undertaken a review of the school estate and other Council assets to assess capacity and fitness for purpose for the proposed model of delivery. Estimated Capital Spend on the identified refurbishments and extension projects is £13.575m. This investment will ensure children experience early learning and childcare within high-quality provision while making best use of existing assets in line with Council and Scottish Government policy.

Considerations included:

- Accessing facilities over extended periods of the day and out with school term time.
- Provision of dining space to ensure children receive their entitlement to a free school meal
- Guidance provided by the Care Inspectorate within the "Space to Grow" Design Guide launched by the Scottish Government.

### 3.6 Consultation

The Education Service has taken a phased approach to direct consultation with families and carers about the introduction of 1140 hours of early learning and childcare. The Education Service plans to roll out a series of parental consultations across the county allowing parents to engage with the service about what early learning and childcare options would best meet their needs both now and in the future. In the summer of 2017, the Education Service surveyed parents within the Prestonpans area to inform demand and time allocation in the first school cluster identified to trial 1140 hours. Responses indicated a clear preference for a 50 week per year provision.

#### 3.6.1 Next Steps

The East Lothian Council Early Years Team intends to test out the proposed delivery model within existing early learning and childcare settings and has sought Scottish Government funding to implement these trials. This is in line

with the Scottish Government's plans to phase in the delivery of 1140 hours from 2017/2018 through to full implementation by 2020/2021.

#### **4 POLICY IMPLICATIONS**

- 4.1 The draft Early Learning and Childcare Implementation Plan will assist the Council in delivering services in accordance with its statutory duties and Best Value obligations.

#### **5 INTEGRATED IMPACT ASSESSMENT**

- 5.1 An integrated impact assessment of the draft Implementation Plan showed that there are no negative equalities, social and economic implications arising from the Plan.

#### **6 RESOURCE IMPLICATIONS**

- 6.1 Financial – East Lothian Council's financial forecasting, as submitted with the Implementation Plan, details estimated Capital and Revenue costs required to ensure expansion of early learning and childcare by 2020. These estimated costs amount to £13.575m Capital and £20m Revenue. The Scottish Government stated its intention that the implementation of the 1140 hours expansion programme will be fully funded. The expansion programme will require significant collaboration and input across Council service areas, including early years team, central education business support staff, finance, human resources, property, catering, facilities managements etc.
- 6.2 Personnel - Additional staff to accommodate the extension of hours brought about by the move from 600 hours to 1140 hours. Realignment of roles for staff working in Local Authority nurseries to take account of the move from early education to early learning and childcare and to encourage the development of new career progression pathways and opportunities.
- 6.3 Other – None

#### **7 BACKGROUND PAPERS**

- 7.1 Early Learning and Childcare Strategy 2016 – 2021

A Blueprint for 2020: The expansion of Early Learning and Childcare in Scotland

East Lothian Council – Early Learning and Childcare 1140 Hours Projected Demand and Capacity tracker by Cluster Area

Evaluating 1140 Trials in East Lothian

1140 Expansion: Workforce Development Plan

1140 Hours Expansion 2020: Communication and Engagement Plan

Infrastructure (Physical Estate) Plan

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<b>DATE</b>	19 October 2017

# **1140 Early Learning and Childcare**

## **Implementation Plan**

### **Foreword**

East Lothian Council is strongly committed to ensuring that children have the best start in life and are ready to succeed. This Draft 1140 Early Learning and Childcare Implementation Plan sets out the Council's vision for expanding early learning and childcare to 1140 hours by 2020.

East Lothian's population is projected to grow by about 1% annually with significant growth projected across all age groups but particularly among children. The Council plans for the impact this growth has on its public services, including services for children and families to take account of the significant new housing developments planned in the coming years. This also includes a significant expansion of the school estate and the re-provisioning of early learning and childcare given the limited capacity in many areas.

The Council has adopted a collaborative approach to developing this 1140 Plan. A range of partners and council services have come together and built strong relationships to support the delivery of the Plan over the coming years. This collaboration includes a range of working groups and a Project Board to develop and oversee proposals and support a transparent approach to the development and progression of the East Lothian 1140 Plan.

The Council has developed a creative and innovative approach to make the most of its existing infrastructure and resources whilst focusing on placing quality at the heart of its provision. It is committed to offering families a choice of early learning and childcare, which meets their needs. The Plan sets out how the Council intends to make the most of outdoor

spaces and build on existing relationships with other providers of early learning and childcare to create an offer to families which is flexible, accessible and affordable.

The 1140 trial settings will provide the opportunity to ensure that the revised delivery model provides high-quality early learning and childcare. The trials will also provide the opportunity to test out new delivery models and ensure these offer best value and are operationally efficient.

The expansion of early learning and childcare brings new opportunities and challenges for those working or who wish to work in this sector in the future. To be successful, East Lothian Council recognises the need to support and build a workforce that embraces quality at the heart of early learning and childcare, develops career pathways and addresses the gender imbalances within this sector.

East Lothian Council's Education Service looks forward to continuing its engagement and partnership working with local families and partners to develop and implement 1140 hours early learning and childcare provision across the county.

Fiona Robertson

Head of Education, East Lothian Council

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## **1. Context**

### **1.1 East Lothian Council's Vision**

The **East Lothian Council Plan 2017-2022** outlines the strategy the Council will follow and details the objectives and strategic goals it has set itself over the next five years to strive to meet its vision.

The Council Plan sets out the following themes and objectives for the next five years:

- Growing our Economy
- Growing our People
- Growing our Communities
- Growing our Capacity

The overarching objective of 'reducing inequalities within and across our communities' that was adopted when the 2012-2017 Council Plan was reviewed in 2014 remains the overarching objective of the new Council Plan. Within this context, the provision of high-quality early learning and childcare has an important role in contributing to both the themes and objectives in the Council Plan. The East Lothian Poverty Commission Report also highlighted the importance of access to good quality and affordable early learning and childcare as a key way to reduce inequality and encourage better outcomes for families.

The Council Plan also sets out the following strategic goals, which will make the biggest impact in delivering the key themes and objectives.

- Reduce unemployment and improve the employability of East Lothian's workforce.
- Reduce the attainment gap and raise the attainment and achievement of our children and young people.
- Improve the life chances of the most vulnerable people in our society.
- Extend community engagement and decision making and increase community and individual resilience.
- Deliver transformational change and harness the opportunities technology offers in the provision of services.

### **1.2 East Lothian Council's Vision for Education**

East Lothian's Education Service aims to provide the best education in Scotland through a relentless focus on Inclusion, Achievement, Ambition and Progress for All. We will all work together to Get it Right for Every Child and to ensure that all children and young people are Safe, Healthy, Nurtured, Active, Respected, Responsible and Included.



To realise our vision we will:

- act with ambition and integrity to open minds to the rights and values of education and help everyone to achieve their potential;
- work together to nurture all our children and young people;
- demonstrate a community working together to make that difference for every child; and
- collectively strive for excellence and equity for all

Our theme for 2017-2018 will help us collectively focus and deliver on our common moral purpose and vision is 'Know your gap, Know your impact'.

Our vision and values for education within East Lothian Council align with the Key Priorities in the National Improvement Framework for Scottish Education 'Achieving Excellence and Equity' (*Scottish Government, January 2016*) and 'Delivering Excellence and Equity in Scottish Education' (*Scottish Government, June 2016*):

- Improvement in attainment, particularly in literacy and numeracy;
- Closing the attainment gap between the most and least disadvantaged children;
- Improvement in children and young people's health and wellbeing; and
- Improvement in employability skills and sustained, positive school leaver destinations for all young people

The Education Service Improvement Plan sets out the action the Service needs to take to improve outcomes for children and young people and the way in which it will measure success in delivering improvements.

Our shorter-term equality outcomes are:

- Close the gap in educational outcomes for those children and young people impacted by socio-economic disadvantage
- Close the gap in literacy rates between boys and girls in primary school
- Improve the health and wellbeing of children and young people with protected characteristics

The Education Service Improvement Plan is currently being finalised and will set out links to the Outcomes in East Lothian Council's Plan 2017-2022, the Integrated Children and Young People's Service Plan, The East Lothian Poverty Commission Report and the 2017-2021 Equalities Plan.

In 2016/17 there were 8,492 pupils in East Lothian Council's 35 primary schools; 5,641 pupils in six secondary schools; 2,454 children accessing 600 hours of early learning and childcare across 33 Local Authority nurseries and 19 private and voluntary sector

partnership centres. Specialist provision in enhanced learning centres was provided within 5 of our mainstream primary and 3 of our mainstream secondary schools in 2016/17, with 49 primary pupils and 47 secondary pupils attending during this academic session.

### **1.3 East Lothian Council's Early Learning and Childcare Strategy**

East Lothian Council has set out its vision for early learning and childcare in the 'Early Learning and Childcare Strategy 2016-2021', making a clear commitment to working with children, families and partners in the community to ensure that children have the best start in life and are ready to succeed. The Strategy outlines three guiding principles as follows:

- Deliver on the Scottish Government's commitment to increase the number of funded early learning & childcare hours for all three and four year olds and eligible two year olds from 600 to 1140 per year by 2020. Targeting support towards the parents, children and communities most in need.
- To close the attainment gap through early intervention and reduce the impact of disadvantage by providing targeted support to families facing additional pressures.
- To ensure an informed, well-qualified, skilled and motivated workforce to enable delivery of high quality early learning and childcare services capable of meeting future demand and challenges, as we move towards 1140 hours.

### **1.4 East Lothian Council's Play Policy**

East Lothian Council has set out its vision for play in the 'East Lothian Play Policy 2017 – 2020', stating 'All children and young people in East Lothian will have opportunities to play every day, with an emphasis on being outdoors, throughout their childhood'.

The Play Policy outlines three principles, as follows:

- All children and young people have a right to play
- Children and young people will be listened to and their views on playing and free time taken into account
- Adults should positively promote and support children and young people's rights to play

The policy acknowledges and supports the importance of play in contributing to all aspects of learning:

*'...through play children learn by doing; they explore and engage with the world around them; they experiment with new ideas, roles and experiences and develop problem solving skills. High quality play experiences are the basis of young children's learning and are key to closing the attainment gap between children.'*

### **1.5 East Lothian – A Growing County**

East Lothian is growing and will continue to grow at a fast pace with over 10,000 new homes to be built over the next 10 years. Significant growth is projected across all age groups but particularly among children and older people: the 0-16 year age group is projected to grow by almost a third; the over 75 year age group by almost 100%.

East Lothian has been subject to strategic development pressure for many years. This is largely as a result of the area's proximity to Edinburgh and because it is part of the wider Edinburgh labour market and housing market areas. The proposed Local Development Plan (LDP) sets out a development strategy for the future of East Lothian to 2024 and beyond. The proposed LDP sets out where new developments should and should not occur, including housing, education, economic and retail development, new transport links and other infrastructure.

The proposed Local Development Plan is available here

[http://www.eastlothian.gov.uk/downloads/file/11480/proposed\\_local\\_development\\_plan](http://www.eastlothian.gov.uk/downloads/file/11480/proposed_local_development_plan)

### **1.6 Education Governance: Next Steps**

In June 2017, the Scottish Government published Education Governance: Next Steps setting out its response to the outcome of the Governance Review consultation and the future governance of education.

Currently, as an Education Authority, East Lothian Council holds the statutory responsibility for the provision and delivery of education, for performance and improvement of individual schools as well the cumulative authority, as the employer of all staff within a school setting and those who support its schools. This statutory duty is set out in the Standards in Scotland's Schools Act 2000 and was amended 2016 to place new duties on Education Authorities and schools including new planning and reporting arrangements commencing August 2017.

The creation of Regional Collaboratives, as indicated within the Education Governance: Next Steps report, will be resourced between Education Scotland, Local Authority employees and other national partners and will focus on improvement and closing the attainment gap. The Regional Collaboratives will identify and report on regional educational priorities with regional plans linked to the National Improvement Framework priorities. The Regional Collaboratives will require to support the expansion of early learning and childcare and the specific duties that are likely to lie with the local authority in relation to ensuring the quality of the expanded provision.

The Scottish Government's Programme for Government states that an Education Bill will be introduced early 2018 relating to the Governance Review: Next Steps. It is not yet clear what the implications of this Bill will be on the governance of education and how this will articulate with an authority's other statutory duties set out in inter-related legislation, including the Children and Young People (Scotland) Act 2014, GIRFEC and Education (ASfL) (Scotland) Act 2013.

## 1.7 Commitment to Equal Opportunity

East Lothian Council's Education Service has made a strong commitment to equality of opportunity and ensuring that it provides an inclusive education for East Lothian's children. This commitment is set out in the East Lothian Equality Plan and includes the following:

- Close the gap in educational outcomes for those children and young people impacted by socio-economic disadvantage
- Close the gap in literacy rates between boys and girls in primary school
- Improve the health and wellbeing of children and young people with protected characteristics

In addition to the strategic commitment to reducing inequality, the Education Authority has also developed and benefits from a range of practical tools which can support those working in education to continue to build their understanding of equality and diversity issues. These include:

- Equality and Inclusion in the Early Years: A Guide to Understanding equality, diversity and poverty issues for those working in Early Years  
[http://www.eastlothian.gov.uk/info/751/tackling\\_poverty\\_and\\_inequality/835/tackling\\_poverty\\_and\\_inequality/3](http://www.eastlothian.gov.uk/info/751/tackling_poverty_and_inequality/835/tackling_poverty_and_inequality/3)
- Understanding Poverty - E Learning module – available to Council employees and external organisations and individuals
- Face to face training opportunities including Transgender Awareness Training, Understanding and Tackling Racism, Autism Awareness, etc.
- A range of online learning modules free to use and available to all Council employees and external organisations and individuals via the Council's LearnPro site.

## 1.8 Welfare Reform and the Impact of Universal Credit

East Lothian was the first local authority in Scotland to experience the impact of the roll out of Universal Credit. For many families living on low incomes or close to poverty, the implementation of universal credit has had a significant impact on their family. Complex application processes and long delays in receiving payments (often 6-10 weeks) have left many families who were previously coping well without access to any benefits for significant periods. Some of the evidence of this impact can be seen in an increase of 40% in food bank referrals, increased rent arrears (increased by 50%) and significant concern for people's welfare across Council services.

In response to the above, three infant/primary schools in areas identified as having a number of families in SIMD 1 – 3, provided lunches and activities for children over the summer and subsequent holiday periods. Evaluations confirm the benefits for children and

families as being continued learning, improved school attendance and relationships with school staff. This provision also acted as a support to families which in turn, contributed to reduced tensions within the home. East Lothian Council commissioned further research into Food Poverty and Holiday Hunger with a report on the findings due Autumn 2017.

#### **Impact of Universal Credit – East Lothian Foodbank data**

- August 2015 - 109 parcels
- August 2016 - 161 parcels
- August 2017 - 227 parcels

‘On August 16th, ‘back to school day’, there were 16 family referrals, 10 of which were known to have run out of money due to cost of uniforms and back to school expenses, which had tipped people over the edge.’ *Foodbank Trustee September 2017*

Over the past few years, the Council have used Universal Credit as a ‘passport benefit’ allowing people on universal credit to receive a range of discounted services. Universal credit became an automatic qualifier for two year olds, which saw an increase in the number applying. From the beginning of the 2017 school term, the introduction of the ‘Minimum Income Threshold’ for those eligible for ‘eligible two’s’ funding could bring wider implications for the Council’s policy and this will be reviewed over the coming months.

## **2 Early Learning and Childcare in East Lothian**

### **2.1 Summary of Key Data relating to all East Lothian and registered provision in East Lothian**

East Lothian manages and delivers early learning and childcare provision on a cluster model basis and this model informs the provision of early learning and childcare opportunities for children and families. It is within this context that the Council sets out the current and predicted future demand and supply. For more information about the cluster model catchment areas visit

[http://www.eastlothian.gov.uk/site/scripts/download\\_info.php?downloadID=1588](http://www.eastlothian.gov.uk/site/scripts/download_info.php?downloadID=1588)

East Lothian has a mixed economy of early learning and childcare provision. It is divided largely into private sector providers for children aged 0 – 5 years and local authority provision of 600 hours of ELC for 3-5 year olds (although there is also significant private

sector provision in this age grouping). The level of accessing early learning and childcare is also dependent on the age of the children concerned.

The following summarises the key type of provision and information about the service.

Type of Provision	Key Characteristics
<b>Local Authority Provision</b>	<ul style="list-style-type: none"> <li>• There are 31 local authority nurseries across East Lothian ranging in size from a capacity of 128 to 20 children per session.</li> <li>• For children aged 3-5 years an average of 82.2% of children attend a local authority nursery provision however this varies across the cluster as highlighted in section 2.2.</li> <li>• The majority of current provision is operating at capacity with particular towns experiencing a limited availability particularly in Prestonpans, Tranent and Haddington. East Lothian Council’s Early Learning and Childcare Team is proactive in the development and creation of provision to meet demand.</li> </ul>
<b>Additional and Complex Needs</b>	<ul style="list-style-type: none"> <li>• East Lothian has one early learning and childcare setting, The Green Room at Sanderson’s Wynd Primary School in Tranent, which accommodates children with the most severe and complex needs. This provision caters for children aged 3 &amp; 4 years and those two year olds who meet the eligibility criteria for 600 hours. This facility is registered to care for 10 children at any one time and currently operates over 50 weeks.</li> </ul>
<b>Private Nurseries</b>	<ul style="list-style-type: none"> <li>• East Lothian Council has 19 Partner Provider nurseries across the county providing early learning and childcare for an age range covering 6 months to 5 years.</li> <li>• The Partner Providers operate within the hours of 7am to 7pm</li> <li>• Most are open over the traditional ‘school holiday’ periods, in-service days and bank holidays though closed over the Christmas holiday period.</li> <li>• Private nurseries are the choice of many parents providing continuity of care from when a child first begins nursery through to school age throughout the year.</li> </ul>

	<ul style="list-style-type: none"> <li>• Those employed by private nurseries hold a range of qualification levels (from SCQF Level 6 to 9) depending on individual's requirements for registration with the Scottish Social Service Council (SSSC) and the role of the individual holds within the nursery. Information returned from a survey of partner nurseries highlights that some employees currently hold no formal qualifications (but are likely to undertake qualifications/ training in accordance with SSSC registration requirements).</li> <li>• A survey of providers highlighted that private nurseries are in a position to offer 1140 hours within their current business models.</li> <li>• Most operate within privately owned buildings, though some are leased.</li> <li>• In some areas (Prestonpans, Tranent, Haddington) providers are currently working at capacity or near capacity and some hold waiting lists for particular age groups.</li> </ul>
<b>Childminders</b>	<ul style="list-style-type: none"> <li>• There are approximately 119 childminders working across East Lothian catering for children from 3 months to 12 years.</li> <li>• Childminders offer a range of services including school drop off &amp; collection, late pick-ups and weekend working.</li> <li>• Working patterns vary, though many operate on a 'term time' only pattern, and Monday to Thursday with no childcare provided on a Friday.</li> <li>• Childminders, unlike other childcare providers, are not required to have a childcare qualification. A number are now beginning to see the benefits to achieving qualifications, what this will bring to their profession and have committed to study at all levels. Of those who responded to a recent survey 90% said they worked from their own home and make use of local amenities and outdoor spaces.</li> <li>• Some childminders in East Lothian are also Day Carers providing childcare for children referred through Children's Wellbeing Services.</li> </ul>
<b>Playgroups</b>	<ul style="list-style-type: none"> <li>• East Lothian has 16 playgroups who operate across the county of which 9 are registered with the Care Inspectorate, 1 pending registration and 6 are unregistered (running for under 2 hours per session).</li> <li>• Most have voluntary parent-led committees.</li> <li>• Many operate within other community based facilities such as church halls or community centres</li> </ul>
<b>Tots and Teens</b>	<ul style="list-style-type: none"> <li>• This is an innovative provision of a community playgroup for children aged 2-3 years within a secondary school setting.</li> </ul>

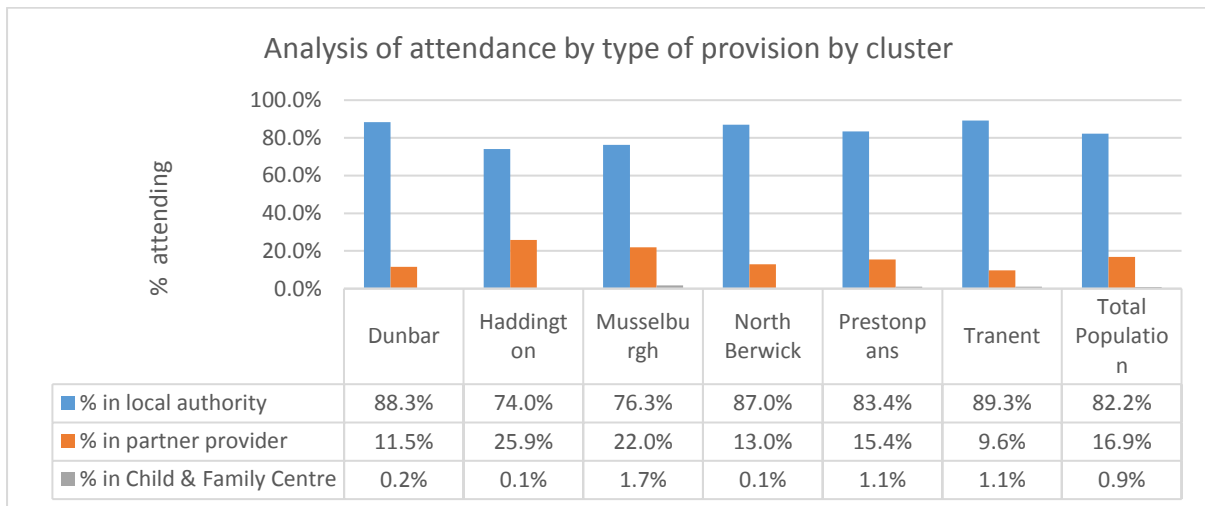
	<ul style="list-style-type: none"> <li>It offers S3 pupils the opportunity to learn more about childcare as a career, child development, and the importance of attachment, play, songs and stories. Pupils are in the playroom for one session per week over a term. Pupils in S5 and S6 often return to the playroom on a voluntary basis. Pupils disaffected by school also have the opportunity to come into the playroom where they are supported by the qualified and experienced staff. One high school links the time in the playroom to a childcare elective undertaken by pupils in school. East Lothian has three Tots &amp; Teens projects with another two under way, which are due to open by the end of the calendar year 2017. The aim is to develop opportunities for pupils wishing to follow childcare as a career. By creating links to established early learning and childcare hubs across East Lothian, and creating pathways into Modern Apprenticeships, school leavers will be encouraged to consider early learning and childcare as a career.</li> </ul>
<b>Voluntary Sector Provisions</b>	<ul style="list-style-type: none"> <li>First Step is a community project in partnership with East Lothian Council, and Managed by a Board, with membership made up from Strategic Directors, local parents and Advisors from East Lothian Council. First Step supports parents and their children in a designated residential area, and is unique in providing a whole family approach. This includes support to parents to be at an antenatal stage, alongside groups for Grandparents and everything in between. First Step supports parents through its outreach service, and provides short term respite places for children/families.</li> <li>First Step has close links with Dad's Work, which offers supports and activities to Dads and children of all ages.</li> </ul>
<b>Child and Family centres</b>	<ul style="list-style-type: none"> <li>Olivebank Child and Family Centre supports East Lothian's most vulnerable children and their families.</li> <li>Olivebank provides a 50 week service for parents and children, which includes an outreach service.</li> <li>Places are allocated through referral and a panel.</li> </ul>
<b>Individual Family Arrangements</b>	<ul style="list-style-type: none"> <li>A significant amount of childcare is provided by family and other support networks including grandparents, family friends and relatives. These arrangements are often mixed with more formal provision and supplement and provide support especially during school holiday periods.</li> </ul>
<b>Wraparound</b>	<ul style="list-style-type: none"> <li>There are two Wraparound Centres in East Lothian, one at Sanderson's Wynd, Tranent and the other at John Muir Campus, Dunbar. Both sites provide a 50-week service for children aged 2- 5 years which currently "wraps around" the</li> </ul>



nursery sessions. Wraparound Centres are open from 7.30/8am to 6pm.

## 2.2 Demand for Early Learning and Childcare in East Lothian

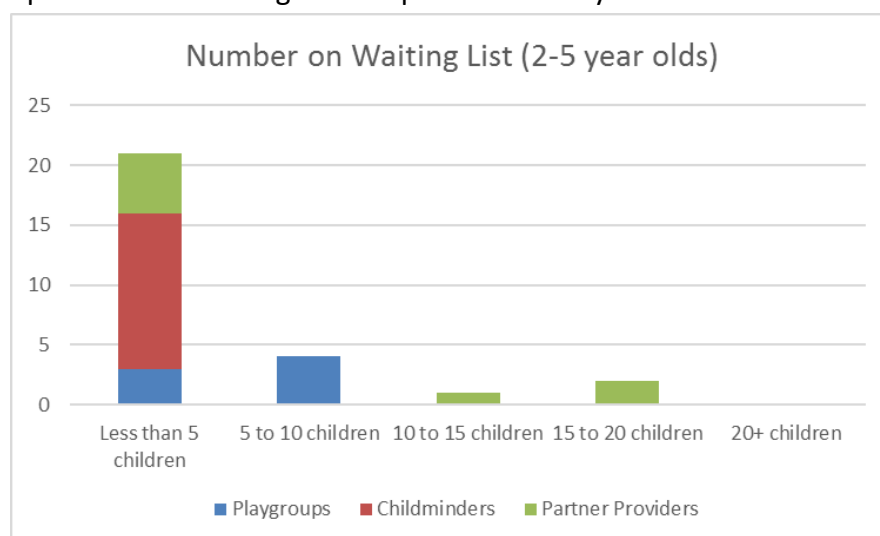
The demand analysis for East Lothian’s provision of early learning and childcare indicates a high level of engagement for 3 and 4 year olds with the early learning and childcare provision on offer to them. On average 97% of three and four year olds resident in East Lothian take up a nursery space (partner providers and local authority nurseries). Of which 93% on average attend provision within their cluster of residence. The figure below shows the average proportion of 3 and 4 year olds attending each type of provision within each Cluster area over the last five years:



*Data Source: East Lothian Council Nursery Enrolment Records 2011 to 2016*

**Partner providers and Childminders:**

Of the Partner Providers who responded to our 2017 survey a number said that they operate small waiting lists for places currently:



### 2.3 Comparison of Supply to Demand by cluster area

At present, levels of demand for childcare are high and outweigh supply in particular within East Lothian. Haddington, Prestonpans and Tranent are currently areas where there is very high demand and more limited capacity.

#### Population Projections and the impact of demand:

Population projections up to and beyond 2020 show increased numbers within the 0-5-year-old grouping with significant increases in demand for early learning and childcare forecast, particularly in areas allocated for new housing developments. It is also anticipated that demand in some areas will peak in 2024/25 when housing developments in certain areas are completed.

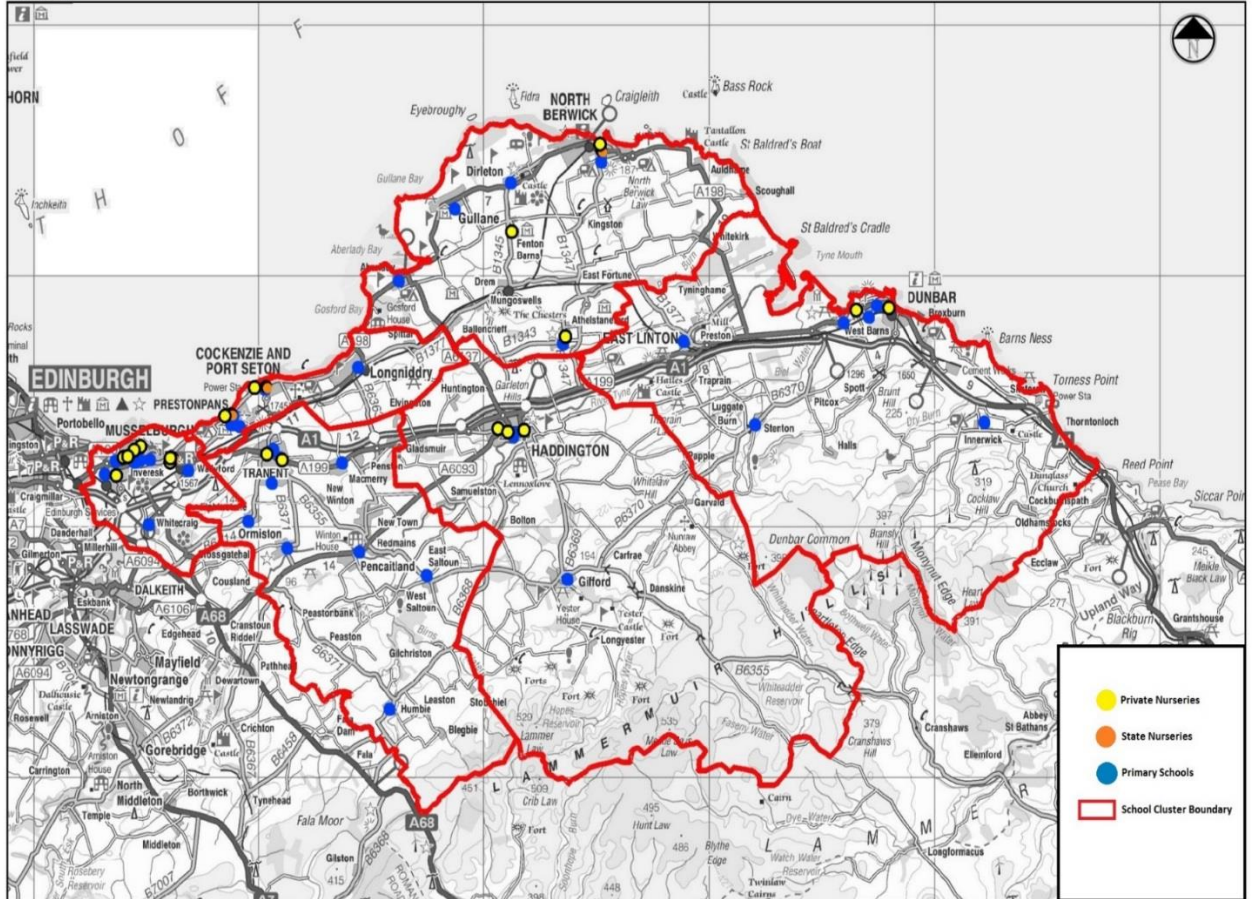
To develop the 1140 Plan, consideration has been given to current attendance figures, detailed population projections and local knowledge of communities in order to identify and predict what demand will be. Figures include the following assumptions:

- Figures developed to consider the implications arising from the Local Development Plan, within the context of developer contributions only allowing for 600 hours (as 1140 is not in statute and therefore we cannot retrospectively ask for contributions for 1140 from developers where agreements are already in place).
- Assumptions on attendance rates are based on current parental choice (as above) with a recognition that extended hours may make local authority nurseries a more attractive option for some families.
- In line with Scottish Government guidance figures and calculations used in tables do not include eligible 2 year olds

- For the purposes of this plan figures relate to demand in **2020** only
- Supply figures are based on the current supply available.
- For partner providers registered capacities are fluid across age ranges depending on their demand from different age groups.
- Childminder supply is fluid based on the individual circumstances of childminders and the premises from which they operate.
- For some areas, there will be peaks in demand in 2024/25 and we have noted where these will be.

### **Supply v Demand Tables**

East Lothian does not have catchment areas for nursery provision. However, we have presented our analysis of current supply v demand on our school catchment areas, reflecting local communities and linkage with the next steps in education. The following map and Appendix A highlight the nature of supply and predicted demand for local authority nurseries (what we own) and partner and community providers (what we buy).



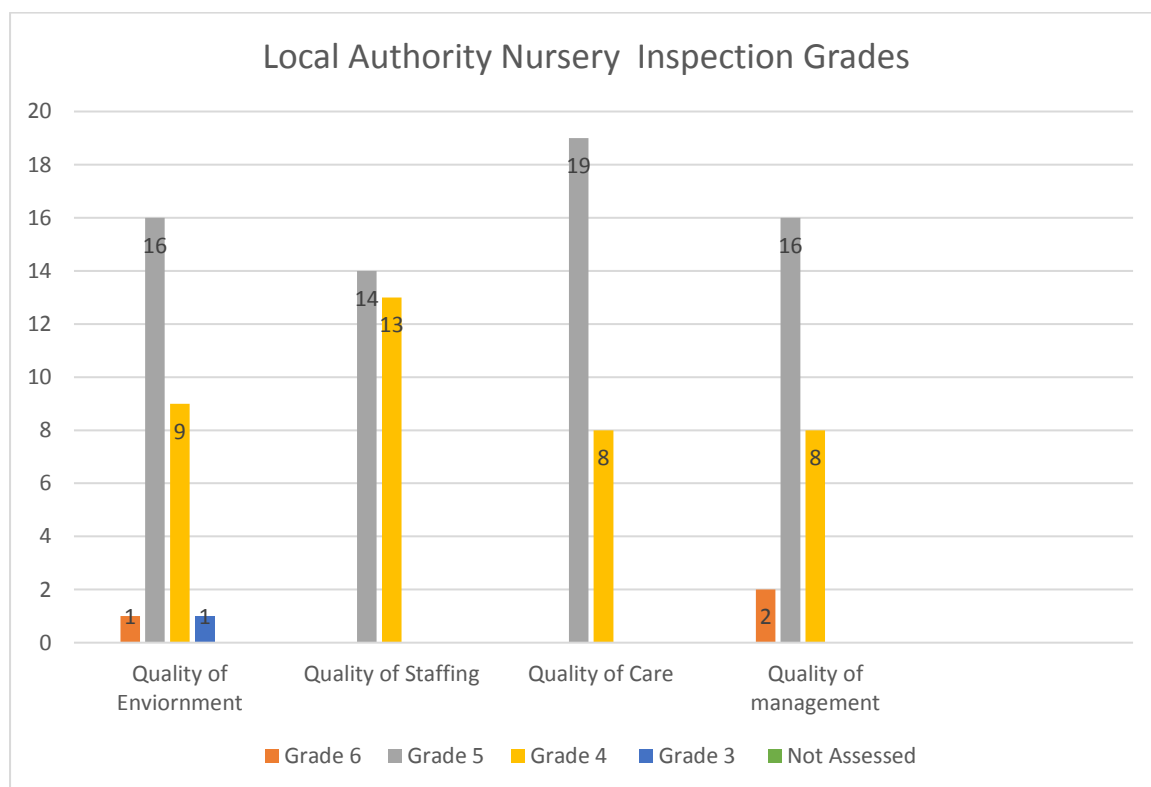
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## 2.4 Summary of key data metrics (quality, financial, and utilisation) relating to current supply arrangements (local authority and others)

### 2.4.1 Current Quality of Provision

Overall, there is an improving trend in Inspections of both local authority early learning and childcare provision and of partner providers.

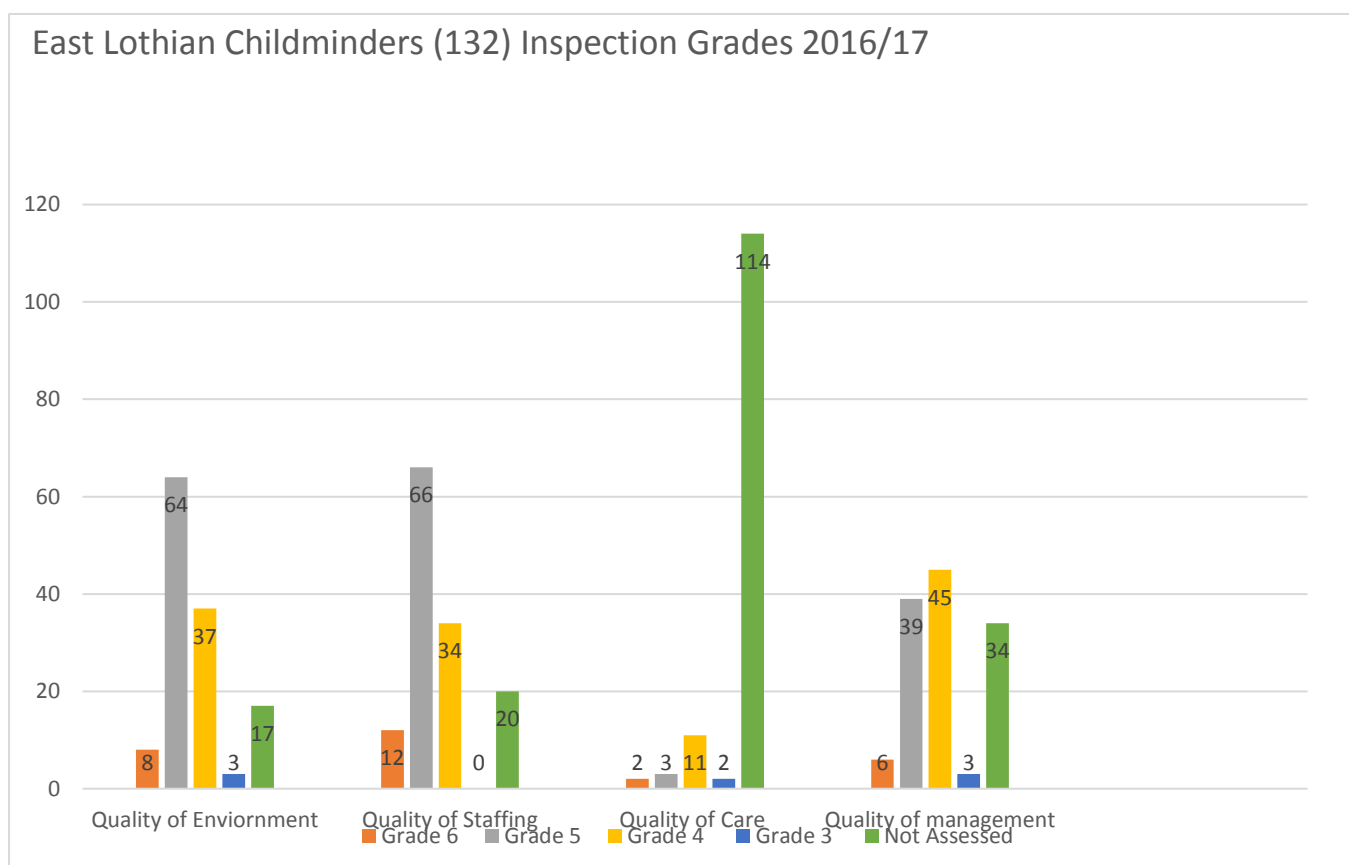
East Lothian Council receives relatively few inspections by Education Scotland given the number of establishments and the current proportionate approach to inspection. In recent years, most inspections have been positive with evaluations of satisfactory or better. Inspection trends from Care Inspectorate inspections are improving with most settings receiving positive inspections. In the small number of settings where areas for improvement have been identified, the service has taken swift action to provide support and improve practice.



## 2.4.2 Childminders

Childminders like other childcare providers are registered and inspected by the Care Inspectorate using the Care Standards, which to date have been early learning and childcare up to the age of 16, soon to be replaced by Health and Social Care Standards, My support my life.

The Care Inspectorate whilst inspecting on a regular basis do not have a regular annual inspection regime for childminders. The frequency of inspection for childminders is determined by the grades awarded at their last inspection. This may result in some childminders being inspected annually with others inspected bi-annually, or even once every three or four years in the case of grade 6 and an evaluation of excellent being awarded. This means the inspection of childminders is out of line with all other childcare providers, making it difficult for parents when choosing childcare to rely on information provided in Inspection reports to inform choice.



### **2.4.3 Focus on Quality 2017-2020**

Until recently, the East Lothian Early Learning and Childcare Team had officers with a remit primarily focussed on supporting partner providers. From August 2017 onwards, these officers are now working across all early learning and childcare provision. A review of the quality of provision within all local authority nursery classes is currently underway and this will inform future support and development needs. To date, the outcomes of this evaluative review are positive and Head Teachers are engaging well ensuring provision is of a sufficiently high quality and aspects for improvement identified and addressed. The staffing compliment within the Early Learning and Childcare Team is currently being reviewed to ensure that the service can respond to the increasing demand for early learning and childcare and to ensure quality across all of our service provision.

See section 3.2.1 below for more detail on ensuring quality between now and 2020 and ensuring that quality is at the heart of provision with in 1140 settings.

### **2.4.4 Financial**

East Lothian Council's Education Service has negotiated rates with partner providers and childminders as part of its service level agreements. The current rates are:

- Partner providers 3-5 year olds £3.75
- Partner providers – eligible 2 year olds £4.50 plus £2 for lunch
- Childminder – eligible 2 year olds £4.50 plus £2 for lunch

### **2.4.5 Utilisation**

In 2016/17, there were 8,492 pupils in East Lothian Council's 35 primary schools; 5,641 pupils in six secondary schools; 2,454 children accessing 600 hours of early learning and childcare across 33 Local Authority nurseries and 19 private and voluntary sector partnership centres. Specialist provision in enhanced learning centres is provided within 5 of our mainstream primary and 3 of our mainstream secondary schools, with 49 primary pupils and 47 secondary pupils attending during the year.

Twelve children, with severe and complex needs accessed pre - school provision at the Green Room within Sanderson's Wynd Primary School.

The number of applications for 600 hours of early learning and childcare for two year- olds continues to increase, with 146 applications received in the academic year 2016/17. Of these applications 15 were not eligible and 7 remained incomplete despite further information being requested.

Parental choice across all early learning and childcare settings is shown in the diagram at 1.8 in this report.

## 2.5 Summary of local parent and community consultation outcomes

East Lothian Council has taken a phased approach to direct consultation with families and carers about the introduction of 1140 hours of early learning and childcare. The Education Service plans to roll out a series of parental consultations across the county allowing parents to engage with the service about what early learning and childcare options would best meet their needs both now and in the future. The Education Service is aware that those who will be entitled to 1140 by 2020 will not necessarily be in a position to express what their childcare needs will be at this point in time. Therefore, the service will work in a range of different ways to ensure it understands how the early learning and childcare offer can meet parental/ carer needs.

In the summer of 2017, East Lothian Council surveyed parents within the Prestonpans area to inform demand and time allocation in the first school cluster identified to trial 1140 hours. Responses indicated a clear preference for a 50 week provision. However, there was also a high level of respondents who 'didn't know' or chose not to answer this question.

The survey is currently open to parents, carers and families in the other cluster areas across East Lothian. This survey will close October 2017

**Table 1**

<b>Question 1: If you would like to use childcare in Prestonpans now or in the future, which of the options would you use? (please tick as many as apply)</b>	
<b>Childminder</b>	<b>11.29%</b>
<b>Local authority Pre-school / School Nursery</b>	<b>30.65%</b>
<b>Private Nursery</b>	<b>19.35%</b>
<b>East Lothian Council Wraparound Care</b>	<b>14.52%</b>
<b>Crèche</b>	<b>6.45%</b>
<b>Out of School Club</b>	<b>12.9%</b>
<b>Playgroup</b>	<b>11.29%</b>
<b>Nanny / Au Pair</b>	<b>3.23%</b>
<b>Relative / Friend</b>	<b>4.84%</b>
<b>Not Answered</b>	<b>66.13%</b>



**Table 2**

<b>Question 2: Which of the following two options would you prefer for using the 1,140 hours?</b>	
<b>30 hours per week during school term time only</b>	<b>37.10%</b>
<b>22.5 hours per week throughout the calendar year (except for two weeks around Christmas and New Year)</b>	<b>46.77%</b>
<b>Don't know / not sure</b>	<b>6.45%</b>
<b>Not answered</b>	<b>9.68%</b>

### **3. Future Provision of Early Learning and Childcare in East Lothian.**

#### **3.1 Summary of proposed changes to service delivery model**

East Lothian Council is committed to meeting the requirements of 1140 in innovative, equitable and cost effective ways. This means the service is considering a range of approaches that will help to establish an effective model of 1140 delivery which supports both national and local objectives for early learning and childcare. In designing a new service delivery model, the four guiding principles are central to creating this choice in high quality provision for children and families in the area. The model of Early Learning and Childcare developed across East Lothian also focuses on the three sequential considerations outlined in the Scottish Government’s guidance: use what we have, use what we purchase, and create what we need.

# Proposed Change to the ELC Service Delivery Model



Supported by:



## 3.2 Proposals relating to the four supporting Key Principles:

### 3.2.1 Quality:

East Lothian Council's Education Service and Early Learning and Childcare Team have a strong focus on delivering high quality services for children and young people across the county. The service recognises that a National Quality Action Plan will become available to support local authority plans and will take account of this in developing future plans.

## Ensuring Quality 2017 to 2020



We currently utilise a range of methods to ensure quality is at the heart of provision and will continue to build on this approach as we look ahead to full implementation of 1140 hours. Up to 2020 our work will focus on developing the following aspects to ensure a high quality provision across a range of providers, supporting those in particular where improvement has been identified.

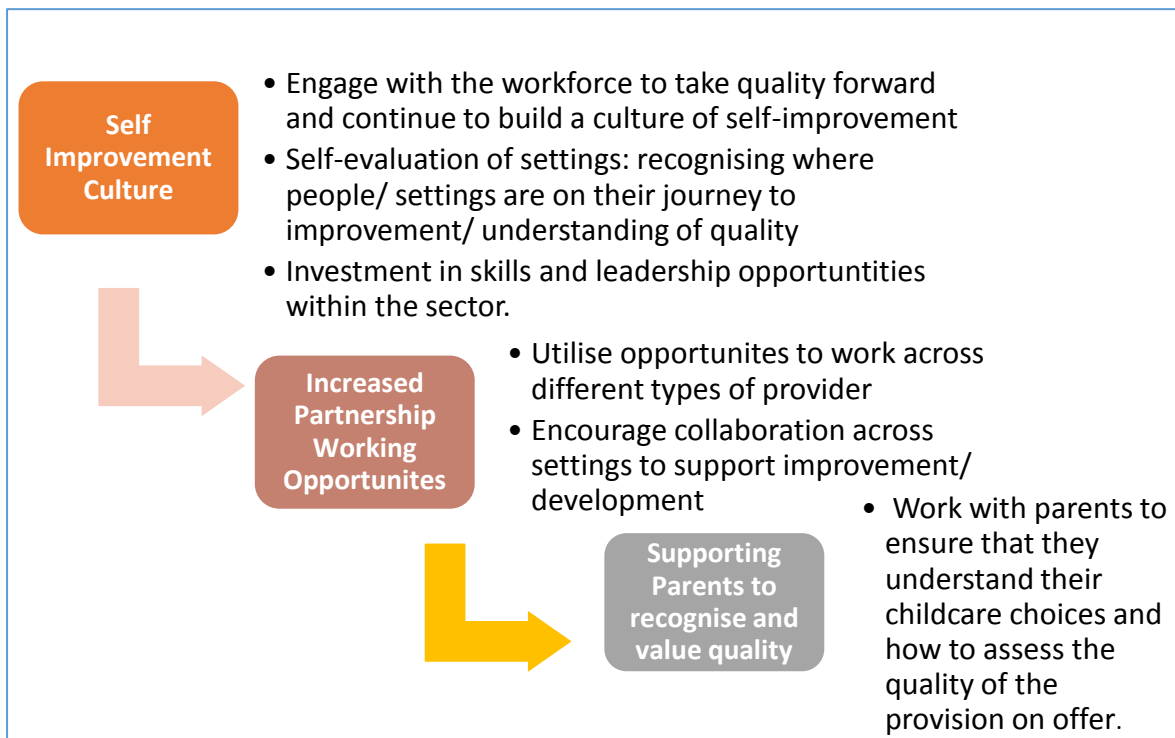
## Quality in Action 2020

Ensuring quality within 1140 hours provision brings new challenges and opportunities and the following agreed principles will support the development of East Lothian's 1140 hours Quality Action Plan.

### **'A high quality provision must be child focused: holistically meeting the needs of the child'**

- Consistency of high quality provision and encouragement of positive attachment
- Clear responsibility for children's planning/ outcomes and adjustment of care provided to meet the needs of children over a potentially longer period of time within a setting.
- Child wellbeing is ensured through a common understanding of the principles of Getting it Right for Every Child and the thresholds for concern
- Equity in provision (i.e. barriers to access and to learning are addressed)
- Highly capable staff with a sound understanding of early years pedagogy and the needs of our youngest children
- Effective leadership and a strong culture of continuous improvement built around provision that knows its own strengths and areas for development well and has appropriate plans to bring about sustained improvement focused on the needs of children and their families.
- Clear recognition of the needs of families – encouraging positive relationships, supporting home learning, clear information about the services and choices available to families.

- A solid understanding that the provision needs to be about early learning and childcare.



### Development of Early Learning and Childcare Hubs

The Early Learning and Childcare Team intend to establish ‘hubs’ for early learning and childcare on a cluster basis across the county. Creation of these hubs will support collaboration between providers, sharing of experiences and resources, increase knowledge of services available within communities and generate ideas for improvement. These hubs will be central to ensuring that blended models work effectively and that access to training and development opportunities is supported locally. The hub model will also support a collaborative approach to embedding family learning and engagement across the sector.

### Early Years Scotland Membership

East Lothian Council is supporting membership of Early Years Scotland to all partner and local authority nurseries in the county to support staff to access a wide range of learning, training and development opportunities to support the delivery of 1140 hours by 2020 and place quality at the heart of provision.

### Testing our Model through Trials and Evaluation

The service will use trial sites to help determine the potential of future sites to deliver positive outcomes for children and families over a longer term, and support the

achievement of broader social objectives in relation to tackling poverty and reducing inequality.

The trial sites will provide the opportunity to test the support systems needed to ensure that the trials work effectively on an operational basis. This will include the testing of the NAMS and SEEMIS systems and practical arrangements for catering, sleep and toileting (including nappy changing and disposal). It is anticipated that trials will generate additional administration processes, from the allocation of extended places, to monitoring attendance and budgets.

The Evaluation Plan (Appendix B) for the trial sites includes methods considered to effectively engage with children, families and employees, gather their feedback on their experience of being part of the trial of 1140 provision and evaluate how effectively the extended provision meets both East Lothian Council and the Scottish Government's vision.

### **3.2.2 Accessibility and Flexibility**

East Lothian Council is committed to ensuring that the range of childcare options available is responsive to parental needs and demand. It has developed a model per school cluster area that offers families choice in early learning and childcare that best meets their needs.

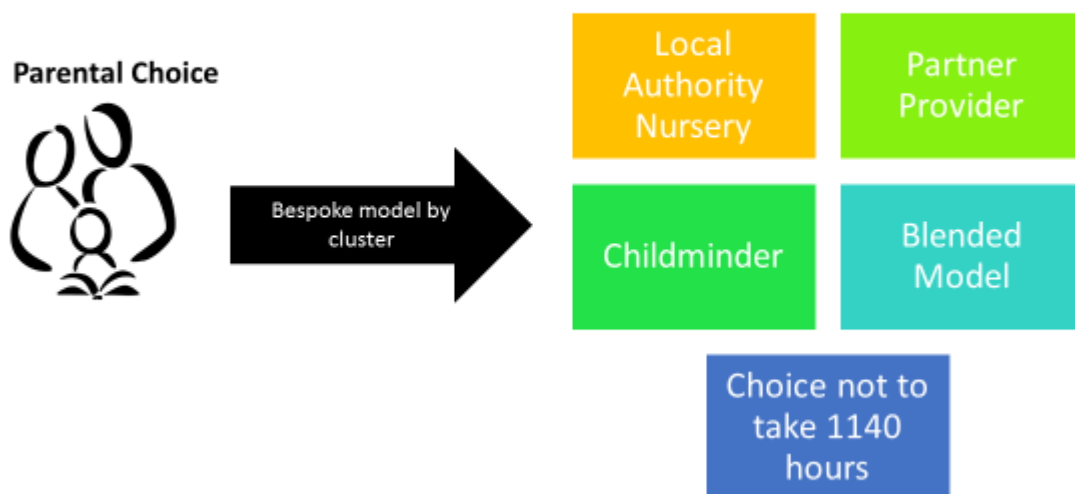
Across the geography of East Lothian, there are some rural areas where access to early learning and childcare is more limited by factors such as a less frequent public transport service than in larger urbanised areas and limited availability across a range of providers. The model reflects extended choice for parents and carers with new options to choose from including childminders and blended models, alongside extended school based provision and continuity of partnerships with partner providers.

To ensure a greater choice for families, East Lothian does not have an early learning and childcare catchment area policy. This enables families to access early learning and childcare in locations which may better suit employment or educational opportunities/ locations.

The **Prestonpans Early Learning and Childcare Centre**, locally referred to as “The Red School” being the main school and nursery for the community, prior to the current Prestonpans Infants School and Nursery being built, has been refurbished and brought back into use. This will provide 24 much needed additional nursery places and for the first time provision for 20 children aged 2- 3 years who meet the eligibility criteria. The refurbishment has in its design, acknowledged the importance of family learning. By creating a community room colleagues from Health, East Lothian Works, Children’s Wellbeing, Housing, Olivebank, Welfare Rights, Dads Work, Speech and Language, will be able to advise and support families within their own community. Lead and managed by senior leaders within the Infants School the provision will facilitate sessions such as PEEP, raising Children with Confidence and Baby Massage on site.

Prestonpans ELC Centre will, as part of East Lothian Council’s vision, be a centre of excellence where those interested in childcare as a career can spend time in support of their study and learning. Prestonpans ELC Centre can also be used as a provision to nurture and support Modern Apprentices, in both the practical aspects of early learning and childcare and the provision of mentoring and resources such as books, learning journals and CPD opportunities. This creates a link for pupils who may start their journey into childcare through East Lothian’s Tots & Teens project, or those seeking to step into childcare as a career change.

## East Lothian 1140 offer to families (flexible and provider neutral)



### **3.2.3 Affordability**

As outlined above, East Lothian Council is working to develop a system of early learning and childcare which delivers choice and flexibility for parents but is also financially sustainable and cost effective over the longer term. Development plans include the exploration of a range of options that will allow the Council to maximise choice and the resources available.

It is recognised that early learning and childcare provides new and further opportunities for families to reduce childcare bills and also access opportunities for education, training and employment. Through partnership with East Lothian Works parents/ carers can access a wide range of support to help them back into employment, training or education. Over the coming years plans will include strategies to extend and develop a range of bespoke opportunities to those accessing 1140 hours early learning and childcare who wish to develop their skills, including employability skills.

East Lothian providers (across all sectors) can currently benefit from the Council's corporate focus on reducing poverty and inequality. This includes access to free online training to raise awareness and understanding of poverty and access to a dedicated guide to 'Equality and Poverty in the Early Years' which supports Early Years providers to understand the impact of child poverty and how they can remove barriers to their services. In this context, the Council will work with parents to identify the 'hidden costs' of childcare (across all settings) and ensure the removal of as many barriers as possible for families accessing childcare.

### **3.2.4 Severe and Complex Needs**

The number of children with additional, severe and complex needs within East Lothian continues to rise as medical interventions become more advanced. In East Lothian an average of 1.7% of children are considered as having additional, severe and complex needs. This equates to 53 of 3104 children eligible and accessing 1140 hours in 2020. To ensure the best possible outcome for these children additional and specialist provision is required. This additional provision could be created in the Early Learning and Childcare Centre being considered for the Haddington area. In creating additional capacity across the County both parents and children will spend less time travelling out with their local communities. An integrated service within our communities will enable children to remain in their communities where they can develop relationships with their peers.

### **3.2.5 Other related changes (e.g. to admissions processes)**

There is no catchment area policy for Local Authority or Partnership nurseries in East Lothian and a standard admission policy applies to all children regarding the allocation of places. It is acknowledged that the number of places available in the trial areas will be limited initially. Given this situation, a specific qualifying criteria has been developed to be used to identify children and families who will benefit most from the extended hours. The criteria is intended to be used by school staff in consultation with colleagues from Health, and other agencies as appropriate, in the identification of children/families.

The Council will review the way in which it manages the 'funding following the child' model to ensure that the financial model is sustainable for all types of provider, especially in blended models. The Early Learning and Childcare Team Lead Officer will work with the national group considering this issue to identify solutions.

Our project plans includes a testing of NAMS and SEEMIS to ensure that these systems can administer and record effectively the necessary information for children in a variety of settings or blended models of childcare (see 3.2.1 above).

East Lothian currently use Universal Credit as a passport to other benefits. We will be considering the implications of the minimum income threshold in respect of entitlement to early learning and childcare and the potential impact on other benefits.

### **3.3 Description of changes to enable full use of existing local authority assets (infrastructure)**

East Lothian Council has undertaken a thorough and rigorous review of all current infrastructure available to support the implementation of 1140 hours. Most of the school estate is already at capacity and significant new housing developments between now and 2025 will place additional pressure on the existing estate. To maximise the use of facilities the education service has developed a new model across the estate based on the following:

- A 50 week model of delivery in most local authority settings, ensuring best use of these assets
- A 38 week model in some settings where capacity allows
- Development of outdoor classrooms within existing sites where available and suitable
- Potential to create intergenerational facilities within our Sheltered Housing Sites where nursery provision can be co-located with sheltered housing units creating centres for intergenerational care where needs of both age spectrums are compatible.
- Expansion of Tots and Teens provision to all secondary schools linking different parts of the school estate.



- Continued support for playgroups and other providers who currently use local authority owned assets e.g. playgroups running within community centres
- Consideration of a wide range of existing assets and their current usage to ensure that the most cost effective locations are identified and brought into use where needed.

In addition to continued use of Council Infrastructure the education service has reviewed the requirements for all settings to cater for the needs of children over a longer day. This includes adjustments to cater for lunch provision, sleeping areas, nappy changing areas and a range of suitable resources.

### **3.3.1 Description of changes to maintain and extend use of partner assets**

#### **Partner Providers**

East Lothian will continue to work with partner providers to ensure continuity and choice for families across the county. Building on existing work with this sector the Early Learning and Childcare Team will work in collaboration with partner providers to ensure a high quality provision:

- Continued service level agreements with partner providers outlining expectations in terms of quality and the levels of service provided
- Negotiate with providers to agree a rate payable based on national guidance and standards. This will reflect any guidance in respect of the Living Wage (though providers who replied to our survey already pay the Living Wage)
- Support provided by the Early Learning and Childcare Team to ensure high-quality experiences for children and families
- Ensure access to the Early Learning and Childcare Hubs fostering collaboration, supporting learning etc.
- Development of Blended Models with childminders, playgroups and local authority provision to increase choice and flexibility of options for families
- Consideration of the need to procure places with providers where necessary to ensure flexibility for children.
- Ongoing engagement with the sector working towards 2020 and full implementation of 1140 programme.

## **Childminders**

The 1140 hours agenda brings new opportunities to work in partnership with childminders across East Lothian and in doing so increase the choice and flexibility to families. To support effective relationships with childminders the Early Learning and Childcare Team will work in collaboration with childminders to:

- Develop a partnership framework, outlining expectations of quality and the planning, recording and monitoring of outcomes for children
- Ensure that expectations for qualifications reflects national expectations
- Ensure access to Early Learning and Childcare hubs to support sharing of learning and collaboration with other providers across communities and to reduce the isolation of childminders.
- Development of Blended Models with partner providers, playgroups and local authority provision to increase choice and flexibility of options for families.
- Negotiate with providers to agree a rate payable based on national guidance and standards. This will reflect any guidance in respect of the Living Wage.
- Continually engage with childminders to ensure they have access to information about 1140 hours programme as it emerges from the Scottish Government over the coming years

## **Playgroups**

The 1140 hours agenda brings new opportunities to work in partnership with playgroups across East Lothian while recognising that some smaller provisions will continue to operate as per their current model.

- Develop a partnership framework, outlining expectations of quality and the planning, recording and monitoring of outcomes for children
- Ensure that expectations for qualifications and registration reflects national expectations.
- Ensure access to Early Learning and Childcare Hubs fostering collaboration, supporting learning etc.
- Continually engage with playgroups to ensure they have access to information about 1140 hours programme as it emerges from the Scottish Government over the coming years.
- Development of Blended Models with childminders, partner providers and local authority provision to increase choice and flexibility of options for families.

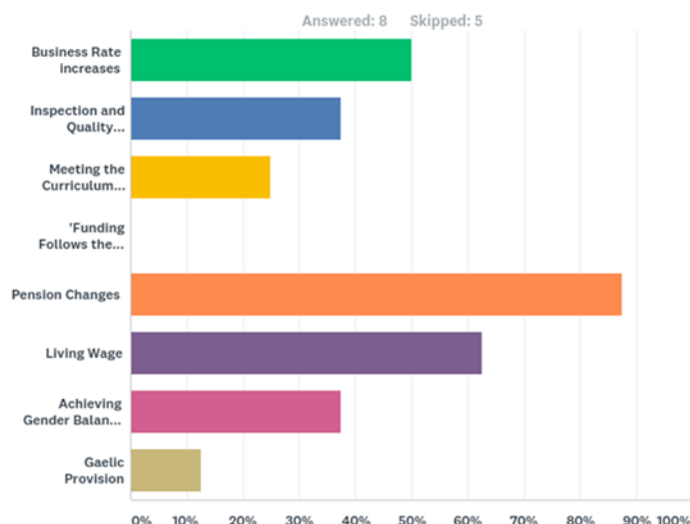
### 3.4 Provision of Business Support to Partner Providers and Childminders

East Lothian Council recognises that providers currently face a significant change to the business environment within which they operate. Through our ongoing engagement with this part of the sector a range of areas have been identified where support can be offered from a business perspective. Through Business Gateway, East Lothian’s Economic Development service provides a business startup and growth service in East Lothian. Professional advisers provide a free, impartial and confidential service offering one- to- one advice, business planning and support. Established businesses can access a wide range of business information. The range of issues highlighted by the survey of businesses in the Early Years sector are common to all businesses and routinely addressed by the Business Gateway service, who will continue to support businesses as the Implementation Plan is actioned.

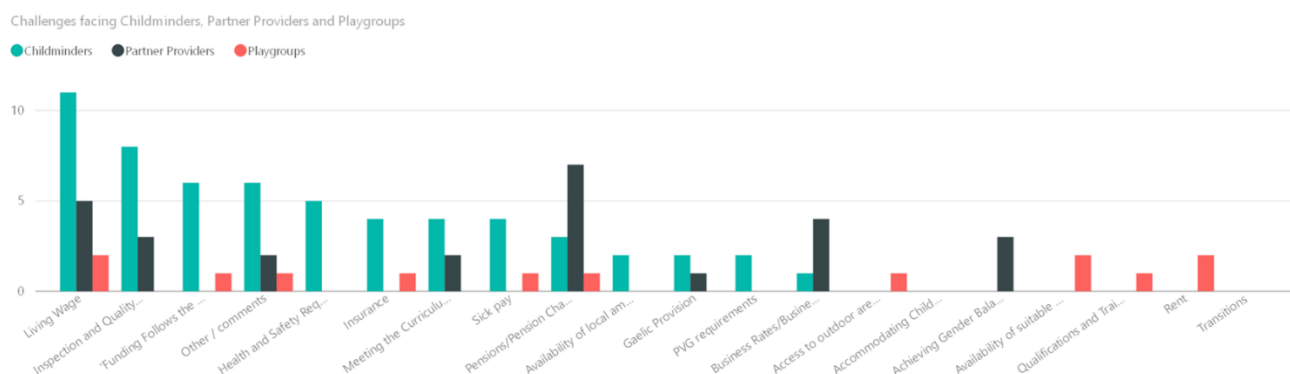
A questionnaire issued to Partner providers in June 2017, highlighted the following points in tables 3 and 4 as being concerns for them as businesses as we move to 1140 hours in 2020.

**Table 3 Partner provider Concerns 2017**

#### Q25 What other challenges are facing your current business model?



**Table 4 Challenges facing Childminders, Partner Providers and Playgroups**



### 3.5 Extent to which Physical capacity may require to be built/ refurbished/ sourced

Arising from the significant population growth across the county there are a number of locations in which extended early years facilities and new build facilities will be required. In some instances these are already in development or planned for as a result of the negotiations through the Local Development Plan. However, as per current legislation these facilities are designed and funded to meet the need to accommodate 600 hours. The local authority is considering how best to ensure that the demand for 1140 hours can be met within these settings.

In the cluster areas our main capital expenditure is planned to include:

**Table 5**

Cluster Area	Description of Expenditure (e.g. refurbishment / new build)	Additional Capacity Created
Haddington	Plan to create an Early Learning and Childcare Centre	<ul style="list-style-type: none"> <li>• 64 places for 3 &amp; 4years</li> <li>• 30 places for 2 year olds</li> <li>• 10 places for under 2’s</li> <li>• 10 places for children with severe and complex needs</li> </ul>
Tranent	Plan to create an Early Learning and Childcare Centre to meet the needs of children and families. The exact location for this new provision is currently being considered.	<ul style="list-style-type: none"> <li>• 64 places for 3 &amp; 4years</li> <li>• 30 places for 2 year olds</li> <li>• 10 places for under 2’s</li> </ul>

	<p><b>Saltoun:</b></p> <p>Provision of additional spaces currently being considered as there may be the potential to utilise an existing community asset.</p>	
North Berwick	<p>A new build nursery to accommodate demand. There is no capacity to extend the existing site. During a recent consultation in regard to expansion of nursery provision in North Berwick, parents/carers made it known that they would not be supportive of two separate nursery sites. It was proposed that the existing nursery on the site of the Community Centre remain, with a new provision being created on the site of the primary school. Parents/carers turned down this proposal, favouring one site for all of the nursery provision. The existing primary school site has no capacity to build the size of nursery required.</p>	
Prestonpans	<p>Prestonpans Early Learning and Childcare Centre (previously the Red School) has been refurbished. This will provide additional childcare places and support for parents. By 2020 it will provide a 6 day service over 50 weeks.</p>	<ul style="list-style-type: none"> <li>• 24 places for children 3- 5 years</li> <li>• 20 places for children aged 2- 3 years</li> <li>• Community room to be used by parents and colleagues in support of parenting</li> </ul>
Musselburgh	<p>The development of additional provision at Pinkie St Peters, will, as with Prestonpans provide an opportunity to support parents. Provision at Whitecraig, an area which falls into SIMD 2 &amp; 3, will enable parents to access childcare locally and not available at the moment. Although this is an area of deprivation there is a notable absence of applications for two year olds.</p>	<p>Additional capacity at Pinkie St Peters to accommodate:</p> <ul style="list-style-type: none"> <li>• 80 children aged 3- 5 years</li> <li>• 20 children aged 2 – 3 years</li> </ul> <p>An increase of 20 places for 3 – 5 year olds and introduce provision for two year olds.</p>

		Additional places to be created at Whitecraig. Additional places to be created through the new build school at Wallyford.
Dunbar	Dunbar has increased in size over the last few years with the demand for nursery places ever increasing. A new modular building is a planned addition to the nursery site.	60 additional places for children aged 3- 5 years

### 3.6 Workforce Planning and 1140

East Lothian has developed a separate Workforce Development Plan which is included as Appendix C to this main report.

### 3.7 Population Projections and Forecasts

All of this work takes place in the context of the Local Development Plan (LDP) which sets out the over-arching strategy for growth across the East Lothian area. The LDP provides the vision for how our communities will grow and develop in the future. It identifies key locations for growth and sets out policies to ensure future development is sustainable. The proposed Local Development Plan is available here

[http://www.eastlothian.gov.uk/downloads/file/11480/proposed\\_local\\_development\\_plan](http://www.eastlothian.gov.uk/downloads/file/11480/proposed_local_development_plan)

The implementation of this plan will see an additional 10,000 new homes built in East Lothian resulting in a significant increase in population and demand for services across all age groups. We have used the July 2016 LDP forecasted figures to inform this development plan.

### 3.8 Statement regarding the relationship locally between expanded statutory provision and non-statutory provision for 0-16 year olds (both preschool and out of school) emphasising continuity of progression in the child's journey

East Lothian Council wants to ensure that all children have the best possible start in life and are ready to succeed. East Lothian community planning partners have made a commitment to ensuring joined up local service responses to health inequalities in the early years of life, pre-birth - eight.

The main aim has been to facilitate and enable mainstream services to deliver support in a different and more effective way in response to community identified needs and strengths.

The key principles which underpin 'Support from the Start' are community engagement, learning and leadership.

The outcomes that Support from the Start is working towards for children in East Lothian are:-

- positive parenting and experience good attachments at an early stage
- ready to learn and achieve
- access quality child care experiences
- healthy & happy
- not living in poverty
- Having a good opportunity for play, and
- protected from harm

In addition to the above, key priority areas for the service were identified as follows:

- Involving Parents, Children and Communities & Building Community Capacity
- Streamlining Access to Services
- Enhance targeted interventions for pre-birth to 3
- Enhancing support to pre-conception, ante-natal & pre-school parents
- Improving children's readiness to learn through play

In 2012, six area Support from the Start groups were established and tasked with engaging with local parents, services and the wider community in delivering the Support from the Start outcomes. Each group has a core group with an identified leader and a wider mailing list and is working to a locally developed plan.

In this context the Early Learning and Childcare Team supports all forms of childcare across the County. Most communities, except for rural communities such as Humbie and Innerwick have a Playgroup which supports children and parents locally. This often acts as a child's first pre-school group experience, and the first step in separating from their parents.

- Playgroups are supported by the Childcare Development Officer and are often run in community halls and buildings. Playgroups currently receive grant funding in support of the work they do. This is often used to offset the cost of rent charged by community landlords.
- Childminders are supported as small businesses available in most communities excepting the most rural. Childminders link with local communities by taking children to toddler groups and playgroups, as well as libraries.
- Wraparound provides early morning (7.30/8am) childcare and late afternoon childcare (3pm – 6pm) for parents which can be used to extend the nursery session. Wraparound

is also providing childcare during school holidays. Childcare during school holidays can be purchased by parents who do not use the service during school term times. Both Wraparound Care services offer places to eligible two year olds.

- Out of School Clubs are available across the County, with the majority using school premises. This make it easier for children and parents as the children become familiar with the environment as part of the school and parents assured knowing that children do not have to move from school to another building to access childcare.

Other important aspects of this work include:

- Supporting successful transitions between settings, particularly a smooth transition to primary one
- The strong Active Schools Programme, which from 2017 offers free places in sports activities to those entitled to a free school meal
- Duke of Edinburgh Awards
- East Lothian Play Strategy
- Support and development of a range of community based resources for families including Bookbug in the Home and Bookbug sessions in all local libraries.
- Projects to support equality and inclusion e.g. Get Connected
- Commitment to parental engagement

## **Section 4: Phasing, Community Engagement and Demand Lag**

### **4.1 Introduction**

A priority in East Lothian for 2017/18 is the development of trials to test the implementation of 1140 in various settings. The learning gained from the implementation and evaluation of these trials is valuable in planning and developing future proposals for the expansion of EL&C by 2020.

The criteria set for trials in East Lothian will also inform our approach to phasing the implementation of the 1140 entitlement across the county.

### **4.2 Identification and prioritisations of Trial sites and Phasing of Implementation**

A range of providers deliver Early Learning and Childcare across East Lothian. Providers include local authority provision, childminders, private and community nurseries, playgroups and family centres. The development of trials is an important opportunity to provide the best opportunity to learn from implementation, including cost models, access



and reducing the inequality gap. Trials should also allow us to test whether the new models increase the choice, flexibility and accessibility of childcare. Therefore, a set of criteria is proposed to ensure that trials are identified on a consistent basis. The following criteria for the trials is proposed:

1. **Scottish Index of Multiple Deprivation (SIMD)** : Provision to be located within an area of lower ranking within the Scottish Index of multiple deprivation (bottom 20%): this would focus provision on areas of most need and deliver benefits to both the children and families
2. **Severe and Complex needs**: this would allow development of a trial in an area specialising in severe and complex needs and be of greater benefit to more vulnerable children and their family.
3. **Additional barriers to accessing early learning and childcare**: focus on children who face additional barriers to early learning and childcare e.g. additional support needs, low income or other.
4. **Outdoor provision**: this is considered an innovative approach to the development of early learning and childcare with successful trials running in Edinburgh. This can also create additional capacity without any capital expenditure and utilise existing 'forest kindergarten/ forest school' skills within the authority
5. **Rural**: this would seek to address issues of accessibility for children living in more rural locations to access their entitlement to 1140 hours. This has the potential to involve childminders.
6. **State of readiness**: in order to progress trials to begin by August 2017 and beyond, the locations identified need to be in a position where they have capacity and also a willingness to establish and support a trial.
7. **Alternative Service Delivery Model**: this will allow the Council to explore different ways to provide childcare with greater financial flexibility.

#### **4.3 Prioritisation of Children to participate in a trial**

Children (eligible 2, 3 &4 year olds) are not entitled to 1140 hours of childcare until 2020. However, by establishing trials, some children will be able to access their hours from August 2017 and this will increase incrementally as trials develop and new trials are implemented. There is an expectation that parents of children participating in 1140 hours Trial settings must be willing to participate in the trial and agree to provide some feedback on their experience.

In order to manage parental expectations and provide a framework for who can access these, a prioritisation is proposed. Children and families from the following will be given priority in attending an 1140 trial provision:

- i) Children who live within an SIMD area
- ii) Children from families in receipt of benefit including universal credit

- iii) Children from families where there are additional barriers to early learning and childcare e.g. additional support needs, severe and complex needs, other signs of vulnerability.
- iv) Families with a desire to utilise expanded childcare options to return to work/ education or training.

Additional site specific priorities may also be relevant for example:

- v) Children living in a rural area
- vi) Families must be interested in an outdoor nursery setting

#### **4.4 Community Engagement**

East Lothian Council has developed a Community Engagement Action Plan to support plans to engage with communities about the 1140 agenda. The plan focuses on meeting the needs of key stakeholders across the 1140 agenda. Within this, parents, carers and families are identified as primary stakeholders and a range of different approaches and techniques are being used to ensure meaningful engagement opportunities are identified.

The plan identifies actions to address the following challenges:

- Ensuring that parents and carers who will be entitled to access 1140 hours have the opportunity to share their views on what type of early learning and childcare they would like to use
- Gathering views from a wide range of stakeholders – recognising that some people who will use this childcare service in the future are not yet parents.
- Ensuring that communications are timely and with all stakeholders, especially those working in settings where 1140 will be trialled ahead of full implementation.
- Ensuring that expectations of parents and carers are managed during the trial and implementation of 1140 between 2017 and 2020.

A wide range of methods of engagement are outlined in the Community Engagement Action plan which are tailored to meet the needs of communities across East Lothian.

#### **4.5 Demand Lag**

East Lothian has a successful track record in applications and placements for two year olds meeting the eligibility criteria. To date East Lothian has managed to offer placements of choice to parents, however, the number of applications received week on week, has resulted in some areas such as Prestonpans and Tranent being unable to offer parents childcare which suits their needs. We will apply this learning to our approach to work with the 1140 agenda.

#### **Contact Us:**

For more information about Early Learning and Childcare in East Lothian visit our website [www.eastlothian.gov.uk](http://www.eastlothian.gov.uk) or contact us via [phomer@eastlothian.gov.uk](mailto:phomer@eastlothian.gov.uk)

**Table 6: Additional detail relating specifically to implementation plan**

Key Area of Development	What is required by SG (column can be removed before submission)	Key Activity	Progress/ Further Information
<p><b>4.1 Quality Plan</b></p>	<p>Specify the basis upon which day to day operational quality will be maintained and enhanced per setting during the period of the extension</p> <p>Specify the basis on which Quality will be continually improved over time</p>	<ul style="list-style-type: none"> <li>• Quality Working Group established</li> <li>• Participation in relevant national and local groups e.g. Childminder Framework</li> <li>• Take account of the publication of National Quality Plan when available in 2017</li> <li>• Review of the work of the ELCC team to include a focus on quality across all LA ad partner providers. Work underway from Sept 2017 to review all settings to provide a baseline of quality which will also outline any support needs.</li> </ul>	<ul style="list-style-type: none"> <li>• July 2017: 1140 Quality Workshop with key stakeholders to identify current systems to maintain quality and identify opportunities to embed quality at the heart of provision</li> <li>• August 2017: develop a plan to consider the need to embed quality within each type of provision and engage with the sector on the challenges they identify</li> <li>• New model focussed on evaluating and supporting quality improvement to be developed as more information on the Regional Collaboratives and SG Quality Action Plan becomes available.</li> </ul>
<p><b>4.2 Phasing across local geography</b></p>	<p>Specify the basis of upon which expanded provision will be roll out across the geography.</p>	<ul style="list-style-type: none"> <li>• Development and agreement of a phasing and trial criteria has been agreed by the Project Board.</li> </ul>	<ul style="list-style-type: none"> <li>• 2017/18 Trials to begin in October 2017</li> <li>• 2018/2019 and beyond trials currently under consideration</li> </ul>

<p><b>4.3 Community Engagement Plan</b></p>	<p>Specify the nature of the ongoing engagement with local communities that supports the community to understand the changing nature of supply and the full extent to which supply is capable of adapting to the (family and community needs)</p>	<ul style="list-style-type: none"> <li>• June 2017: Series of cluster based questionnaires sent out to parents to gather views on childcare choices and availability</li> <li>• Revised information pages on the Council website about the implementation of 1140 and what parents can expect.</li> <li>• Utilisation of the Support from the Start Network to work with parents of eligible 2's and those with younger babies who may not be aware of their childcare choices at present.</li> </ul>	<p>Community Engagement Plan is attached as Appendix D</p>
<p><b>4.4 Workforce Plan</b></p>	<p>Specify the workforce plan through the prioritisation including consultation with existing workforce and phasing uptake of any additional workforce.</p> <p>Include:</p> <ul style="list-style-type: none"> <li>• leadership planning,</li> <li>• consultation planning,</li> <li>• industrial relations,</li> <li>• recruitment plan.</li> </ul>	<ul style="list-style-type: none"> <li>• Workforce Planning Group established</li> <li>• Focus on refreshing job descriptions to ensure they are fit for purpose in 1140 context</li> <li>• Developing partnerships with Edinburgh College to explore the potential for local delivery of training and qualification opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>• Draft workforce plan outline in place and programme of work to 2020 being developed</li> <li>• Ongoing meetings with Edinburgh College to ensure delivery of relevant Early Learning and Childcare qualifications in East Lothian.</li> </ul>

<p><b>4.5 Funded Providers</b></p>	<p>Specify the nature of the future relationship with funded providers including price paid, volume and quality requirements.</p> <p>Include consideration of the implications of the Living Wage and note future development of national funded provider and quality standards.</p>	<ul style="list-style-type: none"> <li>- Development of new partnerships with childminders</li> <li>- Continuation of partnerships and revision of contracts with partner providers</li> <li>- Potential for blended models</li> <li>- Development of cluster model of hub</li> <li>- Regular engagement with partner providers</li> <li>- Engagement re guidance coming nationally re qualifications etc.</li> </ul> <p>The Scottish Government has advised that work in respect of the Living Wage is being taken forward nationally.</p> <p>A recent survey of local partners suggested that the Living Wage is already being paid in the sector locally.</p>	
<p><b>4.6 Infrastructure (physical Estate) Plan</b></p>	<p>Specify the extent of refurbishment to the existing estate and the new build requirements</p>	<p>See Appendix E</p>	
<p><b>4.7 Financial Projections (spend profile)</b></p>	<p>Specify the phased cost profile for both revenue</p>	<p><b>See financial resource spreadsheet</b></p>	

	and capital over the period. Include anticipated top up revenue where appropriate.		
<b>4.8 Financial assumptions to support projections</b>	List of the financial assumptions made to support financial projections	See financial resource spreadsheet	
<b>4.9 2017-2018 Expansion Activity, including planned use of revenue and capital funding allocations</b>		See Appendix F for Financial Spreadsheet 2017-18	
<b>4.10 Project management, Stakeholder management and Change Support</b>		East Lothian Council Transformation Team are supporting the development of the 1140 agenda across East Lothian. A detailed Project Implementation Structure has been established to develop and co-ordinate work and provide strong Governance around the development of any new proposals.	For a copy of the PID, Project and Governance Structure, please email <a href="mailto:croders@eastlothian.gov.uk">croders@eastlothian.gov.uk</a>





# **East Lothian Council**

## **1140 Graduate Commitment Plan**

## **Section 1: Introduction**

### **1.1 Poverty and Inequality in East Lothian:**

East Lothian Council has a corporate goal to reduce inequality within and between our wards. While parts of East Lothian are prosperous and offer a high quality of living, there is significant inequality within our ward areas and differences in the experiences of those living in relatively close proximity.

*'East Lothian is a great place to live but a tough place to be poor'* Annette Bruton, Chair of the East Lothian Poverty Commission.

In 2016, East Lothian Council established a Poverty Commission to consider the existence and impact of poverty across the county. Their findings are presented in their report 'Overcoming Perceptions: Challenging Poverty' which highlights the experiences of local people living or close to poverty in the county. The Commissioners have challenged East Lothian Council and our partners to consider poverty as a human rights issue and to support work which both tackles and mitigates the impact of poverty on people's life chances.

The report, alongside the findings of the Musselburgh Total Place Project, highlight the nature of poverty as a compounding factor in other negative life experiences including impact on mental health, overall wellbeing and feeling of self-worth.

*'Pupils can't learn if they are hungry'* Teacher giving evidence to the Poverty Commission.

The Council also uses the Early Development Instrument (EDI) to gain an understanding of social and emotional wellbeing of primary aged children. The results of this show a correlation of lower levels of wellbeing in areas where higher levels of multiple deprivation exists.

### **1.2 Data on Poverty and Inequality**

In deciding where our additional graduates would be placed the Project Board considered a range of evidence which is presented in appendix one.

This includes:

- Scottish Index of Multiple Deprivation 2016
- EDI Results 2016
- East Lothian Foodbank Referral Data
- Musselburgh Total Place Report and Recommendations
- Fuel Poverty Data
- Child Poverty Data
- Council Plan commitment to reducing inequality within and between its wards.
- Understanding of the implication of the Local Development Plan
- Local knowledge of schools and existing focus on poverty and its impact

## **Section 2: Allocation of Resources**

### **2.1 Which Nurseries/ ELC settings in your local authority area will receive an additional graduate?**

East Lothian will locate the additional graduate resources within the following settings:

- 1) Olivebank Child and Family Centre: Musselburgh
- 2) Sanderson's Wynd Nursery Provision
- 3) Elphinstone and Whitecraig Nursery Provision

### **2.2 Which of the selected nurseries/ ELC settings are funded providers in the private or third sector?**

None of the selected settings are in the funded or private sector.

### **2.3 Case for not locating a graduate within a single setting (if applicable).**

East Lothian has allocated one of the three 'additional graduates' between two of the local authority nurseries to maximise the opportunity to close the opportunity gap for children in these settings. We justify this on the following basis:

#### **Elphinstone background information:**

- 58.62% of children in SIMD 1-3
- Currently operating morning time only offering potential for a trial in 2018/19 to expand to a 38 week model offering children the opportunity to spend a longer period of time in the setting
- 20 children would benefit from the resource in this setting

#### **Whitecraig background information:**

- 65.56% of children from SIMD 1 -3 deciles
- 20 children could benefit though the need for a full time resource is not justifiable.
- Whitecraig is a setting with the potential to create an alternative model which supports family learning bringing a broader benefit to locating a graduate post within this setting to support this approach.
- Both sites have a low number of children attending the setting which would not necessarily justify an additional full time resource. Combining the settings increases the total number of children who could benefit from the resource.
- Both sites are located within geographical proximity and share similar characteristics in terms of relative isolation from other towns/ villages, poor transport links and high levels of deprivation. The shared post would support a sharing of local community capacity, resources and leadership to support a greater focus on closing the attainment gap.

- There is a lack of alternative provision in both areas with particular barriers in Whitecraig due to limited transport to neighbouring areas.
- Both communities are sites designated for significant new house building over the coming years bringing challenges to ensure that a focus on reducing inequality remains strong and work can encourage greater community cohesion between established and new community residents.
- The settings are a 6 minute drive apart (2.2 miles) meaning a shared post is practical in terms of accessing both sites easily and conveniently and maximising time spent focusing on supporting child and family learning.

### **Section 3:**

#### **3.1 How we intend to recruit the additional graduates for your identified ELC setting?**

All vacancies will be advertised via open recruitment on the website 'myjobscotland' in line with East Lothian Council Recruitment and Selection Policy.

[http://intranet.eastlothian.gov.uk/downloads/file/333/recruitment\\_and\\_selection\\_policy](http://intranet.eastlothian.gov.uk/downloads/file/333/recruitment_and_selection_policy)

[http://intranet.eastlothian.gov.uk/downloads/file/1729/revised\\_recruitment\\_and\\_selection\\_policy\\_and\\_procedure](http://intranet.eastlothian.gov.uk/downloads/file/1729/revised_recruitment_and_selection_policy_and_procedure)

To ensure that these opportunities are available to existing employees who want to work in these specific roles, the roles will be available on a secondment basis.

#### **3.2 How many existing practitioners do you intend to upskill?**

The 'additional graduate commitment' posts will be openly advertised and recruited as per our recruitment and selection policy.

As a result there may be opportunities for those already working within the sector who wish to upskill and we will support candidates appropriately. Factors, which will influence this, include:

- Secondment
- Internal progression – through collaboration with Edinburgh College
- proposed new structure within the nursery job family allowing greater career path by 2020 that allows for career progression
- need for senior roles within a nursery setting to cover in the absence of management and teacher job weeks/ full day that children attend out with core teaching hours

### **3.3 How many additional posts do you intend to fill with teachers? Please list the settings that you intend to allocate a teacher to.**

The Project Board have considered the need within each of the settings alongside the desired outcomes for both the 1140 expansion overall and the graduate commitment in particular. As a result we wish the focus of the graduate commitment posts to be related to taking a holistic approach to developing the curriculum within the settings and developing a strong focus on family learning within the settings.

While detailed discussions with each setting are still underway, our intention is that we will not restrict these posts to teachers only, but support graduates with the right blend of skills and attributes that will bring the biggest benefit to the children and communities in which they are sitting.

#### **Section 4: Staffing issues**

##### **4.1 Where existing staff are expected to be redeployed, or are undertaking day release for training, what plans do you have to backfill the posts to ensure that the commitment results in an increase in the number of graduates in your ELC Workforce?**

Depending on the outcome of the recruitment process and the circumstances of each candidate we will consider the need to backfill their existing posts.

Posts will be backfilled as needed within the context and requirement of the setting, balancing the requirements of the service in the setting to ensure continuity of the early learning and childcare.

Candidates will also be supported through:

- On - the - job learning and school based training opportunities
- Twilight learning e.g. Into Leadership
- Support for distant learning

#### **Section 5: Staff costs**

##### **Details of the grade, and corresponding salary for the graduate posts (based on the objectives and draft job specification set out in the guidance)**

##### **Details of our initial estimate of the additional staffing costs for the additional graduate posts for 2018-19.**

Based on our current estimates for the proposed role of the additional graduates we estimate three roles at **Grade 9** on the Local Government Salary Scale - £42,797 (including on costs).

## The Numbers- Measuring Poverty in East Lothian

More detailed information about poverty in East Lothian can be found in 'East Lothian by Numbers' and the Ward Profiles which you can view here

[http://www.eastlothian.gov.uk/info/200135/community\\_planning/1751/east\\_lothian\\_and\\_wards\\_by\\_numbers](http://www.eastlothian.gov.uk/info/200135/community_planning/1751/east_lothian_and_wards_by_numbers)

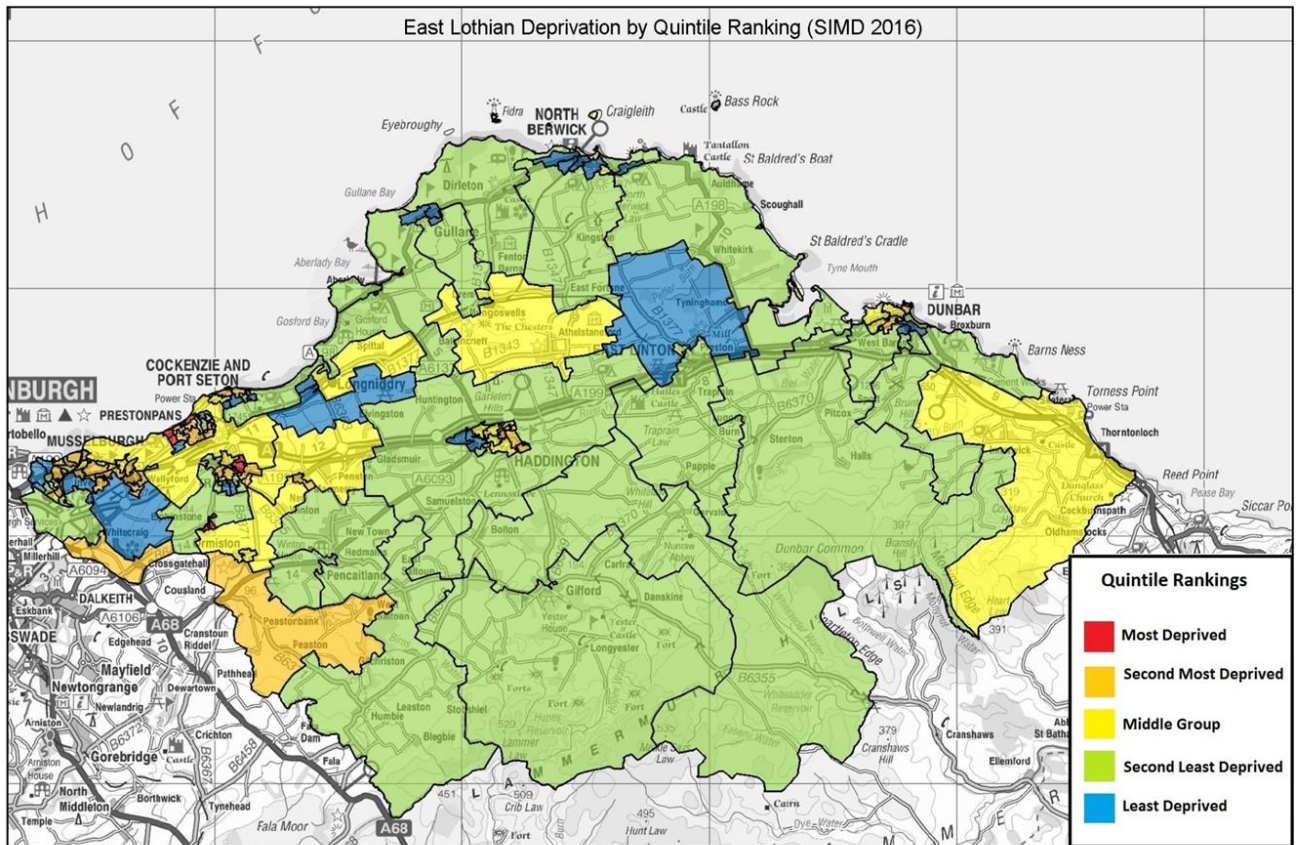
### Scottish Index of Multiple Deprivation (SIMD 2016)

#### Deprivation by Ward

Table 1/shows the distribution of deprivation within each of the Wards in East Lothian. Musselburgh East & Carberry, Fa'side and Preston Seton Gosford account for 25 out of 26 of the 20 per cent most deprived datazones in East Lothian. On the other hand, 8 of North Berwick Coastal's 18 datazones are among the 20 per cent least deprived.

**Table 1: SIMD top and bottom deciles by multimember ward (SIMD 2016).**

Ward	Datazones most deprived 20%	Datazones most deprived 50%	Datazones least deprived 50%	Datazones least deprived 20%
(number of datazones)	(1-26)	(1-66)	(67-132)	(106-132)
Dunbar & East Linton (17)	0	3	14	3
Fa'side (24)	8	15	9	2
Haddington & Lammermuir (15)	1	8	7	2
Musselburgh East & Carberry (19)	9	16	3	2
Musselburgh West (15)	0	7	8	3
North Berwick Coastal (18)	0	3	15	8
Preston Seton Gosford (24)	8	14	10	7



East Lothian Council, Corporate Policy and Improvement, Ian Findlay 20/09/2016



**Table 2: 2016 SIMD School data**

School Name	% in SIMD 1-2	% in SIMD 1-3
Elphinstone Primary School	43.10%	58.62%
Sanderson's Wynd Primary School	28.69%	41.29%
Prestonpans Primary School	18.86%	29.04%
Prestonpans Infant & Nursery School	16.16%	24.93%
St Martin's Primary School	14.75%	38.25%
St Gabriel's RC Primary School	12.64%	25.82%
Cockenzie Primary School	1.79%	14.03%
Loretto RC Primary School	1.58%	38.95%
Macmerry Primary School	1.56%	4.69%
Campie Primary School	1.22%	6.36%
Windygoul Primary School	1.20%	21.11%
Wallyford Primary School	1.02%	47.12%
Ormiston Primary School	0.58%	1.73%
Longniddry Primary School	0.49%	1.47%
Stoneyhill Primary School	0.44%	1.33%
Pinkie-St Peter's Primary	0.29%	59.71%
Dunbar Primary School	0.21%	0.62%
Whitecraig Primary School	0.00%	65.56%
Musselburgh Burgh Primary School	0.00%	42.72%
Aberlady Primary School	0.00%	0.78%
Haddington Infant School	0.00%	0.69%
King's Meadow Primary School	0.00%	0.55%

### Child Poverty

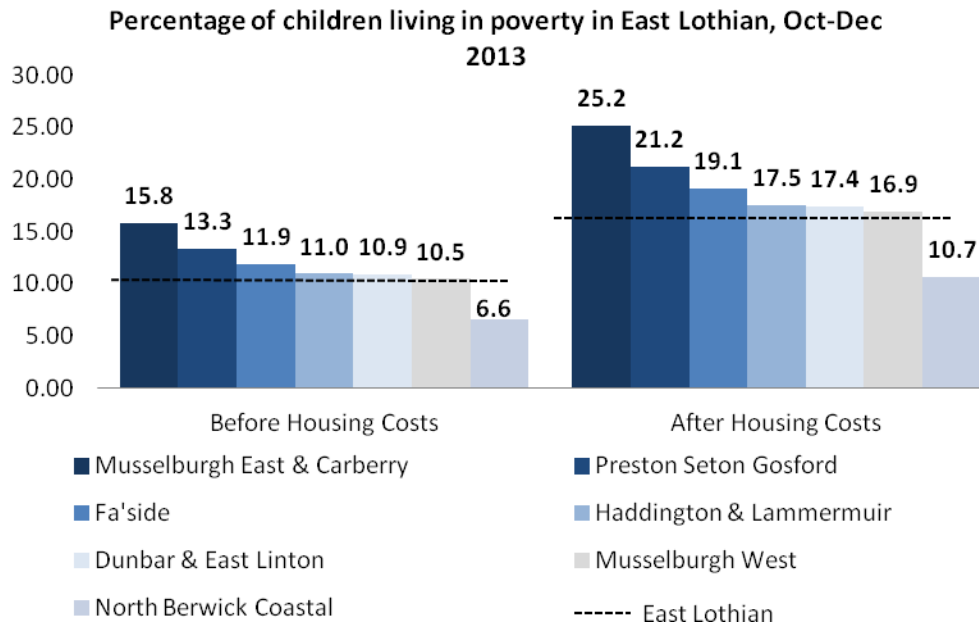
A report released by campaign group End Child Poverty, produced on their behalf by Loughborough University, highlighted the extent of child poverty across Scotland and the United Kingdom. The report showed that 11.6 per cent of children in East Lothian were living in poverty in Q3 of 2013/14. This figure rose to 18.6 per cent when housing costs were included. An average of 12.9 per cent % and 20.6 per cent of children were living in poverty across Scotland's 32 local authority areas before and after housing costs respectively.

Musselburgh East & Carberry is the ward with the highest levels of child poverty in East Lothian, although Preston Seton Gosford and Fa'Side both have higher levels of child poverty than the East Lothian figure. Figure 2.10 shows the percentage of children living in



poverty in East Lothian and in each multimember ward before and after housing costs are included.

**Table 3: Percentage of children living in poverty in East Lothian and multimember wards (End Child Poverty 2014)**





**REPORT TO:** East Lothian Council

**MEETING DATE:** 31 October 2017

**BY:** Depute Chief Executive (Partnerships and Communities)

**SUBJECT:** Housing Land Audit 2017 and Housing Land Supply: Interim Planning Guidance

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## 1 PURPOSE

- 1.1 To notify Council of the current five-year effective housing land supply position within East Lothian, based on the agreed 2017 Housing Land Audit.
- 1.2 To provide advice to the Council on how the Housing Land Supply: Interim Planning Guidance should now be used in view of approval of the Council's finalised proposed Local Development Plan on 6 September 2016 and the agreed 2017 Housing Land Audit.
- 1.3 To approve that the revised Housing Land Supply: Interim Planning Guidance be a material consideration to be taken into account when determining planning applications for housing sites within:
  - the agreed 2017 Housing land Audit; and
  - the proposed Local Development Plan;

The associated revision is to ensure that the five year effective housing land supply is 'maintained', rather than in previous version of the guidance where the intention was to seek to provide an adequate supply of such land.

- 1.4 To advise the Council of the status that SDP1 Policies 6 and 7 should now be given when determining all other applications for planning permission for residential development on land not allocated for this purpose by the East Lothian Local Plan 2008, or that would be allocated for this purpose by the proposed East Lothian Local Development Plan should it be adopted in the format proposed.

## **2 RECOMMENDATIONS**

### **2.1 It is recommended that:**

- i. Council agrees to use the approved finalised proposed Local Development Plan as a material consideration that gives additional weight in favour of 'the general principle' of housing development on sites included within that emerging plan when it determines planning applications under the Housing Land Supply: Interim Planning Guidance. The approved finalised proposed Local Development Plan should be taken into account on a case-by-case basis with other material considerations as appropriate.
- ii. Council agrees SDP1 Policy 7 should only be applied when and where it is specifically needed *'in order to maintain an adequate five years'* supply of effective housing land'. The only locations where SESplan SDP1 Policy 7 should now be applied within East Lothian is to bring forward appropriate sites that are included within the finalised proposed LDP and the agreed 2017 Housing Land Audit, and thus the finalised proposed Local Development Plan;
- iii. Council agrees to use the advice set out in this report and the factors set out in the Housing Land Supply: Interim Planning Guidance at Appendix One as material considerations in the assessment of relevant planning applications for housing against SDP1 Policy 7 where such proposals are made for land not allocated for this purpose by the East Lothian Local Plan 2008.

## **3 BACKGROUND**

### *Housing Land Supply Issues*

- 3.1 Scottish Planning Policy (SPP) requires an adequate effective housing land supply for at least the next five years to be maintained at all times. Evidence on the amount of effective housing land available within an area for house building is to be taken from the annual housing land audit.
- 3.2 A number of planning appeal decisions issued since 2013, together with the modifications made by Scottish Ministers in their approval of SESplan's first Strategic Development Plan (SDP1) also in 2013, indicated that the adopted East Lothian Local Plan 2008 does not provide sufficient effective housing land and that there was a need to increase the amount of such land available within East Lothian. In recognition of this, since December 2013 the Council has been using Housing Land Supply: Interim Planning Guidance (IPG:HLS) to support appropriate proposals for housing development on land not allocated for that purpose by the East Lothian Local Plan 2008.
- 3.3 The purpose of the IPG:HLS is to set out material considerations that the Council should take into account when determining applications for planning

permission for housing development on land not identified as suitable in principle for this purpose by the adopted East Lothian Local Plan 2008.

3.4 The intention is that the guidance be used by the Council as a context to manage the housing land supply prior to the adoption of the emerging Local Development Plan (LDP) by approving planning permission for appropriate housing development proposals on suitable sites that comply with the IPG:HLS. This is to help maintain a five years' supply of effective housing land. The evolution of the IPG:HLS in parallel with the emerging LDP is as follows:

- The IPG:HLS has been in place since 10 December 2013. It was first approved by the Council after it approved the draft SESplan Supplementary Guidance Housing Land on 22 October 2013, which contained the agreed draft Housing Land Requirements for south east Scotland, including East Lothian;
- The Council approved for consultation its Main Issues Report on 28 October 2014 and updated its IPG:HLS on 16 December 2014;
- The Council approved its draft proposed LDP on 17 November 2015, subject to amendments. This decision set the context for the completion of the necessary technical work to accompany the finalised proposed LDP. The IPG:HLS was updated on 23 February 2016 to take into account the approval of the draft proposed LDP (as amended);
- The Council approved its finalised proposed LDP on 6 September 2016, and submitted the plan to Scottish Ministers for examination in public on the 4 of May 2017.

3.5 The Council has concluded a number of important steps in the preparation of its emerging LDP. As the finalised proposed LDP was developed, the Council identified additional effective housing sites that it wants to allocate to increase the supply of such land within East Lothian. The finalised proposed LDP is subject to unresolved representations and so has been submitted to Scottish Ministers for examination in public. The examination report is anticipated on 8 of February 2018, after which the LDP (incorporating any post-examination modifications as necessary) can be adopted by the Council.

3.6 However, the adopted East Lothian Local Plan 2008 alone does not provide sufficient housing site allocations to maintain an adequate supply of effective land for the next five years. If it alone were to be relied on, only a 3.0 years supply would exist within East Lothian. Further, if the Council were to wait until adoption (spring 2018) of the emerging East Lothian LDP to bring forward the additional effective sites therein, only a limited number of dwelling completions from those sites could contribute to the effective land supply for the next five years. That approach would also likely result in the supply of land that could be counted as effective over the next five year period being less than the minimum level expected by SPP – i.e. less than a five year supply.

3.7 Whilst there is no nationally prescribed method for how the adequacy of the five year effective housing land supply is to be calculated, the methodology used here is based on established practice, as applied in recent planning

appeal decisions in East Lothian. The steps of this calculation are also explained fully in Advice Box 1 of the Council's approved finalised proposed Local Development Plan.

- 3.8 For all of the above reasons, when the Council approved its Draft Proposed Local Development Plan on 17 of November 2015 it invited landowners and developers in control of sites that it wants to allocate for housing to engage collaboratively with Council officers to seek to address cumulative impact issues and constraints, and to identify appropriate mitigation solutions on a cumulative and site by site basis. The Council reiterated this message when it approved its finalised proposed Local Development Plan on 6 September 2016. Such engagement was invited in relation to all sites promoted by the emerging LDP.
- 3.9 The intention of this engagement is to ensure that appropriate solutions can be found to enable housing delivery on sites promoted by the Council to occur as early as possible following adoption of the LDP and thereby make an earlier contribution to the five-years' supply of effective housing land. The resources respective parties choose to invest in such collaborative working is clearly at their own risk, since confirmation of approach will only be certain following adoption of the LDP. However, the Council has made clear that it is willing to commit officer time to this engagement in the interests of delivering the additional homes required by SDP1 in the locations that it has decided are the most appropriate for residential development.
- 3.10 Following publication of the finalised proposed LDP, the 2017 Housing Land Audit was fully agreed with Homes for Scotland on 20 September 2017. The housing land audit records dwelling completions achieved and anticipated dwelling completions for the following five years. It provides an overall picture of the housing land supply position within East Lothian. The up-to-date 2017 Housing Land Audit (HLA) includes all the sites that the finalised proposed LDP seeks to allocate for housing development. This is on the basis that these sites have '*agreed residential development potential*' (see PAN 2/2010 paragraph 60). The 2017 Housing Land Audit is the first audit that finalised proposed LDPs new housing site allocations can be included within, and thus contribute to the effective housing land supply calculation.
- 3.11 Based on the up-to-date 2017 housing land audit, **the Council is now able to demonstrate a 6.17 years supply of effective housing land**. The basis for this conclusion is set out at Appendix Two of this report

*Scottish Planning Policy*

- 3.12 Importantly, in circumstances where the adopted plan is out-of-date, or where there is a shortfall in the five-year supply of effective housing land, Scottish Planning Policy (SPP) is clear that the adopted local plan policies will not be considered up-to-date. The East Lothian Local Plan 2008 is the adopted local plan for the area and it is more than five years old.

- 3.13 In these circumstances, SPP is clear that paragraphs 33 - 34 of SPP should be considered. These paragraphs confirm the primacy of the adopted East Lothian Local Plan 2008 in decision making, but are also clear that in circumstances where development plan policies are not considered up-to-date a significant material consideration in the assessment of planning applications will be the policy principles of SPP, including *'the presumption in favour of development that contributes to sustainable development'*.
- 3.14 As such, even though the Council can now demonstrate an adequate supply of effective housing land for the next five years, because the East Lothian Local Plan 2008 is more than five years old *'the presumption in favour of development that contributes to sustainable development'* continues to be a significant material consideration in the assessment of planning applications.
- 3.15 Yet SPP is clear that the aim of *'the presumption'* is to achieve the right development in the right place; it is not to allow development at any cost. Additionally, SPP only contains high level policy principles. It does not set out a vision or a spatial strategy for the planning of a local area. Importantly, windfall proposals for housing that may comply with the broad principles of SPP do not need to be approved because they are in line with SPP.
- 3.16 On the other hand, the Council's finalised proposed LDP sets out the sites that the Council proposes to allocate for housing as well as those sites or locations that it does not want to be developed for housing. It takes into account the principles of SPP, including its principal policies on sustainability and place-making. The finalised proposed LDP represents the Council's sustainable development strategy for East Lothian that it considers will ensure that the right development can occur in the right places to meet SDP1s Housing Land Requirements and maintain an adequate five-years' supply of effective housing land. The finalised proposed LDP has also been subject to an extensive programme of consultation and engagement locally. It represents the Council's 'settled view' on the future planning strategy for East Lothian.
- 3.17 As such, a significant issue for the Council is how *'the presumption in favour of development that contributes to sustainable development'* should now be applied with other relevant material considerations, including the Council's emerging LDP. This is especially so given that the Council can currently demonstrate an adequate five-years' supply of effective housing land, taking into account the sites that it proposes to allocate within its finalised proposed LDP, as evidenced by the agreed 2017 Housing Land Audit.
- 3.18 Importantly, this five-year effective housing land supply position exists because the anticipated start date and programming for the development of housing sites within the 2017 HLA can be facilitated by housing developers through the submission of appropriate development proposals in suitable locations, and by the Council through appropriate planning decisions, ***because*** the Council continues to have its IPG:HLS in place in respect of those sites.

- 3.19 As such, in the context of *'the presumption'* within SPP, the IPG:HLS should continue to apply to sites within the 2017 housing land audit and thus that are proposed to be allocated by the finalised proposed LDP because this is needed 'in order to maintain' an adequate five years' supply of effective housing land.

### **SESplan Strategic Development Plan**

- 3.20 Scottish Ministers approved the SESplan's Strategic Development Plan (SDP1) on 27 June 2013 and its associated Supplementary Guidance on Housing Land on 18 June 2014. This has confirmed the distribution of housing requirements for the SESplan area and for East Lothian.
- 3.21 As such, SDP1 Policies 1A and 1B, Policy 5, Policy 6 and Policy 7 provide the up-to-date strategic planning policy context on the supply of housing land. In accordance with SDP1 Policy 5 and SESplan's Supplementary Guidance on Housing Land, the emerging LDP for East Lothian is to plan for the delivery of 10,050 homes in the period 2009 – 2024, with an interim requirement for 6,250 new homes up to 2019 (with balance of 3,800 in the period 2019-2024).
- 3.22 SDP1 Policy 6 requires that East Lothian Council maintain a five years' effective housing land supply at all times. This is to be based on the SDPs Housing Land Requirements as set out in SDP1 Policy 5 and the associated Supplementary Guidance on Housing Land. SDP1 Policy 6 also states that the Council may grant planning permission for the earlier development of sites which are allocated or phased for a later period in the LDP, but in this respect it is not wholly relevant because the LDP is not yet operative.
- 3.23 In the context of these SDP1 policy requirements, and if there is a shortfall of effective housing land, SDP1 Policy 7 gives Councils discretion to approve planning permission, in appropriate circumstances, for housing development on greenfield land not allocated for that purpose. In adopting this approach, it should be emphasised that it does not mean any location or scale of greenfield housing land proposal is acceptable in principle in the context of SDP1 Policy 7.
- 3.24 While SDP1 Policy 7 provides planning authorities with discretion to grant planning permission *'in order to maintain'* a five years' effective housing land supply this does not override other relevant statutory development plan policy, including those of the East Lothian Local Plan 2008. These policies are still to be taken in to account when determining planning applications, and weighed against other relevant material considerations. The housing land supply issue is, however, a significant material consideration to be taken in to account when determining such applications, and in deciding where and when to apply SDP1 Policy 7 in order to maintain an adequate effective housing land supply.



3.25 SESplan Policy 7 states:

***“Maintaining a Five Year Housing land Supply***

*Sites for greenfield housing development proposals either within or outwith the identified strategic development areas **may** be allocated in local development plans or granted planning permission [our emphasis] to maintain a five years’ effective housing land supply, subject to satisfying each of the following criteria:*

- a) The development will be in keeping with the character of the settlement and local area:*
- b) The development will not undermine green belt objectives; and*
- c) Any additional infrastructure required as a result of the development is either committed or to be funded by the developer.”*

3.26 Importantly, the use of SDP1 Policy 7 is not mandatory; it is discretionary, as indicated by the use of the word ‘may’ within the opening paragraph of the policy. The choice as to whether and how to apply the policy correctly is qualified within Policy 7 itself, in the sense that Policy 7 should only be applied when and where the application of it is needed **‘in order to maintain’** an adequate five years’ supply of effective housing land.

3.27 Accordingly, the only sites to which SESplan Policy 7 should now apply within East Lothian are those that are included within the agreed 2017 housing land audit and thus the finalised proposed LDP. This is because these are the sites that are currently needed ‘in order to maintain’ an adequate five year effective housing land supply within East Lothian.

3.28 As discussed at paragraph 3.6 above, waiting until the adoption of the emerging LDP to address the effective housing land supply issue (spring 2018) and the allocation of sites therein would mean (a) a further 6 month period during which the Council is at risk of planning by appeal (and potential awards of costs against it) and (b) a housing requirement that will increase to a level that may be undeliverable during the LDP period with increased likelihood of on-going plan failure when the new LDP is operative.

3.29 Accordingly, the approach recommended is that the Council continues to embrace SDP1 Policy 7 in advance of the adoption of the East Lothian LDP, but only by supporting the principle of appropriate proposals for housing development on greenfield land in situations where, other than for the land’s non-allocation for housing in the adopted East Lothian Local Plan 2008:

- (i) The site is included within the agreed 2017 housing land audit, and the finalised proposed Local Development Plan;
- (ii) the proposed development would not otherwise be a significant departure from the provisions of the Development Plan (while ensuring consistency with SESplan’s Policy 7 itself);

- (iii) the land is or can be made effective and is demonstrably able to deliver early house completions to contribute to the five-year effective land supply (and thus support for the principle of the proposal may be justified because it could increase the 5-year effective housing land supply, and the site could be substantially completed within this period);
- (iv) the proposal, consequent on its scale or impact (on an individual or cumulative basis), would not prejudice existing local plan allocations (which SDP1 requires to be carried forward and not undermined) or the strategy or proposals of the emerging LDP (taking in to account prematurity and prejudice considerations of SPP).

3.30 As such, to ensure that the Council supports only those proposals that are, in the first instance, consistent with these overarching principles, and to ensure it is consistent in its assessment of such proposals, its approach should be supported by further criteria against which the principle of such planning applications would be assessed. The IPG:HLS at Appendix One draws relevant factors together and translates them into material considerations that should be applied in the assessment of planning applications. The proposal to which support may be given at this stage should be assessed on a case by case basis against these factors.

3.31 The discretionary use of SDP Policy 7 to support planning applications for residential development on an unallocated, greenfield housing site should therefore depend on (a) the extent to which the proposal satisfies other relevant provisions of the statutory Development Plan, and (b) the extent to which it satisfies the Council's criteria for assessing housing applications on unallocated, greenfield land, including as the proposal's scale, set out at Appendix One and (c) any other relevant material considerations as appropriate.

### **Using the Emerging LDP when determining planning applications**

3.32 In parallel with the Housing Land Supply: Interim Planning Guidance, the Council should increase the degree of support it gives to the strategy and sites of the finalised proposed LDP as it advances through the remaining stages towards its adoption. In so doing, a significant consideration will be a need to avoid prejudicing the preparation, final content or ability to deliver the emerging East Lothian Local Development Plan as discussed below.

#### *Finalised Proposed Local Development Plan*

3.33 The Council considered and amended a draft proposed LDP on 17 November 2015. Following this decision and the conclusion of the associated technical work, the Council then approved its finalised proposed LDP on 6 September 2016. The finalised proposed LDP represents the Council's 'settled view' on what it wants the adopted content of the plan to be, taking into account the Main Issues Report consultation responses.

- 3.34 Having considered representations to the finalised proposed LDP received during the associated representation period, the Council then decided on 28 March 2017 to submit the finalised proposed LDP without modifications to Scottish Ministers for examination in public. This was done on 4 of May 2017. The examination began on 8 of June 2017 and it is on-going. The examination report is anticipated on 8 of February 2018.
- 3.35 When approving the latest version of the IPG:HLS on 23 February 2016 (to take into account the approval of the draft proposed LDP (as amended)) the Council also accepted a series of recommendations on how the IPG:HLS should be applied in decision making with other material considerations as the proposed LDP is developed. The Council agreed to place increasing weight on the proposed LDP as it progresses through its stages towards adoption. The Council has placed increasing emphasis on supporting the principle of residential development on appropriate finalised proposed LDP allocations as the LDP has been developed. The Council also agreed to further strengthen this position once the sites of the finalised Proposed LDP are included within a Housing Land Audit as '*sites with agreed residential development potential*' (paragraph 5.5 of covering report of the 2016 revision refers). This means their anticipated contribution to the effective housing land supply can be taken into account in the overall effective land supply calculation.
- 3.36 However, at the same time the Council also acknowledged that where representations to the finalised proposed LDP are relevant to an issue that could affect the determination of a planning application, the finalised proposed LDP should carry less weight in the determination of such applications. Unresolved representations may result in changes being made to the plan following the recommendations from the examination report.
- 3.37 As such, it would be unreasonable to place significant weight on disputed aspects of the LDP when determining such applications. This could apply to sites that the Council wants to allocate for housing, and / or to policies that may support or seek to restrain housing development. In such circumstances, the finalised proposed LDP should be taken into account on a case-by-case basis as a material consideration with others as appropriate, including representations to the plan as well as prematurity and prejudice considerations.
- 3.38 Notwithstanding this, when determining applications at this stage, it would be reasonable for the Council to consider whether there are acceptable means of delivering the identified mitigation that will address the cumulative impact of development in the area (see paragraphs 3.42 – 3.49 below) and to take steps to secure this prior to the approval of any planning permission. This will include the provision of infrastructure as needed to support the development of all the sites within the agreed 2017 housing land audit and thus finalised proposed LDP on an individual and cumulative basis as appropriate.
- 3.39 For the avoidance of doubt, as described above, the application of SESplan SDP1 Policy 7 is not mandatory, it is discretionary. It should only be applied when and where it is needed 'in order to maintain an adequate five years'

supply of effective housing land'. Whilst each planning application must be considered on its own merits, the only sites to which SESplan Policy 7 and the Council's IPG:HLS should now be applied to are those within the agreed 2017 housing land audit and thus the finalised proposed Local Development Plan. This is because these are the sites that are currently needed 'in order to maintain' an adequate five year effective housing land supply in East Lothian.

- 3.40 Consequently, the Council's should continue to apply its IPG:HLS to residential development proposals for sites as they are proposed to be allocated within the finalised proposed LDP in order to facilitate the 2017 housing land audit programming as best it can, in order to maintain an adequate five years' supply of effective housing land.
- 3.41 Furthermore, considering that the Council is now able to demonstrate more than a five-years' supply of effective housing land based on the agreed 2017 housing land audit, it will also now seek to resist other proposals for residential development on sites where the principle of such development is not supported by the adopted East Lothian local plan 2008, or where this would not be supported by the finalised proposed LDP if it were adopted in the format proposed.

*Considerations related to prematurity and prejudice*

- 3.42 SPP states that where a plan is under review (as is the case here) decisions should not prejudice an emerging plan by predetermining the scale, location or phasing of development central to the emerging plan.
- 3.43 This is a consideration that is very likely to apply where the development is so substantial, or its cumulative effect (e.g. with other existing and / or emerging proposals) would be so significant, that to grant permission would undermine the plan making process. Such considerations related to prematurity and prejudice will become even more relevant closer to plan adoption – e.g. at proposed Local Development Plan stage etc.
- 3.44 It is important to note that these considerations are equally relevant to larger scale proposals that are supported by the emerging plan as well as those that are not – the outcome of any examination of the emerging plan is not yet known, and to approve planning permission for a large scale proposal (even if supported by the Council at this stage) may prejudice the ability of the examination Reporter to recommend that it be replaced by another.
- 3.45 Prematurity and prejudice considerations can also apply in situations where a proposed development, even small scale, is dependent on an infrastructure solution that is necessary to accommodate the impact of development proposed by the emerging plan, on an individual or cumulative basis, but for which a solution has not yet been confirmed through the examination.
- 3.46 The same considerations would apply if the early approval of sites associated with the finalised proposed Local Development Plan strategy were to occur without the requisite contributions being provided towards additional

infrastructure capacity that arise as a consequence of the strategy overall – doing so could compromise the funding base for the infrastructure, and potentially prejudice the deliverability of the finalised proposed LDP.

- 3.47 Importantly, however, there may be situations where cumulative impact issues can be overcome for housing proposals of an appropriate scale in suitable locations that would not undermine the finalised proposed LDP (and may help deliver it) and that would contribute towards the maintenance of an adequate five-years' supply effective supply of housing land.
- 3.48 Such proposals may be supported on the proviso that the necessary cumulative impact assessment has been undertaken (based on accommodating all relevant proposals of the finalised proposed Local Development Plan) and if any necessary mitigation can be provided and will be funded by the developer on a proportionate and pro-rata basis as appropriate. Such proposals would need to be assessed on a case by case basis, taking into account all relevant material considerations.
- 3.49 To avoid decisions that would be premature to or prejudice the emerging plan, the factors set out in the Housing Land Supply: Interim Planning Guidance should therefore only be used to determine appropriate housing proposals in suitable locations that, if approved, would not undermine significant decisions on where large scale developments should occur and that would not compromise how additional infrastructure capacity could be funded and delivered on an individual or cumulative basis.

#### *Post Examination Report*

- 3.50 Once the finalised Proposed Local Development Plan has been examined and the report of examination has been received, the Council will have before it the finalised proposed Local Development Plan and any amendments that it may need to make to the LDP consequent on the findings of the examination. The finalised proposed Local Development Plan and any recommendations to modify it, taken together, should reflect the plan that the Council can adopt.
- 3.51 However, at this stage adoption of a modified plan is subject to some limited exceptions, for example where a recommended modification to the finalised proposed Local Development Plan should not be followed consequent on the findings of further environmental assessment. As such, once the plan has been modified as appropriate, and this further technical work has concluded, the finalised proposed Local Development Plan (as modified) should carry significant weight as a material consideration.

#### *Post Adoption*

- 3.52 The key stage will be the Council's adoption of an up-to-date Local Development Plan as soon as possible on conclusion of the above steps. This will provide up-to-date development plan coverage in the area, and fully reaffirm the primacy of the development plan in decision making.

- 3.53 The adopted Local Development Plan will set out where new housing development can occur to meet the SDP1 requirements. It will also allow the Council to resist proposals for housing development in locations where the plan does not provide for this, provided the plan makes available sufficient effective housing land for the next five years on an on-going basis.

#### **Proposed Site Assessment Criteria**

- 3.54 Notwithstanding the need to make more effective housing land available in the area than set out in the East Lothian Local Plan 2008, the Council should adopt a cautious approach to the release of non-allocated housing sites. Matters of prematurity and prejudice need to be carefully considered on a case-by-case basis. The scale of proposals and the ability to provide infrastructure capacity to non-allocated sites without undermining existing allocations or those of the emerging LDP will also be key considerations.
- 3.55 To help ensure a prudent approach the recommended considerations that should be taken into account when determining planning applications for housing development on land not allocated for this purpose by the East Lothian Local Plan 2008 are detailed in Appendix One to this report. These material considerations should be applied with immediate effect to new applications for planning permission and to those that have been registered and are presently undetermined.

## **4 POLICY IMPLICATIONS**

- 4.1 In appropriate circumstances application of the material considerations set out in the Housing Land Supply: Interim Planning Guidance would allow the Council to support planning applications for housing that are not consistent with site-specific policies of the East Lothian Local Plan 2008.

## **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.

## **6 RESOURCE IMPLICATIONS**

- 6.1 Financial – none
- 6.2 Personnel - none
- 6.3 Other – none

## 7 BACKGROUND PAPERS

### 7.1 DPEA Planning appeal decisions:

- PPA-210-2037, Dovecot Farm, Haddington
- PPA-210-2036, Ferrygate Farm, North Berwick
- PPA-210-2031, Beveridge Row, Belhaven
- PPA-210-2018, Barbachlaw, Wallyford
- PPA-210-2049, Land at Lempockwells Road, Pencaitland
- PPA-210-2047, Ferrygate Farm, North Berwick
- PPA-210-2043, Land at Old Craighall, Musselburgh
- PPA-210-2038, Land West of Aberlady Road, Haddington

### 7.2 SESplan Strategic Development Plan, June 2013

### 7.3 Letter of approval of SESplan Strategic Development Plan, Scottish Government, June 2013

### 7.4 SESplan Supplementary Guidance on Housing land, May 2014

### 7.5 Letter of approval of SESplan Supplementary Guidance on Housing Land, Scottish Government, June 2014

### 7.6 Report by Depute Chief Executive (Partnerships and Services for Communities) to 28 October 2014 meeting of East Lothian Council, *SESplan Supplementary Guidance on Housing Land*

### 7.7 East Lothian Council LDP: Main Issues Report (October 2014)

### 7.8 East Lothian Council Draft Proposed LDP (as amended) (November 2015)

### 7.9 Housing Land Supply: Interim Planning Guidance (December 2013)

### 7.10 Housing Land Supply: Interim Planning Guidance (December 2014)

### 7.11 Housing Land Supply: Interim Planning Guidance (February 2016)

### 7.12 Housing land Audits 2009/10 – 2016/17

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## **Appendix One**

### **East Lothian Council**

#### **Housing Land Supply: Interim Planning Guidance**

##### **Factors against which planning applications for housing on land not allocated for this purpose will be assessed pending adoption of East Lothian Local Development Plan**

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In assessing planning applications for housing the Council will have regard in the first instance to the statutory Development Plan status of any site. This is the SESplan Strategic Development Plan and the East Lothian Local Plan 2008 (ELLP).

In the case of a planning application for housing on a site where the principle of such a use is not specifically supported by the statutory Development Plan, the Council accepts that the maintenance of an adequate supply of effective housing land is a significant material consideration. In the case of a greenfield site, SESplan Policy 7 would be applicable. The weight the Council affords its terms, and the terms of other Development Plan policies, to individual planning applications will depend on the extent to which the proposed development is able to satisfy all of the following material considerations:

#### **1 Effectiveness**

The Council will require convincing evidence that, were planning permission to be granted, then the site would be immediately effective or capable of being substantially complete within five years.

#### **2 Scale**

This guidance does not apply to planning applications for single houses or small groups of houses in the open countryside since SESplan Policy 7 refers to the 'character of the settlement and local area', requiring proposals to adjoin existing settlements.

The upper size limit of the proposed development must be such that, were the Council to grant planning permission, it would not be of a scale that would prejudice the Council's subsequent flexibility to consider and determine the amount and location of housing land release through the Local Development Plan process.

The actual number of residential units permissible on any one site or within any one settlement will be assessed against the scale and character of the specific settlement. However, the Council will only consider approving a development proposal that, in its totality, does not exceed 300 residential units. Other than in the main towns where the upper limit will apply, the maximum permissible will therefore be significantly less than this maximum

site capacity. Planning applications that are a consequence of the subdivision of a larger site into smaller applications in order to meet this maximum will be resisted.

This also reflects that it can contribute to short term needs, that is, the site must be capable of being substantially built out within any five year period starting from its anticipated determination date so that it can contribute to the five year housing land supply. At the same time, it must not be so large that it would prejudice future decisions on development plan requirements and how these would be best dealt with in the short term and beyond.

### **3 Timing**

If the proposal is otherwise acceptable, the Planning Authority may direct that the duration of planning permission is for a period of less than 3 years. This is intended to reinforce the Council's requirement that sites must be developed in the short term and not land banked.

**Applicants must also be aware that renewal of such a planning permission might not be permitted.**

In this regard the Council will require convincing evidence that a housebuilder has an interest in the site such that it can reasonably be followed through within the duration of any planning permission, so that early completions may be anticipated.

### **4 Development Plan Strategy**

In situations where infrastructure capacity is available and the site is/can be made effective, any grant of planning permission must not prejudice the delivery of the existing Development Plan strategy, or that of the emerging LDP as it is developed. For example:

- (i) It must not take infrastructure capacity from, or compromise the ability to provide infrastructure to, existing housing land allocations of the adopted local plan that do not yet have planning permission or are committed but have not yet started; and
- (ii) it must not be dependent on the prior provision of infrastructure required by existing housing land allocations that do not yet have planning permission or are committed but have not yet started and delivered the necessary infrastructure; and
- (iii) it must not prejudice the ability to provide infrastructure capacity for proposals emerging through the LDP as it is developed, or be dependent on the potential provision of infrastructure capacity associated with any emerging LDP strategy or site.

## 5 Locational Considerations

As a general principle, this guidance only applies to housing applications that form an appropriate extension to an existing settlement defined in ELLP2008. The guidance does not apply to otherwise isolated development in the countryside, to which the terms of ELLP2008 Policy DC1 (Development in the Countryside and Undeveloped Coast) will continue to apply.

Sites identified to contribute to the short-term housing land supply will also contribute to SESplan's strategic housing requirements, as set out in its Supplementary Guidance on Housing Land<sup>1</sup>. Consequently:

- 5(i) Sites within the East Lothian Strategic Development Area as defined in SESplan's Strategic Development Plan, June 2013<sup>2</sup>, **may** be acceptable, subject to criteria 1-4 (above) being met, and provided that:
- a. development of the site would not undermine green belt objectives, and
  - b. the site is an appropriate extension to an existing settlement identified in the East Lothian Local Plan 2008, and its scale and nature is in keeping with the scale and character of that settlement and the local area, and
  - c. infrastructure is available or can be made available (see also criterion 4) within a timescale that allows for early house completions, and
  - d. the site's development for housing is consistent with all other relevant Development Plan policies.
- 5(ii) Sites outwith the East Lothian Strategic Development Area **may** be acceptable, subject to criteria 1-4 (above), the provisos noted in 5(i) above and the following additional provisos:
- a. the settlement is well-served by public transport, and
  - b. existing facilities and services are both available and accessible within the settlement such that the need to travel is minimised;
  - c. the extent to which the additional housing would help make a demonstrable and necessary contribution to sustaining or improving educational, social or community facility provision within the local area may also be a material consideration
- 5(iii) The proposed development must not use land that is allocated for another specific use unless: there is no reasonable prospect of that use being realised on all or part of the site; a housing use on a part of the site would help deliver the allocated use on a significant remainder of the site; or the desirability of securing housing outweighs the retention of the allocated use.

<sup>1</sup> SESplan Supplementary Guidance on Housing Land May 2014 (ratified by East Lothian Council October 2014).

<sup>2</sup> Broadly defined as area 5 in Figures 1 and 4, and as described in paragraph 48, of SESplan's Strategic Development Plan, June 2013,

Mixed use proposals, including residential development, for undeveloped land allocated for business or industrial use under Classes 4, 5 or 6 of the Town and Country Planning (Use Classes) (Scotland) Order 1997 will be expected to:

- a. provide appropriate services to unserviced business/industrial land, thereby facilitating the take-up of employment land, and
- b. not prejudice the continued use of the remainder of the allocated area for the business/industrial use, and
- c. not prejudice, in the Council's view, the supply of employment land in East Lothian, and
- d. demonstrate that the location is in all other respects a suitable one for housing.

Where necessary, the Council will require the landowner and/or developer to enter into legal agreements to ensure these objectives are met. Unilateral obligations may also be considered.

For the avoidance of doubt, this guidance does not override the provisions of ELLP2008 Policy ENV2 (Town and Village Centres, Other Retail or Mixed Use Areas).

- 5(iv) The proposed housing use must be compatible with adjoining or nearby existing uses and the amenity to be enjoyed by the residents of the proposed new housing must not be harmed by such existing uses. The introduction of new homes should not be compromised by or compromise the consideration of potential new land allocations, including potential employment allocations, set out in the emerging LDP as it is developed.
- 5(v) The proposed housing use must be capable of being contained within robust, defensible boundaries and must not set a precedent for subsequent future expansion, the principle of which would be more appropriately considered through a Development Plan review.

**Planning Service  
Partnerships and Services for Communities  
East Lothian Council**

31<sup>st</sup> October 2017

## Appendix Two

# How the Adequacy of the 5-year Effective Housing Land Supply has been Assessed

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### Introduction

B.1 There is currently no nationally or regionally prescribed method for how the adequacy of the five-year effective housing land supply should be calculated. However, the Council's Draft Proposed Local Development Plan sets out a methodology for this based on established practice, including as applied in recent planning appeal decisions within East Lothian, as well as the current principles set out in the Scottish Government's planning advice note PAN 2/2010.

### Background

B.2 SDP1 was prepared under SPP 2010, which expected the SDP to set a housing requirement to 2024, and to identify how much land '*should be capable of development*' by 2019 – i.e. there was no need to set a housing requirement for the period up to 2019. However, the outcome of the SDP Examination was that the current SDP sets two housing requirements, one for the whole plan period to 2024 and one 'interim' requirement up to 2019.

B.3 Consequently, when approving SDP1, Scottish Ministers required SESplan to prepare Supplementary Guidance on Housing Land to confirm the distribution of the SDP housing requirement across Local Development Plan areas for the period 2009-2024, with an interim requirement also to be introduced for the period up to 2019.

B.4 In accordance with SESplan's Supplementary Guidance on Housing Land, the East Lothian Local Development Plan Housing Land Requirement is 10,050 homes in the period 2009 – 2024, with an interim Housing Land Requirement of 6,250 homes up to 2019. Whilst need and demand and rates of development can change significantly under different economic conditions, the SDP1 housing requirements cannot change when the SDP is operative. They are based on HNDA estimates of housing need and demand that are approved as housing requirements by the Scottish Government.

B.5 House completions achieved and anticipated from the established housing land supply over these periods, including from land allocated by the East Lothian Local Plan 2008, can contribute to meeting the SDPs requirements in addition to new land allocations to be made by the emerging Local Development Plan. However, delays in confirming the distribution of the housing requirement at SDP level has delayed LDP preparation in East Lothian and thus the timescales within which additional land can be allocated by the Council.

B.6 If the Council is to maintain an adequate supply of effective housing land for the next five years it should continue to release additional housing land earlier than can be achieved through the plan-making process. This is why the Council has been operating Housing Land Supply: Interim Planning Guidance since December 2013.

## **Current Method for Assessing the Adequacy of the 5-Year Effective Housing Land Supply**

### *National and Regional Planning Policy*

B.7 There is currently no nationally or regionally prescribed calculation method for how the numerical adequacy of the five year effective housing land supply should be carried out. Importantly, however, SESplan's Supplementary Guidance on Housing Land was approved by Scottish Ministers on the proviso that a modification was made to it to remove a sentence which read:

*'Member authorities will base their calculation of the five year land supply on the period 2009-2024, taking into consideration housing completions.'*

B.8 This would have required planning authorities to base their calculation of the adequacy of the five-year effective housing land supply over the period to 2024, taking in to account completions achieved since 2009 – i.e. to ensure enough effective land was available to meet the housing requirement for the whole plan period. Scottish Ministers took no issue with this calculation method. However, their approval letter continued to state in relation to that sentence:

*'While it may be considered to provide useful further information or detail, the inclusion of this also gives rise to a potential inconsistency between SESplan itself and the supplementary guidance.'*

B.9 The inconsistency referred to is that the method of calculation set out did not take into account the SDP1 'interim' housing requirement introduced by Scottish Ministers when they approved the SDP. The letter goes on to say that the Development Planning Scotland Regulations require that:

*'for a matter to be included in supplementary guidance that will form part of the development plan it must be expressly identified in a statement contained in the plan as matters which are to be dealt with in supplementary guidance. It is not considered that the inclusion of the 2nd sentence of paragraph 3.13 complies with this requirement'.*

B.10 Scottish Ministers directed that SESplan's method for calculating the adequacy of the five year effective housing land supply be removed from the Supplementary Guidance on Housing Land to ensure consistency with SDP1. However, they offered no alternative calculation method in their approval letter.

### *Planning Advice Note 2/2010: Affordable Housing & Housing Land Audits*

B.11 The current drafting of Scottish Government Planning Advice Note 2/2010: Affordable Housing & Housing Land Audits has led to established practice on how this calculation is normally carried out within East Lothian.

B.12 Based on this national advice, the approach to assessing whether the supply of effective housing land is adequate for the next five years is based on if enough housing land is programmed to be developed in the next five year period to meet the

remaining housing requirement set for the whole plan period once it is apportioned pro-rata (annualised) over the next five years, taking into account dwelling completions achieved since the based date of the SDP (2009/10).

B.13 The assessment is based on the housing land audit and normally carried out by comparing the programme of dwelling completions anticipated for the next five years to the recalculated housing requirement for the same period. If insufficient land is programmed to be developed to meet the recalculated housing requirement for that period then there is perceived to be a shortfall of effective housing land. The recalculation method subtracts dwelling completions achieved since the base date of the SDP (2009), divides the remaining requirement over the number of years of the plan period remaining, and then multiplies that annualised figure by five.

B.14 However, as explained above, SDP1 sets an overall housing requirement to 2024 as well as an 'interim' one to 2019. This means when the recalculation takes place under SDP1, if less than five years of the first plan period remain (as is now the case here as only 2 years remain) any shortfall from the first plan period should be added to the relevant sum of annualised requirement(s) for the second plan period (rather than spreading the shortfall up to 2019 over the remaining plan period overall to 2024). The steps of this calculation are explained fully in Advice Box 1 of the Council's approved Draft Proposed Local Development Plan (as amended).

B.15 Low levels of market demand / mortgage availability can significantly affect the 'marketability' of sites, and thus the number of house sales that can be achieved and thus the number of dwelling completions that can be programmed from the land supply in any five year period, even if the land is otherwise 'unconstrained'. Economic conditions since 2008/09 have resulted in low levels of completions across Scotland and within East Lothian. This has significantly affected the 'recalculation' of the housing requirement and delayed the programme of housing development during this period. Additionally, based on current Scottish Government planning advice PAN 2/2010, even if a whole site (or part of a site that is under construction) is programmed to start and / or be developed slower than it could under better economic conditions, only the houses from land which is programmed to be built in the next five years contributes to the five-year 'effective' land supply, even if the site (or balance of it) is 'unconstrained' and could be developed for housing faster.

B.16 Current national planning advice expects the method for assessing the adequacy of the five-year effective housing land supply to be based solely on quantitative assessment, even though fluctuations in wider economic conditions can significantly influence the amount of 'unconstrained' land that can be counted as 'effective'. This has been confirmed in the outcome of recent planning appeal decisions. Current Scottish Government advice allows very little weight, if any, to be placed on wider material considerations (such as qualitative economic factors) when assessing if there is enough effective housing land available for the next five-years.

B.17 In terms of meeting the SDPs housing requirements, lower levels of dwelling completions have been achieved since 2009 and are programmed to be delivered up to 2019/20 when compared to the rate and volume of development that would now be needed to meet the recalculated (compounded) SDPs housing requirement for the area, particularly within the period to 2019. The scale of the on-going shortfall in

anticipated house completions **over the next two years** up to 2019 is 1,533 homes. In general terms the lead-in to site start and dwelling completions from application seems to be around 18/24 months<sup>3</sup>. At the time of writing<sup>4</sup> there are less than 18 months of the first SDP period up to 2019 remaining. Notwithstanding this, the matter of whether or not there is sufficient effective housing land available is a question that relates to the available supply of such land over the **next five years, not two years**.

B.18 In this regard the intention of PAN 2/2010 is that the overall Housing Requirement of the plan should be delivered over the entire plan period, and that the adequacy of the five year effective supply should also be measured against the overall Housing Land Requirement for the entire plan period (i.e. 2009 – 2024) – i.e. it should not be measured against the ‘interim’ Housing Requirement or Housing Land Requirement with an expectation that the requisite number of homes be delivered within that period only. Put another way, any shortfall in dwelling completions should be able to be made up in later years of the plan period, consistent with maintaining an on-going (‘rolling’) five-year effective housing land supply.

B.19 Nonetheless, the Council has set out in proposed LDP Advice Box 1 a calculation for measuring on an on-going basis the adequacy of the five-year effective housing land supply that takes into account the ‘interim’ Housing Land Requirement set by SDP1. Using the calculation method set out within Advice Box 1 of the finalised proposed LDP, and based on the 2017 housing land audit, the Council can demonstrate a 6.17 years supply of effective housing land as shown in Tables 1a – 1d below.

### Assessment of East Lothian’s five-year effective housing land supply

B.20 The following table uses the current method for assessing the adequacy of the five-year effective housing land supply situation within East Lothian, taking into account the SDPs interim requirement up to 2019:

Table 1a: Dwelling Completions 2009 - 2017	
Completions 2009 - 10	193
Completions 2010 - 11	481
Completions 2011 - 12	433
Completions 2012 - 13	214
Completions 2013 - 14	383
Completions 2014 - 15	334
Completions 2015 - 16	427
Completions 2016 - 2017	599
<b>Total Completions 2009 - 15</b>	<b>3064</b>

Source: Housing Land Audits 2009-10-2016/17

<sup>3</sup> Homes for Scotland Procedure Note - Housing Land Audits: Homes for Scotland Procedures (May 2015) <http://www.homesforscotland.com/Portals/HomesForScotland/Planning/Housing%20Land%20Audits%20-%20HfS%20Procedures%20-%20May%202015.pdf?ver=2016-02-12-120218-257>

<sup>4</sup> October 2017



**Table 1b: Housing Land Requirements & Need and Demand 2024 - 32**

Step			Information Source	Steps
1	East Lothian Housing Land Requirement to 2024	10,050	SESplan SGHL	N/A
2	Housing Land Requirement 2009-2019	6,250	SESplan SGHL	N/A
3	Housing Land Requirement 2019 - 2024	3,800	SESplan SGHL	N/A
4	HoNDA Signpost 2024 - 2032	3,820	SESplan HNDA Need & Demand	N/A
	HLR to 2024 plus Need & Demand '2024-32	13,870		

**Table 1c: East Lothian Proposed LDP Supply v's Requirement**

Step			Information Source	Steps
5	Completions 2009/10-2014/17	3,064	HLA Completion Schedules 2009/10 – 16/17	N/A
6	Supply 2009/10 – 2018/19 (+ 42 windfall and - 3 demolitions)	4,717	See HLA 2017	N/A
7	Supply 2019/20 – 2023/24 (+ 105 windfall and - 8 demolitions)	7,252	See HLA 2017	N/A
8	Supply 2024/25 – 2031/32 (+ 110 windfall and - 12 demolitions)	3,718	See HLA 2017	N/A
9	Remaining requirement 2016/17-2018/19	3,186		Step 2 – Step 5 = Step 9
10	Remaining requirement 2019/20-2023/24	3,800	SESplan SGHL	N/A
11	Shortfall / Surplus 2009/10 – 2018/19	1,533		Step 2 – Step 6 = Step 11
12	Shortfall / Surplus 2019/20 – 2023/24	-3,452		Step 3 – Step 7 = Step 12
13	Shortfall / Surplus 2024/25 – 2031/32	102		Step 4 – Step 8 = Step 13

*A negative number indicates a surplus of housing land against the housing requirements.*

**Table 1d: Maintaining an Effective Five Year Housing Land Supply**

Step			Information Source	Steps
14	Housing Land Requirement 2009 - 2024	10,050	SESplan SGHL	N/A
15	Remaining Housing Land Requirement to 2019	3,186	Step 9	N/A
16	Remaining Requirement to 2024	6,986		Step 1 – Step 5 = Step 16
17	Annual Requirement to 2019	1,593		Step 9 / 2 (years) = Step 17
18	Annual Requirement 2019 to 2024	760		Step 10 / 5 (years) = Step 18
19	Remaining Requirement to 2019	3,186	Step 9	N/A
20	Five Year Effective Land Supply Target	5,466		Step 9 + Step 18 (x 3 years) = Step 20

21	Effective Land Supply to 2019 (plus windfall (42 units) and demolitions allowance (3 units))	1,653	See HLA 2017	1,614 (anticipated completions 2017 – 19) + 42 (windfall) -3 (demolitions) = 1,653
22	Five Year Effective Land Supply (plus windfall (105 units) and demolitions allowance (8 units))	6,750	See HLA 2017	6,653 (anticipated completions 2017 – 22) + 105 (windfall) -8 (demolitions) = 1,653
23	Shortfall / Surplus in Effective Supply to 2019	1,533		Step 19 – Step 21 = Step 23
24	Shortfall / Surplus in Effective Five Year Supply	-1,284		Step 20 – Step 22 = Step 24
25	<b>Number of Years Supply</b>	<b>6.17</b>		Step 22 / Step 20 x 5 (years) = Step 25

*A negative number indicates a surplus of housing land against the housing requirements.*

## Monitoring & Review

B.21 The effective land supply will be monitored and reviewed periodically, including once the Local Development Plan is adopted.

B.22 The contribution of land released under Housing Land Supply: Interim Planning Guidance will also be monitored to ensure that there is a control over the amount of land released. In that context the use of the Housing Land Supply: Interim Planning Guidance will also be reviewed, and if necessary the guidance may need to be revoked / its use suspended.

B.23 Any changes to national planning advice on the matter will also be monitored and taken in to account, particularly if this would review the basis for assessing the adequacy of the five-year effective housing land supply.

**REPORT TO:** East Lothian Council  
**MEETING DATE:** 31 October 2017  
**BY:** Depute Chief Executive (Resources and People Services)  
**SUBJECT:** Amendments to Standing Orders – Scheme of Administration

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**10**

## **1 PURPOSE**

- 1.1 To seek approval of proposed changes to the Scheme of Administration for the Petitions Committee, to incorporate community asset transfer reviews.

## **2 RECOMMENDATIONS**

Council is asked to:

- 2.1 approve that the community assets transfer reviews should be incorporated into the Petitions Committee.
- 2.2 approve the proposed change to the Scheme of Administration for the Petitions Committee, as attached at appendix 1.
- 2.3 approve changing the name of the Petitions Committee to the Petitions and Community Empowerment Committee.

## **3 BACKGROUND**

- 3.1 At its meeting of 12 September 2017, Cabinet approved a policy and guidance on Community Asset Transfer, in accordance with the requirements of the Community Empowerment (Scotland) Act 2015. In approving this policy and guidance, the Council is now required to establish how community asset transfer requests will be reviewed in cases where the applicant is not satisfied with the decision taken as regards their application.

- 3.2 It is recommended that community asset transfer reviews be incorporated into the existing Petitions Committee. The benefit of this approach is East Lothian Council already has an established membership and scheduled meeting dates for the Petitions Committee.
- 3.3 The attached Scheme of Administration (Appendix 1), which covers both the Petitions remit and the Community Asset Transfer remit, has been drafted for members' consideration (proposed changes to the existing Scheme of Administration are tracked for ease of reference). It is proposed that the name of the Petitions Committee is changed to the Petitions and Community Empowerment Review Committee.
- 3.4 The Service Manager – Licensing, Administration and Democratic Services will develop internal procedures to support community asset transfer reviews over the coming weeks.

#### **4 POLICY IMPLICATIONS**

- 4.1 None.

#### **5 EQUALITIES IMPACT ASSESSMENT**

- 5.1 This report is not applicable to the wellbeing of equalities groups and an Equalities Impact Assessment is not required.

#### **6 RESOURCE IMPLICATIONS**

- 6.1 Financial – none
- 6.2 Personnel – none
- 6.3 Other – none

#### **7 BACKGROUND PAPERS**

- 7.1 Report to Cabinet on 12 September 2017 – Community Empowerment (Scotland) Act 2015

<b>AUTHOR'S NAME</b>	Lel Gillingwater
<b>DESIGNATION</b>	Team Manager – Democratic & Licensing
<b>CONTACT INFO</b>	lgillingwater@eastlothian.gov.uk
<b>DATE</b>	18 October 2017

## PETITIONS AND COMMUNITY EMPOWERMENT REVIEW COMMITTEE

### A Remit and Powers

#### Petitions

1. The remit of the ~~Petitions~~ Committee in respect of petitions shall be to consider petitions raised by local residents or organisations, which relate to either:
  - (i) Council services or activities; or
  - (ii) the general well-being of the East Lothian community.
2. Petitions shall be referred to the Committee if the issue has not been resolved by any other means. The Committee shall consider the merits of each petition received. Where the Committee considers that action should be taken in respect of a petition, it shall refer the matter to the appropriate committee or Chief Officer for further consideration and possible implementation. In such cases the outcome of the matter shall be reported back to the next meeting of the Petitions and Community Empowerment Review Committee.

#### Community Asset Transfer Reviews

3. The remit of the Committee in respect of community asset transfer reviews shall be to consider requests for reviews of asset transfer decisions submitted by community transfer bodies where:
  - (i) the Council has refused the request;
  - (ii) the request has been agreed, but the terms and conditions in the decision notice are significantly different from those in the request; or
  - (iii) no decision notice has been issued by the Council within the required period.
4. Requests for reviews shall be referred to the Committee where they have been submitted in accordance with Appendix 2 of the East Lothian Council Community Asset Transfer Policy and Guidance. The Committee shall determine the terms of the decision notice issued following the review.

### B Membership

1. The membership of the Petitions and Community Empowerment Review Committee shall include a Convener and, if desired, a Depute Convener. The Council shall determine the membership of the Petitions and Community Empowerment Review Committee.

### C Quorum

1. Half the membership + 1

### D Substitutes

1. Members of the Petitions and Community Empowerment Review Committee shall be entitled to nominate substitute members from within their own political group to attend any meeting of the ~~Petitions~~ Committee (in accordance with Standing Order 6.4).

## **E Meetings**

1. Meetings shall take place in accordance with Standing Order 4.
2. Where a petition is to be considered by the ~~Petitions~~ Committee, the organiser of the petition will be invited to attend and offered the opportunity to address the Committee – individual signatories will not be invited. Invitations will be sent no later than the date the agenda is issued.
3. Anyone wishing to address the Committee should advise the Clerk no later than 3 working days before the meeting so that seating, timetable and other arrangements can be made.
4. Petitioners will be allowed five minutes to address the Committee – this period may be extended at the discretion of the Convener.
5. Where a petition is continued until a future meeting of the Committee the same rights to attend and speak at the meeting shall apply.
6. Where a community asset transfer review is to be carried out by the Committee, further information may be sought from interested parties in advance of the meeting; this information will be published on the Council's website. The Committee may invite interested parties to the meeting, if required. Invitations will be sent no later than the date the agenda is issued.

## **F Reporting Arrangements**

1. The clerk shall be responsible for taking minutes of the meetings of the Petitions and Community Empowerment Review Committee.
2. Minutes shall be presented to the Petitions and Community Empowerment Review Committee for approval.
3. Where a petition has been accepted, the outcome shall be reported to the organiser of the petition on approval of the minutes.
4. The terms of the decision notice for a community asset transfer review shall be determined by the Committee and reported to the community asset transfer body. It shall also be published on the Council's website.

## **G Miscellaneous**

1. Decisions of the Committee on functions delegated to them shall be reported to the Council for information only unless the Committee resolves that a particular item of business should be referred to the Council or another committee for decision.
2. As regards community asset transfers, appeals can be submitted to Scottish Ministers by community asset transfer bodies where:
  - (i) they are unhappy with the outcome of the Council's review; or
  - (ii) following agreement to an asset transfer request, the Council has not concluded the contract within the agreed time period, as set out in Appendix 3 of the East Lothian Council Community Asset Transfer Policy and Guidance.

Requests for appeals must be made in writing to Scottish Ministers within 20 working days from the date of the decision notice of the review. The procedures for appeals are set out in Section 20 of the Asset Transfer Guidance for Community Transfer Bodies.





**REPORT TO:** East Lothian Council

**MEETING DATE:** 31 October 2017

**BY:** Depute Chief Executive (Resources and People Services)

**SUBJECT:** Appointments to Outside Bodies

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**11**

**1 PURPOSE**

- 1.1 To request the Council to approve the appointment of a representative to an outside body.

**2 RECOMMENDATIONS**

- 2.1 That the Council approves the appointment of Councillor Jane Henderson to represent the Council on the East Lothian Local Access Forum, replacing Councillor Jim Goodfellow.

**3 BACKGROUND**

- 3.1 At its meetings on 23 May and 26 June 2017 the Council approved appointments to the Council's committees, sub-committees, associated committees and partnerships.
- 3.2 Councillor Goodfellow has recently intimated that he wishes to relinquish his role on the East Lothian Local Access Forum. The Administration are nominating Councillor Henderson to replace him.

**4 POLICY IMPLICATIONS**

- 4.1 None

**5 INTEGRATED IMPACT ASSESSMENT**

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

## **6 RESOURCE IMPLICATIONS**

6.1 Financial – none.

6.2 Personnel – none.

6.3 Other – none.

## **7 BACKGROUND PAPERS**

7.1 East Lothian Council's Standing Orders

<b>AUTHOR'S NAME</b>	Lel Gillingwater
<b>DESIGNATION</b>	Team Manager - Democratic & Licensing
<b>CONTACT INFO</b>	lgillingwater@eastlothian.gov.uk x7225
<b>DATE</b>	18 October 2017

**REPORT TO:** East Lothian Council

**MEETING DATE:** 31 October 2017

**BY:** Depute Chief Executive (Resources and People Services)

**SUBJECT:** Submissions to the Members' Library Service  
15 August – 18 October 2017

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**12**

## **1 PURPOSE**

- 1.1 To note the reports submitted to the Members' Library Service since the last meeting of Council, as listed in Appendix 1.

## **2 RECOMMENDATIONS**

- 2.1 Council is requested to note the reports submitted to the Members' Library Service between 15 August and 18 October 2017, as listed in Appendix 1.

## **3 BACKGROUND**

- 3.1 In accordance with Standing Order 3.4, the Chief Executive will maintain a Members' Library Service that will contain:
- (a) reports advising of significant items of business which have been delegated to Councillors/officers in accordance with the Scheme of Delegation, or
  - (b) background papers linked to specific committee reports, or
  - (c) items considered to be of general interest to Councillors.
- 3.2 All public reports submitted to the Members' Library are available on the Council website.

## **4 POLICY IMPLICATIONS**

- 4.1 None

## **5 INTEGRATED IMPACT ASSESSMENT**

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

## **6 RESOURCE IMPLICATIONS**

- 6.1 Financial – None  
6.2 Personnel – None  
6.3 Other - None

## **7 BACKGROUND PAPERS**

- 7.1 East Lothian Council's Standing Orders – 3.4

<b>AUTHOR'S NAME</b>	Lel Gillingwater
<b>DESIGNATION</b>	Team Manager - Democratic & Licensing
<b>CONTACT INFO</b>	<a href="mailto:lgillingwater@eastlothian.gov.uk">lgillingwater@eastlothian.gov.uk</a>
<b>DATE</b>	18 October 2017

**MEMBERS' LIBRARY SERVICE RECORD FOR THE PERIOD  
15 August – 18 October 2017**

<b>Reference</b>	<b>Originator</b>	<b>Document Title</b>	<b>Access</b>
103/17	Head of Development	Building Warrants Issued under Delegated Powers, 1-31 July 2017	Public
104/17	Head of Council Resources	Service Review – School Estates and PPP Project	Private
105/17	Head of Council Resources	Service Review – Review of the Business Support Function within Older Adult and Adult Social Care	Private
106/17	Head of Communities and Partnerships	Food Crime Surveillance 2016-17	Public
107/17		NOT IN USE – REPORT WITHDRAWN	
108/17	Depute Chief Executive (Partnerships and Community Services)	Service Review Report – Commercial Development Officer	Private
109/17	Depute Chief Executive (Partnerships and Community Services)	2016/17 Annual Performance Indicators Report	Public
110/17	Head of Development	Building Warrants Issued Under Delegated Powers, 1-31 August 2017	Public
111/17	Head of Communities and Partnerships	Food Standards Scotland: Capacity & Capability Audit of Food Law Enforcement (27 - 29 June 2017)	Public
112/17	Head of Infrastructure	Meadowmill Indoor Bowling Stadium – Renewal of Lease	Private
113/17	Head of Development	Development Plan Scheme No. 9	Public
114/17	Head of Council Resources	Impact of Universal Credit on Revenues & Welfare Support Services - End of Year 2016/17	Public
115/17	Head of Communities & Partnerships	Award for Contract to Deliver a Strategic Masterplan for Prestongrange Museum	Public
116/17	Head of Infrastructure	Building Warrants Issued under Delegated Powers, 1-30 September 2017	Public
117/17	Head of Infrastructure	Consultation on Improving Road Works in Scotland	Public
118/17	Head of Council Resources	IT Service Review	Private

119/17	Head of Infrastructure	Sale of 158.3 sqms Land, Musselburgh	Private
120/17	Head of Council Resources	Service Review Report - Additional Post - Education Early Years Team	Private

18 October 2017