



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

**TUESDAY 13 FEBRUARY 2018
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

Committee Members Present:

Provost J McMillan (Convener)
Councillor S Akhtar
Councillor L Bruce
Councillor S Currie
Councillor F Dugdale
Councillor J Findlay
Councillor A Forrest
Councillor N Gilbert
Councillor J Goodfellow
Councillor N Hampshire

Councillor J Henderson
Councillor S Kempson
Councillor G Mackett
Councillor K Mackie
Councillor P McLennan
Councillor K McLeod
Councillor F O'Donnell
Councillor B Small
Councillor T Trotter
Councillor J Williamson

Council Officials Present:

Mrs A Leitch, Chief Executive
Mr A McCrorie, Depute Chief Executive (Resources and People Services)
Ms M Patterson, Depute Chief Executive (Partnerships and Community Services)
and Monitoring Officer
Mr D Small, Director of East Lothian Health & Social Care Partnership
Mr J Lamond, Head of Council Resources
Mr D Proudfoot, Acting Head of Development
Ms S Saunders, Head of Children's Wellbeing
Mr T Shearer, Head of Communities and Partnerships
Mr K Christie, Service Manager – Revenues
Mr S Cooper, Team Manager – Communications
Mr J Coutts, Service Development & Support Manager – Housing
Mr J Cunningham, Service Manager – Benefits
Ms E Denovan, Service Manager – Corporate Finance
Ms C Dora, Executive Officer
Ms S Fortune, Service Manager – Business Manager
Ms C Grandison, Members' Services PA
Mrs W Grant, Members' Services PA
Mr P Vestri, Service Manager – Corporate Policy and Improvement

Visitors Present:

None

Clerk:

Mrs L Gillingwater

Apologies:

Councillor W Innes

Councillor C McGinn

1. SETTING OF BUDGET, COUNCIL TAX AND RENT LEVELS 2018-23

A report was submitted by the Depute Chief Executive (Resources and People Services), providing an update of recent developments in respect of the Local Government Finance Settlement and presenting amended budget proposals for both General Services and the Housing Revenue Account in accordance with the budgetary framework approved previously by the Council.

The Head of Council Resources, Jim Lamond, presented the report, drawing attention to changes in the Council's budget-setting process, namely the introduction of a 5-year General Services capital budget, which was in line with Audit Scotland recommendations, an extended 5-year Financial Strategy, and the submission of the Administration's draft budget to Cabinet in January. He made reference to significant changes made to the Local Government Finance Settlement, the net effect of which was an additional £2.2m of grant funding for the Council; however, he noted that £1.7m of this additional funding would be used to meet new obligations. He declared that the Council had effectively accepted the terms of the Local Government Settlement Offer. He further advised that a request to the Scottish Government from the Depute Council Leader for flexibility on how the Council Tax cap could be applied had not been granted. Mr Lamond confirmed that both the Administration and SNP Group had submitted amendments to the Administration's draft budget proposals, and that no formal amendments had been submitted as regards the Housing Revenue Account (HRA) proposals.

Councillor Forrest asked for clarification on how much additional funding had been allocated to the Council since the final Local Government Finance Settlement was announced on 14 December 2017. Mr Lamond advised that an additional £1.222m was awarded to the Council on 23 January, with a further £3.023m being allocated on 31 January; the net effect of this additional funding would amount to a year-on-year increase of £2.245m.

Councillor Akhtar questioned whether this additional funding would meet the costs of additional burdens, such as pay awards for staff. Mr Lamond confirmed that it would not meet additional costs, indicating that, although there was a marginal increase of £0.5m in grant funding, the total allocation still amounted to a reduction in funding, given the demands on the Council and increases in pay and prices.

Responding to a question from Councillor Goodfellow as regards the use of reserves to fund services, Mr Lamond advised that in recent years there had been a decrease in the Council's reserves, and that the 2017/18 budget had used a significant proportion of reserves. He was of the view that there were now no 'spare' reserves, and that the further use of reserves would leave the Council in a vulnerable position.

With reference to the error made in the initial distribution of grant funding from the Scottish Government, Councillor Bruce questioned if it was possible that the settlement could be subject to further amendments. Mr Lamond commented that he could not be certain of this, but noted that such errors were unusual.

Councillor O'Donnell asked what assessments had been made to ascertain if the additional funding allocated to the Council would meet the cost of new obligations. Mr Lamond reported that the additional £1.245m should cover the costs of a number of social care obligations, such as sleepovers, changes to the living wage and the costs associated with

the Carers Act. He indicated that work to assess these obligations was ongoing, and that CoSLA was also currently looking at the impact of the Carers Act. He anticipated that he would be in a position to provide more detail on this within the next two months. On the new national care home contract, he advised that this had also been discussed at CoSLA, but that the negotiations had not concluded.

Councillor Dugdale sought confirmation that all three political groups had been given access to the same information during the budget process. Mr Lamond confirmed that all groups had been treated the same.

Decision

The Council agreed:

- i. to note the circumstances relating to changes made to the original Local Government Finance Settlement offer of 14 December 2017, as set out within Sections 3.1-3.4 of the report;
- ii. to note that, in accordance with Section 3.5 of the report, the Council had now effectively accepted the amended settlement offer made by the Cabinet Secretary; and
- iii. to consider and make recommendations in relation to the respective budget, Council Tax and rent proposals included within the agenda for the meeting at Items 2 and 3, these items reflecting formal amendments proposed to the Draft Administration Proposal approved by Cabinet on 16 January 2018.

2. BUDGET PROPOSALS ON GENERAL SERVICES

(a) Amendment Submitted by the Administration

Councillor Hampshire presented the Administration's amendment to the budget proposals. He made reference to the difficult decisions that would require to be made, and the Administration's strategy to limit the use of useable reserves. He thanked officers for their advice during the process, and those members of the public who had participated in the budget consultation exercise. Councillor Hampshire pointed out that it would be necessary for the Council to make £8.1m of savings over the coming three years. He advised that he had met with both the Conservative and SNP Groups to consider their proposals, noting that one proposal by the SNP Group and a number by the Conservative Group had been incorporated into the Administration's amended budget proposals. He then drew attention to the key aspects of the Administration's amendment:

- Investment in schools, including a new secondary school, four new primary schools and a number of school extensions
- Investment in new community, sport and transport infrastructure
- An increase of £6,477m in Education over three years
- Protection of the Adult Wellbeing budget
- An additional £1m for Children's Services over three years

He noted that all services were considering ways to reduce the costs of delivering services, as well as looking at additional income streams. He believed that the Administration's draft budget (as amended) would allow the Council to deliver high-quality services whilst meeting the financial challenges, and commended it to the Council.

The Administration amendment was seconded by Councillor Forrest, who spoke of the importance of setting a budget that covered all areas and people of all ages. He welcomed, in particular, the additional investment in Education, Adult Wellbeing and Children's Services.

(b) Amendment Submitted by the SNP Group

Having thanked officers for their advice and support, Councillor Currie set out the SNP Group's amendment to the budget proposals, advising that these proposals were in line with the Group's manifesto. He advised that frontline services would be protected, and that the SNP would reject changes to nursery staffing and additional support for learning services. He also opposed the introduction of charges for music tuition in schools, and reductions in funding to Adult Wellbeing resource centres, arguing that the introduction of charges for day centres would result in people being unable to attend. He reiterated the SNP pledge to abolish coastal car parking charges. Councillor Currie proposed ending the publication of the Council's newspaper, and using those savings to introduce the webcasting of Council meetings. He also supported the continued funding of Area Partnerships and the grant to the Brunton Theatre Trust, as well as investment in facilities for Musselburgh Windsor Football Club and Musselburgh Grammar School. In commending his budget amendment to the Council, Councillor Currie emphasised the need for transformation change at the Council in order to protect frontline services.

The SNP Group amendment was seconded by Councillor McLennan, who stated that the Council's priority should be to protect the vulnerable in society. He questioned the Administration's proposed introduction of charges for Adult Wellbeing services when the consultation on those charges had not yet concluded, and highlighted concerns that users of resource centres would not be able to afford such charges. He spoke in support of the views of carers, who had urged the Council not to implement charges until a full impact assessment had been carried out.

(c) Debate and Decision

Following the presentations, a full debate took place.

Councillor Small opened the debate, thanking officers and the leaders of the other political groups for their assistance during the budget process. He set out the Conservative Group's priorities: education, care for the elderly, and making the Council a more efficient and innovative organisation. He also spoke of the importance of financial prudence and long-term financial planning. Councillor Small made reference to discussions with the Administration, noting that his group's 'red lines' had not been crossed, namely the closure of rural schools, the introduction of parking charges in town centres, and extending the mileage limit for home-to-school transport. He noted that he had requested a review of the Council's management structure, which would achieve significant savings, as well as a review of the Council's property assets, making particular reference to the potential opportunities associated with the former Cockenzie Power Station site and the need to provide more affordable housing. He also proposed that £300,000 should be transferred from the Area Partnerships to the general education budget. Councillor Small concluded his statement by advising that his group would continue to provide effective scrutiny of Council services and expenditure, and called on the Council to maximise commercial opportunities and identify new income streams.

Councillor Small's comments were supported by Councillor Bruce, who welcomed the Administration's agreement on the Conservative Group's 'red lines'. He also welcomed the

opportunity to review the Council's management structures and assets, and declared that he would be supporting the Administration's amendment.

As Cabinet spokesperson for Education and Children's Services, Councillor Akhtar highlighted the decision by the Administration not to close rural schools or make changes to the home-to-school transport limits. She pointed out that, despite the financial challenges facing the Council in terms of increasing population and demand on services, an additional £1m would be invested in services for vulnerable children over the next three years, with a drive to recruit more foster carers to ensure that children could remain in their own communities. She also drew attention to additional investment in schools, the review of nursery staffing and the introduction of means-testing for instrumental tuition.

Councillor Mackie emphasised the need to protect frontline services, and reiterated the Conservative Group's manifesto pledge not to close rural schools or limit free home-to-school transport. She expressed concern at the proposal to redeploy teachers from nurseries to vacant primary school posts, stressing the need for the Scottish Government to take action on teacher recruitment. She was also disappointed at the proposals to limit free music tuition.

Councillor McLeod expressed concern at the proposed introduction of charges for music tuition, suggesting that all children should be treated equally in this regard. His views were shared by Councillor Gilbert, who feared that this would have an impact on the many children at Preston Lodge High School who accessed music tuition. He also spoke in opposition to the proposal to reduce Area Partnership funding, and feared that the Administration's proposals would have a detrimental effect on the elderly and disabled.

On health and social care, Councillor O'Donnell paid tribute to the commitment of Council officers in improving the lives of the vulnerable people in East Lothian. She highlighted the challenges in meeting the needs of a growing number of elderly people and those with disabilities. She argued against using Council reserves to fund social care services, as this would not be sustainable in the long term, and advised that there was a need to increase existing charges and introduce new ones in order to continue delivering such services. Councillor O'Donnell undertook to ensure that service users would not be charged more than they could afford, that support would be given to them to maximise their income, and that they would be able to request a review of their charges. She commended the Administration's budget to the Council.

Councillor Williamson voiced his concern about a number of the Administration's proposals, including the abolition of concessionary rail fares at peak times, the introduction of music tuition charges, new and increased charges for adult social care services, and reductions in funding for therapeutic services. He expressed disappointment at the Administration's proposals to delay investment at Musselburgh Grammar School and the lack of investment in facilities for Musselburgh Windsor FC.

Councillor Trotter questioned the introduction of charging for adult social care services while the consultation on this matter was ongoing. He believed that the Administration's proposed budget would have a negative impact on communities, and called on Members to support the SNP amendment.

As Economic Development and Tourism spokesperson, the Provost drew attention to the investment in East Lothian through the City Region Deal, as well as additional funding for town centre regeneration. He also advised that there would be significant investment in the road and rail infrastructure, and an allocation of £200,000 towards delivery of the core path network. He highlighted the importance of economic development opportunities at Queen Margaret University, Blindwells and Cockenzie, and made reference to the expected

increase in tourist numbers due to the major golf competitions being held in East Lothian during 2018.

The Provost's comments on the potential for economic growth were echoed by Councillor Findlay, although he was disappointed with the Administration's proposed reduction in funding for tourism in Year 2. He did not share views expressed by Councillor Currie as regards the forthcoming review of coastal car parking charges, noting that the Conservative Group would hold the Administration to account on this issue. He stated that he would be supporting the Administration's budget.

Councillor Dugdale spoke of the difficult decisions that had had to be made during the budget development process, but felt that such decisions were necessary in order to protect frontline services. She welcomed the proposed investment at Ross High School and Wallyford Primary School, which would benefit those communities, as well as the additional support for playgroups. Councillor Dugdale pointed out that demand for food bank assistance remained high, and was supportive of the Fa'side Area Partnership's lunch club initiative. She also welcomed the plans to bring forward the development of the Whitecraig community centre, paying tribute to the Whitecraig community for their commitment to this project.

Councillor Goodfellow questioned the SNP's proposals to use reserves to fund services. In response to the concerns expressed as regards charges for music tuition, he pointed out that children in areas of deprivation would benefit and that charges would be means tested. On coastal car parking charges, he argued that visitors to East Lothian expected to pay for parking, and that the charges were fair. He also suggested that the SNP proposals would benefit Musselburgh at the expense of other areas, emphasising that the Administration's budget was concerned with quality and fairness.

Summing up for the SNP Group, Councillor Currie stated that his proposals were affordable, sustainable and deliverable, noting that in Year 3 money would be returned to the Council's reserves. He believed that political manifestos should be reflected in budget proposals, arguing that this was not the case with the Administration's proposals. He reiterated the concerns expressed by a number of Members in relation to music tuition charges, and warned that the Administration's proposals would be damaging to communities.

Summing up for the Administration, Councillor Hampshire questioned some of the SNP Group's proposals, such as abolishing coastal car parking charges at the same time as reducing funding for adult social care services, as well as the level of investment in Musselburgh Windsor FC, which he felt would be at the expense of other communities. He reiterated the difficult decisions that would have to be made, and that it was necessary to reduce funding to services or generate additional income in order to balance the budget. He concluded the debate by stating that the Administration would protect vulnerable people in all communities and urged Members to support the Administration's amendment.

The Provost then asked the Council to move to the vote. At the request of Councillor Currie, the vote was taken by roll call.

Vote on the amendment to the budget proposals as submitted by the SNP Group:

For: Councillors Currie, Gilbert, McLennan, McLeod, Trotter and Williamson
Against: Councillors Akhtar, Bruce, Dugdale, Findlay, Forrest, Goodfellow, Hampshire, Henderson, Kempson, Mackett, Mackie, McMillan, O'Donnell and Small

The SNP Group's amendment therefore fell.

Vote on the amendment to the budget proposals as submitted by the Administration:

For: Councillors Akhtar, Bruce, Dugdale, Findlay, Forrest, Goodfellow, Hampshire, Henderson, Kempson, Mackett, Mackie, McMillan, O'Donnell and Small
Against: Councillors Currie, Gilbert, McLennan, McLeod, Trotter and Williamson

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

Decision

The Council agreed to approve the amendment to the budget proposals as presented by the Administration and to increase Council Tax levels by 3% in 2018/19 (Band D level of £1,185.68).

3. RENT PROPOSALS 2018/19–2022/23

(a) Presentation by the Administration

Councillor Goodfellow presented the Administration's Housing budget to the Council. He thanked officers who had been involved in the preparation of the Housing Revenue Account (HRA) budget and in the delivery of 370 new Council homes over the past five years. He stated that £90 million would be invested in delivering new Council houses over the next five years. In addition, almost £60 million would be invested in the modernisation programme, which would see around 500 new bathrooms, 500 new kitchens and the rewiring of 500 homes being delivered during the next year.

Councillor Goodfellow highlighted areas where new Council houses would be delivered during 2018/19, as well as a number of additional planned developments. He also drew attention to work being undertaken as regards improving energy efficiency in Council homes. He confirmed that the debt:income ratio of below 40% would be maintained.

The Administration proposals were seconded by Councillor Forrest.

(b) Debate and Decision

Following the presentation, the Provost opened the matter for debate.

Councillor Henderson spoke in support of the proposed housing budget. She appreciated that rent rises would not be popular, but believed that they were necessary in order to maintain and repair the housing stock. She also noted that there was a need for more affordable housing, but stressed that this had to be affordable for the Council.

Councillor Currie stated that the SNP Group would abstain from voting on the proposed budget, on the basis that they felt that 5% year-on-year rent increases were too high. He argued that such increases were being made in advance of need, and this would result in East Lothian no longer having lower-than-average rent levels. He also suggested that further consideration should be given to the debt:income ratio level. He reiterated that he was supportive of a 5% rent increase for 2018/19, but would not support 5% increases for future years.

Councillor Hampshire commented that the Council had taken great care of its housing stock, particularly with increased investment in new kitchens and bathrooms. He noted that, during the recent consultation exercise, tenants had indicated they were willing to accept a 5% increase to provide for further investment. He also highlighted the challenges in delivering new affordable housing.

Summing up, Councillor Goodfellow assured the Council that any future rent increases would be subject to consultation with tenants. Referring to areas where rents were high, he noted that there was a clear correlation between rent levels and debt:income levels, adding that the Council would need to impose moderate increases in order to deliver more houses at the same time as keeping the debt:income ratio below 40%.

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

The HRA budget proposals of the Administration for 2018/19 to 2022/23 were put to the vote.

For:	14
Against:	0
Abstentions:	6

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

Decision

The Council agreed to approve the rent proposals as presented by the Administration and increase Council house rent levels by 5% in 2018/19.

Signed

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Provost John McMillan
Convener of the Council