



## MINUTES OF THE MEETING OF EAST LoTHIAN COUNCIL

TUESDAY 29 OCTOBER 2019  
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON

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### Committee Members Present:

Provost J McMillan (Convener)	Councillor C Hoy
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  
Ms A MacDonald, Director of Health and Social Care  
Mr A McCrorie, Depute Chief Executive (Resources and People Services)  
Ms M Patterson, Depute Chief Executive (Partnerships and Community Services)  
Mr J Lamond, Head of Council Resources  
Mr D Proudfoot, Head of Development  
Mr T Reid, Head of Infrastructure  
Ms S Saunders, Head of Communities and Partnerships  
Ms L Brown, Chief Operating Officer – Education  
Mr S Cooper, Team Manager – Communications  
Ms R Crichton, Committees Officer  
Mr K Dingwall, Service Manager – Planning  
Ms S Fortune, Chief Operating Officer – Finance  
Mr C Grilli, Service Manager – Legal and Procurement  
Mr P Ritchie, HR Business Partner  
Mr D Stainbank, Service Manager – Internal Audit  
Ms J Tait, Chief Social Work Officer and Chief Operating Officer – Children's Services  
Mr P Vestri, Service Manager – Corporate Policy and Improvement

### Visitors Present:

Ms G Woolman, Audit Scotland

### Clerk:

Mrs L Gillingwater

**Apologies:**

Councillor W Innes

**Declarations of Interest:**

Councillor McLennan, Item 11, in relation to his employment status

Mr A McCrorie, Depute Chief Executive (Resources and People Services), Item 6, on the basis that he was directly affected by one of the report recommendations

Mr J Lamond, Head of Council Resources, Item 6, on the basis that he was directly affected by one of the report recommendations

*Prior to the commencement of business, the Provost welcomed Gillian Woolman of Audit Scotland to the meeting. He also made reference to the recent success of Josh Taylor, who had recently won the super-flyweight division of the World Boxing Super Series, and Catriona Matthew, who had captained the successful European Solheim Cup Team. In addition, he paid tribute to volunteers in the East Lothian towns which had been recognised in the Britain in Bloom awards.*

**1. MINUTES FOR APPROVAL**

The minutes of the meeting of East Lothian Council held on 27 August 2019 were approved, subject to the following amendment:

Item 10: Notice of Motion – Climate Emergency

‘... on the matter of the EMA, as raised by Councillor Currie, he [Councillor Hampshire] advised that young people would not lose their allowance, but noted that the Council would be required to work within its legal framework.’

**2. 2018/19 ANNUAL AUDIT REPORT**

The Provost invited Gillian Woolman of Audit Scotland to present the report.

Mrs Woolman presented the Annual Audit Report to Council, confirming that it had been approved by the Audit & Governance Committee at its meeting of 17 September, and that the Council had been given an unqualified opinion on the accounts. She highlighted the key aspects of the report, drawing particular attention to the financial challenges facing the Council. She also directed Members to the Action Plan, with the actions to be completed by 2020.

Councillor Hampshire thanked Audit Scotland for the report, and paid tribute to Council staff for their work in continuing to deliver quality services. He made reference to the financial challenges ahead and the difficult decisions that the Council would be required to take.

As Convener of the Audit & Governance Committee, Councillor Henderson welcomed the report and the inclusion of a new section on developer contributions.

Councillor Currie shared the concerns of others as regards the difficult decisions facing the Council.

Councillor Akhtar highlighted the importance of external scrutiny of Council services and finances. She noted that progress was being made on the Best Value Assurance Report, and outlined improvements being implemented within Education and Children’s Services. She welcomed Audit Scotland’s opinion that the Council was focused on its priorities, and thanked Councillors Innes and Hampshire for their leadership.

Councillor O'Donnell welcomed Audit Scotland's assessment that the Council's governance arrangements were effective and supported accountability.

The Provost thanked Ms Woolman for her report and presentation.

### **Decision**

The Council agreed to note the 2018/19 Annual Audit Report.

## **3. EAST LoTHIAN COUNCIL'S 2019 PERFORMANCE AND 'STATE OF THE COUNCIL' REPORT**

A report was submitted by the Chief Executive providing the Council with the East Lothian Council's 2019 Annual Performance and 'State of the Council' report.

The Service Manager for Corporate Policy and Improvement, Paolo Vestri, presented the report, advising Members that the report provided narrative on some of the work undertaken by the Council. He drew attention to an error in the report: T.4 (the % of young people receiving After Care (for whom a destination is known) who are in a positive destination) should have been coloured in red. Thus, the Top 10 Council Plan Indicators table would read: 6 green, one amber, 2 red, and one unknown (as data would become available in the following month). He remarked that East Lothian Council was performing relatively well, and noted its commitment to Area Partnerships and effective use of resources, but recognised that there was further room for improvement.

Responding to questions from Members, Mr Vestri advised that the targets for T.5 (% of 65+ with long-term care needs receiving personal care at home) and T.9 (Proportion of non-Direct Debit payments including school payments, undertaken online (at 31 March)) would be determined by the Integration Joint Board, and after the publication of a six-month report (due to being a new indicator), respectively.

Councillor O'Donnell noted that many of the Top 10 Council Plan indicators would be influenced by how the UK would leave the European Union and enquired about the work being done around this. Mr Vestri advised that this would have to be revisited around the economy indicators; this was something that the Council would be working on.

The Provost commented that the report highlighted governance and delivery, and it reminded Councillors that they were accountable for the delivery of the Council Plan.

### **Decision**

The Council agreed to approve the 2019 Annual Performance and 'State of the Council' report.

## **4. FINANCIAL REVIEW 2019/20 AND FINANCIAL PROSPECTS**

A report was submitted by the Depute Chief Executive (Resources and People Services) informing the Council of the financial position at the end of August 2019, and providing an update on the financial outlook for the next five-year financial strategy period 2020/21 to 2024/25. The report also set out the proposed budget development framework for the three-year period 2020 to 2023.

The Chief Operating Officer – Finance, Sarah Fortune, presented the report, informing Members of an overspend of over £1.7m at the end of Period 5, and anticipating that the Council would be overspent by c.£5m at the end of the current financial year. She noted that this overspend could be offset by the funds generated by the Loans Fund Review. She reported that the Council Management Team (CMT) was exploring options as regards reducing the Council's spending commitments and generating additional income, and she drew attention to Section 1.11 of Appendix A to the report, which set out proposed enhanced financial controls.

On capital investment, Ms Fortune indicated that there may be some slippage in the 2019/20 programme, with projected expenditure amounting to c.£48m. In addition, the level of investment for the two new community learning facilities at Wallyford and Whitecraig would exceed the approved budget; this would need to be reflected in the 2020 capital investment plan. Ms Fortune further advised that the tenders for the essential works at Musselburgh Grammar School were in excess of the approved budget for that project, and sought approval to award the contract and proceed with those works.

As regards the Housing Revenue Account (HRA), Ms Fortune reported that the HRA revenue account was likely to break even at the end of the financial year, and anticipated that the capital programme would also be delivered broadly within budget. She added that officers were working to maximise the housing grant subsidy where possible.

Referring to Appendix B to the report, which set out the financial prospects for the Council, Ms Fortune advised that it was important for the Council to plan for the longer term, despite a number of external variables and uncertainty. She highlighted the financial modelling work undertaken, and the need for the Council to further reduce its costs or raise additional income. She warned that the Council faced significant financial challenges, and that a refreshed Financial Strategy would be presented to the Council in December. She set out the budget-setting process, with draft Administration proposals being presented to Cabinet in January, prior to being presented to Council for approval in February. She concluded her presentation by indicating that the possibility of a General Election may affect the UK and Scottish Government budget timetables; Members would be advised of any change to the Council's process resulting from this.

In response to questions from Councillor Currie, Ms Fortune advised that, at present, there was only a small amount of uncommitted reserves (c. 2.3% or £5m); however, some of this amount was earmarked for specific purposes. She anticipated that the overspend would be offset to a certain extent by the Loans Fund Review monies, and that Finance officers were working with CMT to identify other ways of balancing the accounts. On the capital programme, she indicated that the entire programme was being reviewed to ensure that projects were affordable and sustainable, and prioritised accordingly. Jim Lamond, Head of Council Resources, added that the review of the capital programme would need to be done in conjunction with the annual budget process, adding that he did not intend to bring a separate report on this to the Council meeting in December.

Councillor Henderson expressed concern that the essential works at Musselburgh Grammar School would cost significantly more than the approved budget for that project. Ms Fortune noted that the cost would be £800,000, which was £250,000 more than the approved budget. She confirmed that this increase could be accommodated, but that the impact would be monitored. She did not anticipate a need for any similar reports coming to Council in December.

Councillor McLennan asked for further information about the Children's Services Project Board. Judith Tait, Chief Operating Officer – Children's Services, advised that the Board had met within the last month and had looked at performance, the use of resources, activity data and benchmarking; an action plan was now being finalised, with a number of activities

already underway. Councillor McLennan suggested that it would be useful to have Elected Members on this Board. Ms Tait confirmed that there was no Member involvement, and that the recommendations would be reported to CMT before being discussed more widely. Councillor Hampshire commented that this was an operational matter and that officers would present options to Members in due course.

Councillor McLennan also requested an update on external placements for children. The Chief Executive advised that an external consultant had been appointed to look at this issue, and that this piece of work had now concluded. She noted that the consultant had not made any specific recommendations, but that officers were carrying out further benchmarking work. Ms Tait offered to provide Members with a briefing on the current situation with Children's Services.

In response to a question from Councillor Findlay on the 1140 Hours Early Learning and Childcare initiative, Ms Fortune advised that delivering this policy within the defined level of funding was proving very challenging. Lesley Brown, Chief Operating Officer – Education, added that 26 trials were underway across East Lothian, through which the effectiveness of the policy was being monitored.

In relation to Health and Social Care, Councillor O'Donnell asked if any changes had been made that would impact on the overspend on the social care budget. Alison MacDonald, Director of Health and Social Care, advised that measures introduced last year as regards reviews and early intervention would continue, and that there were no new measures.

Councillor Akhtar asked if there was any indication that the period of austerity was coming to an end. Ms Fortune reported that there was nothing to suggest this was the case, and that the existing challenges would continue. She anticipated that there would be no increase in the government grant to the Council in 2020.

Councillor Trotter asked Mr Lamond if he would be able to provide a financial update to the Council in December. Mr Lamond agreed that he could provide an update, but it would not cover the full quarterly position.

Opening the debate, Councillor Williamson welcomed the proposed improvements at Musselburgh Grammar School, and the associated consultation process.

Expressing concern at the overspend in the Children's Services budget, Councillor Currie reiterated the call for a further report on the Council's finances to be brought to the Council meeting in December. He remarked that the cost recovery measures implemented by that service did not appear to be working and he did not foresee a change in that position before the end of the financial year, and he commented that Members were entitled to further information on these measures and their impact. He warned of the difficult decisions the Council would have to make and of the impact on service users.

Councillor Hampshire described the situation as a 'perfect storm', with East Lothian being one of the fastest growing communities, with a huge construction programme requiring significant capital investment, and at the same time experiencing a reduction in funding. However, he was reassured by the Audit Scotland report (discussed earlier in the meeting), which had indicated that the Council's finances would be sustainable for the foreseeable future. He had confidence that officers would take the action required to tackle the financial challenges.

Councillor Akhtar commended the work done by Council staff to ensure the safety of children, as reflected in the 'State of the Council' report. She believed that the Council was delivering high quality services and positive results. She also welcomed the work on Musselburgh Grammar School. On the financial situation, she made reference to a 2.4%

reduction in the Council's budget for 2018/19, at a time when East Lothian was undergoing significant expansion.

Councillor Currie raised a Point of Order, on the basis that Councillor Akhtar was misleading the meeting as regards comments made in relation to Council staff, which he perceived to be a personal attack on him. The Provost accepted the Point of Order, and requested that Councillor Akhtar should move to her next point.

Councillor Akhtar continued, asserting her view that the Scottish Government did not value local government, and that the Scottish Government should have redistributed its 2018/19 surplus to councils to be used to deliver services.

Councillor O'Donnell stated that the Administration was taking responsibility for the difficult financial decisions facing the Council. She stressed the need for the Council to provide services to ensure that children had the best start in life and that older people were properly cared for, and that these issues were paramount to the Council. She paid tribute to Council staff working in difficult circumstances to deliver services.

Councillor McGinn highlighted the increases in the number of children living in poverty and in drug-related deaths, as well as the impact of Universal Credit on vulnerable families, remarking that these matters were the result of decisions taken by the UK and Scottish Governments.

Councillor McLennan called for greater cross-party working to tackle the challenges ahead. He also remarked that at the Scottish Parliament, the SNP had proposed that powers in relation to welfare be devolved, but that this had not been supported by some other parties.

## **Decision**

The Council agreed:

- i. that, in accordance with Appendix A to the report,
  - to note the financial performance at the end of Period 5 of 2019/20 relative to approved budgets
  - the works within Musselburgh Grammar School should progress, noting that these are in excess of approved budget levels
  - to approve the enhanced financial controls for managing the 2019/20 financial position set out in Paragraph 1.11 of Appendix A;
- ii. that, in accordance with Appendix B to the report,
  - to note the content of the report, including the updated financial prospects covering the financial period 2019/20 to 2023/24
  - that advance work on budget development for 2020/21 onwards would commence in accordance with the potential scenarios outline within the report
  - to approve the budget development process set out in Paragraph 1.20 of Appendix B; and
- iii. to receive a further financial update at the December 2019 Council meeting.

## **5. OUTCOME OF MUSSELBURGH RACECOURSE PROCUREMENT**

A verbal report on the outcome of the Musselburgh Racecourse procurement was delivered by Carlo Grilli, Service Manager – Legal and Procurement.

Having reminded Members of the background to the decision to transfer the Racecourse to a third-party operator and of the procurement process, Mr Grilli advised that a number of bids had been received, with Chester Racecourse being confirmed as the preferred tenderer. He advised that all other bidders had been informed of the outcome of the process and that there had been no challenges to the result. He explained that discussions with Chester Racecourse were now underway as regards the implementation plan, and that Racecourse staff would be subject to a TUPE transfer arrangement. He added that an application had been made to the British Horseracing Authority to extend the licence to ensure that there was no break in service during the transfer period.

Councillor O'Donnell asked questions in relation to the future governance arrangements and the views of Racecourse staff as regards the outcome of the process. Mr Grilli pointed out that, as part of the procurement process, all bidders had been asked to submit proposals on governance arrangements, and that these proposals would be reviewed/revised before being presented to Council. He advised that the role of the Musselburgh Racing Associated Committee (MRAC) would also be taken into consideration as part of the formulation of new governance arrangements. He stated that the Minute of Agreement between the Council and the Lothian Racing Syndicate would terminate on the date that the new operator assumed responsibility for the running of the Racecourse. He reported that feedback from staff had been very positive, as had feedback from the wider racing industry.

Councillor Bruce asked when the transfer would take place. Mr Grilli indicated that that it may take some time due to the requirement to carry out a consultation on the TUPE transfer process, as well as the migration of IT systems.

As Convener of the MRAC, Councillor O'Donnell thanked Mr Grilli and Mr McCrorie for their work on the procurement process, and the working group for their constructive and positive input. She stressed that staff would be supported through the TUPE transfer process, and welcomed the opportunity to put in place new governance arrangements.

Councillor Currie echoed Councillor O'Donnell's comments. He highlighted the importance of the Racecourse to Musselburgh, East Lothian and the racing industry. He thanked all those involved for their work on the procurement process. His sentiments were supported by Councillor McLeod, who looked forward to working with Chester Racecourse.

Councillor McMillan concluded the debate by praising the positive cross-party approach. He paid tribute to Councillor O'Donnell for leading the MRAC through a difficult period, and he conveyed his best wishes to Chester Racecourse.

## **Decision**

The Council agreed to note the outcome of the Musselburgh Racecourse procurement.

## **6. RESIGNATION OF CHIEF EXECUTIVE**

A report was submitted by the Depute Chief Executive (Resources and People Services) informing the Council of the resignation of Angela Leitch from the post of Chief Executive of East Lothian Council to take up a position as Chief Executive of Public Health Scotland, with her last day of employment being 26 November 2019. The report also advised of arrangements for the recruitment campaign to secure a new Chief Executive/Head of Paid Service and asked the Council to appoint the members of the Head Teacher and Chief Officer Appointments Sub-Committee. The report also asked the Council to approve interim arrangements to be put in place following the Chief Executive's departure and prior to the new Chief Executive taking up post, and to agree the interim appointment of a new Returning Officer for East Lothian with immediate effect.

**Declaration of Interest:** having declared an interest, Alex McCrorie left the meeting.

The Head of Council Resources, Jim Lamond, proposed that, in the absence of the Service Manager – People and Governance, he would present the report, respond to any questions from Members and then leave the Chamber for the remainder of the item. Members indicated that they were comfortable with this approach.

Mr Lamond announced that the Chief Executive's last day of employment with the Council would be 26 November. He advised that the recruitment campaign for a new Chief Executive was now underway, and would be undertaken in accordance with Standing Orders. He drew attention to the recruitment timetable, outlined in Section 3.8 of the report. Given that an appointment would not be made prior to Mrs Leitch's departure, it was proposed that Alex McCrorie, Depute Chief Executive (Resources and People Services) should be appointed as interim Chief Executive from 26 November until the new Chief Executive commences their appointment with the Council. Mr Lamond also reported that Mrs Leitch and Mr McCrorie had intimated that it would not be appropriate for either of them to act as Returning Officer at this time, and that it had been proposed that Mr Lamond should carry out this role on an interim basis.

**Declaration of Interest:** having declared an interest, Mr Lamond then left the meeting.

Councillor Currie thanked officers for keeping Group Leaders informed of progress. On behalf of the SNP Group, he thanked Mrs Leitch for her service and wished her well in her new role at Public Health Scotland.

Councillor Hampshire, in Councillor Innes' absence, paid tribute to Mrs Leitch for her leadership and support through challenging times. He pointed out that she had been fair to both Administration and Opposition Members, and he hoped that she would continue to work in the interests of local government in her new role.

The Provost invited Mr McCrorie and Mr Lamond back to the meeting. He thanked Mrs Leitch for her contribution to the work of the Council, and for her fairness and constructiveness. He paid tribute to Mr McCrorie, who would be retiring on the appointment of the new Chief Executive, and welcomed him to the role of interim Chief Executive. He also thanked Mr Lamond for taking on the role of interim Returning Officer.

The Chief Executive advised that it had been her privilege and pleasure to work in and represent East Lothian. She praised the Council's workforce and the Council Management Team, and thanked Members for their continued support.

## **Decision**

The Council agreed:

- i. to note the content of the report;
- ii. to approve the appointment of Alex McCrorie as Acting Chief Executive from the date of the current Chief Executive's departure until a new Chief Executive has been appointed and takes up post;
- iii. to appoint the Council Leader, the Provost, Councillor Henderson, Councillor Currie and Councillor Dugdale to act as the Appointments Sub-Committee; and



- iv. to approve the appointment of Jim Lamond, Head of Council Resources, as the interim Returning Officer for East Lothian and to approve the necessary change to the Council's Scheme of Delegation.

## **7. AMENDMENT TO EAST LOTHIAN COUNCIL'S POLLING PLACE SCHEME**

A report was submitted by the Depute Chief Executive (Resources and People Services) seeking Council approval to formally amend East Lothian Council's Polling Place Scheme in respect of ELMN1A and ELMN3E polling districts.

Jim Lamond, Head of Council Resources, presented the report, informing Members of the legal requirement for the Council to maintain an up-to-date Polling Place Scheme. He noted that as Stoneyhill Community Centre was no longer in use, officers had identified Musselburgh Rugby Club as a suitable alternative. He also advised that the current polling place in Whitecraig would be replaced imminently by a new community centre (due to open during November), which would be the new designated polling place.

In light of the likelihood of a general election on 12 December, Councillor Hampshire emphasised the need to ensure the safety of voters. He urged the Returning Officer to encourage as many people as possible to apply for a postal vote.

### **Decision**

The Council agreed to approve the permanent amendment to the Polling Place Scheme for the East Lothian Constituency for Polling Districts ELMN1A and ELMN3E.

## **8. VE DAY – 75<sup>TH</sup> ANNIVERSARY**

A report was submitted by the Depute Chief Executive (Resources and People Services) informing the Council of the UK Government's decision to change the date of the May bank holiday to mark the 75<sup>th</sup> anniversary of VE Day, to inform the Council of the options open to it as to how to mark VE Day, and to inform the Council of the implications and steps that require to be taken in respect of each option in order to enable the Council to make a decision.

The Head of Council Resources, Jim Lamond, presented the report, highlighting each of the options for marking the occasion of the 75<sup>th</sup> anniversary of VE Day. Mr Lamond gave his recommendation for Option B (Move the scheduled school holiday on 4 May to 8 May and, for staff not based in schools, move the fixed public holiday that would normally be granted on Friday 18 September 2020 to 8 May 2020), on the basis of fairness and due to it being a relatively cost-neutral option.

Responding to questions from Members, Mr Lamond was reasonably confident that the costs listed for each option would be correct to within a £5000 tolerance.

Councillor Hampshire spoke of his experiences at a recent ceremony adding names to the Dunbar War Memorial; he felt that East Lothian Council should do what it could to respect and mark the sacrifices of servicepersons, and proposed Option E (Recognise 8 May as an additional one-off leave day).

Councillor Currie also spoke in support of Option E; there would be very few opportunities left to mark the occasion with people who were involved on VE Day. He acknowledged the cost implications, but felt that marking the occasion with an additional one-off leave day was the least that the Council could do.

Councillor Bruce proposed Option B (Move the school holiday from Monday 4 May to Friday 8 May and look sympathetically on requests for leave/flexi for those members of staff that do not work in schools who wish to take the day off to mark occasion); his view was that it was right that a day would be taken in remembrance, but Option B took into account Mr Lamond's comments regarding the financial implications of additional days of leave.

The Provost moved to the vote on Option E:

For:	16
Against:	0
Abstentions:	5

## **Decision**

The Council agreed:

- i. to approve Option E: recognise 8 May 2020 as an additional one-off leave day; and
- ii. that a report would be prepared for the next meeting of the Education Committee to reflect the Council's decision on the arrangements for the May holiday, as schools already have a scheduled holiday on Monday 4 May and the term dates had already been published.

## **9. EDINBURGH AND SOUTH EAST SCOTLAND CITY REGION DEAL (ESESCRD) – ANNUAL REPORT, ANNUAL CONVERSATION AND REGIONAL GROWTH FRAMEWORK UPDATE**

A report was submitted by the Depute Chief Executive (Partnerships and Community Services) summarising the key findings from the City Region Deal Annual Report and the annual conversation between the UK Government, Scottish Government and City Region Deal partners that took place on 12 September 2019. The report also provided a summary of progress to date on the development of a Regional Growth Framework, which was expected to take until June 2020, and which would be reported to each constituent authority for their consideration. The report also asked Council to note the recommendation to approve the recruitment of a Programme Director to oversee the development of the Regional Growth Framework and that the recruitment would be overseen by the Edinburgh and South East Scotland City Region Deal Joint Committee (the costs of which were currently being discussed by the UK and Scottish Governments).

The Head of Development, Douglas Proudfoot, presented the report, informing Members of the City Region Deal Annual Report and Annual Conversation. He advised that 15 business cases had now been approved, with a further two currently in the delivery phase. He reported that significant progress had been made with the Innovation Park at Queen Margaret University and highlighted the opportunities as regards the new settlement and the former Cockszie Power Station site. He reported that the draft National Planning Framework 4 (NPF4) was due in 2020, and that this would be key for the Cockszie site and the new settlement. Members were advised that a Programme Director role was required to take the Regional Growth Framework forward, and that discussions about meeting the cost of this post were yet to conclude. He anticipated that the Regional Growth Framework would be developed by June 2020 and reported to Council thereafter.

Mr Proudfoot responded to a number of questions from Members. As regards the infrastructure and planning aspects, he advised that delivering these aspects within the timescales would be challenging, but pointed out the importance of having the spatial

strategy and Regional Growth Framework in place. He informed Members that East Lothian would be focused on the delivery of housing, economic development, spatial planning and environmental considerations. He noted that the City of Edinburgh Council would lead on the appointment of the Programme Director, and was currently working to secure the required resources for this position. On the possible development of a port/cruise terminal at the former Cockenzie Power Station site, Mr Proudfoot noted that work on this was ongoing, with further information expected by the end of 2019. He added that there was a great deal of technical work to be carried out on the Cockenzie site, and that the site would be considered as an area of significance under NPF4. As regards Elected Member involvement, Mr Proudfoot advised that two Members would need to be appointed to the Elected Member Oversight Committee, which may be drawn from the membership of SESplan and SESTRAN. In relation to community benefits, he noted that the Council would work hard to secure the best deals; however, he could not provide further detail during the public session due to the information being restricted. On the name of the Innovation Park, Mr Proudfoot advised that a significant number of representations had been made, and the value of including 'Edinburgh' in the title had been recognised. He added, however, that the name of the settlement was still under consideration.

Councillor Hampshire welcomed the progress made on the City Region Deal. In response to comments made about the name of the Edinburgh Innovation Park, he suggested that this was purely a commercial decision, as having 'Edinburgh' in the title would be more recognisable worldwide. He pointed out the potential of the City Region Deal, which would provide many jobs in East Lothian. However, he did have concerns about how the Regional Growth Framework fitted with the other aspects of the City Region Deal, such as the spatial strategy and SESplan.

Councillor Hoy alluded to the scale of work involved in bringing the City Region Deal together and welcomed the joint working between the UK and Scottish Governments. He remarked that it may be a missed opportunity not to include 'East Lothian' in the title of the Innovation Park, but accepted the benefits that would come with the close proximity to Edinburgh. He urged the Council to continue to promote East Lothian in order to attract other projects.

Councillor Currie welcomed the report, highlighting the importance of sustainable employment coming to East Lothian.

The Provost concluded the debate by emphasising the importance of economic development and building links with other countries in order to promote East Lothian as a leading food and drink, and coastal, destination. He thanked officers for their work and looked forward to the opportunities created through the City Region Deal.

## **Decision**

The Council agreed:

- i. to note the summary findings of the first annual report and annual conversation for the Edinburgh and South East Scotland City Region Deal;
- ii. to note the decision of the Edinburgh and South East Scotland City Regional Deal Joint Committee on 3 September 2019 to approve a project brief for officers to commence the production of a Regional Growth Framework, involving regular consultation with members through briefings, consultations and workshops, overseen by an Elected Member Oversight Committee, and to note that the development of a Regional Growth Framework was expected to take until June 2020 and would be reported to each constituent authority for their consideration; and

- iii. to agree to the recruitment of a Programme Director to oversee the development of the Regional Growth Framework and that the recruitment would be overseen by the Edinburgh and South East Scotland City Region Deal Joint Committee, discussions about which were taking place with the Scottish and UK Governments about meeting the costs of the Programme Director.

## **10. NAMING OF EAST LoTHIAN'S NEW SETTLEMENT**

A report was submitted by the Depute Chief Executive (Partnerships and Community Services) seeking approval of the naming process for East Lothian's new settlement and of the short list of names that would go to public consultation.

The Head of Infrastructure, Douglas Proudfoot, presented the report, advising that the consultation would begin on 30 October and run for four weeks. He undertook to report back to Council in December, when the name of the new settlement would be revealed.

Councillor Akhtar thanked all the schools and pupil councils which had taken part in the process and helped compile the shortlist.

Local Members welcomed the inclusion of Blindwells on the list of possible names.

### **Decision**

The Council agreed:

- i. to approve the naming process and approach as set out within the report; and
- ii. to approve the following names for the new settlement to move forward for public consultation: Blindwells; Charlestoun; Hattonfield; Hopetoun; Muirdale; Nethermuir.

## **11. EAST LoTHIAN LOCAL DEVELOPMENT PLAN 2018 – REPORT ON SUPPLEMENTARY PLANNING GUIDANCE ON DESIGN STANDARDS IN NEW HOUSING DEVELOPMENTS, AND COUNTRYSIDE AND COAST SUPPLEMENTARY PLANNING GUIDANCE**

A report was submitted by the Depute Chief Executive (Partnerships and Community Services) advising of the results of the public consultation on the Draft Supplementary Planning Guidance: Countryside and Coast, and seeking approval of the Draft Supplementary Planning Guidance: Countryside and Coast. It also sought approval of the Design Standards in New Housing Areas Supplementary Planning Guidance for public consultation.

**Declaration of Interest:** having declared an interest, Councillor McLennan left the meeting for the duration of this item.

The Service Manager – Planning, Keith Dingwall, presented the report, advising that there had been a reasonable response to the consultation on the draft Supplementary Planning Guidance: Countryside and Coast, noting that the responses were available in the Members' Library. He highlighted the importance of the draft Supplementary Planning Guidance: Design Standards in New Housing Areas, noting that this would be subject to a six-week consultation and reported back to Council early in 2020.

## **Decision**

The Council agreed:

- i. to note the results of the public consultation on the draft Supplementary Planning Guidance: Countryside and Coast (available in the Members' Library, Ref: 128/19, October 2019 Bulletin);
- ii. to approve the draft Supplementary Planning Guidance: Countryside and Coast (available in the Members' Library, Ref: 129/19, October 2019 Bulletin); and
- iii. to approve the draft Design Standards in New Housing Areas Supplementary Planning Guidance for public consultation (available in the Members' Library, Ref: 130/19, October 2019 Bulletin);.

**Sedurunt:** Councillor McLennan returned to the meeting.

## **12. CHIEF SOCIAL WORK OFFICER'S ANNUAL REPORT 2018/19**

A report was submitted by the Chief Social Work Officer providing Council with the Annual Report of the Chief Social Work Officer (CSWO) 2018/19 on the statutory work undertaken on the Council's behalf. The report also provided an overview of regulation and inspection, and significant social policy themes current over the past year.

The Chief Social Work Office and Chief Operating Officer (Children's Services), Judith Tait, presented the report, providing Members with a detailed account of the key themes, achievements and challenges relating to social work services in 2018/19. She highlighted in particular the close working relationships with and dependencies on other Council services, the Health and Social Care Partnership and Third Sector organisations. On the challenges facing social work services, she spoke of levels of poverty and deprivation in certain parts of East Lothian, the high proportion of older and younger people requiring access to services, and the difficulties in supporting people to remain in their own communities. On the key achievements of the service, she informed Members of the positive outcome of the Self-Directed Support inspection, the development of more integrated services, such as the Wellwynd Hub in Tranent, and the positive inspection of Children's Services. She did point out, however, that increases in referrals for Children's Services, the number of adults at risk of harm, and domestic violence had put additional pressures on the service. She stressed the need to recruit and retain skilled staff, and for early intervention. She made reference to service improvements underway, including a focus on staff retention, preparedness for inspections, a transformation programme for adults with complex needs, the integration of social work and mental health services, and managing the transition for young people with complex needs.

Ms Tait responded to a series of questions from Members, advising that she expected that two new mental health officers would be in post by the end of 2019, with another officer about to start training in that area; that there was support available for male victims of domestic violence, and that she could include greater detail on this in future reports; that she could provide Members with further details on dementia services; of improvements in early intervention for children at risk, which would be covered in the refresh of Getting It Right for Every Child (GIRFEC), and through staff training and partnership working; of efforts to bring children who were in external residential care back to East Lothian; and of the difficulties in recruiting and retaining skilled staff, especially within the children and families sector, which was a national problem.

**Sederunt:** Councillors Currie and Trotter left the meeting.

In response to questions from Councillor O'Donnell in relation to children accused of committing crimes, Ms Tait highlighted the importance of engagement with communities and of early intervention. She noted that agencies had had very limited success in tackling accusations made against children on social media, but the Council worked closely with the Police on such matters. On drug and alcohol misuse, Ms Tait emphasised the need to look at the causes, which were often related to mental health issues and poverty, and of the need to provide structure, meaningful activities, and stable and secure housing within the community for people at risk. She advised that she would be happy to provide more detail on the work of the Midlothian and East Lothian Drugs and Alcohol Partnership (MELDAP).

As regards support for young carers in East Lothian, Ms Tait advised that, through the Carers Act, there would be new pathways for young carers, supported by Third Sector organisations.

Opening the debate, Councillor O'Donnell welcomed the report. She made reference to the success of the Wellwynd Hub, which had recently won a Chartered Institute for Housing Excellence Award, commenting that this initiative was a great example of different areas of the Council working together effectively. Responding to comments made by Councillor Mackie as regards The Hollies Day Centre, she pointed out that although the inspection standards had been met, a decision had been taken to de-register The Hollies with the Care Inspectorate and not to provide dementia services at this time. She added that a review of care needs in Musselburgh was in progress, noting that there was a need to improve the working relationship with primary care services in Musselburgh to ensure that people could access services. She also commented on the positive work being done at the Pennypit Centre in Prestonpans to tackle poverty, inequality and isolation. She concluded her statement by advising that innovative changes to the provision of services would be coming forward. She thanked staff, partners and voluntary groups for their work in providing social care services.

Concerning Children's Services, Councillor Akhtar pointed out that there had been an increase in referrals of 9.4%. She believed that bringing Education and Children's Services together would result in service improvements, and through the Learning Estate Strategy the Council could ensure that the curriculum and learning spaces were fit for purpose. Councillor Akhtar paid tribute to the staff working with vulnerable children and young people, and praised the work of the Champions Board. She also spoke of the need to recruit additional foster carers, and of the need to do more to prevent violence against girls and women.

The Provost welcomed the report, and in particular the extent of multi-agency working.

## **Decision**

The Council agreed to note the Chief Social Work Officer's Annual Report 2018/19.

### **13. PROPOSED AMENDMENTS TO STANDING ORDERS**

A report was submitted by the Depute Chief Executive (Resources and People Services) advising Members of proposed changes to the Council's Standing Orders.

The Head of Council Resources, Jim Lamond, presented the report, advising that the Council Management Team had been involved in the review, and that other local authorities had been consulted on a number of aspects. He drew attention to the more significant proposed changes to the text of the Standing Orders and Scheme of Administration. He

noted that the Scheme of Delegation would undergo a more in-depth review, and pointed out that two new items would be added to the Standing Orders as Supporting Documents: Councillor Role Descriptions and an Advice Note from the Standards Commission on Councillor's Strategic Roles and Any Operation Work.

In response to a question from Councillor Bruce, the clerk explained that Points of Order would be confirmed by the clerk or legal adviser, and it would be for the Convener to determine how valid Points of Order were dealt with.

**Decision**

The Council agreed:

- i. to approve the proposed amendments to Standing Orders, as set out in Appendix 1 to the report;
- ii. to approve the proposed amendments to the Scheme of Administration, as set out in Appendix 2 to the report;
- iii. to note that the Scheme of Delegation would be redesigned and presented to Council for approval in due course;
- iv. to approve the removal of Appendices 3-7 from the Standing Orders and re-designate these documents as Supporting Documents; and
- v. to add to the suite of Supporting Documents the Councillors' Role Descriptions (attached at Appendix 3 to the report) and the Standards Commission for Scotland Advice note for Councillors on Distinguishing between Their Strategic Role and Any Operational Work (attached at Appendix 4 to the report).

**14. SUBMISSIONS TO THE MEMBERS' LIBRARY, 15 AUGUST – 10 OCTOBER 2019**

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.

**Decision**

The Council agreed to note the reports submitted to the Members' Library Services between 15 August and 10 October 2019, as listed in Appendix 1 to the report.

Signed .....

Provost John McMillan  
Convener of the Council







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

**THURSDAY 22 AUGUST 2019  
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

**2a**

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**Committee Members Present:**

Councillor N Hampshire (Chair)  
Councillor N Gilbert  
Councillor S Kempson  
Councillor J Williamson

**Advisers to the Local Review Body:**

Mr C Grilli, Legal Adviser to the LRB  
Mr M Mackowiak, Planning Adviser to the LRB

**Other Council Officers Present:**

Mr P Zochowski, Principal Planner (Policy and Projects)  
Ms R Crichton, Committees Officer

**Clerk:**

Ms F Currie, Committees Officer

**Apologies:**

None

**Declarations of Interest**

None

Councillor Hampshire, elected to chair the meeting, welcomed everyone to the East Lothian Local Review Body (ELLRB).

Site visits had been carried out for the planning applications on the agenda prior to the meeting.

## **1. PLANNING APPLICATION 17/00157PP – PLANNING PERMISSION IN PRINCIPLE FOR HOUSING DEVELOPMENT AT LAND AT MEADOWMILL, TRANENT**

The Chair invited the Planning Adviser, who had had no involvement in the original decision, to present a summary of the planning policy considerations in this case.

The Planning Adviser stated that the appellant in this case had sought planning permission in principle for a housing development on a roughly rectangular shaped area of land measuring some 2,650 m<sup>2</sup> that forms part of a field occupying a countryside location at Meadowmill between Tranent and Prestonpans. This in principle application was supported by an indicative illustrative drawing showing how a development of nine houses with residential gardens and car parking provision could be accommodated on the site. The site plan also indicated that a new vehicular access might be taken from the unclassified road to the west of the site. The site plan did not indicate the orientation of the houses nor did it include any details on their height, number of storeys, design or materials.

The Planning Adviser referred to the four written objections received from local residents and summarised the responses received from Consultees. He highlighted that the Coal Authority had objected to the application, as no Coal Mining Risk Assessment report had been submitted, and the proposal fell within a defined Development High Risk Area where there were coal mining features and hazards which needed to be considered. Therefore it was considered that the applicant had failed to demonstrate that the proposed development was acceptable with regard to risk to users of the proposed development. The applicant was advised that unless a Coal Mining Risk Assessment Report for the application site was submitted the Coal Authority's objection would remain unresolved. The applicant had failed to submit such a report.

The Planning Adviser informed Members that the review against refusal required to be determined in accordance with the relevant policies of the Strategic Development Plan for Edinburgh and South East Scotland (SESPlan) and the East Lothian Local Development Plan 2018 (LDP). The relevant SESPlan policies were policy 5 (Housing Land) and policy 7 (Maintaining a Five Year Housing Land Supply). The main LDP policy considerations relevant to the determination of the planning application were Policy DC1: Rural Diversification; Policy DC4: New Build Housing in the Countryside; and Policy DC8: Countryside Around Towns. Also relevant was Scottish Planning Policy 2014: which sought to direct housing development towards existing settlements.

The Planning Officer's Report noted that there was no agricultural or other employment use to justify the need for any new houses on the application site. It also noted that the applicant had not advanced any such case of justification of need for the principle of the proposed housing development.

The Planning Adviser outlined the reasons for refusal of the planning application: that the development of the site for housing was, in principle, contrary to Policies DC1, DC4

and DC8 of the adopted LDP and Scottish Planning Policy (June 2014); if approved the proposed development would set a precedent for the development of new houses elsewhere in the East Lothian countryside and would narrow the gap between the settlements of Prestonpans and Tranent contrary to Policy DC8; and the site was within a Coal Authority Development High Risk Area and a Coal Mining Risk Assessment Report had not been submitted by the applicant.

He then outlined the key points of the applicant's submission: that the site lay within a wider area allocated as countryside by Policy DC1 and immediately to the west of an existing grouping of houses and buildings of Meadowmill; and that a new detached house was built at the east side of the application site which the applicant considered had now set a precedent for further housing. The applicant also stated that a Coal Mining Risk Assessment Report had subsequently been submitted.

The Planning Adviser confirmed that outline planning permission was granted in 2005 for the erection of a detached house next to the current application site. However, this was within a predominantly residential area of Meadowmill defined by Policy ENV1 of the 2000 East Lothian Local Plan and consequently the principle of its residential use was consistent with the Development Plan at that time.

The Planning Adviser concluded that the main questions for the LRB to consider in reviewing the case were: whether the proposed development would comply with Policies DC1, DC4 and DC8 of the adopted LDP and Scottish Planning Policy (June 2014); and whether the proposed development would place buildings or persons at risk from past mining related activities. He also advised Members that the case officer had supplied suggested conditions in the event that the LRB was minded to approve the application.

In response to a question from the Chair, the Planning Adviser confirmed that the applicant had previously submitted the site for inclusion in the 2018 LDP but it had been rejected at an early stage. This decision was upheld by the Reporter at Examination. Councillor Neil Gilbert asked about the industry previously on the site and the infill of the land. The Planning Adviser explained that although there was no information available on the infill material, in order to legally infill the land the company would have had to seek permission from SEPA. He added that below a certain threshold there was no requirement on the landowner to provide details of the infill materials but SEPA were aware of the site. Replying to a final question from Councillor John Williamson, he stated that the Coal Authority report submitted by the applicant had been provided after the determination of the application and could not be considered as part of this review.

The Chair asked his colleagues if they had sufficient information to proceed to determine the application today and they agreed they had. Comments on the application followed.

Councillor Sue Kempson had noted the proximity of other developments during the site visit but considered it very important to preserve the countryside adjacent to towns; to avoid one merging into another and to preserve the individual identities of each settlement and allow green corridors to connect. She therefore supported the original decision of the Case Officer to refuse the application.

Councillor Gilbert concurred with Councillor Kempson. In his view the land was part of the countryside and there was no justification for the proposed development. He also supported the Case Officer's recommendation to refuse the application.

Councillor Williamson agreed with his colleagues and stated that policies DC1, DC4 and DC8 were against any development in the area. He was therefore minded to refuse the application.

The Chair concurred with all of the previous remarks. He could see no reason for development on a site which had been rejected from the LDP and which was designated countryside. He would also be rejecting the application.

## **Decision**

The ELLRB unanimously upheld the decision of the Case Officer to refuse the application for the following reasons:

1. The development of the site for housing is, in principle, contrary to Policies DC1, DC4 and DC8 of the adopted East Lothian Local Development Plan 2018, and Scottish Government policy guidance regarding the control of new housing development in the countryside given in Scottish Planning Policy: June 2014
2. If approved the proposed development would set an undesirable precedent for the development of new houses elsewhere in the East Lothian countryside. Moreover, it would narrow the gap between the area of land that remains in a countryside designation between the settlements of Prestonpans and Tranent. The cumulative effects of which would result in a detrimental impact on the rural character and amenity of the countryside of East Lothian.
3. The site is within a Coal Authority Development High Risk Area and a Coal Mining Risk Assessment Report has not been submitted by the applicant. Consequently the applicant has failed to demonstrate that the proposed development would not place buildings or persons at risk from past mining related activities.

## **2. PLANNING APPLICATION 18/00615/PP – PLANNING PERMISSION IN PRINCIPLE FOR THE ERECTION OF 2 HOUSES AND ASSOCIATED WORKS, TENTERFIELD DRIVE, HADDINGTON**

The Chair invited the Planning Adviser, who had had no involvement in the original decision, to present a summary of the planning policy considerations in this case.

The Planning Adviser stated that this application related to an area of land on the south side of Tenterfield Drive in Haddington and planning permission in principle was being sought for the erection of 2 houses and associated works. The site was within a residential area of Haddington and within the Haddington Conservation Area. It was bounded to the north by Tenterfield Drive, beyond which was Category B listed Tenterfield House and its grounds; and to the south by a section of the old Haddington Town Wall (Category C listed). There were a number of mature trees both on and adjacent to the site protected by a Tree Preservation Order (TPO). He noted that the application site and the proposed houses on it, would be positioned on ground higher than the land to the south and east. In this elevated position any houses would be visible from Dunbar Road as well as from Tenterfield Drive.

The Planning Adviser provided a summary of previous planning applications in the area that were relevant to the current application, including the 7 houses now built and occupied at Tenterfield Drive. He indicated that these houses were permitted on the basis that they were largely concealed from public view by Tenterfield House and existing trees and because of their less visible location to the rear of Tenterfield House.

The Planning Adviser informed Members that the review against refusal required to be determined in accordance with the relevant policies of the Strategic Development Plan for Edinburgh and South East Scotland (SESPlan) and the East Lothian Local Development Plan 2018 (LDP). The relevant SESPlan policy was Policy 1B (The Spatial Strategy: Development Principles) and the main LDP policy considerations were policies RCA1 (Residential Character and Amenity), DP7 (Infill, Backland and Garden Ground Development), OS1 (Protection of Open Space), DP1 (Landscape Character), DP2 (Design), CH1 (Listed Buildings), CH2 (Development Affecting Conservation Areas), CH4 (Scheduled Monuments and Archaeological Sites), CH6 (Garden and Designed Landscapes), NH4 (Protected Species), NH5 (Biodiversity and Geodiversity Interests, including Nationally Protected Species), NH8 (Trees and Development), T1 (Development Location and Accessibility) and T2 (General Transport Impact).

Also material to the determination of the application were section 59 and 64 of the Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997, the Scottish Government's policy on development affecting listed buildings given in Scottish Planning Policy: June 2014, Historic Environment Scotland (HES) Policy Statement June 2016, national guidance 'Managing Change in the Historic Environment – Setting' and LDP Supplementary Planning Guidance: Cultural Heritage and the Built Environment Supplementary Planning Guidance adopted in October 2018 which contains the Haddington Conservation Area Character Statement.

The Planning Adviser referred to the 19 written objections received, of which Members had received copies, and he summarised the consultation responses. He referred to objections raised due to the proposal's potential significant and adverse impact upon the setting of the B listed Tenterfield House, the character of that part of Haddington Conservation area and the Tenterfield House designed landscape of local or regional importance. There were also concerns about the permanent change and loss of the view of the parkland, historic listed town walls and mature TPO trees. It was noted that the Tree Survey and Arboriculture Report was dated 2016, had not been updated and did not adequately assess the impact of the development on the trees or whether bats may currently use the trees for foraging or roosting.

The Officers Report considered Policy DP7 of the adopted LDP and the applicant's view is that the site, 'does not form part of any recreational amenity for the area' and 'that as a result of the development there will be no material loss of open space important to the character of the area'. The report concluded that there would clearly be a loss of open space within the site boundary through the development of any house and its associated private garden ground and parking spaces. However, the proposed development would not allow for harmful overlooking or loss of privacy and in this respect would comply with Policies DP2 and DP7.

The Planning Adviser summarised the reasons for refusal as set out in the Officer's Report. The proposal would be an intrusive and inharmonious form of infill development harmful to the character and surroundings of Tenterfield Drive, and that it would be a disruptive feature that would not preserve or enhance the parkland setting of Tenterfield House and the wider features of Haddington Conservation Area. The applicant had not properly assessed the impact of the proposed development on protected trees close to and within the application site and the application had not fully addressed the potential for bats to be present in the trees that were likely to be damaged by the proposed development.

However, the applicant had argued that the proposal would not have a significant adverse impact on the integrity of the adjacent listed buildings or their settings. It was

the applicant's view that Tenterfield House now only relates to its immediate grounds and its setting and character were not significantly influenced by the landscaping of the application land. The proposal had been appropriately located to preserve both the historic and contemporary character of the conservation area. The proposals embodied a harmonious form of infill development that would enhance the character of the setting and satisfy the conditions set out in Policy DP7. The proposal would accord with Policy DP1 - the proposed development establishes a harmonious relationship with its natural setting and is respectful of the trees on and around the site. The future welfare of the adjacent trees would benefit from the proposal with the implementation of an appropriate Tree Management Plan. With regard to the issue of the potential effect on bats within the trees the applicant requested that if the LRB was minded to grant planning permission in principle this could be addressed by a planning condition.

The Planning Adviser summarised the main questions for the LRB to consider in reviewing the case: whether the proposed development would comply with the policies of the development plan in respect of infill development and in particular on the impact it would have on the Haddington Conservation Area, on the setting of the nearby listed buildings and on the TPO trees; and whether there were any other material considerations that should be taken into account. The Case Officer had supplied suggested conditions in the event that the LRB was minded to approve the application.

In response to questions from the Chair and Councillor Gilbert, the Planning Adviser provided clarification on the positioning of the proposed houses, the impact on the nearby trees and on access for the existing development.

The Chair asked his colleagues if they had sufficient information to proceed to determine the application today and they agreed they had. Comments on the application followed.

Councillor Gilbert said he understood why the application had been refused by officers. The site was small, north-facing and heavily shaded and the trees nearby would be heavily trimmed. For those reasons he would be supporting refusal of the application.

Councillor Kempson said it was important to preserve green space and the proposed development was a risk to some of the mature trees as the roots were likely to extend much further into the proposed site than had been initially thought. She added that the value of mature trees should not be underestimated and with so many being lost to disease it was more important than ever to preserve others from damage. She was therefore minded to refuse the application.

Councillor Williamson agreed with the previous comments. It was a small site which was overshadowed by large mature trees. He saw no reason to disagree with the reasons for refusal and he would be upholding the original decision by the Case Officer.

The Chair concurred with his colleagues. The site at present was very attractive, it enhanced the conservation area and it should be protected. He said it was almost impossible to build on this site and not damage the tree roots, and if those mature trees were lost it would have a huge impact on the area. He would be supporting the recommendation to refuse the application.

## **Decision**

The ELLRB unanimously upheld the decision of the Case Officer to refuse the application for the following reasons:

1. Two houses, by virtue of their position, would be an intrusive and inharmonious form of infill development harmful to the character of layout of development of the streetscape of Tenterfield Drive and would not be in keeping with their surroundings or appropriate to their location. The development would result in a loss of valuable open space which contributes positively to the parkland setting of the area. Consequently the proposed houses are contrary to Policy 1B of the approved South East Scotland Strategic Development Plan (SESplan), Policies OS1, CH2, CH6, DP2 and DP7 of the adopted East Lothian Local Development Plan 2018 and the advice on designing for place given in Planning Advice Note 67: Housing Quality.
2. The proposed development would be a disruptive feature that would encroach on the parkland setting of Tenterfield House Garden and Designed Landscape and the listed buildings of Tenterfield House and Haddington Town wall which is an intrinsic part of the wider setting of Haddington Conservation Area. The proposed development does not preserve the setting of Tenterfield House or Haddington Town Wall nor does it preserve or enhance the character and appearance of the Conservation Area, but is instead harmful to the setting of Tenterfield House and Haddington Town Wall and the character and appearance of Haddington Conservation Area. Consequently it is contrary to Policy 1B of the approved South East Scotland Strategic Development Plan (SESplan), Policies CH1, CH2, CH6, DP2 and DP7 of the adopted East Lothian Local Development Plan 2018 and the advice on designing for place given in Planning Advice Note 67: Housing Quality
3. The applicant has not properly assessed the impact of the proposed development on protected trees close to and with the application site. The development would harmfully impact on the root protection area of a number of trees which are covered by a Tree Preservation Order and would be likely to result in their removal. The change of the site to residential use is also likely to result in pressure to remove trees in the future due to amenity concerns. The loss of trees as a result of the development would have a detrimental impact on the parkland setting of the setting of Tenterfield House, the Garden and Designed Landscape, Haddington Town Wall and the character and visual amenity of the Conservation Area contrary to Policies, CH1, CH2, CH6, DP2, DP7 and NH8 of the adopted East Lothian Local Plan 2018 and the advice on designing for place given in Planning Advice Note 67: Housing Quality.
4. The application has not fully addressed the potential for bats to be present in the trees that are likely to be damaged by the proposed development. The application has not demonstrated compliance with Policies NH4 and NH5 of the East Lothian Local Development Plan 2018.

**3. PLANNING APPLICATION 18/00616/PP – PLANNING PERMISSION IN PRINCIPLE FOR THE ERECTION OF 1 HOUSE AND ASSOCIATED WORKS, TENTERFIELD DRIVE, HADDINGTON**

The Chair invited the Planning Adviser, who had had no involvement in the original decision, to present a summary of the planning policy considerations in this case. The Chair noted that much of the summary provided in relation to Item 2 also applied to Item 3 and he asked the Planning Adviser to comment only on the information pertinent to this application.

The Planning Adviser said he would not restate the relevant policies as they were the same as those quoted in Item 2. However, this was a different application and proposal and he would provide a summary of the key considerations.

The application related to an area of land to the south of Tenterfield Drive, and immediately west of the site for 18/00615/PP, and planning permission was sought for

one house and associated works. The site was bounded to the north by Tenterfield Drive and the existing properties for Nos 1 – 7. The site was also bounded by the Old Haddington Town Wall and of mature trees on or close to the site all but one were covered by a TPO.

The Planning Adviser reminded members that decisions should be taken in accordance with relevant policies unless material considerations determine otherwise. The relevant policies were as stated for application 18/00615/PP. He referred to 19 representations received and summarised the consultation responses. The main objections related to this being a green field site and that development would directly impact the archaeological remains and indirectly impact on the landscape of the local area. However, these impacts could be managed by way of conditions. The risk to some of the mature trees on or near the site was a greater concern, as was the impact any felling may have on the conservation area and the local landscape of Tenterfield House. It was also noted that no assessment had been done to ascertain if the trees were used by bats for roosting or foraging and the potential impact of any development. Lastly, policy DC7 had been considered and the conclusions were the same as for application 18/00615/PP.

The applicant had argued that the site was not part of any recreational amenity and, as a result, there would be no material loss. The Officer Report concluded there would be a loss of amenity but nonetheless accepted that the proposals did comply with policies DC2 and 7. However, it noted that Tenterfield House was clearly visible from the site and the development on site, the loss of green space and the loss of trees would have a detrimental impact.

The Planning Adviser concluded that the reasons for refusal were the same as those for application 18/00615/PP and the reasons stated in the applicant's request for review were also the same as previously stated.

The Members had no questions for the Planning Adviser.

Councillor Kempson said her thoughts were the same as those expressed on the previous application. However, she noted that the loss of privacy and impact on the amenity of Tenterfield House would be greater on this site. She would be supporting refusal of the application.

Councillor Gilbert agreed and indicated that his comments were also the same as those on the previous application. Referring to the detrimental effect on the trees and the Haddington Conservation Area, he said he would be supporting the Case Officer's recommendation for refusal.

Councillor Williamson also referred to his previous remarks. He noted that this site was higher than the other and said he was minded to refuse the application.

The Chair agreed that the application would result in a change of character in the area of open parkland, would impact on the conservation area and risk the removal of some of the trees. For these reasons, he supported the Case Officer's recommendation for refusal.

## **Decision**

The ELLRB unanimously upheld the decision of the Case Officer to refuse the application for the following reasons:



1. A proposed house by virtue of its position would be an intrusive and inharmonious form of infill development harmful to the character of layout of development of the streetscape of Tenterfield Drive and would not be in keeping with the surroundings or appropriate to the location. The development would result in a loss of valuable open space which contributes positively to the parkland setting of the area. Consequently the proposed houses are contrary to Policy 1B of the approved South East Scotland Strategic Development Plan (SESplan), Policies OS1, CH2, DP2 and DP7 of the adopted East Lothian Local Development Plan 2018 and the advice on designing for place given in Planning Advice Note 67: Housing Quality
  
2. The proposed development would be a disruptive feature that would encroach on the parkland setting of Tenterfield House and Haddington Town wall which is an intrinsic part of the wider setting of Haddington Conservation Area. The proposed development does not preserve the setting of Tenterfield House or Haddington Town Wall nor does it preserve or enhance the character and appearance of the Conservation Area, but is instead harmful to the setting of Tenterfield House and Haddington Town Wall and the character and appearance of Haddington Conservation Area. Consequently it is contrary to Policy 1B of the approved South East Scotland Strategic Development Plan (SESplan), Policies CH1, CH2, DP2 and DP7 of the adopted East Lothian Local Development Plan 2018 and the advice on designing for place given in Planning Advice Note 67: Housing Quality
  
3. The applicant has not properly assessed the impact of the proposed development on protected trees close to and with the application site. The development would harmfully impact on the root protection area of a number of trees which are covered by a Tree Preservation Order and would be likely to result in their removal. The change of the site to residential use is also likely to result in pressure to remove trees in the future due to amenity concerns. The loss of trees as a result of the development would have a detrimental impact on the parkland setting of the setting of Tenterfield House, the Garden and Designed Landscape, Haddington Town Wall and the character and visual amenity of the Conservation Area contrary to Policies, CH1, CH2, CH6, DP2, DP7 and NH8 of the adopted East Lothian Local Plan 2018 and the advice on designing for place given in Planning Advice Note 67: Housing Quality
  
4. The application has not fully addressed the potential for bats to be present in the trees that are likely to be damaged by the proposed development. The application has not demonstrated compliance with Policies NH4 and NH5 of the East Lothian Local Development Plan 2018

Signed .....

Councillor N Hampshire  
 Chair of Local Review Body (Planning)





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

**THURSDAY 24 OCTOBER 2019  
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

**2b**

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**Committee Members Present:**

Councillor F O'Donnell (Chair)  
Councillor S Kempson  
Councillor K Mackie  
Councillor K McLeod

**Advisers to the Local Review Body:**

Mr C Grilli, Legal Adviser to the LRB  
Mr M Mackowiak, Planning Adviser to the LRB

**Other Council Officers Present:**

Mr C Kiely, Planning Officer

**Clerk:**

Ms F Currie, Committees Officer

**Apologies:**

None

**Declarations of Interest**

None

Councillor O'Donnell, elected to chair the meeting, welcomed everyone to the East Lothian Local Review Body (ELLRB).

A site visit had been carried out for the planning application prior to the meeting.

**1. PLANNING APPLICATION No: 19/00240 - DESIGN CHANGES TO THE SCHEME OF DEVELOPMENT THE SUBJECT OF PLANNING PERMISSION 18/00832/P, 15 MAYFIELD PLACE, MUSSELBURGH, EAST LOTHIAN**

The Chair invited the Planning Adviser, who had had no involvement in the original decision, to present a summary of the planning policy considerations in this case.

The Planning Adviser informed Members that the review related to a refusal of planning application 19/00240/P which had sought permission for design changes to the scheme approved under planning permission 18/00832/P (the formation of a dormer in the rear elevation of the property at 15 Mayfield Place, Musselburgh). Prior to the permission being granted, the Case Officer had contacted the Planning Agent to advise him that the proposed dormer would include a bedroom window (serving bedroom 3) that would be within 9 metres of the boundary of the neighbouring rear garden and as such would result in unacceptable overlooking of the garden at 13 Mayfield Place. To overcome this adverse impact, the Agent accepted a planning condition that would require the bedroom window to be obscure glazed. A dormer was subsequently constructed but it was not formed in accordance with the approved drawings under the granted permission. In addition, the window serving bedroom 3 was not obscure glazed in accordance with the requirements of condition 1 of the said planning permission. Subsequently, planning application 19/00240/P was submitted and sought approval of design changes including a reduction in the width of the window serving bedroom 3, a vertically rather than horizontally aligned bathroom window and clear glazing for the window of bedroom 3.

The Planning Adviser summarised the objection received from the resident of No. 13 regarding the removal of any condition requiring the shower room window and window to bedroom 3 being obscurely glazed. No other objections were received.

Members were reminded that planning applications must be determined in accordance with the Development Plan unless material considerations indicated otherwise. The Members were also referred to the relevant policy - DP5 (Extensions and Alterations to Existing Buildings) of the adopted East Lothian Local Development Plan (2018) is relevant to the determination of the application. This Policy stated that all alterations and extensions must be well integrated, in keeping with the original building and must not result in a loss of amenity, including loss of privacy from overlooking.

The Planning Adviser then summarised the Planning Case Officer's assessment. He had noted that the dormer's design was reflective of the architectural form of the existing dormer at the front of the house, as well as other dormers within other houses in this locality. He had concluded that the dormer as it had been built was not harmful to the character and appearance of the house or the character and appearance of the surrounding area. However, with regards to privacy and amenity, the dormer's windows faced onto the applicant's rear garden as well as the neighbouring garden of No. 13. The window serving bedroom 3 was approx. 5 metres from the boundary with No.13, shorter than the Council's normal standard of 9 metres, and the clear glazing of the window resulted in an unacceptable loss of privacy and amenity by way of increased overlooking to the neighbouring property at No. 13.

The Planning Adviser outlined the detail of the Planning Agent's submission which highlighted that there were numerous dormer windows within the locality that overlooked adjacent gardens and that this set a precedent for the application to be considered acceptable. It also pointed out that the re-designed dormer window faced the mid-ground of the garden at No. 13 and did not, in the Agent's view, look directly into a property. In response to whether a precedent had been set, the Case Officer was unaware of a dormer having been granted planning permission in this development, where it overlooked a neighbouring garden at a distance of only 4.9 metres. The Planning Adviser then summarised the submission made by the neighbour at No. 15 which noted the following:

- The agent previously confirmed in writing that his clients are agreeable to the window serving bedroom 3 to be obscurely glazed
- The agent should submit pictures taken from inside bedroom 3 to support his claim that when looking straight ahead, the window in question provides views of the mid-ground of the garden to No 13 Mayfield Place.
- The agent's claim about the mid-ground overlooking is not correct as demonstrated by photographs attached to this submission. These pictures in her opinion demonstrate that the only area where there is privacy is at the very top and bottom of her garden.

Summing up, the Planning Adviser said that the main question to consider was whether the proposed development would comply with Policy DP5. In particular, whether the lack of obscure glazing in the window serving bedroom 3 resulted in loss of privacy to the adjoining property at No 13 that caused harm contrary to Policy DP5.

In response to questions from the Members, the Planning Adviser clarified the purpose of the appeal and reminded Members that the issue was not the proximity of the house to the boundary but the proximity of the window and whether this resulted in a loss of privacy by overlooking. He explained that the vinyl covering fitted to obscure the glass of window 3, which had been noted during the site visit, had not been submitted for vetting by the Planning Case Officer and, as such, it was not possible to determine whether it met the required standards. However he confirmed that, if Members were minded to refuse the appeal, the vinyl covering could remain if a sample were submitted and approved.

The Chair asked her colleagues if they had sufficient information to proceed to determine the application and they agreed that they had. She then asked them indicate whether they supported the Case Officer's original recommendations.

Councillor McLeod thanked the Planning Adviser for his helpful clarification of the issues and said he was minded to support the Case Officer's recommendations.

Councillor Mackie said she too supported the Case Officer's recommendations.

Councillor Kempson also supported the Case Officer's recommendations. She commented that the window should have been obscure glazed at the outset and, in her view, the fact that a vinyl covering had subsequently been added supported this assertion.

The Chair concurred with her colleagues in supporting the Case Officer's recommendations. She considered that the clear glazing of the window constituted a loss of amenity and a loss of privacy that was contrary to Policy DP5.

## Decision

The ELLRB unanimously upheld the decision of the Case Officer to refuse the application for the following reasons:

1. The dormer window serving bedroom 3, without obscure glazing, allows for direct overlooking of the neighbouring garden serving the occupants of No. 13 Mayfield Place, resulting in an unacceptable loss of privacy and amenity to those occupants. The development is therefore contrary to Policy DP5 of the east Lothian development Plan 2018.

Signed .....

Councillor F O'Donnell  
Chair of Local Review Body (Planning)

**REPORT TO:** East Lothian Council  
**MEETING DATE:** 17 December 2019  
**BY:** Head of Council Resources  
**SUBJECT:** 2019-20 Period 7 Financial Review

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3

## 1 PURPOSE

- 1.1 To inform Council of the financial position at the end of October 2019.

## 2 RECOMMENDATIONS

- 2.1 The Council is recommended to note the financial performance at the end of October 2019.

## 3 BACKGROUND

- 3.1 This report provides Council with an updated position relating to the in-year financial performance for the Council relative to approved budgets. The report sets out the position and projections at the end of October 2019, and builds upon the recent financial update report provided to Council, highlighting key areas of movement and any necessary associated action that is required.

### **General Services Revenue Summary – Period 7**

- 3.2 In summary, the Council is reporting an overspend of £2.515 million as at end of October 2019, an increase of £0.766 million from the Period 5 position reported to Council in October, and remains in line with previous projections. A summary of the position within each service area set out in **Appendix 1** of this report.
- 3.3 In accordance with normal practice, an overall financial risk rating has been assigned to each of the service areas and two service areas (Children's and ASL) remain categorised as High Risk in line with the financial risk rating set out in **Appendix 2** of this report, with around half of

the remaining service areas classified as Medium Risk. This collectively provides a clear indication that services are spending beyond approved budgets.

3.4 The summary below sets out the main changes to the Council position relating to General Services revenue budget relative to the previously reported Period 5 position:

- As at end of October 2019, the Council is reporting an increased overspend of £0.766 million to £2.515 million, with a summary of the Directorate changes is set out below:
  - **Resources and People** – overspend of £2.39 million (increase of £0.484 million). Most of this relates to a combination of increased pressures relating to Children’s and ASL, with pressures within school support relating to the delivery of corporate savings now being managed at a wider Council level. These wider Directorate pressures are in part being offset by increased underspending in Council Resources services, most of which relate to staffing costs pending the full implementation of a number of service reviews. Overall, there remains a significant gap, which is being closely monitored, and enhanced financial controls are in place.
  - **Health & Social Care** - overspend of £0.270 million (increase of £0.093 million), most of which relates to an increased number of older people in external residential homes. The budget remains under close review, and we are actively working with Adult Wellbeing management to identify specific areas of financial pressure and related trends with a view to identifying any necessary corrective action. Furthermore, the IJB authorised an in-year transfer of resources of £0.437 million which has been effected and is reflected in the position above. As you are aware the majority of this budget is delegated to the IJB, and therefore any under / overspends must be managed within the wider overall IJB resources.
  - **Partnership & Community Services** – overspend of £0.074 million, within which there remains a high number of pressures within the service areas, which offset underspending in other service areas across the Directorate. The main areas of financial pressure include: Landscape and Countryside, Roads and Waste.
- The Council approved total planned savings of £5.2 million, all of which assumed were recurring. With around £1.0 million classified as High risk, this level of saving will not be delivered in 2019-20 and will have implications for future year’s budgets. More details setting out the progress around deliverability of 2019-20 planned efficiencies are set out in **Appendix 3**.
- The Council continues to operate within an extremely challenging financial environment with increased costs and a growing population and demand for services. Overall, the financial projections for the year



continue to indicate that Council services are at risk of overspending against approved budgets of nearly £5 million. Most of this relates to financial pressures within Education & Children's service areas, and are likely to place recurring pressures on the budget going forward. Nevertheless, alongside this, a high number of additional service areas are categorised as Medium Risk, indicating the financial challenges in place across the Council.

- A number of enhanced financial controls are in place across the Council in line with the action approved by Council in October, and this will continue until the end of the year. Furthermore, additional enhanced controls and monitoring is in place for those service areas classified as High Risk, including Children's and Education (ASL) service with a clear aim of reducing expenditure commitments.

3.5 The Council remains focussed on delivering an overall balanced position in this year. Collectively, service projections are forecasting an overspend of £5 million, and as highlighted in the October Council report, for this year, the benefit derived from the Loans Fund review will now be required to partially offset service overspending. The remaining £1.5m balance is being actively reviewed by CMT to identify further ways in which spending commitments can be restricted and ideally contained within approved levels and where possible, without impacting on agreed policy objectives. It remains necessary that any such mitigation will provide a positive benefit to the Council. Nevertheless, some elements of mitigation may be non-recurring, and without addressing the underlying issue of service overspending, this pressure will simply continue into future years.

#### **General Services Capital Summary – Period 7**

3.6 General Services capital spend until the end of October 2019 remains relatively low at just under £12 million (around 20%) against an updated budget of £61.0 million, with more details set out in **Appendix 4**. The Period 5 report presented to Council in October indicated projected year-end spend of around £48.0 million and it is now expected that this will reduce further to around £39.7m (65%). The main movements relate to projects being re-profiled into future years to reflect the latest anticipated requirements, design and works profiles, with a summary of the key risks highlighted below:

- The capital programme and anticipated spend levels remain significantly higher than in recent years, with much of the projected underspend likely to be utilised in future years, and matched against expected income in line with the project requirements.
- Many elements of the capital programme remains dependent on wider external factors including economic and market conditions as well as the winter weather, and as such, there remains some risks associated with the current projections.

3.7 The current programme remains ambitious, aligned to the Council's approved Local Development Plan and City Deal requirements; however,

both affordability and deliverability of capital investment plans remains critical, and any implications associated with project delays will need to be carefully considered within the development of future capital investment plans.

### **Housing Revenue Account – Period 7**

- 3.8 At the end of October 2019, the Housing Revenue Account is continuing to report a break-even position against planned budget. In line with the existing financial strategy whereby the Council should maximise any flexibility arising from revenue balances to minimise the future impact of debt charges, any additional surplus arising during 2019-20 will be applied to offset capital investment.
- 3.9 The current position reflects higher than anticipated reactive repair costs. The service is actively managing reactive repairs for the remainder of the financial year in order to contain spend within approved budget levels.
- 3.10 Details of the Housing Revenue Account capital budgets and expenditure incurred to date is set out in **Appendix 5** of this report. The total capital budget approved for HRA was £32.890 million. As at end of October 2019, the actual spend was £16.359 million (44%). Work is progressing well on both major programmes relating to modernisation and new affordable housing with both expected to deliver broadly in line with the approved budget. There is a risk of marginal overspending on both programmes but any impact of overspending will be largely offset by higher grant subsidy. The Scottish Government's Mortgage to Rent Scheme continues to be supported and promoted, but in the current year to date, no eligible applications have been received. Capital fees are allocated at the year-end and it is anticipated that this will be around approved budget levels.

## **4 POLICY IMPLICATIONS**

- 4.1 There are no direct policy implications associated with this report although ongoing 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 and in the supporting appendices
- 6.2 Personnel - none

6.3 Other – none

## **7 BACKGROUND PAPERS**

- 7.1 Council 11 December 2018 – Item 5 – Financial Strategy 2019-24
- 7.2 Council 12 February 2019 – Item 2 – Administration Amendment General Services budget proposals
- 7.3 Council 12 February 2019 – Item 3 – Administration Amendment Rent Proposals
- 7.4 Council 27 August 2019 – Item 5 – 2019-20 Quarter 1 Finance Review
- 7.5 Council 29 October 2019 – Item 4 – Financial Review 2019-20 (Period 5)

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<b>DATE</b>	4 December 2019



Appendix 1 - General Fund

Service	Head of Service	Business Unit	2019/20 Budget	Year to Date			2019/20 Variance	Financial Risk Assessment
				2019/20 Actual to Date	2019/20 Budget to Date	2019/20 Budget Variance to Date		
			£'000	£'000	£'000	%		
Resources & People	Education	Childrens	14,580	10,529	8,490	2,039	24.0%	High
Resources & People	Education	Additional Support for Learning	8,152	6,767	6,057	710	11.7%	High
Resources & People	Education	Pre-school Education & Childcare	11,856	6,497	6,654	-157	-2.4%	Medium
Resources & People	Education	Schools - Primary	40,432	21,221	21,355	-134	-0.6%	Medium
Resources & People	Education	Schools - Secondary	42,275	23,281	23,346	-65	-0.3%	Medium
Resources & People	Education	Schools - Support Services	2,683	2,266	1,820	446	24.5%	Medium
<b>RESOURCES &amp; PEOPLE</b>	<b>EDUCATION TOTAL</b>		<b>119,978</b>	<b>70,561</b>	<b>67,722</b>	<b>2,839</b>	<b>4.2%</b>	
Resources & People	Council Resources	Financial Services	1,388	662	748	-86	-11.5%	Low
Resources & People	Council Resources	Revenues & Benfits	1,996	735	899	-164	-18.2%	Low
Resources & People	Council Resources	IT Services	2,152	1,216	1,358	-142	-10.5%	Low
Resources & People	Council Resources	Legal & Procurement	551	408	438	-30	-6.8%	Low
Resources & People	Council Resources	People & Governance	4,706	2,875	2,902	-27	-0.9%	Low
<b>RESOURCES &amp; PEOPLE</b>	<b>COUNCIL RESOURCES TOTAL</b>		<b>10,793</b>	<b>5,896</b>	<b>6,345</b>	<b>-449</b>	<b>-7.1%</b>	
<b>RESOURCES &amp; PEOPLE TOTAL</b>			<b>130,771</b>	<b>76,457</b>	<b>74,067</b>	<b>2,390</b>	<b>3.2%</b>	
Health & Social Care Partnership	Adults & Older People	Adults	21,327	11,881	11,484	397	3.5%	Medium
Health & Social Care Partnership	Adults & Older People	Older People	25,535	12,247	12,370	-123	-1.0%	Medium
Health & Social Care Partnership	Adults & Older People	Director, Planning & Performance	5,874	3,824	3,828	-4	-0.1%	Medium
<b>HEALTH &amp; SOCIAL CARE PARTNERSHIP TOTAL</b>			<b>52,736</b>	<b>27,952</b>	<b>27,682</b>	<b>270</b>	<b>1.0%</b>	
Partnerships & Community Services	Development	Planning	983	565	569	-4	-0.7%	Low
Partnerships & Community Services	Development	Economic Development & Strategic Investment	1,561	1,258	1,299	-41	-3.2%	Low
Partnerships & Community Services	Development	Property Maintenance Trading Account	-813	78	95	-17	-17.9%	Low
Partnerships & Community Services	Development	Community Housing	2,160	470	600	-130	-21.7%	Low
<b>PARTNERSHIPS &amp; COMMUNITIES SERVICES</b>	<b>DEVELOPMENT TOTAL</b>		<b>3,891</b>	<b>2,371</b>	<b>2,563</b>	<b>-192</b>	<b>-7.5%</b>	
Partnerships & Community Services	Infrastructure	Facility Support Services	3,538	2,461	2,437	24	1.0%	Medium
Partnerships & Community Services	Infrastructure	Facility Trading Activity	-276	-1,122	-1,159	37	-3.2%	Medium
Partnerships & Community Services	Infrastructure	Asset Planning & Engineering	2,510	2,453	2,486	-33	-1.3%	Medium
Partnerships & Community Services	Infrastructure	Landscape & Countryside Management	5,099	3,513	3,456	57	1.6%	Medium
Partnerships & Community Services	Infrastructure	Roads Network	4,584	2,312	2,147	165	7.7%	Medium
Partnerships & Community Services	Infrastructure	Roads Trading Activity	-728	-213	-214	1	-0.5%	Medium
Partnerships & Community Services	Infrastructure	Transportation	1,119	-30	-33	3	-9.1%	Low
Partnerships & Community Services	Infrastructure	Waste Services	7,550	4,196	4,117	79	1.9%	Medium
Partnerships & Community Services	Infrastructure	Active Business Unit	3,600	1,756	1,758	-2	-0.1%	Low
<b>PARTNERSHIPS &amp; COMMUNITIES SERVICES</b>	<b>INFRASTRUCTURE TOTAL</b>		<b>26,996</b>	<b>15,326</b>	<b>14,995</b>	<b>331</b>	<b>2.2%</b>	
Partnerships & Community Services	Communities & Partnerships	Corporate Policy & Improvement	1,185	724	734	-10	-1.4%	Low
Partnerships & Community Services	Communities & Partnerships	Connected Communities	6,722	4,349	4,299	50	1.2%	Medium
Partnerships & Community Services	Communities & Partnerships	Protective Services	1,795	1,660	1,706	-46	-2.7%	Low
Partnerships & Community Services	Communities & Partnerships	Customer Services Group	3,517	2,499	2,558	-59	-2.3%	Low
<b>PARTNERSHIPS &amp; COMMUNITIES SERVICES</b>	<b>COMMUNITIES &amp; PARTNERSHIPS TOTAL</b>		<b>13,219</b>	<b>9,232</b>	<b>9,297</b>	<b>-65</b>	<b>-0.7%</b>	
<b>PARTNERSHIPS &amp; COMMUNITY SERVICES TOTAL</b>			<b>44,106</b>	<b>26,929</b>	<b>26,855</b>	<b>74</b>	<b>0.3%</b>	
<b>SERVICE TOTAL</b>			<b>227,613</b>	<b>131,338</b>	<b>128,604</b>	<b>2,734</b>	<b>2.1%</b>	
<b>CORPORATE MANAGEMENT TOTAL</b>			<b>-227,613</b>	<b>-149,857</b>	<b>-149,638</b>	<b>-219</b>	<b>0.1%</b>	
<b>TOTAL</b>			<b>0</b>	<b>-18,519</b>	<b>-21,034</b>	<b>2,515</b>		
<b>TOTAL HRA</b>			<b>0</b>	<b>-9,247</b>	<b>-9,247</b>	<b>0</b>		

Appendix 2

Financial Risk	Factors	Implications
<b>High</b>	<ul style="list-style-type: none"> <li>- The Business Group has been assessed as likely to overspend in the financial year</li> <li>- There has been a history of overspending within Units / Groups</li> <li>- There are new or revised funding arrangement and / or legislature changes with financial significance</li> <li>- Trading Accounts are in deficit for the year.</li> <li>-Grant schemes, on which the Council is reliant are either unconfirmed or have not been confirmed</li> <li>-The service is demand led and the Council has restricted control over the level and form of service</li> <li>- New Services are planned</li> </ul>	<ul style="list-style-type: none"> <li>-Cabinet &amp; Members Library reports with financial implications are not passed under delegated powers</li> <li>-Directors / Heads of Service will be asked to prepare a financial recovery plan</li> <li>-The Head of Council Resources may take enforcement action to ensure budgetary control</li> </ul>
<b>Medium</b>	<ul style="list-style-type: none"> <li>- There is significant potential that Business Group could overspend in the financial year</li> <li>- There have been previous incidences of some overspending within Units / Groups</li> <li>- There are new or revised funding arrangement and / or legislature changes with financial significance</li> <li>- Trading Accounts are having difficulty meeting financial targets</li> <li>-Grant schemes, on which the Council is reliant are either unconfirmed or have not been confirmed</li> </ul>	<ul style="list-style-type: none"> <li>-Members library reports are only passed when financial implications are addressed</li> <li>-Directors / Heads of Service will be asked to identify actions necessary to ensure expenditure is within budget by the year-end.</li> </ul>
<b>Low</b>	<ul style="list-style-type: none"> <li>-Finances are generally under control for the current financial year</li> <li>-Stable legislature, trading and funding environment</li> <li>-The service is supply led - i.e. the Council can decide the level and form of service</li> <li>-Finances in previous financial years have been controlled</li> <li>-Grant schemes are stable and not anticipated to change significantly</li> </ul>	<ul style="list-style-type: none"> <li>-Members library reports are approved promptly under delegated powers</li> </ul>

2019/20 Budget Monitoring and Budget Efficiencies

Appendix 3

Budget Efficiencies:

Service	2019/20		
	Achieved	Achievable	TBC
	£'000	£'000	£'000
Education	493	764	914
Council Resources	286	289	0
H&SCP	162	540	0
Communities	112	338	0
Development	324	309	0
Infrastructure	415	212	70
Corporate	0	0	0
<b>Total</b>	<b>1,792</b>	<b>2,452</b>	<b>984</b>
			<b>5,228</b>

Savings Currently Red

Service	Proposal	Value	Comments
Education	Staff Performance & Transformational Savings	914	No staffing savings available to deliver corporate savings. Now being managed corporately
Landscape & Countryside	Amenity Service - income generating target	20	Work is ongoing to identify opportunities to increase income.
Landscape & Countryside	Commercial Income from Play Area installation	30	Work is ongoing to identify opportunities to increase income.
Roads Trading	Explore new opportunities for income management	20	Work is ongoing to identify opportunities to increase income.
<b>Total</b>		<b>984</b>	

**Appendix 4**  
**General Services Capital Budget Monitoring Summary**

Position as at 31 October 2019

	Annual (In-Year)				
	Approved Budget 2019/20	Updated Budget 2019/20	Actual 2019/20	Outturn 2019/20	Budget-Outturn Variance 2019/20
	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>					
<b>Community Projects</b>					
Assets in the Community - Investment	500	500	-	-	(500)
Community Intervention	600	600	133	600	-
Support for Business - Gateside West	461	461	-	50	(411)
Town Centre Regeneration	100	1,375	42	1,375	-
Synthetic pitches	19	20	-	-	(20)
<b>Total Community Projects</b>	<b>1,680</b>	<b>2,955</b>	<b>175</b>	<b>2,025</b>	<b>(930)</b>
<b>ICT</b>					
IT Programme	2,110	2,110	1,188	2,110	-
Replacement - CRM Project (Customer Services)	-	103	(22)	-	(103)
<b>Total ICT</b>	<b>2,110</b>	<b>2,213</b>	<b>1,166</b>	<b>2,110</b>	<b>(103)</b>
<b>Fleet</b>					
Amenties - Machinery & Equipment - replacement	190	190	139	190	-
Vehicles	1,850	1,882	312	1,882	-
<b>Total Fleet</b>	<b>2,040</b>	<b>2,072</b>	<b>451</b>	<b>2,072</b>	<b>-</b>
<b>Open Space</b>					
Cemeteries (Burial Grounds)	287	727	-	120	(607)
Coastal / Flood Protection schemes - East Beach, Dunbar	-	192	12	192	-
Coastal / Flood Protection schemes - Haddington	256	328	26	100	(228)
Coastal / Flood Protection schemes - Musselburgh	613	780	183	568	(212)
Coastal Car Park Toilets	150	480	0	60	(420)
Core Path Plan	50	50	2	48	(2)
Mains Farm Sports Pitch & Pavilion	429	558	-	32	(526)
Polson Park	138	138	-	-	(138)
Waste - New Bins	150	150	112	144	(6)
Waste - Machinery & Equipment - replacement	40	40	29	46	6
<b>Total Open Space</b>	<b>2,113</b>	<b>3,442</b>	<b>364</b>	<b>1,310</b>	<b>(2,132)</b>
<b>Roads, Lighting and related assets</b>					
Cycling Walking Safer Streets	171	171	-	171	-
Parking Improvements	250	418	257	306	(112)
Roads	7,500	7,500	3,220	7,500	-
Roads - externally funded projects	267	973	551	1,713	740
<b>Total Roads, Lighting and related assets</b>	<b>8,188</b>	<b>9,062</b>	<b>4,029</b>	<b>9,690</b>	<b>628</b>
<b>Property - Education</b>					
Aberlady Primary - extension	40	40	-	-	(40)
Aberlady Primary - outdoor facility incl 1140	149	149	0	-	(149)
Campie Primary - 1140	80	150	132	158	8
Dunbar Grammar - extension	140	140	23	23	(117)
Dunbar Primary - John Muir Campus - Early Learning and 1140	83	83	-	-	(83)
East Linton Primary - extension including Early Learning and 1140	913	968	-	87	(881)
Gullane Primary - extension including Early Learning and 1140	100	180	88	180	-
Haddington Infant School - upgrades	6	6	-	-	(6)
Law Primary - school extension	37	37	-	-	(37)
Law Primary - extension including Early Learning and 1140	147	147	0	147	-
Letham Primary - New School	6,775	6,695	2,159	6,759	64
Longniddry Primary - extension	34	34	-	-	(34)
Loretto Primary - 1140	38	63	62	66	3
Meadowpark Communications Provision - upgrades	8	53	0	53	-
Musselburgh Grammar - upgrades	283	283	-	30	(253)
Musselburgh Primary - 1140 upgrades	36	57	50	60	4



New Musselburgh Additional Secondary Education Provision	1,700	5,403	242	4,353	(1,050)
North Berwick High School - Extension	5,489	5,600	59	1,100	(4,500)
Ormiston Primary - extension	20	26	41	50	24
Pinkie St Peter's Primary - extension including Early Learning and 1140	160	160	1	160	-
School Estate - Curriculum Upgrades	330	330	-	330	-
Ross High School - extension	5,815	6,082	526	1,400	(4,682)
St Gabriel's Primary - extension including Early Learning and 1140	58	58	-	58	-
Tranent Early Learning Centre 1140	262	262	-	30	(232)
Wallyford Primary - New School	300	300	105	456	156
West Barns Primary - extension including Early Learning and 1140	175	175	-	275	100
Whitcraig Primary - extension including Early Learning and 1140	324	324	-	1	(323)
<b>Total Property - Education</b>	<b>23,503</b>	<b>27,805</b>	<b>3,490</b>	<b>15,777</b>	<b>(12,028)</b>

<b>Property - Other</b>					
Accelerating Growth - Enabling Infrastructure	3,100	3,038	218	609	(2,429)
Court Accommodation - incl. SPOC	1,554	1,554	213	366	(1,188)
Haddington Corn Exchange - upgrades	640	797	2	530	(267)
Haddington Town House - Refurbishment and Rewire	548	548	-	8	(540)
Herdman Flat	160	200	-	200	-
Inveresk Mills - upgrades	83	169	145	176	6
Meadowmill - New Depot	-	149	3	235	86
Port Seton - Community Centre Extension	1,048	1,229	5	664	(565)
Prestongrange Museum	100	100	-	-	(100)
Property Renewals	951	951	507	951	-
Eskgreen Care Home - Lift Refurbishment	200	200	-	-	(200)
East Linton Primary - Lifecycle improvements	522	522	-	-	(522)
Dunbar - The Cove ASN Unit	77	77	-	-	(77)
Replacement Pathways Centre	1,046	1,046	-	-	(1,046)
Sports Centres	200	200	371	208	8
Whitcraig Community Centre	483	973	823	997	24
<b>Total Property - Other</b>	<b>10,713</b>	<b>11,753</b>	<b>2,287</b>	<b>4,944</b>	<b>(6,809)</b>
<b>Total Property - Education and Other</b>	<b>34,216</b>	<b>39,558</b>	<b>5,777</b>	<b>20,721</b>	<b>(18,837)</b>
Capital Plan Fees	1,728	1,728	-	1,728	-
<b>Total Gross Expenditure</b>	<b>52,074</b>	<b>61,031</b>	<b>11,961</b>	<b>39,656</b>	<b>(21,375)</b>

<b>Income</b>					
Developer Contribution	(24,728)	(24,909)		(10,247)	14,661
Income	(2,064)	(4,437)	-	(4,141)	1,475
Scottish Government General Capital Grant	(9,465)	(9,465)		(9,465)	-
<b>Total Income</b>	<b>(36,257)</b>	<b>(38,811)</b>	<b>-</b>	<b>(23,853)</b>	<b>16,136</b>

<b>Borrowing Requirement</b>	<b>15,817</b>	<b>22,220</b>	<b>11,961</b>	<b>15,802</b>	<b>(5,240)</b>
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## 2019-20 Period 7 Financial Review - Appendix 5

### HRA Capital Programme

	<b>Budgeted</b>	<b>Actual</b>	<b>Available</b>
	<b>(£000s)</b>	<b>October</b>	<b>Balance</b>
	<b>(£000s)</b>	<b>2019</b>	<b>(£000s)</b>
Modernisation Spend	11,998	6,051	(5,947)
New Affordable and Council Housing	18,657	10,308	(8,349)
Mortgage to Rent	840	0	(840)
Fees	1,395	0	(1,395)
<b>Gross Total Housing Capital Spend</b>	<b>32,890</b>	<b>16,359</b>	<b>(16,531)</b>

**REPORT TO:** East Lothian Council  
**MEETING DATE:** 17 December 2019  
**BY:** Head of Council Resources  
**SUBJECT:** Financial Strategy 2020-2025

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4

## 1 PURPOSE

- 1.1 This report sets out an updated Financial and Capital Strategy for the Council, covering a five year period from 2020-25.

## 2 RECOMMENDATIONS

- 2.1 The Council is recommended to approve the overarching Financial Strategy set out in **Appendix 1** of this report together with the Capital Strategy included at **Appendix 2**.

## 3 BACKGROUND

- 3.1 The current approved Financial Strategy was approved by Council in December 2018 and covers a five-year financial planning period from April 2019 until March 2024. Given the wider uncertainty around the financial planning landscape which the Council operates within, the Strategy will be subject to an annual refresh to ensure that it remains appropriate to respond to the any changes in the financial planning landscape and ensure that the strategy which is set remains appropriate.
- 3.2 The Strategy itself covers both the General Services and the Housing Revenue Account, and sets a clear direction on how the Council will manage its financial resources across the next five years. It also includes the Council's Reserves Strategy. The Financial Strategy is set out in **Appendix 1** of this report.
- 3.3 Alongside this, the 2017 Prudential Code introduced a new requirement for local authorities to produce a capital strategy, which was approved by Council in December 2018. The Capital Strategy supports the wider Financial Strategy, with a requirement to firmly place decisions around borrowing in the context of the overall longer-term financial position of the authority and to provide improved links between the revenue and capital

budgets. Again this strategy remains subject to an annual refresh and is set out in **Appendix 2** of this report.

- 3.4 It is important that in developing future budget proposals and related amendments, all councillors have due regard to the direction set within this strategy.

#### **4 POLICY IMPLICATIONS**

- 4.1 There are no direct policy implications associated with this report although clearly, the report provides a strategic context and direction within which all future financial plans should be considered. Ongoing 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 direct change in policy direction, there is no immediate requirement to undertake any further impact assessment.

#### **6 RESOURCE IMPLICATIONS**

- 6.1 Financial – as set out within the strategy  
6.2 Personnel - none  
6.3 Other – none

#### **7 BACKGROUND PAPERS**

- 7.1 Council 11 December 2018 – Item 5 – Financial Strategy 2019-24  
7.2 Council 29 October 2019 – Item 4 – Financial Review 2019-20 and Financial Prospects

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<b>DATE</b>	29 November 2019



## **Financial Strategy**

**2020-21 to 2024-25**

## Financial Strategy 2020-21 to 2024-25

### 1 Introduction

1.1 The Council continues to operate in an uncertain and challenging financial environment. The continuing economic and political uncertainty relating to the forthcoming election, the UK's planned departure from the European Union and future public sector funding, against a backdrop of increasing demand, means that it is inevitable the Council will need to find alternative ways of ensuring that it can continue to deliver sustainable services to the public within likely reducing levels of resources. The Council remains one of the fastest areas of growth in population across Scotland, rising by around 17,000 by 2037. As part of this, it is estimated that the number of older people over the age of 75 will double, and the number of children under the age of 15 will grow by over 15%.

1.2 Current forecasts indicate that the level of core funding we are likely to receive from the Scottish Government is unlikely to increase, and this alongside the growing demand for services, suggests that more must be done to deliver services in a different way, and undoubtedly this will mean that further additional budget reductions will have to be delivered to ensure that services can be delivered within the funding available.

1.3 The purpose of the Financial Strategy is to provide clear direction on how the Council will manage its financial resources in the medium to long term to ensure they are deployed effectively to achieve corporate objectives. It plays a vital part of decision-making and forms the basis of the Council's stewardship over taxpayer's funds. Given the extent of financial challenges ahead, it is essential that the Financial Strategy enables the Council to develop a better understanding of the wider policy and financial environment within which it operates, and ensure that it can identify and respond flexibly to opportunities and threats, and manage and mitigate risks whilst ensuring that financial resources are contributing to achieving Council objectives and outcomes. The principal objectives of the Financial Strategy are:

- Outline the Council's high level financial position over the years 2020-2025 based on a range of assumptions.
- Highlight the key influential issues that have been considered in developing the strategy.
- Ensure that limited available resources are focused on delivery of the Council's key priorities.
- Provide a financial planning platform for a sustainable revenue budget and capital investment programme which will support the Council's key priorities.
- Ensure that the Council is fully aware of the financial challenges and uncertainties that it faces and is in the strongest possible position to deliver the best possible quality and range of services within available resources.

- Increase both organisational awareness and wider community understanding of the Council's financial position and the challenges it is facing over the medium term in balancing and delivering against its budget.
- 1.4 The Strategy also sets out the policy for the utilisation of reserves, including a clear rationale between holding fund balances for specified purposes and making decisions on the extent to which reserves can be utilised when setting the budget.
  - 1.5 The Strategy covers the five year planning period from 2020-21 to 2024-25 and includes both the General Services and Housing Revenue Account (HRA) revenue and capital budgets.

## **2 Current Economic Context**

- 2.1 The economic outlook and Financial Prospects for the strategy period were considered by Council in October 2019 and these set out the financial context within which we are currently operating and also many of the key pressures that may impact on the way in which the Council spends its limited resources.
- 2.2 With so many external influences currently impacting on the wider economy, forecasting remains very difficult given the forthcoming UK election and the UK's planned departure from the European Union. Balancing the public sector books currently places a considerable reliance upon economic growth but if there is either a downturn or further slowdown in economic activity within the UK this could lead to another prolonged period of public sector expenditure restraint.
- 2.3 In Scotland, as well as any limitations imposed through the UK Budget, the spending available to Scottish Local Government is dependent on the Scottish Government's budget priorities. The Scottish Government's Medium Term Financial Strategy was published in May 2019 and sets out the Fiscal Framework and funding arrangements that the Scottish Government now operates within. The Strategy details the Scottish Government's key policy priorities and approach to supporting Scotland's economy.
- 2.4 The recent COSLA evidence to the Local Government and Communities Committee pre-budget budget scrutiny, highlighted that between 2013-14 and 2019-20 Local Government has been subject to a disproportionate funding cut in comparison to budget reductions the Scottish Government has faced with the overall Local Government budget share of available resource falling from 34.8% to 33%. Whilst some cash terms increase has been reported in recent years, this has largely been ring-fenced and linked to the delivery of new policy commitments such as early learning and childcare, with core budgets significantly reduced and therefore pressurised. COSLA believes that Scottish councils have been tasked with delivering an increased number of Scottish Government priorities as well as absorbing the impact of inflationary and demand increases, and are 'undeniably doing more with less'.
- 2.5 The Scottish Government does now have at its discretion a new range of fiscal powers over taxation and welfare, which mean in practice that around 40% of

devolved expenditure will now be funded by tax revenues collected in Scotland. This makes the determinations of the Scottish Budget significantly more complex than it has been in the past, where in addition to the block grant received from Westminster, the resources available to the Scottish Government will depend on a complex interaction between the revenues from taxes transferred to the Scottish Government and the revenues from the equivalent taxes in the rest of the UK.

- 2.6 Draft outline UK Spending Plans were announced by the Chancellor on 4 September for a one year period, with indications suggesting that Scotland will receive an extra £1.2bn of funding in 2020-21 representing 2.1% real terms growth. Of this, £1.12bn is revenue funding while £88 million is capital funding. Given the forthcoming UK election, formal spending plans have now been delayed until there is clarity on the outcome. At the time of writing this report, it still remains unclear as to the timing and impact this will have on the Scottish Budget and indeed within that, the Scottish Local Government settlement.

### **3 Local Context**

- 3.1 The local environment within which the Council operates has changed significantly in recent years and will alter further in future years due to the impact of national legislation and policy, further economic turbulence, societal changes and developing customer expectations.

#### **Council Plan**

- 3.2 The approved Council Plan for 2017-2022 sets the strategic policy direction for the Council, and continues the journey towards realising our vision for an even more prosperous, safe and sustainable East Lothian, with a dynamic and thriving economy that enables our people and communities to flourish. The overarching aim is 'reducing inequalities within and across our communities' with four themes each designed to make the biggest impact in our communities. These are: Growing our Economy, Growing our People, Growing our Communities and Growing our Capacity. The alignment of financial resources to enable the delivery of the Council Plan is a key requirement, working across all Community Planning partners to deliver this shared agenda for the benefit of local people.

#### **Local Development Plan (LDP)**

- 3.3 The Council has an approved Local Development Plan (LDP). This plan requires the building of an additional 10,050 homes in East Lothian by 2024, and with it will see a rapid expansion in population across the area, with estimated population growth of an additional 17,000 to 120,000 by 2037. This will impact on the wider demography within the area, with significant growth in particular in the number of school-age children and the number of pensioners.
- 3.4 This will create opportunities for the Council but will also 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.



- 3.5 The impact of the wider growth associated with the development across the County will continue to have a significant impact in future years.

### **Changing Public Sector Landscape**

- 3.6 The public sector landscape continues to evolve as public bodies continue to explore ways to work together to achieve shared outcomes. Some of these changes are driven from legislative requirements, others are driven by local community planning and other collaborative arrangements. The development of new public sector provision presents new opportunities and challenges for the Council as it seeks to ensure that shared outcomes are achieved and that resources are deployed efficiently and effectively.
- 3.7 The East Lothian Integrated Joint Board (IJB) was formally established in July 2015, and forms a partnership between the Council and NHS Lothian, following the requirements set out in the Public Bodies (Joint Working) Act 2014. The IJB has been designed to integrate how health and social care services are: planned, commissioned and delivered from 1 April 2016. It is a separate legal entity receiving resources from both the Council and NHS partners, and in turn instructs these partner bodies to carry out specific delegated functions and associated resources. It is hoped this partnership will provide both challenge and opportunity in future years, requiring the Council to identify and manage any risks identified through the joint working arrangements with its Health partners. The Council will play an active role within this partnership to help secure the key objectives and outcomes associated with Shifting the Balance of Care and must do what it can to ensure that adequate resourcing follows this mutually accepted policy direction.
- 3.8 The Community Empowerment (Scotland) Act places new duties on the Council and its partners to provide new rights for community bodies and on the way the Council interacts with the Community.
- 3.9 The Scottish Government review on Education Governance and proposed Next Steps, places focus on an Education system that is; centred on children and young people, is school and teacher led, focus on the quality of learning and teaching, supports leadership and has a relentless focus on improvement. Part of the Governance review has resulted in the proposed establishment of Regional Improvement Collaborative, with East Lothian forming part of the South East Regional Improvement Collaborative alongside Edinburgh, Fife, Midlothian and Scottish Borders. The main focus of the South East Collaborative is on Quality Improvement and Raising Attainment, and will place new and changed duties on Local Authorities to work within the Collaborative arrangement to drive forward increased improvement.
- 3.10 COSLA is currently taking forward work on a fiscal framework for Local Government, which aims to set out the financial relationship between Local Government and the Scottish Government and the wider local communities and could present opportunities to bring about greater local and inclusive economic growth and further our priorities of inclusive growth; wellbeing; tackling child poverty; and responding to climate change. The framework will take cognisance of principles relating to: Sustainability, Transparency, Localism, Fairness and Efficiency and could provide opportunities to re-balance the relationship between national and Local Government.

#### 4 General Services Revenue Budget – Medium Term Outlook

4.1 Notwithstanding the many uncertainties facing Scottish local authorities, the need for medium to longer term financial planning is becoming increasingly important. Councils must ensure that they have robust financial plans in place that can respond to and absorb the potential impact arising from an increasingly wide range of variables highlighted earlier in this report. Only by doing, can they ensure long term sustainability of service provision. 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.

4.2 A summary of the General Services Revenue Spending Plans for 2019-20 approved by Council in February 2019 are set out in the table below.

<b><u>General Fund – Revenue</u></b>	<b><u>2019-20</u></b>	<b><u>2020-21</u></b>	<b><u>2021-22</u></b>
	<b><u>£'000</u></b>	<b><u>£'000</u></b>	<b><u>£'000</u></b>
Approved Expenditure	248,116	252,830	255,966
<u>Financed by:</u>			
RSG (including NDR)	169,087	169,087	169,087
Other Government Grants(inc Social Care Fund)	15,643 60,315	20,098 63,574	19,833 66,975
Council Tax	71	71	71
Other	<u>3,000</u>	<u>0</u>	<u>0</u>
Transfer from Reserves	<b>248,116</b>	<b>252,830</b>	<b>255,966</b>
<b>TOTAL</b>			
<b>Delivery of Planned Efficiencies (contained in above)</b>	<b><u>5,228</u></b>	<b><u>3,941</u></b>	<b><u>2,143</u></b>

4.3 The current spending plans remain crucially dependent on services being able to both manage existing spending commitments within available budgets as well as the delivery of already planned efficiency savings. In total the current approved spending plans require that around £11.3 million of additional efficiencies are delivered between 2019-20 and 2021-22. Whilst substantial progress has been made in the delivery of these new savings proposals, the level required does not come without significant challenges. Any delays regarding the implementation and delivery 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.

4.4 Effective monitoring of the in-year financial position remains critical. The 2019-20 quarterly reports continue to highlight significant service pressures, and a number of service areas are classified at High Risk of overspending. Current forecast projections for the Council suggest it is likely that collectively, services will overspend during the year. Officers are working hard to identify further options to manage any overspend but the scale of the mitigation required remains challenging. Any overspending during 2019-20 may have a recurring impact on future year spending plans, and the ability to address these in-year and more crucially on a recurring basis remains critical in assessing the future financial landscape for the Council.

### **Scottish Government Grant Funding**

4.5 Key to identifying the future financial outlook as well as the Financial Strategy is the level of grant funding which we currently receive from the Scottish Government. The level of general Revenue Support Grant (RSG) currently makes up around two thirds of the Council's total available funding, and is therefore an integral part of the overall resources that are used to support the delivery of Council services.

4.6 The Council also receives additional specific revenue grant funding of around £15.6 million from the Scottish Government; including investment in Health and Social Care through the Social Care Fund, Pupil Equity Fund devolved directly to Head Teachers, 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 level of new national policy commitments funded directly by grant allocations which can only be used for these specific purposes. This has come at the same time as we are facing reductions in the core grant for the provision of existing services. The earmarking of these new resources, reduces the scope for flexibility in how the Council delivers services in a way which best overall meets local priority outcomes.

4.7 In recent years, we have received one year grant settlement from the Scottish Government. Based upon pledges made within last year's Local Government Settlement, it was anticipated that this year Councils would receive a multi-year funding settlement although this now looks unlikely. The continued lack of certainty around future grant awards, creates a high degree of volatility around future spending plans, but importantly strengthens the need for longer term financial plans to ensure that the Council can respond to and absorb the potential impact arising from an increasingly wide range of variables highlighted earlier in this report. Only by doing, can we hope to ensure long term sustainability of service provision.

### **Council Tax**

4.8 The Council Tax income within the 3 year approved budget includes: increased yield from additional properties anticipated to be built in the next 3 years plus an assumed annual Council Tax increase of 4.79% in 2019-20 which was in line with the flexibility approved by the Scottish Government and an assumed 3% increase in the following 2 years. The Council annually determines the level of Council Tax which is levied as part of the annual budget process.

4.9 The housebuilding growth across the East Lothian area generates significant opportunities for the Council, but these opportunities must be managed alongside a backdrop of reducing resources and the related growing demand for our services. The future growth in the Council Tax yield as a result of a growing number of properties, does not match the associated costs of servicing this increased population both in terms of capital infrastructure costs and associated revenue costs across a wide number of Council services including increasing school roll, care for the elderly and more waste collection. The reliance upon shrinking government grants together with a Council Tax capping regime means that the additional costs of servicing the growth requirements must be met within the existing, limited core resources available to fund all council services.

### **Workforce Plan**

4.10 The workforce is the Council's most valuable asset and accounts for more than 60% of the Council's service expenditure. With this comes significant financial contractual commitments in terms of pay and pensions. The Council has in place a Workforce Development Plan which will assist in planning the workforce to ensure it can meet the Council plan and obligations. The Plan has in place a number of key work streams all of which are sponsored by a member of CMT. These include: Workforce Planning; Employer of Choice; PRD, Performance and Development; Leadership and Development; Wellbeing and Recruitment, Selection and Retention and finally Rewards and Recognition.

4.11 Given the cost associated with staffing, any changes to contractual commitments in relation to pay and pensions can have a substantive impact on the overall costs. As a broad indication every 0.5% increase amounts to around £0.650 million on our annual pay bill. The Council has in place an approved pay settlement until 2020-21 for Local Government staff groups and Teachers, and these costs have been largely unfunded with the exception of some Scottish Government funding provided to reflect an element of the Teachers Pay award. An indicative 2% pay uplift has been reflected within 2021-22 budget plans but any change could be significant and any increase will need to be met within the totality of the resources available to Local Government.

4.12 All employees working for the Council have access to defined benefit pensions, which means that the Council as an employer has substantial unknown future financial liabilities that only materialise when the pensions are actually paid. For teachers, this liability is not established specifically for East Lothian as these costs are part of a national scheme administered by the Scottish Government. For non-teaching staff, there is a statutory requirement that these costs are independently assessed as part of an actuarial valuation of each local pension fund every three years.

4.13 All public sector pension schemes are subject to on-going scheme valuations to establish the financial sustainability of the schemes to ensure that they meet their future liabilities, and set any future employers contribution rates for the scheme for the next few years based on these results. The most recent Local Government Pension (LGPS) actuarial valuation was undertaken as at April 2018, with the next one scheduled from April 2020 and which may impact on contribution rates from 2021-22. The Council has in place a formal Contribution Stability

Mechanism agreement with Lothian Pension Fund which provides a degree of certainty around current employer's pension contribution rates. As part of this stability mechanism, a further increase in employer's pension contributions of 0.5% increase has been budgeted for 2020-21. This will place an additional burden in successive financial years of around £0.300 million per annum.

4.14 The employer contribution rate relating to Teachers' Pension Scheme increased from 17.2% to 22.4% from September 2019. This change in rate will apply until March 2023 and thereafter the rate will be dependent on future actuarial valuations. The increase was announced in March 2019, and as such the costs have now been reflected in 2019/20 budget but not in future years. Funding has been provided by the Scottish Government at a level of 79% of the actual costs, with the remainder to be met from Local Authority budgets. This cost increase will be required to be built into future budgets.

### **Scenario Planning / Funding Gap**

4.15 Scenario based financial modelling covering the period to 2024/25 was reflected within the recent Financial Prospects report presented to Council in October 2019. The modelling is used to assist with assessing the potential impact on future budget plans based on a range of potential scenarios using a relatively limited set of key variables (RSG, Pay, Non-pay Inflation, budget pressures and Council Tax yield). **These scenarios should not be confused with any funding gap and associated saving plans developed during the subsequent budget process**, but any change to these variables may have a significant impact on the spending projections for the Council, and therefore should be used as illustrative examples to support and enhance future spending discussions.

4.16 These scenarios are based on the existing approved 3-year approved budget, and therefore any assessed funding requirement is over and above existing planned efficiencies. Three separate scenarios were used, with a summary of the total estimated level of savings which will be required over the next 5 years is summarised in the table below in the table below.

### **Estimated Funding gap 2020-21 to 2024-25**

Scenario	19/20	20/21	21/22	22/23	23/24	24/25	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	
		Year 1	Year 2	Year 3	Year 4	Year 5	
Existing Planned Efficiency Savings	5,228	3,941	2,143	-	-	-	11,322
<b>Potential Funding Gap</b>							
1	3,000	4,307	4,178	6,411	6,901	6,901	31,699
2	1,000	1,023	668	3,533	3,778	3,778	13,779
3	0	-2,432	-2,750	1,879	1,879	1,879	455

4.17 Should the full extent of these assumptions materialise, the Council would require to make some difficult choices in order to balance the budget. Although the level of savings identified will undoubtedly change as work progresses on developing the Revenue Budget, this illustration provides an indication of the scale of financial challenge facing the Council over the next five years. Reductions of the scale set out in scenario 1 would have a 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.

### **General Services Capital Budget – Medium Term Outlook**

4.18 The Capital Strategy sets out the capital investment plans for the Council, associated capital financing and wider strategy. Relating to General Services, in February 2019, Council approved capital investment plans until 2023-24, with details summarised in the table below. These spending plans in-year have been subject to re-profiling and updating following the 2018-19 outturn, but in broad terms indicate a significant and continued growth in the capital investment over this period.

	<b>2019-20 £000</b>	<b>2020-21 £000</b>	<b>2021-22 £000</b>	<b>2022-23 £000</b>	<b>2023-24 £000</b>	<b>TOTAL £'000</b>
General Services Gross Expenditure	52,074	74,931	68,374	61,387	56,295	313,061
General Services Income	(36,257)	(38,232)	(31,811)	(39,936)	(30,435)	(176,671)
<b>Net General Services</b>	<b>15,817</b>	<b>36,699</b>	<b>36,563</b>	<b>21,451</b>	<b>25,860</b>	<b>136,390</b>

4.19 Funding for the capital plan comes from a range of sources including; Scottish Government (General Capital Grant and Specific Ring-Fenced Capital Grants), Developers contributions, capital receipts from asset disposals, other income such as grant funding from other bodies, and the balance is made up from borrowing funded by the loan charges provision in the revenue budget.

4.20 The current capital investment plans recognise the growth and ambition of the Council with current plans designed to support the future infrastructure requirements across the Council area. These plans are aligned to the delivery of the approved Local Development Plan (LDP) and ambition relating to the commitment from the Council relating to the Edinburgh and South East of Scotland City Deal. The related investments will create significant economic long term benefits for the East Lothian economy, but will place a significant financial burden upon council finances, and affordability remains a key consideration both in terms of the short and longer term.

- 4.21 Alongside this, the Council aims to provide a modern, efficient and sustainable operational asset portfolio that meets the needs of its existing and future service users and employees. Key to this is the Corporate Asset Strategy which provides the framework for the efficient management of the Council's core assets. This strategy supports the delivery of the operating model for services, promoting collaborative working with our Community Planning partners, other public bodies and sectors to achieve more effective use of combined assets.
- 4.22 The Council has agreed to undertake a Learning Estate Review the outcomes of which will ensure that children and young people have an equity of experience, opportunity and access, as detailed in the Education Service Improvement Plan, and ensure that we utilise to strategically place assets, resources and training opportunities. The outcome of this review may impact on future capital investment plans for the Council.
- 4.23 Whilst much of the LDP commitments fall within the 5 year capital investment plans, much will impact on future years. The totality of these infrastructure commitments are significant for the Council and will have both capital and associated revenue implications. The affordability of future capital investment plans remains critical to ensure that we can continue to maintain appropriate level of investment for the future benefit of the East Lothian area.
- 4.24 The pressures on the current and future wider financial operating environment requires enhanced affordability criteria to be applied to the capital investment programme to protect both current and future Council Tax payers. Within this context, the Strategy proposes minimising the additional net borrowing to the Council in future years by ensuring that future loans fund charges is set at a limit no more than 12% of the total revenue income (RSG + specific grants and Council Tax).

## **5 Reserves**

- 5.1 Holding an adequate level of reserves to meet unexpected costs is a key management tool for delivering the Financial Strategy. It remains the responsibility of the Head of Council Resources in his capacity of the Chief Financial Officer (Section 95 Officer) to advise the Council on the level of reserves which it should hold and ensure that there are clear protocols for their establishment and use.
- 5.2 In determining medium term financial plans and preparing budgets, the Council needs to consider the establishment and maintenance of reserves in accordance with its statutory powers. Reserves can be held for three main purposes:
- Working balances to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of General Reserves.
  - A contingency to cushion the impact of unexpected events or emergencies – this also forms part of General Reserves.
  - A means of building up funds often referred to as Earmarked Reserves, to meet known or predicted liabilities.

5.3 The General Services reserves (excluding HRA reserves) available as at 31 March 2019 as per the audited accounts was £19.432 million with more detail around the breakdown of this reserves set out below. It should be noted that many of these reserves already have commitments against them and will be spent during this year.

**2018/19 Reserves**

Required to support future budgets	3,000
Civil Emergency	2,000
Cost Reduction Fund	3,767
Earmarked Reserves	
- DSM	131
- MELDAP	303
- Other	485
Insurance Fund	1,821
Capital Fund	4,600
General Services Capital	2,282
Capital Grants & Receipts Unapplied	245
Balance	798
<b>TOTAL</b>	<b><u>19,432</u></b>

5.4 Each of these reserves is set out for a specific purpose with the detail of their intended use explained below.

5.4.1 **Requirement to support future budgets:** This balance has already been committed to support the budget in 2019-20 as per approved budget plans in February 2019.

5.4.2 **Civil Emergency:** This fund should act as a cushion against the costs of any emergency or other unforeseen event should it arise. This is currently retained at a level of £2 million, however the level of this remains under constant review as to the adequacy of this.

5.4.3 **Cost Reduction Fund:** This fund is used to support to deliver change which will realise a financial saving and/or service efficiency going forward. This fund has been used to meet the costs of employee contract severance payments as well as supporting some costs associated with delivering Transformational Change, and has a number of earmarked commitments in place.

5.4.4 **Earmarked Reserves:** These funds are earmarked for specific purposes and include: Midlothian Drug and Alcohol Partnership (MELDAP), balances



established from both Primary and Secondary Devolved School Management (DSM) schemes as well as a reserve earmarked to support some of the wider growth development plans.

- 5.4.5 **Insurance Fund**: The level retained within the Insurance Fund is subject to ongoing fund valuations, and whilst the current level remains in line with current assumptions, there are emerging pressures arising within the fund and the level should be kept under review.
- 5.4.6 **Capital Fund**: This fund has been established from Capital Receipt income which has not yet been applied in year. This Fund can be used to either support capital investment or repay the Principal element of debt repayments. This fund cannot be used to support General Revenue budgets.
- 5.4.7 **General Services Capital Fund**: The Fund was established in recent years from flexibility arising from year end underspends, in order to mitigate the impact of the growing capital infrastructure commitments. Unlike the Capital Receipts reserve this Fund does have the flexibility to be transferred to other General Reserves.
- 5.4.8 **Capital Grants and Receipts Unapplied**: A new reserve created in 2018-19 arising from new guidance which will allow capital receipts to be used to transform service delivery to reduce costs and /or reduce demand. This flexibility is only available to Councils until 2021-22.
- 5.4.9 **Balance**: the level of uncommitted reserves.

### **Reserves Strategy**

- 5.5 The use of reserves should not be used to develop a sustainable budget. Given that, the final year of the three year budget must demonstrate sustainability and show a balanced income and expenditure without the use of reserves. In delivering a balanced budget for 2019-20, the Council planned to use £3M of reserves but taking into account the 2019-20 in-year financial performance, the Council may require to draw down a greater level than planned. It remains clear that the Council faces significant challenges over the medium term, with continued reductions in funding and increasing demand for many of its services.
- 5.6 Relative to our overall cost base and prevailing economic conditions, General Reserve levels are very low and there is a significant risk that the Council will be unable to support all future commitments and mitigate against future financial risks. It is therefore recommended that we maintain a minimum level of uncommitted General Reserve balances which can be used to support any unforeseen / unquantifiable event. This level should equate to a minimum of 2% of the Council's annual running cost (£4.9 million). Taking into account the Civil Emergency Fund (£2 million), the General Services Capital Fund (£2.282 million) and the uncommitted balance of £0.798 million the Council currently meets this minimal required level of balance at just under £5.1 million, however there is currently no headroom in this. In the event that the Reserves are projected to fall below this level then Members must have a clear route for bringing Reserves back up to the level over the subsequent three financial years.

## 6 General Services Financial Strategy

6.1 Given the potential challenges which lie ahead, over the next three years, the Council's Financial Strategy will continue to focus upon;

- Delivering sustainable services within approved budget levels;
- Delivering an enhanced Transformational Change Programme that will change the way it does things to be more efficient and deliver services more effectively to meet the new demands and pressures in line with the Council's aims and also to support the realisation of existing planned savings;
- Maximising the income generation opportunities available to the Council. This will include; ensuring the Council recovers all income due and takes appropriate approach to recovering any outstanding debt and a prudent approach to managing any bad and doubtful debt; ensuring the Council maximises the use of available revenue and capital funding streams where appropriate; ensuring that where the Council has decided to charge for services, these are where possible based on the principle of full cost recovery, taking into account benchmarking against other similar authorities. This will also include the exploration of new opportunities for income generation where possible;
- Continue to explore options for the Council to become more entrepreneurial including developing new ways of ensuring services are provided in the most effective way possible. This might include developing new services that can make a 'return' for the Council.
- Continue to progress opportunities for partnership and collaborative working where there are proven efficiency and or service gains;
- Continuing to constrain cost growth – through effective demand management, continuous review of all expenditure commitments, good financial control by managers and by effective negotiation with suppliers;
- Make efforts to shift the focus of spend on prevention and early intervention, which is designed to reduce future demand for council services by stopping problems arising or by addressing them early on;
- Maximising the use of the Council's assets, reviewing our existing asset base to ensure that it meets the new ways of working, and work in partnership with other public agencies to make best use of our assets and provide a more joined up service.
- Continuing to invest where appropriate in the Capital Investment Programme, ensuring this will support the Council's key priorities, and critically remain affordable based on a clear understanding of both capital and future revenue costs.

- In support of ensuring affordability for current and future tax payers, the Council should work to minimise the additional net borrowing to the Council in future years and ensure that General Fund loans fund charges over the lifetime of the strategy should be set at a limit of no more than 12% of the total revenue income (RSG + specific grants and Council Tax).
- Continuing to manage and review the General Services Loans Fund balance ensuring prudence, maximising the use and application of capital receipts, capital grant, and any flexibility arising from revenue balances, in order to minimise the future impact of debt charges.
- Apply flexibility in the application of capital receipts to maximise any potential efficiency arising out of interest rate fluctuations.

6.2 Taking this into consideration, alongside the Reserves Strategy outlined above, it is also recommended that the budgets are developed annually on the following approach:

- Develop a sustainable three year General Services budget avoiding the use of reserves in Year three (2022-23).
- Develop a five year General Services Capital Plan aligned to the new Capital Strategy, which seeks to ensure capital investment decisions remain affordable.

## **7 Housing Revenue Account**

7.1 In recent years there has been a significant increase in HRA capital spend as both the modernisation and affordable house building programmes have been expanded – and as a consequence, the share of spending on debt charges has also increased.

7.2 The Local Housing Strategy sets out the strategic approach of the local authority and its partners to delivering high quality housing and housing related services across all tenures, to meet identified need. The Strategy has been prepared within the context of a highly pressured housing market. Against this backdrop, increasing the supply of affordable housing was and continues to be, a high priority for East Lothian Council. Market house prices remain among the most expensive in Scotland and there is significant demand for social rented housing. A high level of homelessness applications persist and the economic climate continues to impact on the ability of households to meet their housing needs.

7.3 The key strategic outcomes for the Local Housing Strategy 2018-23 for East Lothian include increasing the supply of housing, ensuring the supply of housing meets the needs and aspirations of local people that they live in good quality homes which are located in strong, safe communities. The Strategic Housing Investment Plan (SHIP) sets out the priorities for affordable housing investment in East Lothian over the next five years and will be dependent upon a combination of affordable housing providers, which includes Registered Social Landlords (RSLs), East Lothian Council and the private sector. It will also be dependent on complex funding models delivering different tenures.

7.4 The Housing Revenue Account is a balancing act between the income raised through rent, the revenue expenditure such as staffing & repairs and the capital spending which is undertaken on modernisation and provision of new affordable homes. The Council continues to have ambitious capital investment in modernising existing housing stock and investment in new homes, but the strategy must ensure that plans remain affordable and exhibit a joined up approach to delivery.

7.5 Given this ambition, the financial strategy for the HRA will continue to focus upon the following;

- Ensuring rental income and any future rental increase remains affordable for tenants, whilst benchmarked against national average;
- Continuing to constrain cost growth – through effective demand management and good financial control by managers, focusing spend in line with agreed priorities whilst maintaining high quality service delivery for Council House tenants, whilst recognising the need to deliver a significantly expanded affordable housing supply programme, a growing Health & Housing agenda and also deliver on substantially increased government driven interventions like Rapid Re-housing.
- Ensuring that the HRA can sustainably support the required housing capital programme associated with building new Council Houses and modernising existing homes which is based on an evidenced and planned programme of works. This will be delivered working alongside wider RSL partners to deliver the affordable housing needs across East Lothian in line with the objectives of the Council's Local Housing Strategy and LDP requirements and the Scottish Government's aim to deliver an additional new affordable housing;
- Continuing to meet on-going statutory requirements, including; Scottish Housing Quality Standards and EESSH (Energy Efficiency Standard in Social Housing);
- Responding to the challenges arising from recent and proposed UK benefit reforms;
- Reducing rent arrears; an area which has been particularly challenging following the roll out of Universal Credit;
- Delivering the efficiencies required across the housing management and repairs service;
- Ensuring that the Council stays within the recommended upper limit for the ratio of debt charges to income of 40%, maximising the in year use and application of capital receipts, capital grant, and any flexibility arising from revenue balances, in order to minimise the future impact of debt charges. This limit maintains an appropriate long term balance between the various elements of the HRA budget
- Ensuring that the reserve or balance left on the HRA should not fall below £1.0 million. This will allow the Council to maintain a cushion against any unexpected

increase in costs or loss of income, and to protect against the risks inherent in the UK welfare reform proposals. Given the uncertainty that exists over the timing and scale of capital investment in new affordable housing, there is no upper limit on reserves.

## **8 Financial Management**

- 8.1 The Council's external operating environment is subject to constant change and therefore budget review and development cannot simply be a once-a-year process. In-year performance monitored against approved financial plans will be kept under constant review with regular quarterly reports now being made to Council and a further year-end report presented to Council following submission of the draft accounts for audit.
- 8.2 As part of our normal financial management support service, monthly and quarterly performance reports are issued to managers with budget responsibility and in addition to that, the overall finances of the Council are subject to detailed annual independent audit review.
- 8.3 It is vitally important that through the Council Management Team (CMT), the Council maintains a disciplined approach to the implementation of its change programme and does everything possible to deliver the financial efficiencies planned in accordance with that programme and the supporting budgets. Heads of Service will be required to manage expenditure commitments within approved budgets and if at any time spending pressures are not containable within the Business Group, the relevant Service Manager should report this to their Head of Service and Depute Chief Executive who has the flexibility to move budgets between business groups. Should this not resolve the spending issue, it is the Depute Chief Executives' responsibility to formally report this to the Head of Council Resources. In this situation, the matter may be reported to Cabinet/Council and the Council may be asked to reconsider the policies applying within that Group with a view to reducing services and costs or increasing charges and income. If this cannot be achieved, then the Council may be asked to approve policy changes elsewhere that will yield the necessary savings through service reductions or increased charges.
- 8.4 Although the Financial Strategy quite properly covers the 5 year period until 2024-25, given the uncertainty around the financial planning landscape within which the Council operates, the Strategy will be subject to an annual refresh to ensure that it remains appropriate and relevant and enables the Council to respond to any future financial challenges.

## **9 Summary**

- 9.1 The Council continues to embrace inclusive growth and both the benefits and challenges it brings but does so in the face of much economic uncertainty, a wide range of risks and an increasingly difficult financial environment. For General Services, in the short and medium term expenditure continues to be outstripping

income with increasing demand for most services across the county in what is one of the fastest growing Council areas in Scotland.

9.2 The Council is ambitious in its vision to become the best place to live in Scotland, and if to remain sustainable, the way in which we deliver services to the community must change. The Council will continue to work with the community and wider planning partners to do all that it can to maximise and enhance service delivery within the resources which are available. However, reductions on this scale could have a significantly adverse impact upon service delivery and it is imperative that we seek to adopt a strategy that best minimises any impact. In order to realise these unavoidable reductions, the Council will clearly be required to make some very difficult choices.

## **Capital Strategy**

## **Capital Strategy**

### **1. Introduction**

- 1.1 The Capital Investment Strategy provides an overview of how capital expenditure plans, capital financing and treasury management activity contribute to the necessary infrastructure supporting the provision of services for the benefit of East Lothian communities and citizens. Its purpose is to firmly place decisions around borrowing in the context of the overall longer-term financial position of the Council and to provide improved links between the revenue and capital budgets.
- 1.2 The existing Capital Strategy was approved by Council in December 2018, and has been updated to inform longer term capital investment decisions.
- 1.3 The Capital Strategy supports the wider Financial Strategy for the Council. It is recognised that there are many plans and strategies which impact on capital investment plans, and the strategy seeks to ensure:
- Capital Plans are aligned to the strategic priorities of the Council;
  - Capital investment plans are affordable, prudent and sustainable;
  - Financing decisions are taken in accordance with good professional practice and a full understanding of the risks involved.
  - Robust governance arrangements to support its capital planning activities.
- 1.4 In doing so, the strategy effectively sets the framework within which capital financing decisions are considered and provides background to the funding sources available to meet the costs of capital projects.
- 1.5 The Capital Strategy is subject to an annual review and has a key role in supporting the delivery of the Council's corporate priorities.

### **2. Current Operating Environment**

- 2.1 The Financial Strategy sets out the financial context within which the Council is operating and highlights many of the key pressures that may impact upon the way in which the Council spends its limited resources. The Council continues to operate within a challenging financial environment, and has changed significantly in recent years due to the impact of national legislation and policy, further economic turbulence, societal changes and developing customer expectations.
- 2.2 Despite this, the Council has set an ambitious course which continues the journey towards realising our vision for an even more prosperous, safe and sustainable East Lothian, with a dynamic and thriving economy that enables our people and communities to flourish. This includes plans to deliver significant capital investment over the next 10 years aligned to the approved Local Development Plan (LDP) and will see investment across a broad range of services including schools, infrastructure and economic development.



2.3 The capital investment plans will require additional significant infrastructure requirements over the foreseeable future, and the Council must ensure that these plans remain affordable and provide economic benefit to the current and future population of East Lothian.

2.4 The Capital Strategy takes account of the Council's strategic priorities and considers any new investment within the context of outcomes, affordability and spend to save. Any investment decisions must consider the need to invest in maintaining current assets and investing in new assets.

2.5 The primary purpose of the Capital Investment Strategy is to provide an overarching view of how various plans and strategies depend upon capital investment and to demonstrate that this is both affordable and sustainable. The associated plans and strategies focus on specific priority areas and, through appropriate governance structures, ultimately shape and influence the investment plans delivered through the Capital Investment Programme. Underpinning the Capital Investment Programme is the Treasury Management and Investment Strategy which considers the delivery of the capital programme within the context of affordability and risk and apply a measurement of what this means against key prudential and treasury indicators. The aim being to demonstrate affordability and sustainability over the long term.

### **3. Key Resource Plans**

3.1 The identification of capital investment requirements are governed by a number of key resource plans, all of which will be linked to the delivery of the Council's corporate objectives. More details around these key documents are set out below.

#### **Council Plan 2017-2022**

- The Council Plan sets out a vision to create an even more prosperous, safe and sustainable East Lothian with a dynamic and thriving economy that allows our people to flourish. It's overarching priority is "To reduce inequalities across and within our communities" and has four key objectives:
  - *Grow our Economy*
    - To increase sustainable and inclusive economic growth as the basis for a more prosperous East Lothian
  - *Grow our People*
    - To give our children the best start in life and protect vulnerable and older people
  - *Grow 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

- *Grow our Capacity*
  - To deliver excellent services as effectively and efficiently as possible within our limited resources
- All capital investment decisions must demonstrate alignment with the Council's strategic priorities.

### **Community Planning Partnerships and Local Outcomes Improvement Plans**

- The East Lothian Partnership is a partnership across a number of organisations from public, private, third and community sectors, working together to make life better for the people of East Lothian. The Local Outcomes Improvement Plan (LOIP) 2017-2027 provides a commitment by all partners to deliver improved outcomes for East Lothian people, with a focus particularly on reducing inequalities and prevention and early intervention.
- The East Lothian Partnership aims to work collaboratively across its partners with existing governance arrangements including:
  - **East Lothian Partnership Governance Group** whose core membership includes the partners who have statutory responsibility for governance under the Community Empowerment (Scotland) Act 2015.
  - **East Lothian Partnership Forum** which brings together a wide range of partners with the aim of actively involving them in the Partnership's work including the Area Partnerships.
  - A number of **Strategic / Delivery Groups** who play a role in delivering the outcomes in the East Lothian Plan - these include East Lothian's Area Partnerships
- A strategic 'one council' approach to capital investment decisions must be adopted, ensuring a joined up approach to investment in community priorities.

### **Council Asset Strategy and Management Plan**

- The Council Asset Strategy and Management Plan is a high-level document, which sets out how asset management is delivered for the Council to meet our long term goals and objectives. East Lothian Council's vision is to ensure that the assets that the Council holds are fit for purpose supporting the delivery of the strategic goals set out in the Council Plan, provide value for money and are efficient and sustainable.
- The Council manages its assets as a corporate resource to support the wider objectives and for the benefit of local communities. Management of the Council's asset base is particularly important in the light of financial pressures to ensure that investment in assets results in the greatest positive impact for the people and communities of East Lothian.

- The purpose of the Council Asset Strategy and Management Plan is:
  - To align how the Council manages its assets with the Council's key objectives to reduce inequalities across East Lothian;
  - To maximise the use of those assets to provide best value for our services;
  - To target limited resources to those assets to ensure they are maintained in satisfactory condition and in compliance with statutory obligations;
  - To provide a clear framework within which decisions relating to the planning and management of assets are made.
  
- In support of this, the Council has in place a number of Asset Management Plans which are used to support decisions to ensure that the Council holds the right assets and that they remain fit for purpose in terms of condition, suitability and accessibility. Many of these plans are currently being updated and reviewed, and will inform future capital strategies and associated investment plans.

### **Local Housing Strategy and Strategic Housing Investment Plans**

- The key strategic outcomes for the Local Housing Strategy for East Lothian include increasing the supply of housing, ensuring it meets the needs and aspirations of local people providing good quality homes which are located in strong, safe communities. The Strategic Housing Investment Plan (SHIP) sets out the priorities for affordable housing investment in East Lothian over the next five years.
  
- The SHIP (2020-2025) will seek to provide sustainable, affordable and accessible high quality homes. The SHIP projects around £49 million of subsidy will be required to deliver over 700 high priority projects over the next 5 years. The Scottish Government, Council and its partners will collectively look at those projects that can deliver over this period and allocate resources in the best way to maximise delivery and funding.
  
- The Council continues to have ambitious capital investment in modernising existing housing stock and investment in new homes. The wider capital investment strategy must ensure that plans remain affordable working with partners to improved outcomes in supporting future programmes.

### **Financial Strategy**

- The purpose of the financial strategy is to provide clear direction on how the Council will manage its financial resources in the medium to long term to ensure they are deployed effectively to achieve corporate objectives. It plays a vital part of decision-making and forms the basis of the Council's stewardship over

taxpayers' funds, and sets the overarching framework for managing both revenue and capital investment decisions over a 5 year financial planning period, and is updated on an annual basis. The capital strategy must support and inform the financial strategy, by considering the longer term affordability of borrowing implications relating to capital investment decisions.

- The strategy sets out the medium term approach which the Council must take to best manage; it's existing asset base, inform future capital investment decisions and management of associated risks within the context of overall affordability parameters. The Financial Strategy guides and supports the investment decisions within both the General Fund and also the HRA.

### **Treasury Management Strategy**

- The Treasury Management Strategy recognises that the Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or financial instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- The second main function of the treasury management service is the funding of the Council's capital investment programme. The programme will provide an indication of the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or making best use of longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet prevailing Council risk or cost objectives.

### **Existing Assets**

- Alongside this, the Council aims to provide a modern, efficient and sustainable operational asset portfolio that meets the needs of its existing and future service users and employees. Key to this is the Council Asset Strategy and respective asset management plans which provides the framework for the efficient management of the Council's core assets. This strategy supports the delivery of the operating model for services, promoting collaborative working with our Community Planning partners, other public bodies and sectors to achieve more effective use of combined assets.
- Much of this is informed by the condition of the existing asset base and current and future investment requirements including on-going repairs and maintenance and wider lifecycle investment required to maintain the value and condition of our existing assets.

## 4. Governance Arrangements

4.1 The Council adopts a Corporate Landlord model and oversees asset management and capital investment at a council wide level; its governance ensures that there is an integrated, cross service approach to decision making. The governance arrangements for capital investment decisions across the Council are set out in the sections below.

4.2 New investment requirements are typically prepared by services and set out in the form of capital bids. These bids are assessed against a range of criteria, which are used to determine and assess the investment decision. This evidence includes assessment against the Council Plan and LDP priorities, external funding requirements; as well as the future cost implications both in terms of revenue and capital.

4.3A number of officer Groups will consider these bids and make recommendations to be included within the Council's capital investment plans which are subsequently considered and approved by Council as part of the annual budget setting process. These officer groups include:

- The **Corporate Asset Management Group (CAMG)** is the strategic body for asset management and capital investment decisions and projects. It is responsible for effective and efficient asset management at a corporate level. The CAMG is chaired by the Chief Executive, sets the direction, and provides leadership in relation to how the Council manages and develops its assets. The CAMG includes all CMT members and informs capital investment recommendations to Council.
- The **Capital Investment and Asset Management Group (CIAMG)** provides operational and professional oversight to the coordination of Council asset management projects and initiatives. The membership of the CIAMG includes all Asset Lead Officers and representatives from a range of council services.
- The **Council's Chief Finance Officer (CFO)** has the overall responsibility to report explicitly on deliverability, affordability and risk associated with the capital strategy.
- The Council has in place a contract with **external Treasury Advisors** who provide professional treasury management and investment/cash flow management advice. This arrangement enables an external and expert validation to the Council's approach to managing its treasury and investment decisions.
- **East Lothian Council** consists of all elected members and approves both the Finance and Capital Strategy and capital investment plans. The Cabinet is delegated to receive in-year financial performance reports, but most recently these have been reported to Council.

- The **Audit & Governance committee** provide the scrutiny arrangements including: Risk and Internal Controls; financial matters including review of the financial performance as contained within the annual accounts, review of annual report to Members from External Audit, and Treasury Management reviews including a mid-year Treasury report and final Treasury report; and review of corporate governance.

## 5. Capital Investment Plans

- 5.1 The current capital investment plans cover a 10 year planning period, with a 5 year approved programme. These plans are updated annually with a separate plan for both General Services and Housing Revenue Account (HRA).
- 5.2 The capital investment plans approved in February 2019 over the next 5 years totalled £484 million (General Services - £313 million and HRA £171 million). A summary of the spending plans are set out in the Table below, and includes major investment in schools, community, roads, transportation, ICT as well as property lifecycle management programmes. These budgets are supported by longer term spending plans, and are updated and approved annually as part of the formal budget setting process, to ensure that the capital investment decisions remain appropriate and affordable.
- 5.3 The most significant area of investment relates to the school estate, where significant investment is required to provide new and expanded education capacity for pupils arising from new development, and over the next 5 years, the estimated level of investment is likely to be in excess of £146 million. A significant proportion of this additional investment will be supported through income contributions derived through the Developer Contributions Framework, and the Council will continue to collaborate with the Scottish Government and Scottish Futures Trust (SFT) to identify additional grant funding to deliver a well-designed school estate.

### Approved Capital Investment Plans

	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>TOTAL £'000</b>
General Services Gross Exp	52,074	74,931	68,374	61,387	56,295	313,061
HRA Gross Exp	32,890	31,499	35,305	35,291	35,856	170,841
<b>TOTAL Gross Exp</b>	<b>84,964</b>	<b>106,430</b>	<b>103,679</b>	<b>96,678</b>	<b>92,151</b>	<b>483,902</b>

General Services Income	(36,257)	(38,232)	(31,811)	(39,936)	(30,435)	(176,671)
HRA Income	(12,922)	(8,969)	(9,601)	(10,879)	(7,934)	(50,305)
<b>TOTAL Income</b>	<b>(49,179)</b>	<b>(47,201)</b>	<b>(41,412)</b>	<b>(50,815)</b>	<b>(38,369)</b>	<b>(226,976)</b>
<b>Net General Services</b>	<b>15,817</b>	<b>36,699</b>	<b>36,563</b>	<b>21,451</b>	<b>25,860</b>	<b>136,390</b>
<b>Net HRA</b>	<b>19,968</b>	<b>22,530</b>	<b>25,704</b>	<b>24,412</b>	<b>27,922</b>	<b>120,536</b>
<b>TOTAL Net Borrowing</b>	<b>35,785</b>	<b>59,229</b>	<b>62,267</b>	<b>45,863</b>	<b>53,782</b>	<b>256,926</b>

### Capital Funding

- 5.4 Key to the capital investment decisions are the affordability requirements. It is recognised that our financial operating environment is both complex and challenging and also that any capital investment decisions must consider both current and future financial implications.
- 5.5 The Council's capital investments are made in accordance with the Prudential Code which aims to ensure that the capital investment plans of the Local Authority are affordable, prudent and sustainable. The prioritisation of capital investment is directly linked to the Financial Strategy and/or in-year budget amendment processes which are undertaken in an open and transparent manner.
- 5.6 Funding for the capital plans comes from a range of sources including; Scottish Government (General Capital Grant and Specific Ring-Fenced Capital Grants and Housing Specific Grants), developers contributions, capital receipts from asset disposals, other income such as grant funding from other bodies, and borrowing funded by the loan charges provision in the revenue budget. The cost of borrowing is included within the Council's revenue budgets through Loans Fund Charges, and the impact of borrowing is included as part of the Council's Treasury Management and Investment Plans.
- 5.7 As part of the Council's reserves balance and in line with the approved reserves strategy, the Council has in place the following reserves that can be applied to offset the cost of future borrowing. These funds are not currently reflected to finance existing approved capital investment plans, but remain within the wider Council's General Fund reserves.
- Capital Fund - established from Capital Receipt income which has not yet been applied in year. This Fund can be used to either reduce loans fund advances or repay the Principal element of the loans fund. There is no equivalent fund balance within the HRA account principally due to the cessation of the Right to Buy.

- General Services Capital - established in recent years from flexibility from year end underspends, in order to mitigate against the future impact of growing capital infrastructure commitments.

### **Treasury Management Strategy and Loans Fund**

5.8 The Prudential Code for Capital Finance in Local Authorities enables councils to set their own borrowing limits with a requirement to ensure that investment plans are affordable, prudent and sustainable. The Council can borrow over a number of years to supplement its capital income, provided the resultant annual debt repayments can be accommodated within future years' revenue budgets. The Council's annual Treasury Management and Investment Strategy sets out the prudential indicators and parameters over the medium to long term, with regular reporting to Council members.

5.9 The key prudential and treasury indicators include:

- Capital Financing Requirement (CFR)
- Operational Boundary
- Authorised Limit

5.10 As reflected within the Treasury Management Strategy and recent mid-year Treasury review considered by Audit & Governance Committee, the Capital Finance Requirement for the Council is expected to rise from the current estimate of £475 million to £599 million by 2023-24 in line with the existing approved capital investment plans. Whilst this increase remains well within the approved Authorised Limit (which represents the limit beyond which external debt is prohibited), this also increases the cost of General Services financing costs relative to the Council's estimated net revenue stream from 8.29% to 9.95%. Whilst overall this remains broadly consistent with other authorities as set out in the most recent Benchmarking Statistics, if this trend continues to increase, the costs will place an increased additional burden on future Council tax payers. The short and medium term financial prospects for the Council are expected to remain challenging, and any additional loans fund charges must be met within the overall financial envelope available to the Council and as a consequence, this will require difficult choices to be made.

### **Loans Fund**

5.11 The Council's Loans Fund is a complex mix of both principal and interest repayments which are charged to the Taxpayer or Rent Payer to support the cost of borrowing to fund capital expenditure. During 2018-19 annual accounts, the Council undertook a review of its loans fund, which resulted in changes to the period and amount of repayment of historical and current loans fund advances. This review resulted in a positive contribution to reserves in 2018-19, and has resulted in a more prudent profile of loans fund advance charges. Alongside this, the review provided a retrospective realignment that will enable some smoothing of future loans fund advance liabilities arising from the significant investment levels planned across the current 5 year financial strategy period, and is expected to deliver a benefit at similar levels in 2019-20 from reduced loans fund advances



relative to approved budget levels. Thereafter however, the loans fund charges are expected to rise significantly.

5.12 On 9 October 2019, the Treasury and PWLB announced a 1% increase in the PWLB rate for all new borrowing, with immediate effect and without any warning. In recent years, the Council has predominately used PWLB as its main source of funding partly due to the level of risk and interest rates available. An anticipated increase in interest rates had already been included within future capital investment plans, and therefore this increase is unlikely to impact in this financial year. Going forward however, the Council may need to consider further both the affordability of capital investment plans and potentially seek alternative sources of borrowing in order to achieve the best rates and terms. Whilst it remains unclear the extent of any future increase in borrowing rates, the Council's treasury advisor, Link Asset Services is currently forecasting that all PWLB rates are likely to increase over the next few years.

5.13 Given this, it will be necessary to ensure that future Capital Investment plans remain affordable and sustainable, and that any economic benefit derived from future capital investment plans has a positive benefit the wider economy of East Lothian.

## **6. Management of Risk**

6.1 The economic environment can have a significant impact both in terms of the deliverability and funding of capital investment programmes, and the Council must understand these risks and ensure these are managed in a practical and prudent approach.

6.2 Current risks include:

- Increased infrastructure costs due to inflationary increases particularly relating to projects which are not due to commence in the short term.
- Uncertainty around the funding of capital investment plans including future level of interest rates and associated cost of borrowing, as well as the timing and realisation of any anticipated capital receipts, and other associated contributions. The Council has an adopted Local Development Plan (LDP) however changes in economic conditions can place a significant risk on the Council on the Council's plans.

6.3 Given the scale of the future capital programme and associated risks, the financial strategy and associated supporting strategies (including Capital Strategy and Treasury Management Strategy) must support the effective management of these risks. Affordability remains key in investment decisions and ensuring that the Council has in place a prudent approach to management of risk.

- The Treasury Management Strategy specifically sets out the prudential indicators and operational boundaries which the Council should operate

including effective management of the Capital Financing Requirement, and future investment decisions.

- Furthermore the Treasury Strategy sets out the Council's approach to treasury management investment decisions and ensures that surplus monies are providing adequate liquidity before considering any potential investment and related return. This is consistent with the Council's adopted prudent approach to managing investment risk and return.

## **7. Capital Strategy**

7.1 The Financial Strategy sets out a number of requirements to both assist capital investment decisions and importantly, manage the associated risk. Given this, the Capital Strategy will include:

- Maximising the capital income available to the Council.
- Maximising the use of the Council's assets, reviewing our existing asset base to ensure that it meets the new ways of working, and work in partnership with other public agencies to make best use of our assets and provide a more joined up service. This can ensure that any future capital and revenue investment is targeted and prioritised.
- Continuing to invest where appropriate in the Capital investment programme, ensuring the plans will support the Council's key priorities, but importantly remain affordable based on a clear understanding of both capital and future revenue costs.
- In support of ensuring affordability for current and future tax payers, the Council should work to minimise the additional net borrowing to the Council in future years and ensure that General Fund loans fund charges over the lifetime of the strategy should be set at a limit of no more than 12% of the total revenue income (RSG + specific grants and Council Tax).
- Develop an approved five year General Services Capital Plan (for both General Services and HRA) underpinned by longer term models which seeks to minimise net borrowing requirements and is considered affordable both in terms of prudential limits and within the constraints of the three year revenue budget.
- Apply flexibility in the application of capital receipts to maximise any potential interest rate fluctuation.
- Continuing to manage and review the General Services Loans Fund balance, maximising the use and application of capital receipts, capital grant, and any

flexibility arising from revenue balances, in order to minimise the future impact of debt charges.

- For HRA, ensuring that the Council stays within the recommended upper limit for the ratio of debt charges to income of 40%, maximising the use and application of capital receipts, capital grant, and any flexibility arising from revenue balances, in order to minimise the future impact of debt charges. This limit maintains an appropriate long term balance between the various elements of the HRA budget.

## **8. Summary**

8.1 The Council continues to face much uncertainty, a wide range of risks and an increasingly difficult financial environment. The Council is ambitious in its vision to become the best place to live in Scotland, and if to remain sustainable, the way in which we deliver services to the community must change. The need to invest in the necessary public infrastructure to support these ambitious plans remains a key focus for the Council. What remains clear is that the affordability must drive appropriately informed capital investment decisions for both the current and future residents of East Lothian.



**REPORT TO:** East Lothian Council  
**MEETING DATE:** 17 December 2019  
**BY:** Chief Executive  
**SUBJECT:** Risk Management Strategy

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**5**

## **1 PURPOSE**

- 1.1 To present to Council the Risk Management Strategy (attached at Appendix 1) for approval.

## **2 RECOMMENDATIONS**

- 2.1 It is recommended that Council approves the Risk Management Strategy and in doing so, the Council is asked to note that this is a live document which will be reviewed by the Corporate Risk Management Group.

## **3 BACKGROUND**

- 3.1 The strategy provides a comprehensive framework that will help embed effective management of risk. Key elements of the strategy are:
- Risk Management Philosophy, Objectives and Standard Procedures
  - Structural Arrangements and Responsibilities
  - Monitoring and Reviewing Risk Management Activity
  - Implementation, Communication and Review
- 3.2 The Strategy was last revised in December 2016. The Corporate Risk Management Group has revised the strategy and made some relatively minor amendments to take account of existing practice and new software. The revised strategy is attached in full as Appendix 1.

#### **4 POLICY IMPLICATIONS**

- 4.1 In approving this report the Council will be ensuring that risk management principles, as detailed in the Corporate Risk Management Strategy are embedded across the Council.

#### **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 - There are no direct financial implications associated with approving the revised strategy although it is anticipated that implementation may give rise to improvement measures which may themselves have financial implications.
- 6.2 Personnel - There are no immediate implications.
- 6.3 Other - Effective implementation of this strategy will require the support and commitment of those identified within the strategy to have specific responsibilities.

#### **7 BACKGROUND PAPERS**

- 7.1 Appendix 1 – Risk Management Strategy 2019

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<b>DATE</b>	25 November 2019



# **Risk Management Strategy**

**DECEMBER 2019**

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<u>Document Control</u>			
<u>Version No.</u>	<u>Effective Date</u>	<u>Reason for Update</u>	<u>Lead Reviewer</u>
1.0	December 2009	New document	CMT/EP&RM
2.0	October 2012	Revised	CMT/EP&RM
3.0	January 2015	Revised	EP&RO/CMT
4.0	December 2016	Revised	EP&RO
5.0	December 2019	Revised	EP, R & R Officer



## 1. Background

East Lothian Council provides a diverse range of services to the community of East Lothian and visitors to the area. The strategic and operational hazards and potential risks associated with delivering these services are many and varied.

East Lothian Council regards risk as the threat that an event or action will adversely affect the Council's ability to achieve objectives and the successful execution of strategies. Risk Management is the process of identifying, analysing, treating and monitoring risks which face the organisation and forms part of East Lothian Council's internal control and corporate governance strategy.

Developing a risk management culture and integrating risk management into the way the Council delivers services is essential for achieving best value, taking up opportunities and achieving the Council's Vision of making East Lothian a good place to live, work or visit. When risk is well managed it often goes unnoticed. If it is poorly managed or not managed at all the consequences can be significant and high profile. Effective risk management is needed to prevent such failures and ensure high performance.

## 2. Policy Statement

- 2.1 The Elected Members and Chief Officers of East Lothian Council are committed to creating a culture within the Council where all staff are encouraged to develop new initiatives, improve performance and achieve their goals safely, effectively and efficiently by consistent application of tried and tested methodologies for identifying and managing opportunity and risk.
- 2.2 In doing so the Council aims to make the most of opportunities to:
  - achieve high standards of performance;
  - deliver high quality services for service users;
  - provide an environment that meets Health & Safety requirements for the people it employs;
  - protect assets and liabilities against potential losses, and
  - minimise uncertainty in achieving its goals and objectives.

## 3. Scope

- 3.1 Whilst the Chief Executive has overall accountability for risk management, the Head of Communities and Partnerships has responsibility for the implementation of a suitable and effective risk management framework, and is supported in this respect by the Emergency Planning, Risk and Resilience Manager and the Emergency Planning, Risk and Resilience Officer whose remit is to co-ordinate, integrate, oversee and support the risk management agenda and ensure that risk management principles are embedded across the Council.
- 3.2 The Council has agreed that the Corporate Risk Management Group (chaired by the Head of Communities and Partnerships) is the lead Group overseeing the development, implementation and maintenance of risk management across all services. Risks will be recorded within the corporate risk register, service risk registers or project risk registers.
- 3.3 **Corporate risks** represent those with the potential to impact on the 'corporate body', East Lothian Council, in achieving its stated policies and corporate objectives and those that require strategic leadership (for example the Council Plan and the Financial Strategy). Service risks may be included on the corporate risk register where a risk impacts on multiple services or requires significant central resources in the development of risk control measures.
- 3.4 **Service risks** represent the potential for impact on 'individual services' in relation to service delivery, or the experience of those who work within the services, i.e. staff, partners, contractors and volunteers, or the general public and clients in receipt of the services provided.

- 3.5 All risk will be analysed in terms of impact on the Council, its component services and the likelihood of occurrence. This analysis will produce an evaluation of risk as being Low, Medium, High or Very High. The council's response in relation to adverse risk, or 'risk appetite' is such that:
- 'Low' risk is broadly acceptable without any further action to prevent or mitigate risk;
  - 'Medium' risk is tolerable with control measures that are cost effective;
  - 'High' risk may be tolerable providing the Council is assured that adequate and effective control measures are in place; and,
  - 'Very High' risk is unacceptable and measures should be taken to reduce, transfer or treat the risk to a more tolerable position.

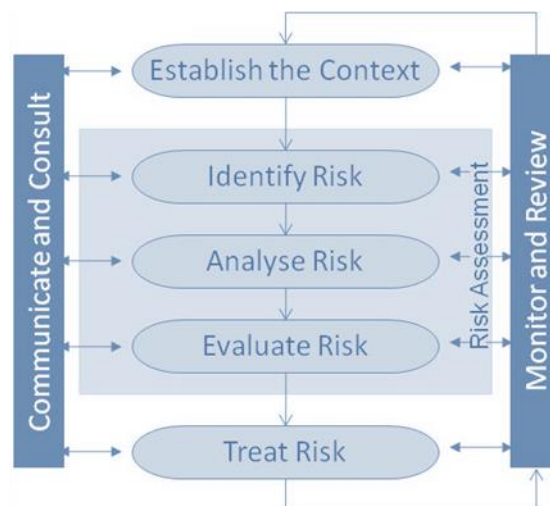
High and Very High risk will be subject to closer scrutiny by the Council Management Team (CMT) and the Audit and Governance Committee.

- 3.6 This document represents the risk management framework to be implemented across the Council and effectively contributes to the signing of the Statement of Internal Control, which is an annual requirement of the Head of Council Resources.

#### 4. Risk Management Philosophy and Objectives

- 4.1 Risk Management is about the culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects<sup>1</sup>. It is pro-active in understanding risk and uncertainty, it learns and builds upon existing good practice and is a continually evolving process that has an important role to play in ensuring that defensible and beneficial 'risk-aware' not 'risk-averse' decisions are made. It ensures that the Council provides high quality services and staff are aware that every effort has been made to maximise their opportunities to succeed.

- 4.2 East Lothian Council uses the risk management process shown below<sup>2</sup>.



#### 4.3 Risk Management Objectives

The specific risk management objectives of the Council are to:

- (i) integrate governance and risk management into the day to day activities of all Council employees including project management and service planning;
- (ii) create a consistent approach to risk across all services using the adopted process;
- (iii) promote practical measures to reduce the council's exposure to risk and potential loss;

<sup>1</sup> Australia/ New Zealand Risk Management Standard, AS/NZS 4360: 2004

<sup>2</sup> Australia/ New Zealand Risk Management Standard, AS/NZS 4360: 2004 and ISO 31000 (2009)

- (iv) define clear lines of responsibility for the management of risk, including corporate risks, service risks and those involving specialised support functions;
- (v) provide a system for monitoring the effectiveness of the risk management framework;
- (vi) provide a system for feedback on the management of key risks to Elected Members, with clear and measurable targets set, and reports on progress made against those targets;
- (vii) comply with legislative requirements; and
- (viii) comply with the requirements of Corporate Governance

4.4 The fundamental principles of Risk Management are to:

- ensure that the Risk Management process takes account of and links to Council objectives;
- monitor the provision of, and attendance at, Risk Management training events;
- to keep the elected members and senior managers advised of any significant risk management issues;
- to promote an open and fair reporting culture;
- encourage local ownership of the Risk Management process by ensuring that decisions on risk management are taken locally rather than centrally.
- agree clear roles and definitions relating to the accountability, management, escalation and communication of key risks; and
- approach the assessment of risks and opportunities consistently.

## 5. Benefits of Effective Risk Management

- 5.1 Effective risk management will contribute to delivering significant benefits for the Council. The primary benefit is that appropriate, defensible, timeous and best value decisions are made. Such 'risk-aware' decisions should be based on a balanced appraisal of strengths, weaknesses, opportunities and threats, and should enable acceptance of a certain level of risk in order to achieve a particular goal or reward.
- 5.2 Defensible decision-making means that:
- all reasonable steps in the decision-making process will have been taken;
  - all relevant information will have been collected and thoroughly evaluated;
  - reliable assessment methods will have been used;
  - decisions (and supporting rationales) will have been clearly documented, and
  - processes will have been put in place to monitor the effectiveness of the decision outcomes.
- 5.3 Other benefits would include:
- high achievement of objectives and targets;
  - high levels of staff morale and productivity;
  - better use and prioritisation of the council's resources;
  - high levels of user experience/ satisfaction with a consequent reduction in adverse incidents, claims and/ or litigation;
  - further enhancement of the council's good reputation both as an employer and as a public service provider; and
  - avoid duplication of Risk Management issues which affect more than one service and bring them together to benefit from good practice.

## 6. Standard Procedures

- 6.1 Standard procedures (6.1.1 – 6.1.14) should be fulfilled in order to achieve a consistent approach to effectively implementing risk management across all areas of the Council.
- 6.1.1 Full implementation of the continuous risk management process, embedding risk management within existing Council processes so that an assessment of risk as well as costs and benefits becomes routine wherever possible.

- 6.1.2 Identification of risk using standard methodologies and involving managers throughout the service with detailed knowledge of the service and the environment in which it operates.
- 6.1.3 Each Service through its Risk Working Group will identify events which may have the consequence of affecting the Council's ability to provide services and achieve its objectives.
- 6.1.5 Consistent application of a standardised 5x5 risk matrix to analyse risk in terms of impact and likelihood of occurrence, thus producing a risk score and evaluation of either 'low', 'medium', 'high' or 'very high.' The values attached to the risk for likelihood and impact are then multiplied and placed on the risk matrix, which shows the level of risk ranging from 1 to 25.
- 6.1.6 Consistency of approach for risk response/ treatment where appropriate actions are taken to bring a situation to a level where the exposure to risk is acceptable to the Council, either through termination, tolerance, transfer or treatment of the risk.<sup>3</sup>  
It will be for the CMT or the departments Risk Working Group to decide on what action they take to deal with the identified corporate or service risks.
- 6.1.7 Implementation and maintenance of risk registers as a means of collating risk information in a consistent format allowing comparison of risk evaluations and informed decision-making in relation to prioritisation of resources. The council is developing CAMMS Risk Software to ensure consistency of approach and format of risk registers.
- 6.1.8 Routine reporting of risk information to the appropriate group e.g. Audit and Governance Committee, CMT and Cabinet dependent on the type and significance of risk.
- 6.1.9 Periodic re-assessment of individual risks, proportionate to significance of risks (i.e. low and medium risks fully reassessed every two years and significant [high and very high] risks annually) including routine audit of robustness of control measures.
- 6.1.10 Fully document the risks in the risk registers and to monitor and carry out an annual review of corporate and service risk registers to ascertain progress and to check for contextual changes affecting the risks.
- 6.1.11 Ongoing proactive identification of new and/or potential risks as a general responsibility of all service areas specifically those where risk is inherently discussed as part of their remit.

## 7. Structural Arrangements and Responsibilities

- 7.1 All employees are responsible for managing risk to varying degrees within East Lothian Council and it is important that employees are made aware by the Council of their specific responsibilities in order to ensure risk is successfully managed throughout the Council. The Risk Framework (Figure 2.0) illustrates the relationship between different levels of employees and their accountability amongst each other. It shows the structure whereby information, instruction, training, supervision and reporting in relation to the management of risk will be effectively communicated within the Council.
- 7.2 The process must be driven from the most senior level of the Council. The framework shows that the CMT has collective responsibility for the management of risk and that the process of implementing the strategy will be through the Corporate Risk Management Group and thereafter cascading through the Council departments.

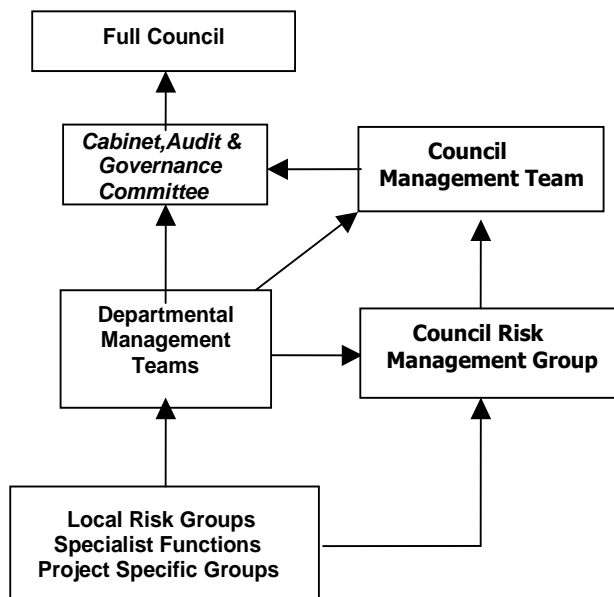
<sup>3</sup> **Termination** - avoiding the risk by not proceeding with the activity likely to generate the risk;

**Tolerance** - ensuring that adequate plans exist to respond to potentially disruptive events and monitoring current controls where the probability of harm materialising is low and/or the economic cost of further reducing the risk is disproportionately high;

**Transfer** - arranging for another party to bear or share some part of the risk, through insurance, contracts, partnerships, joint ventures etc.; and

**Treatment** - controlling the likelihood and consequences of the occurrence through preventative measures.

*Figure 2.0  
Reporting Arrangements*



## 7.3 Formal Groups

### 7.3.1 Elected Members, Full Council, Cabinet and Audit and Governance Committee

**Elected Members** will promote a culture of risk management throughout the Council and encourage effective management of risk by Officers.

As part of its corporate governance role, **Full Council** is accountable for ensuring that the organisation has a suitable risk management framework in place and that significant risks are adequately identified and controlled. At meetings of the relevant committees, Elected Members will approve service risk registers submitted on an annual basis.

**Cabinet** has delegated authority for and on behalf of Council for ensuring that corporate risks and any emerging significant (high and very high) risks within their specific remit are adequately controlled. Cabinet will approve the Corporate Risk Register.

**Audit and Governance Committee** will scrutinise and review the effectiveness of the implementation of the risk management processes within the Council. It will also scrutinise and review the Risk Registers.

### 7.3.2 Council Management Team

Council Management Team (CMT) will promote the importance placed on risk management within the Council and will:

- oversee the implementation of this strategy throughout the Council;
- review the proposed corporate risk register and all service risk registers and agree the risks for the Council in achieving its key corporate objectives;
- monitor the effective management of known risk by officers of the Council, by reviewing action taken in managing risks identified on all risk registers on an annual basis;
- support implementation of the strategy throughout the Council;
- timeously identify potential risks arising from the Council's external environment, and
- ensure effective systems of internal control and Risk Management are in place to support the corporate governance of the Council advise and promote the Risk Management framework and strategy.

### 7.3.3 Corporate Risk Management Group

The Corporate Risk Management Group is fundamental to the delivery of risk management throughout East Lothian Council and will meet on a regular basis to ensure that risk management remains high on the corporate agenda. The Corporate Risk Management Group comprises the Head of Communities & Partnerships, Emergency Planning, Risk & Resilience Officer and representatives from each Risk Working Group, Internal Audit, Insurance Services, Health and Safety, IT Security and other relevant members by invitation and will:

- identify and review corporate risks, in consultation with the CMT, through the production of a corporate risk register that will demonstrate the overall risk profile of the council and be used to focus on developing actions for effectively managing the risks;
- provide regular risk management reports to the CMT in respect of all risk registers;
- assist in implementation issues across the council, share experiences and inform changes to the strategy and direction;
- form a sub group(s) from within the Corporate Risk Management Group to take forward specific initiatives complimentary to the remit of the Group when required.

### 7.3.4 Risk Working Group – (Service Management Teams act as these)

Risk Working Groups will:

- Liaise with the Corporate Risk Management Group to organise training and raise awareness in their area of responsibility, in order to ensure practical prevention and control measures are put in place to minimise risk;
- contribute to the service risk register and regularly review its content to ensure it continually reflects the key risks of the service and highlights the service's top risks;
- contribute to the Council's assurance framework through the annual submission of the service risk register for review prior to submission to Audit and Governance Committee;
- provide the central point for co-ordination of risk management policy within the service;
- oversee the implementation of this strategy throughout the service at an operational level, and
- provide a representative to the Corporate Risk Management Group.

### 7.3.5 Specialist Functions

Specialist functions such as Insurance and Health and Safety will:

- provide a central resource of expertise to the wider Council, and
- be responsible for the development and actioning of corporate risk management initiatives, either directly or through other Council services.

Where relevant, the Council will access external sources of expertise such as the Police or the Council's Insurers.

### 7.3.6 Internal Audit

Internal Audit is an independent appraisal function within the Council. Internal Audit will:

- review, appraise and report on the adequacy and effectiveness of Risk Management arrangements within the Council, and
- take into account the Council's Corporate and Service Risk Registers when identifying areas to be included in the Annual Audit Plan.

## 7.4 **Individuals**

### 7.4.1 **Chief Executive**

The Chief Executive has ultimate responsibility for ensuring that there are suitable and effective arrangements in place to manage the Council's risks.

### 7.4.2 **Head of Communities and Partnerships**

The Head of Communities and Partnerships is the lead for risk management, its strategy and supporting processes and is supported by a dedicated risk management resource in the Emergency Planning, Risk and Resilience Manager and Officer.

### 7.4.3 **Depute Chief Executives/Director of Health & Social Care Partnership**

The Depute Chief Executives and Director of Health & Social Care Partnership are accountable to the Chief Executive for the management of risk within their areas of responsibility and will ensure that risks identified as likely to impact on their delivery of the strategic objectives are managed effectively.

It is the responsibility of each of them and their senior management team to implement local arrangements which accord with the principles, objectives and standard procedures set out in this strategy. Specifically, they will:

- implement the strategy within their own range of services, seeking every opportunity to embed risk management methodologies within their existing processes;
- monitor and review the effective application of the risk management process throughout their service and report on significant risks to the Corporate Risk Management Group, and
- encourage their Risk Working Group to promote staff learning and development in risk management and monitor operational risk management progress;

Whilst the Depute Chief Executives and Director of Health & Social Care Partnership have overall responsibility for the management of a risk within their services, they might not 'own' the risk control mechanisms being implemented to manage the risks (e.g. implementation of policies developed by other services). In this case, their role is to oversee that the control(s) is/ are fit for purpose and operating effectively within their area of responsibility.

### 7.4.4 **Heads of Service**

Heads of Service are accountable to their Depute Chief Executive for the management of risk within their areas of responsibility. They will ensure that any risks identified as likely to impact on their service are documented in the Risk Register and thereafter managed effectively.

Heads of Service across East Lothian Council have a responsibility to ensure that all employees are made aware of the latest risk management strategy, guidance and controls.

### 7.4.5 **Emergency Planning, Risk and Resilience Manager**

The Emergency Planning and Risk Manager, in conjunction with the Risk Officer, will:

- organise the meetings of the Corporate Risk Management Group;
- offer advice and support to service managers and other groups in the management of corporate and service risks

- maintain the Corporate and Service Risk Registers and risk management systems for the Council.
- complete administration on the CAMMS IT software

#### 7.4.6 All East Lothian Council Employees

All Council employees should be encouraged to be involved at all levels in identifying current and potential risks where they work. They should make every effort to be aware of situations which place themselves or others at risk, report identified hazards and implement risk reduction measures developed by their service. Risk assessments should encompass all facilities used to deliver services and be completed using the knowledge and experience of all relevant staff and where appropriate service users. This approach will support the formal risk review conducted annually by all services and enable staff to:

- understand the risks that relate to their roles and their activities;
- understand how the management of risk relates to their own and their client's/ the public's safety;
- understand their accountability for particular risks and how they can manage them;
- understand how they can contribute to continuous improvement of risk management;
- understand that risk management is a key part of East Lothian Council's culture;
- report systematically and promptly to senior management any perceived new risks or failures of existing control measures, and
- liaise with line managers to assess risk in their jobs and manage those risks effectively.

## 8. Training, Learning and Development

- 8.1 To implement this strategy effectively, it is essential to have a workforce with the competence and capacity to identify and manage risk and handle risk judgements with confidence including learning from past experience.
- 8.2 The Council recognises that for Risk Management to be successfully embedded in the Council's day to day activities appropriate training must be undertaken by all members of staff to varying degrees. The Emergency Planning, Risk and Resilience Manager and Officer, will regularly review the risk management training needs of the Council and ensure the implementation of a programme of training for all staff to be undertaken both internally and through specialist external trainers. This will ensure that all employees are equipped with the skills to act effectively in accordance with good practice.
- 8.3 Depending on the purpose, nature and extent of the training, it can provide staff with knowledge of the following:
- the risk management process;
  - risk reporting requirements;
  - risk management roles and responsibilities;
  - risk tools and techniques and how and where they are applied; and how to identify, assess and manage risks;
  - the Council's policy on risk, and
  - the Council's risk appetite, risk tolerance levels and escalation rules.



## 9. Monitoring and Reviewing Risk Management Activity

- 9.1 Efficient and effective risk management requires a monitoring and review structure to ensure that changes to the council and its environment are identified and addressed.
- 9.1.1 There will be reports to the CMT and Cabinet on progress in managing the risks recorded in the Corporate Risk Register. This will detail the most significant risks and what actions have been taken to mitigate them. The risks will be reviewed as follows:
- Very high risks and High Risks and the actions taken to mitigate them will be reviewed annually;
  - Medium risks and Low risks and the actions taken to mitigate them will be reviewed every two years by CMT only.
- 9.1.2 There will be regular reporting to Service Management teams on progress against the risk management plans and service risk registers;
- 9.1.3 There will be regular reporting on progress on the Risk Management Schedule to the Corporate Risk Management Group;
- 9.1.4 There will be quality assurance checks on the risk management process conducted through meetings of the Corporate Risk Management Group;
- 9.1.5 There will be continual review by Risk Working Groups of progress in managing individual risks listed in the service risk registers;
- 9.1.6 There will be quarterly reporting of claims data to Heads of Service by the Insurance Section and 'Stewardship reports' will be provided by the council's Broker annually;
- 9.1.7 There will be annual review of risk registers by the Audit and Governance Committee which will incorporate the reporting of progress made with individual risks.
- 9.2 A review of the above and other data sources should determine whether:
- the risk management framework and process is fit for purpose and aligned to the Council's corporate objectives;
  - staff across the Council have sufficient risk management skills, knowledge and competence in line with the activities they are required to perform on a daily basis, and
  - improved knowledge would have helped to make better judgements or reach better decisions and identify lessons for future assessments and the management of risks.

## 10. Risk Registers

- 10.1 The Corporate Risk Management Group will establish a Corporate Risk Register, which aligns with the Council Plan and they will have responsibility for maintaining the Register.
- 10.2 Each Service will establish a Risk Register which aligns to its Service Plan and which will, where appropriate, be linked to the Corporate Risk Register. The information to be contained in both the Corporate Risk Register and the respective Service Risk Registers will be:
- risk identification number;
  - risk description (linked to the achievement of business objectives);
  - likelihood/impact rating;
  - risk rating;
  - controls in place;
  - residual risk rating;
  - planned actions;
  - primary and secondary responsible persons for planned actions/managing the risk;

- timescale for completion of action, and
- evidence of regular review.

## 11. Strategy Implementation, Communication and Review

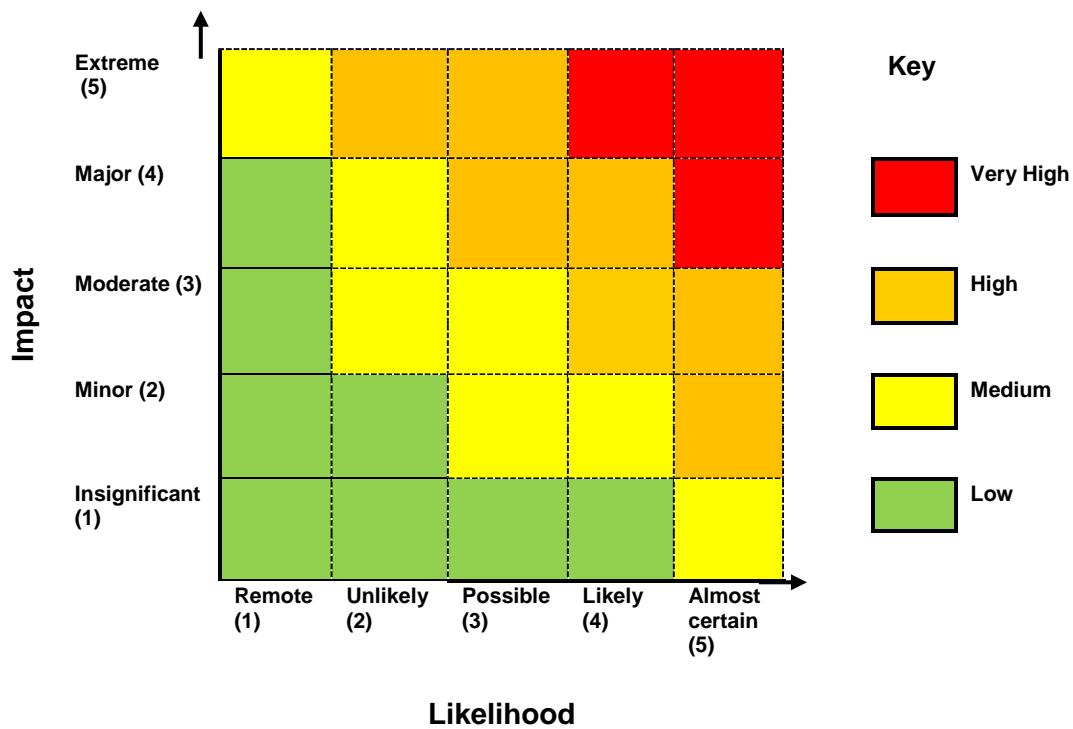
- 11.1 The Council's Risk Management Strategy was first approved by Council at its meeting on 8 December 2009, subsequently revised and approved in October 2012, December 2014 and December 2016 before being further revised in December 2019. The Strategy accurately represents the arrangements for managing risk within the Council at the time of approval. Implementation of this strategy will be underpinned by Risk Management Guidance and the Risk Management Schedule.
- 11.2 The Elected Members and Chief Officers consider that effective communication of risk management information across all services and levels of staff is essential in developing a coherent, consistent and effective approach to risk management. Copies of this strategy are available on ELnet and specific details will feature in the induction programme for all new staff.
- 11.3 This strategy will be reviewed at periodic intervals of at least every 3 years to ensure that it reflects current standards and best practice in risk management and fully reflects the rapidly changing environment in local government.

## 12. Outputs and Benefits of the Risk Management Strategy

- 12.1 Embedding a Risk Management culture throughout East Lothian Council is vital to the success of this strategy. The anticipated outputs and benefits of the Risk Management Strategy are:
- Improved service delivery;
  - Better value for money;
  - Improved corporate governance and compliance systems;
  - Improved insurance management;
  - Improved decision making;
  - Enhanced understanding of the Council's vulnerabilities;
  - Improved use of resources;
  - Enhanced strategic awareness;
  - Compliance with legislation/ regulation;
  - Adds value to the activities of the organisation, and
  - Increases the probability of success in achieving business objectives.
- 12.2 These outputs and benefits will protect and enhance East Lothian Council's reputation, which will in turn increase public trust.

## Appendix 1 – Risk Rating Matrix

The probability (likelihood) of an event occurring being almost certain, likely, possible, unlikely or remote and the impact ranging through, catastrophic, major, moderate, minor or none, that such an event may have on the following areas; service objectives, financial, people, time and reputation. See next page for descriptions of risk ratings.



## Descriptions of Risk Ratings

<p><b>Very High Risk (17 – 25)</b></p>	<p>These are classed as primary or critical risks requiring immediate attention. Their potential consequences are such that they must be treated as a high priority. This may mean that strategies should be developed to reduce or eliminate the risks, and the risk monitored every 6 months. Consideration should be given to planning being specific to the risk rather than generic. Examples of impact include: national attention, Government intervention, total service disruption and fatality. Very High risks are unacceptable and measures should be taken to reduce, transfer or treat the risk to a more tolerable position.</p>
<p><b>High Risk (10 – 16)</b></p>	<p>These risks are classed as significant. They may have a high or low likelihood of occurrence but their potential consequences are sufficiently serious to warrant appropriate consideration after those risks classed as 'very high'. Consideration should be given to the development of strategies to reduce or eliminate the risks and they should be reviewed every 6 months. Examples of impact include: national media, adverse comments (reputational risk), external audit, MSP intervention, significant service disruption and disability (or other serious injury). High risks may be tolerable providing the Council is assured that adequate and effective control measures are in place.</p>
<p><b>Medium Risk (5 – 9)</b></p>	<p>These risks are less significant but may cause upset and inconvenience in the short term. These risks should be monitored to ensure they are being appropriately managed and should be reviewed annually. Examples of impact include: local media attention, service user complaints, service disruption and lost time injuries. Medium risks are tolerable with control measures that are cost effective.</p>
<p><b>Low Risk (1 – 4)</b></p>	<p>These risks are either unlikely to occur and not significant in their impact. They should be managed using normal or generic planning arrangements and require minimal monitoring and control unless subsequent risk assessments show a substantial change. They should be reviewed every two years. Examples of impact include: isolated complaints and minor service disruption. Low risks are broadly acceptable without any further action to prevent or mitigate risk.</p>

**REPORT TO:** East Lothian Council

**MEETING DATE:** 17 December 2019

**BY:** Depute Chief Executive – Partnership & Community Services

**SUBJECT:** Naming of East Lothian’s New Settlement

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**6**

## **1 PURPOSE**

- 1.1 To recap for Council the naming process of East Lothian’s new settlement and in so doing set the context for a verbal update report from the Head of Development on the recommendation from the cross-party panel of the name of the new settlement.

## **2 RECOMMENDATIONS**

- 2.1 It is recommended that Council:

- Notes the naming process and approach as set out within the report.
- Notes the names that were approved by Council in October for the new settlement to move forward for public consultation

Blindwells  
Charlestoun  
Hattonfield  
Hopetoun  
Muirdale  
Nethermuir

- Receives further update from the Head of Development in respect of the recommendation from the cross party panel of the name of the new settlement; and
- Approves the name of the new settlement.

### **3 BACKGROUND**

- 3.1 The new settlement will be located on a 540-hectare site between Tranent, Prestonpans and Longniddry, close to the A1 and East Coast Main Line. Planning permission has been granted for 1,600 new homes, a school, business space, shops, sports facilities and parks at the site of the former Blindwells open cast mine. The approved Local Development Plan also safeguarded land for a more significant potential expansion of the new settlement in due course. The new settlement is also one of seven sites considered to be strategically significant within the Edinburgh and South East Scotland City Region Deal.
- 3.2 The Council's vision is to see the new settlement develop into an exemplar community in which to live, work and play with mixed-tenure housing including affordable homes, first-class facilities and amenities, local employment opportunities, combined with a vibrant landscape. It presents opportunities for inward investment and job creation. It should be a zero emissions community embracing climate change objectives pushing construction and technology innovation and embracing blue green infrastructure and biodiversity. There is expected to be significant wider improvements to local infrastructure, which includes providing more choices for walking, cycling and travelling by public transport.
- 3.3 Key parameters were established for the new town name and supporting information prepared:
- The name should have a local connection, but given that the new settlement was a town for East Lothian the name could have a wider relevance than just the very immediate local area;
  - The name should convey a sense of place and optimism for the future;
  - A long-list of possible name ideas was prepared and these were arranged around themes including local farms, landscape features, people and events, waterbodies.
- 3.4 On returning from the summer break all schools in East Lothian were provided with a pack of supporting information to assist them in choosing possible names. Given the significance of the ambition for our county's new town and the envisaged scale of benefit to the county as a whole all of East Lothian schools were involved.
- 3.5 Responses were received from 28 of the 40 schools.
- 3.6 A panel consisting of cross party elected members and senior officials was established and met on the 8 October 2019 to consider school responses. The meeting considered all of the submissions and determined the following names as the most popular and suitable and that these names be submitted in a report to East Lothian Council to confirm selection for a further wider public consultation exercise.

**Charlestoun  
Hattonfield  
Hopetoun  
Muirdale  
Nethermuir**

- 3.7 The panel meeting also agreed that in the light of representations received **Blindwells** should also be included.
- 3.8 The panel meeting agreed that a public consultation exercise should be facilitated through the Council's consultation hub and supported by the Council's "Living" publication. The article that was incorporated within the "Living" publication went to each household in East Lothian at the end of November and included a return slip allowing each household an opportunity to submit their preferred selection
- 3.9 The panel has now meet again to consider the results of the public consultation process alongside responses from schools already received and determine its recommendation to Council.
- 3.10 The naming process of the new settlement is set out in full below:
- East Lothian School consultation – September 2019
  - East Lothian Council at its meeting of 29 October 2019 approves short list of names for wider public consultation
  - Period of digital public consultation on the Council's consultation hub complimented by consultation through East Lothian Council's "Living" publication sent to each household in East Lothian at the end of November.
  - East Lothian Council at its meeting of 17 December 2019 will decide the name of the new settlement

#### **4 POLICY IMPLICATIONS**

- 4.1 The new settlement is a key strategic site supporting the Council priorities in respect of Growing our Economy, People and Communities as set out within the Council Plan, Deal Documentation and the Community Planning Partnership Economic Development Strategy 2017-2022. Formalisation of the new town name alongside the delivery of the first phase expected to witness build-out of the first new home in 2020 will help maintain momentum in delivery of these ambitious plans.

## **5 INTEGRATED IMPACT ASSESSMENT**

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant detrimental 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 Local Development Plan - ELLDP 2018  
7.2 Report to East Lothian Council, 26 June 2018 – Edinburgh and South East Scotland City Region Deal (ESESCRD) - [https://www.eastlothian.gov.uk/meetings/meeting/6067/east\\_lothian\\_council](https://www.eastlothian.gov.uk/meetings/meeting/6067/east_lothian_council)  
7.3 Report to East Lothian Council, 29 October 2019 – Naming of East Lothian’s New Settlement

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<b>CONTACT INFO</b>	<a href="mailto:dproudfoot@eastlothian.gov.uk">dproudfoot@eastlothian.gov.uk</a>
<b>DATE</b>	28 November 2019



**REPORT TO:** East Lothian Council

**MEETING DATE:** 17 December 2019

**BY:** Depute Chief Executive (Partnerships and Community Services)

**SUBJECT:** National Planning Framework 4/ Regional Spatial Strategies and SESplan budget

7

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## **1 PURPOSE**

- 1.1 To seek Members' approval for East Lothian to work with the SESplan authorities to prepare an Indicative Regional Spatial Strategy. The report also seeks ratification of the decision of the SESplan Joint Committee to approve the SESplan operating budget, and the payment of a financial contribution to assist with the preparation of the Indicative Regional Spatial Strategy.

## **2 RECOMMENDATIONS**

- 2.1 It is recommended that Council:
- (i) agrees that East Lothian Council should work collectively with the other SESplan authorities to prepare an Indicative Regional Spatial Strategy for the Edinburgh and South East Scotland City Region;
  - (ii) ratifies the decision of the SESplan Joint Committee of 25 November to approve the SESplan operating budget for the financial year 2020/21 including a rebate to each of the constituent authorities; and
  - (iii) agrees to contribute £5,000 to the development of an Indicative Regional Spatial Strategy.

## **3 BACKGROUND**

- 3.1 The Planning (Scotland) Act 2019 sets out a requirement for all Local Authorities, either individually or collectively, to produce a Regional Spatial Strategy. This document would provide a prospectus for the area

which it covers and be taken into account during the production of the development plan (under the new Planning Act the Development Plan is made up of the National Planning Framework and Local Development Plan) and other strategies across the area.

- 3.2 At its meeting on 25 November 2019 the SESplan Joint Committee discussed and noted that it was proposed that the existing SESplan authorities (East Lothian, Midlothian, West Lothian, Edinburgh and Fife Councils) would work together to feed into the development of Regional Growth Framework for the Edinburgh and South East Scotland City Region.
- 3.3 This discussion was within the context of a letter sent from the Chief Planner (Appendix A) to all Local Authority Chief Executives setting out possible groupings of authorities that could work together and feed into the development of the Regional Spatial Strategy and the National Planning Framework. It is for the Local Authorities to respond to the Chief Planner on whether they are content with these groupings. Due to the timescales set out in the Chief Planner's letter, officers have responded in line with the proposal.
- 3.4 The proposal to work collectively on the Regional Spatial Strategy reflects the recent decision of the Edinburgh City Deal Joint Committee to begin work on the production of a Regional Growth Framework. This decision was noted by East Lothian Council at its meeting on 29 October.
- 3.5 The exact process for producing the Indicative Regional Spatial Strategy will be finalised in the near future, but the process will be substantially complete by March/April 2020 in order to allow the Strategy to be taken into account in the development of the National Planning Framework.
- 3.6 Members will be kept fully informed during the process of developing the Indicative Regional Spatial Strategy and the final Strategy will be presented for approval to both the Joint Committee and East Lothian Council.
- 3.7 The Joint Committee at its meeting on 25 November agreed the SESplan operating budget for the financial year 2020/21.
- 3.8 The SESplan Financial Rules set out that Operating Budgets for the next financial year should be proposed by the SDP Manager, approved by the SESplan Joint Committee and that the decision be ratified by the member authorities by the end of December. In compliance with these rules, the SESplan Joint Committee at its meeting on the 25 November 2019 agreed to approve the Operating Budget for 2020/2021 (Appendix B).
- 3.9 As SESplan continues to operate through the Board, Joint Committee and a virtual team across the constituent authorities, significant savings have been achieved this financial year. The only fixed cost expenditure projected to be incurred this financial year relates to existing ongoing contracts for the online consultation portal (which hosts SESplan

documents); the SESplan IT and web site provider; and the annual external auditing of SESplan accounts.

- 3.10 This has resulted in the constituent authorities not being required to contribute the £60,000 income budgeted for in this financial year. Additionally, given the significant level of savings to assist in managing the reserve within the 2019/20 period, a rebate to each of the six constituent councils of £5,000 would reduce the reserve by £30,000. It is proposed that, alongside the other SESplan authorities, East Lothian Council subsequently provides £5,000 to the Edinburgh City Deal Joint Committee to assist in collaboratively resourcing work on regional spatial planning through the Indicative Regional Spatial Strategy.

#### **4 POLICY IMPLICATIONS**

- 4.1 The Indicative Regional Spatial Strategy, when approved will inform the development of the National Planning Framework 4 and the subsequent East Lothian Local Development Plan 2. In future the National Planning Framework 4 and the Local Development 2 will form the Development Plan which will provide the context for planning decisions in East Lothian.

#### **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 – the financing of SESplan for the year 2020/21 does not require any financial contributions from the Council. There may be some costs associated with the development of an Indicative Regional Spatial Strategy. The £5,000 payment to the Edinburgh City Deal Joint Committee will assist in addressing these costs. Any subsequent costs will be met from the existing SESplan or City Deal budgets.
- 6.2 Personnel - the Council's Planning Service contributes to SESplan work and will contribute towards the work of inputting into the development of an Indicative Regional Spatial Strategy and National Planning Framework 4.
- 6.3 Other - none

## **7 BACKGROUND PAPERS**

- 7.1 Appendix A - Letter from Chief Planner to Local Authority Chief Executives
- 7.2 Appendix B – SESplan Operating Budget 2020/21
- 7.3 Report to Council 28 October 2019 - Edinburgh and South East Scotland City Region Deal (ESES CRD) – Annual Report, Annual Conversation and Regional Growth Framework Update  
[https://www.eastlothian.gov.uk/meetings/meeting/16435/east\\_lothian\\_council](https://www.eastlothian.gov.uk/meetings/meeting/16435/east_lothian_council)

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Local Government and Communities Directorate  
Planning and Architecture Division



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To:  
All Local Authority Chief Executives

## **NATIONAL PLANNING FRAMEWORK 4 – REGIONAL WORKING GROUPS – NEXT STEPS**

As you will be aware, on 2 October 2019 we held a very interesting and productive event on regional spatial planning at the Engine Shed in Stirling. At the event we explored the new arrangements for strategic planning that will emerge from the Planning (Scotland) Act. I am very grateful to you and your colleagues for ensuring that your areas were represented and for engaging so constructively in the discussion.

A summary report of the event that includes the presentations is [available to view](#).

We have been considering the next steps for strategic planning within the context of our programme for preparing the National Planning Framework 4 (NPF4). At the event, we explained that there is an opportunity in the coming months to work together to develop 'indicative' regional spatial strategies across Scotland as a vehicle to ensure that regional priorities can be embedded in the draft NPF4. In time, those indicative strategies could also help authorities to begin work on preparing fuller regional spatial strategies for their areas. Furthermore, the shared experience of collaborating in this work will help to inform future statutory guidance that we intend to produce ahead of this section of the Act coming into force.

It is of course for each authority to decide how they will fulfil the new duty under the Act. However, during the discussion on 2 October it became clear that alignment with wider infrastructure and economic policies and programmes would be beneficial. As a starting point, we would therefore suggest that authorities consider establishing interim arrangements for collaborative strategic planning that broadly reflect the boundaries of city and growth deals across Scotland and which read across to the groupings now established for the second Strategic Transport Projects Review. We recognise this initial proposal may change over time but, for the purposes of NPF4, Annex A sets out suggested groupings that could form the basis of this approach.

Given the challenging timescale to produce NPF4, with a draft expected in September 2020, the Scottish Government is willing to offer practical support to assist this process.

We propose to make available a grant of up to £10,000 to each of the groupings in Annex A to help fund a participative ('charrette style') event to be held by mid-March 2020 to explore issues, priorities and outcomes that are relevant to future strategic planning in these areas.

Following this we will host an event towards the end of March 2020 to explore and share learning gained from this first stage to assist the production of indicative regional spatial strategies that can be reflected in NPF4.

To ensure we are in a position to develop a fuller framework for collaboration and support, I would be grateful if you would please confirm whether:

- your authority is willing to work in a regional grouping to prepare an indicative regional spatial strategy to feed into NPF4;
- your authority is content to progress this in association with the regional grouping as set out in Annex A
- your regional grouping is willing to nominate a single point of contact / champion to liaise with the NPF4 team over the coming months. If so, please confirm their contact details. We will provide further details to those contacts on the grant funding.

We would be grateful if you would consider this suggestion and respond by 28 November 2019 to [scotplan@gov.scot](mailto:scotplan@gov.scot). Should you have any queries or wish to discuss this further then please contact us.

Thank you again for the positive engagement of your authority - we look forward to working with you.

Kind regards



John McNairney  
**Chief Planner**

## **Annex A**

### **Potential Regional Groupings of planning authorities for collaboration on National Planning Framework 4**

- Aberdeen City Region – *Aberdeen City Council, Aberdeenshire Council*
- Ayrshire and Arran – *North Ayrshire Council, East Ayrshire Council, South Ayrshire Council*
- Edinburgh City Region – *City of Edinburgh Council, East Lothian Council, Fife Council, Midlothian Council, West Lothian Council, Scottish Borders Council*
- Glasgow City Region – *East Dunbartonshire Council, East Renfrewshire Council, Glasgow City Council, Inverclyde Council, North Lanarkshire Council, Renfrewshire Council, South Lanarkshire Council*
- Highlands and Moray – *The Highland Council, Moray Council, Cairngorms NPA*
- South of Scotland – *Dumfries and Galloway Council, Scottish Borders Council*
- Stirling / Clackmannanshire / Falkirk – *Clackmannanshire Council, Falkirk Council, Stirling Council, Loch Lomond and The Trossachs NPA*
- Tay Cities Region – *Angus Council, Dundee City Council, Perth and Kinross Council*
- Islands - *Western Isles Council, Orkney Council, Shetland Islands Council, Argyll and Bute Council*

## ITEM 6 – SESplan Operating Budget: 2019/20 and 2020/21 Budget

Report By: Pam Ewen, Chief Officer Planning, Fife Council and SESplan Board Chair

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### Purpose

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This report presents an update on the SESplan Operating Budget for 2019/2020 and sets out the SESplan Operating Budget for 2020/2021 for Joint Committee approval.

### Recommendations

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It is recommended that the SESplan Joint Committee:

1. Note the updated forecast expenditure against the approved Operating Budget for 2019/2020 set out within Appendix 1 to this Report;
2. Approve a rebate of £5,000 per each of the six constituent Councils within the current 2019/20 financial year;
3. Approve the updated Operating Budget for 2020/2021 set out within Appendix 1 to this Report;
4. Note that member contributions for financial year 2020/2021 are nil;
5. Note that member authorities will be required to ratify decision 3 above; and,
6. Note that an Operating Budget for 2021/2022 will be brought to a meeting of the SESplan Joint Committee in late 2020.

### Resource Implications

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It is projected that significant savings will be achieved this financial year as SESplan continues to operate through the SESplan Board, Joint Committee and a virtual team across the constituent authorities. A projected expenditure of £18,064 and a saving of £165,184 is forecast for 2019/2020. To manage the reserve a £30,000 rebate, if Recommendation 2 above is approved, will reduce the reserve balance to £130,187 at 31 March 2020. Appendix



One to this report builds in the projection based on the recommended rebate. Total expenditure for 2020/2021 is projected to be £84,000. As a consequence of the reserves built up in 2019/2020 and the further savings and staffing assumptions outlined below for 2020/2021, it is proposed that nil contributions are made by the SESplan member authorities in 2020/2021.

### **Legal and Risk Implications**

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The budget for 2020/2021 is allocated in principle with a focus on consultancy fees given the future governance arrangements for SESplan. Future Operating Budgets will be required to be reviewed against the provisions of the Planning (Scotland) Act 2019 and the associated secondary legislation as it is published and further details are known.

### **Policy and Impact Assessment**

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No separate impact assessment is required.

## **1. Background**

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- 1.1 The SESplan Financial Rules set out that Operating Budgets for the next financial year should be proposed by the SDP Manager, approved by the SESplan Joint Committee and that decision ratified by the member authorities by the end of December.
- 1.2 In compliance with these rules, the SESplan Joint Committee at its meeting on the 26 November 2018 agreed to approve the Operating Budget for 2019/2020.

## **2. SESplan Operating Budget 2019/2020**

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- 2.1 The latest position on the SESplan Operating Budget for 2019/2020 as at November 2019 is included as Appendix 1.
- 2.2 Traditionally the largest spend by SESplan has been on staffing. As set out in Appendix 1, the approved Operating Budget 2019/2020 includes a total staffing budget of

£75,000. However, as SESplan continues to operate through the Board, Joint Committee and a virtual team across the constituent authorities, significant savings have been achieved this financial year. The absence of a SESplan core team and no requirement to provide a dedicated staffing resource or associated office costs results in a forecasted £91,684 underspend of fixed costs. The only fixed cost expenditure projected to be incurred this financial year relates to existing ongoing contracts for the online consultation portal (which hosts SESplan documents); the SESplan IT and web site provider; and the annual external auditing of SESplan accounts.

2.3 The approved 2019/2020 Operating Budget also includes an allowance of £73,500 for technical support/variable costs. As highlighted above, due to the absence of a core team and that SESplan is not within a plan preparation phase, no technical support/variable costs are projected to be incurred within 2019/2020.

2.4 The total expenditure within 2019/2020 is projected to be £18,064, which set against a budget of £183,248 results in a projected variance (underspend) of £165,184. This has resulted in the constituent authorities not being required to contribute the £60,000 income budgeted for in this financial year. Additionally, given the significant level of savings to assist in managing the reserve within the 2019/20 period, a rebate to each of the six constituent Councils of £5,000 would reduce the reserve by £30,000, as set out in Recommendation 2. This would also provide an opportunity for Councils to assist in collaboratively resourcing work on regional spatial planning through the Regional Growth Framework. The projected reserve at 31 March 2020 as set out in Appendix One is £130,187.

### **3. SESplan Operating Budget 2020/2021**

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3.1 As detailed in Appendix 1, the budget for 2020/2021 is allocated in principle with a focus on consultancy fees given the future governance arrangements for SESplan. The consultant fees are projected as £65,000 which reflects the total technical support/variable costs budget for undertaking any regional spatial planning consultancy work.

3.2 Staffing assumptions for 2020/2021 reflect the existing governance arrangements, with SESplan continuing to operate through the Board, Joint Committee and virtual team across the constituent authorities. This will continue to achieve significant operating cost savings. Again, as in 2019/2020, the only fixed cost expenditure projected to be incurred in 2020/2021 relates to existing ongoing contracts for the online consultation portal; the SESplan IT and web site provider; and the annual external auditing of SESplan accounts. Total fixed cost expenditure is projected to be £19,000.

3.3 As detailed in Appendix 1, the Budget for 2020/2021 sets out total expenditure of £84,000. Using the reserves built up in 2019/2020 and on the further savings and staffing assumptions outlined above, it is proposed that nil contributions are made by the SESplan member authorities in 2020/2021. This will result in a usable reserve balance going into 2020/2021 of £130,187 which is in excess of the one month's operating costs target reserve.

#### **4. SESplan Operating Budget Going Forward**

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4.1 Future Operating Budgets will be required to be reviewed against the provisions of the Planning (Scotland) Act 2019 and the associated secondary legislation as it is published and further details are known.

#### **Appendices**

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Appendix 1: 2019/2020 Operating Budget, Forecast and Variance and 2020/2021  
Operating Budget

#### **Report Contact**

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Pam Ewen, Chief Officer Planning, Fife Council

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## Appendix 1: 2019/2020 Operating Budget, Forecast and Variance and 2020/2021 Operating Budget

DESCRIPTION	19/20 Budget	19/20 Projection	19/20 Variance	20/21 Budget
Staff	75,000	0	(75,000)	0
Training	1,000	0	(1,000)	0
Rents Payable (Including Service Charge)	4,292	0	(4,292)	0
Travel	1,500	0	(1,500)	0
IT Hardware,Software and Maintenancer)	15,500	14,564	(936)	15,500
Mobile Line Rental	206	0	(206)	0
Audit/Professional Fees	3,400	3,500	100	3,500
Miscellaneous	8,850	0	(8,850)	0
<b>Total Fixed Costs</b>	<b>109,748</b>	<b>18,064</b>	<b>(91,684)</b>	<b>19,000</b>
<b>Technical Support</b>				
Printing/Photocopying Costs	4,000	0	(4,000)	0
Consultant Fees	65,000	0	(65,000)	65,000
Postages/Frinking	500	0	(500)	0
Advertising/Marketing	4,000	0	(4,000)	0
Other Services (Contingency 10%)	0	0	0	0
<b>Total Variable Costs</b>	<b>73,500</b>	<b>0</b>	<b>(73,500)</b>	<b>65,000</b>
<b>Total Expenditure</b>	<b>183,248</b>	<b>18,064</b>	<b>(165,184)</b>	<b>84,000</b>
Contribs/Rebates To/From Other LA'S	(60,000)	30,000	90,000	0
Interest On Revenue Balances	0	0		0
<b>Total Income</b>	<b>(60,000)</b>	<b>30,000</b>	<b>90,000</b>	<b>0</b>
<b>Net</b>	<b>123,248</b>	<b>48,064</b>	<b>(75,184)</b>	<b>84,000</b>
Usable Reserve balance (at 31 March 2019 Budgeted £197,979/actual £178,251)	197,979	178,251		130,187
Take from/(add) to Reserves	123,248	48,064		84,000
Usable Reserve balance (at 31 March 2019 Budgeted £197,979/actual £178,251)	74,731	130,187		46,187
Usable reserves as % of expenditure	41%	721%		55%
Target Reserve (1 month's operating costs)	15,271	1,505		7,000
(Shortfall)/Surplus on target reserve of 1month's operating costs	59,460	128,682		39,187

**REPORT TO:** East Lothian Council

**MEETING DATE:** 17 December 2019

**BY:** Depute Chief Executive (Resources and People Services)

**SUBJECT:** Update on Planning for the Expansion of Early Learning and Childcare to 1140 Hours

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**8**

## **1 PURPOSE**

- 1.1 To provide an update of progress towards implementation of 1140 hours of Early Learning and Childcare by August 2020.

## **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Council notes:
- the progress made towards full implementation of 1140 hours of Early Learning and Childcare August 2020.
  - the plans and models in place to ensure the delivery of 1140 hours for all eligible children within the 1140 hours Early Learning and Childcare Budget.

## **3 BACKGROUND**

- 3.1 The Education Service submitted the East Lothian Council 1140 Expansion Plan to the Scottish Government in September 2017 with a further update submitted in March 2018. Since then, the Education Service has been implementing a range of trials across East Lothian. These trials have been under constant review, providing an opportunity to take account of information gained through parent and management/staff feedback sessions. This feedback has been used alongside other information to refine our approach to future phasing ahead of full implementation.
- 3.2 East Lothian Council officials have been in regular contact with the Scottish Government Early Learning and Childcare Directorate, the Improvement Service and Scottish Futures Trust to ensure that the

arrangements that are put in place are sustainable from a financial and resourcing perspective and also meet the needs of our early years' communities in the long term.

3.3 A report on the Expansion of Early Learning and Childcare to 1140 hours was submitted to the Members' Library Service on 27 November 2018. Since this time the Delivery Plan and Schedule has been redefined through work with the Scottish Government Early Learning and Childcare Directorate and Improvement Service have regularly scrutinised local authority plans to ensure implementation plans enable the delivery of 1140 hours for August 2020 and that supply meets demand. From August 2020, we plan to offer two models across our local authority settings. Each nursery class will offer one of these models and the model identified for each setting will be based primarily on ensuring that there are sufficient places to meet demand in that local area. Details of these two models can be found in paragraph 3.5.1 below.

### 3.4 **Progress**

3.4.1 To date Local Authority nurseries have offered two trials operating extended weeks (beyond term-time) and 12 trials operating extended days over 38 weeks, more commonly 08.30/08.45 – 15.00/15.15 Monday to Thursday and 08.30 – 12.30 during Friday morning.

3.4.2 The extended day has proved popular with parents, especially for those who work. Children staying for an extended day are provided with a free lunch as part of the Early Learning and Childcare entitlement. This is prepared by the school kitchens following the same menu as the main school.

3.4.3 There has been positive feedback from parents of those nursery children in receipt of the extended hours particularly with regard to children's language and communication skills, social development, sleep routines, concentration and the transition to school.

3.4.4 The extension of hours has brought with it both a change of work patterns for staff and a need for additional staff. Staff have adapted well and responded positively to a change in work pattern, with some staff taking on additional hours and others working their contracted hours over fewer days.

3.4.5 East Lothian Council has introduced a number of creative approaches to supporting recruitment. In partnership with Edinburgh College, we are looking to create a multi-skilled workforce by offering modules to complement early learning and childcare with social care qualifications and vice versa. The intention is to create flexibility of job opportunities across both sectors. We also organised a very successful recruitment event held at Queen Margaret University in March of this year and this resulted in a number of people noting an interest in training and careers in the sector. This event will be repeated in March 2020. We are also working with staff who may wish to change career and enter the workforce as a Support Worker and embark on qualifications and training whilst working.

- 3.4.6 Our Tots & Teens provision (a playgroup in five of our six secondary schools) continues to support young people in completing training and qualifications in the early learning and childcare sector.
- 3.4.7 Plans for refurbishment, extensions and a small number of new builds continue across East Lothian. Many are linked with expansions to our School Estate and Local Development Plan as well as supporting the 1140 hours expansion. We have refined our plans and investigated other options to create available places across the county which meet current and projected demand and represent best value.
- 3.4.8 The partnership working group has been a positive catalyst for change in relationships between East Lothian Council and funded providers (private nurseries, childminders and community playgroups). In East Lothian we currently have 16 private nurseries and 2 nurseries attached to private schools. As part of the early trialling and phasing, 13 of those settings have been supported to provide 1140 hours of funded early learning and childcare. In addition, in the last year, we have held regular information and support meetings for childminders which has resulted in 23 becoming funded providers for the first time. One playgroup applied for and was granted funded provider status in October 2019, offering the extended hours solely within their setting or as a blended model with other funded providers and the local authority nursery class.
- 3.4.9 The models offered by funded provider vary and offer choice, affordability, flexibility and accessibility for parents either as part of a blended model or within their own setting.

### 3.5 Delivery Plan

3.5.1 As we progress from the trials and phasing to statutory implementation in August 2020, two models have been agreed for our local authority settings. One model will be offered in each of our nursery classes and will be determined based on capacity, current demand and future projections (see Appendix A).

- **MODEL 1:** 38-week (term time) asymmetric model – offering 30 hours over 4½ days, with children attending:

Monday – Thursday: 08.45 – 15.15 Friday: 08.30 – 12.30  
Lunch in the school dining room with a packed lunch on Friday

- **MODEL 2:** 48-week (beyond term-time) extended week model – offering 23 hours and 45 minutes over 5 days, with children attending either in the morning or the afternoon for 4 hours 45 minutes.

Morning session: 08.00 – 12.45 (includes breakfast and a snack)  
Afternoon session: 13.00 – 17.45 (includes a snack and light tea)

3.5.2 The trials already underway will transition through to statutory implementation in August 2020 by adjusting operational times to match the outlined model, with the exception of two settings which will change from 38-week asymmetric to 48 weeks beyond term time due to capacity and population projections and demand. Those nurseries offering 600 hours will transition to the universal statutory entitlement of 1140 hours operating either Model 1 or Model 2 to meet the identified population projections and demand.

3.5.3 A breakdown of individual nurseries and their operating models is shown within Appendix B.

### **3.6 Communications Plan**

3.6.1 The Chief Operating Officer (Education) met with Head Teachers on Wednesday 30 and Thursday 31 October 2019 to inform them of the agreed delivery models. Information has been provided to support Head Teachers to communicate the planned delivery models with staff and parents.

3.6.2 Ongoing communication with staff through updates and information sessions will continue and consultations involving staff, school management and professional associations will take place to identify, discuss and plan for any changes to current working practices and contracts of employment.

3.6.3 This also includes opportunities to refresh job outlines and job titles, staffing structures and nursery processes. Agreed final changes will be incorporated and confirmed through the Council service review process to establish robust workforce development planning in readiness for statutory implementation in August 2020.

3.6.4 As previously identified the expansion of Early Learning and Childcare hours will necessitate a review of working arrangements, and early years practice and procedures, as well as some changes to the Early Years environment.

3.6.5 The remainder of this academic session allows for collaborative working between staff, head teachers, stakeholders and other local authority service areas to carry further detailed review of systems, processes and procedures to confirm readiness for full implementation in August 2020.

## **4 POLICY IMPLICATIONS**

4.1 The implementation of 1140 hours of Early Learning and Childcare, as amended and approved by the Scottish Government, will support the Council in delivering services in accordance with its statutory duties and Best Value obligations.

## **5 INTEGRATED IMPACT ASSESSMENT**

The subject of this report has been through the Integrated Impact Assessment process consider the impacts on families with a protected



characteristic of increasing the statutory entitlement to 1140 hours of funded Early Learning and Childcare and of modifying the current session length and is available at the following link:

<https://www.gov.scot/publications/equality-impact-assessment-expansion-early-learning-childcare/>

## **6 RESOURCE IMPLICATIONS**

- 6.1 Financial – the revised plan and associated models have been costed and are achievable within the funding provided by the Scottish Government.
- 6.2 Personnel – Most local authority staff based in primary school nursery class settings work during the school term. The expansion programme, whilst presenting challenges, also presents opportunities for nursery staff to increase hours from part time to full time, work 38 weeks over 48 weeks, or to work longer but fewer days. An Early Learning and Childcare Workforce survey was conducted in October 2019 to engage with Local Authority Nursery staff and allow the opportunity to express any interest in changing their work patterns or locations. The results and analysis of this will enable identification of where recruitment activity will be required and support the development of the Service Review.
- 6.3 Other – none.

## **7 BACKGROUND PAPERS**

- 7.1 Report to the Members’ Library – Expansion of Early Learning and Childcare to 1140 Hours (Ref: 183/18, December 2018 Bulletin)

[https://www.eastlothian.gov.uk/meetings/meeting/16371/members\\_library\\_service](https://www.eastlothian.gov.uk/meetings/meeting/16371/members_library_service)

<b>AUTHOR’S NAME</b>	Lesley Brown
<b>DESIGNATION</b>	Chief Operating Officer (Education)
<b>CONTACT INFO</b>	01620 827647
<b>DATE</b>	25 November 2019



**1140 hours operating session model over 48 weeks = 23hours 45 minutes per week.  
Session length : 4 ¾ a.m. and p.m. with 15 minute break between both sessions**

**OPERATIONAL TIMES – children attending as below a.m. or p.m. session only**

Monday – Friday	Session Times	Drop Off times (these are optional but	Meal Options	Pick up times
Morning A.M. ( 4 ¾ hrs)	8:00-12:45	<b>Fixed:</b> 08.00 plus 08.45 to reflect the asymmetric pattern and allow for breakfast time  <b>Flexi:</b> 08.00 / 08.30 / 08.45	Breakfast ( 8 – 8.30) plus snack during session – <b>No lunch</b>	There can be agreed flexibility with the school to pick up between 12.30 and 12.45
Afternoon P.M. ( 4 ¾ hrs)	13:00 -17.45	<b>Fixed:</b> 13.00	<b>No lunch</b> Snack during session and Light Tea at 1600 - 1630	There can be agreed flexibility with the school to pick up at a time which matches the end of the school day e.g. 15.15.  Additionally school may offer flexible pick up between 17.00 and 17.45

When deciding drop off/pick up times need to consider impact on blended options which rely on a funded provider dropping off for the beginning of a session or picking up at the end of a session to ensure no funding issues / overlapping of times occur.

Operating – 48 weeks	Not operating – 4 weeks
<ul style="list-style-type: none"> <li>✓ February school term break</li> <li>✓ Easter school term break - <i>except Good Friday &amp; Easter Monday</i></li> <li>✓ Summer school term break</li> <li>✓ October school term break</li> </ul>	<ul style="list-style-type: none"> <li>X Christmas &amp; New Year (<b>10 days/2 weeks</b>) Wed 23.12.20 –Wed 6.1.21</li> <li>X In-Service x <b>5 days</b>  15 &amp; 16 Aug 20, 26 Oct 20, 15 Feb 21, 24 May 21</li> <li>X Public Holidays x <b>5 days</b>  18 &amp; 21 Sept 20, 2 &amp; 5 Apr 21, 3 May 21</li> </ul>

**1140 hours operating extended day model over 38 weeks = 30 hours per week.  
Asymmetric : 30 hours per week over 4 ½ days**

**OPERATIONAL TIMES – children attending as below with option of extended day or morning only**

<b>Monday – Thursday</b>	08.45 – 15.15	Lunch in school dining room and grab bag/packed lunch on Friday	<i>Blended option with funded provider also available</i>  <i>Afternoon places with the LA Nursery from 12.45 – 15.15 will also be considered as required</i>
<b>Friday</b>	08.30 – 12.30		
<b>Morning only option below = 19 hours per week</b>			
<b>Monday – Thursday</b>	08.45 – 12.30	Lunch in school dining room	
<b>Friday</b>	08.30 – 12.30	Grab bag/packed lunch	

Provision	Operartional Model for Aug 2020 <span style="float: right;">Appendix B</span>
Dunbar x 5 rooms ( <i>Castle, Harbour, Haven, Seashore, Woodlands</i> )	48 week sessional a.m. & p.m.
East Linton Nursery	48 week sessional a.m. & p.m.
Innerwick Nursery	38 weeks Asymmetric over 4 1/2 days
West Barns Nursery	38 weeks Asymmetric over 4 1/2 days
Haddington Infant Nursery	48 week sessional a.m. & p.m.
Letham Mains Nursery	48 week sessional a.m. & p.m.
St Mary's RC Nursery	48 week sessional a.m. & p.m.
Yester Nursery	38 weeks Asymmetric over 4 1/2 days
Campie Nursery	38 weeks Asymmetric over 4 1/2 days
Loretto RC Nursery	38 weeks Asymmetric over 4 1/2 days
Musselburgh Burgh Nursery	38 weeks Asymmetric over 4 1/2 days
Pinkie Nursery	48 week sessional a.m. & p.m.
Stoneyhill Nursery	38 weeks Asymmetric over 4 1/2 days
Wallyford Nursery	48 week sessional a.m. & p.m.
Whitecraig Nursery	48 week sessional a.m. & p.m.
Aberlady Nursery	38 weeks Asymmetric over 4 1/2 days
Athelstaneford Nursery	38 weeks Asymmetric over 4 1/2 days
Gullane Nursery	48 week sessional a.m. & p.m.
Law Nursery	48 week sessional a.m. & p.m.
Cockenzie Nursery	38 weeks Asymmetric over 4 1/2 days
Longniddry Nursery	48 week sessional a.m. & p.m.
Preston Tower Nursery & Prestonpans EL&C(2-5yo)	48 week sessional a.m. & p.m.
St Gabriels RC Nursery	38 weeks Asymmetric over 4 1/2 days
Elphinstone Nursery	38 weeks Asymmetric over 4 1/2 days
Macmerry Nursery	38 weeks Asymmetric over 4 1/2 days
Ormiston Nursery	48 week sessional a.m. & p.m.
Pencaitland Nursery	38 weeks Asymmetric over 4 1/2 days
Saltoun Nursery	38 weeks Asymmetric over 4 1/2 days
Sanderson's Wynd Green Room	48 week sessional a.m. & p.m.
Sanderson's Wynd Nursery	48 week sessional a.m. & p.m.
St Martin's RC Nursery	38 weeks Asymmetric over 4 1/2 days
Windygoul Nursery	48 week sessional a.m. & p.m.

**MOTION TO THE MEETING OF EAST LOTHIAN COUNCIL ON**

**17 DECEMBER 2019**

**Fireworks – Actions and Consultation**

Motion to Council

9

Fireworks, responsibly used, are a well-established part of community events. However, East Lothian Council recognises the distress they can cause to vulnerable people, pets and wildlife; the debris left by their widespread use; and the greater risk of dangerous or anti-social behaviour where misused.

This Motion seeks that East Lothian Council resolves to:

- encourage all public firework displays within East Lothian to be advertised widely locally, in advance of the event, allowing residents to take precautions for animals and vulnerable people which would mitigate some of the negative impacts;
- encourage all suppliers of fireworks in East Lothian to stock 'quieter' fireworks ;
- remind retailers who stock fireworks about their legal obligations regarding who they can sell fireworks to;
- actively promote a public awareness campaign about the impact of fireworks on animal welfare and vulnerable people – including the precautions that can be taken to mitigate risks;
- run an online consultation on whether there should be a total ban on the sale of fireworks to members of the public and have fireworks only for sale for the purposes of a public display; and whether the maximum noise level of fireworks sold to the public for private displays should be limited to 90dbs; and
- request that the Chief Executive write to both the Scottish and UK Governments with the views of those who have taken part in the consultation to assist with the ongoing policy development process in this area.

Proposer

[Redacted]

Jane Henderson

Date

4 Dec 2019

Seconder

[Redacted]

Lachlan Bruce

Date

4/12/19



MOTION TO EAST LoTHIAN COUNCIL  
17<sup>th</sup> December 2019

**Bank Closures**

This Council notes the decision by TSB to close its branch in Dunbar in May 2020.

Council is aware that this action will leave Dunbar with only one bank and result in the local community planning area of Dunbar having very limited banking facilities.

Council believes the decision by the TSB takes no account of the fact that East Lothian is one of the fastest growing areas in Scotland.

Council is disappointed that the TSB has chosen to put profits before the needs of communities, particularly the elderly and vulnerable who will suffer disproportionately.

Council therefore agrees to instruct:

- The Chief Executive and the Leader of the Council to seek an urgent meeting with the Chief Executive and Chairman of the TSB to express this Council's extreme concern at their decision.,
- The Chief Executive to seek to establish all facilities available to the Council and the local community to allow the community of Dunbar to have access to banking (such as through libraries etc) and to then report back to a Cross Party Group set up by Council in relation to this motion.

Proposed by:



Paul McLennan

Date:

5<sup>th</sup> December 2019

Seconded by:



Neil Gilbert

Date:

5<sup>th</sup> December 2019

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**REPORT TO:** East Lothian Council

**MEETING DATE:** 17 December 2019

**BY:** Depute Chief Executive (Resources and People Services)

**SUBJECT:** Submissions to the Members' Library Service  
11 October – 29 November 2019

**11**

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**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 11 October and 29 November 2019, 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 officers in conjunction with Councillors, or
  - (b) background papers linked to specific committee reports.
- 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

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<b>DATE</b>	29 December 2019

**MEMBERS' LIBRARY SERVICE RECORD FOR THE PERIOD  
11 October – 29 November 2019**

<b>Reference</b>	<b>Originator</b>	<b>Document Title</b>	<b>Access</b>
128/19	Head of Development	East Lothian Local Development Plan 2018 – Results of the Public Consultation on the Draft Supplementary Guidance: Countryside and Coast	Public
129/19	Head of Development	East Lothian Local Development Plan 2018 – Draft Supplementary Guidance: Countryside and Coast	Public
130/19	Head of Development	East Lothian Local Development Plan 2018 – Design Standards in New Housing Areas Supplementary Planning Guidance for Public Consultation	Public
131/19	Depute Chief Executive – Resources & People Services	Agreement with Scotland Excel for the Placement of a Strategic Procurement Manager	Public
132/19	Head of Council Resources	Establishment Changes for October 2019	Private
133/19	Head of Infrastructure	Voids Management Policy Review 2019 – Consultation Exercise	Public
134/19	Head of Council Resources	Quarterly Customer Feedback Reporting	Public
135/19	Head of Infrastructure	Bathroom Upgrades in Amenity Dwellings	Public
136/19	Head of Infrastructure	Trade Waste Charges 2020-21	Public
137/19	Head of Infrastructure	Sale of 36sqms of Land in Whitecraig	Private
138/19	Head of Council Resources	Creation of a New Post of Team Manager – Instrumental Music	Public
139/19	Head of Council Resources	New Post of Project Assistant – Staffing	Public
140/19	Depute Chief Executive – Partnerships and Community Services	Service Review – Economic Development	Private
141/19	Depute Chief Executive – Partnerships and Community Services	Building Warrants Issued October 2019	Public

29 November 2019

