



MINUTES OF THE MEETING OF EAST LoTHIAN COUNCIL

TUESDAY 25 AUGUST 2020
VIA DIGITAL MEETING FACILITY

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Committee Members Present:

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

Councillor C Hoy
Councillor W Innes
Councillor S Kempson
Councillor G Mackett
Councillor K Mackie
Councillor C McGinn
Councillor P McLennan
Councillor K McLeod
Councillor F O'Donnell
Councillor T Trotter
Councillor J Williamson

Council Officials Present:

Ms M Patterson, Chief Executive
Ms A MacDonald, Director of Health and Social Care
Mr A McCrorie, Depute Chief Executive (Resources and People Services)
Mr I Gorman, Head of Operations (Health and Social Care)
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 S Fortune, Chief Operating Officer – Finance
Mr S Cooper, Team Manager – Communications
Ms R Crichton, Committees Officer
Ms F Currie, Committees Officer
Mr C Grilli, Service Manager – Legal and Procurement
Ms K MacNeill, Service Manager – People & Governance
Mr R Parker, Service Manager – Education (Strategy and Operations)
Mr P Vestri, Service Manager – Corporate Policy and Improvement

Visitors Present:

None

Clerk:

Mrs L Gillingwater

Apologies:

None

Declarations of Interest:

None

Prior to the commencement of business, the Convener welcomed Members to the first Council meeting following the COVID-19 Emergency Recess. He advised that the meeting was being held remotely, in accordance with the Scottish Government's guidance on physical distancing; that the meeting would be recorded; and that it would be made available via the Council's website as a webcast, in order to allow public access to the democratic process in East Lothian. He noted that the Council was the data controller under the Data Protection Act 2018; that data collected as part of the recording would be retained in accordance with the Council's policy on record retention; and that the webcast of the meeting would be publicly available for up to six months from the date of the meeting.

The clerk recorded attendance by roll call.

1. MINUTES FOR APPROVAL

The minutes of the following meetings were approved:

- a) East Lothian Council, 25 February 2020
- b) Special East Lothian Council, 3 March 2020
- c) Special East Lothian Council, 17 March 2020

2. MINUTES FOR NOTING

The minutes of the following meetings were noted:

- a) East Lothian Local Review Body (Planning), 20 February 2020
- b) East Lothian Local Review Body (Planning), 19 March 2020
- c) East Lothian Local Review Body (Planning), 21 May 2020
- d) East Lothian Local Review Body (Planning), 16 July 2020 we

3. COVID-19 EMERGENCY RECESS BUSINESS AND ARRANGEMENTS FOR THE 2020/21 COMMITTEE SESSION

A report was submitted by the Depute Chief Executive (Resources and People Services) informing the Council of the business undertaken during the COVID-19 Emergency Recess, in line with the decision taken at the Council meeting of 17 March 2020. The report also informed the Council of the arrangements for meetings taking place during the 2020/21 committee session.

The Head of Council Resources, Jim Lamond, presented the report, drawing attention to the summary of business undertaken during the Emergency Recess. He noted that there was an error in relation to the item listed at Section 3.3, confirming that this report had been approved by Councillors Akhtar, Currie, Hampshire and Henderson. He noted that all reports were available in the Members' Library. In relation to the arrangements for the 2020/21 committee session, he advised that all public meetings would take place via the Connect Remote digital meeting facility, and that they would be made available as a webcast via the Council's website. He further advised that there may be some amendments to the committee schedule during the course of the year, and that Members would be kept informed of any such changes.

Councillor Currie thanked the Committees Team for their work to ensure that necessary committee business continued during the recess and in accordance with the procedures agreed by the Council.

Councillor Hampshire echoed Councillor Currie's comments, and also thanked the other Group Leaders for their cooperation in the decision-making process. He paid tribute to Council staff for their efforts in continuing to deliver services and protect the public, and he commented on the remote working arrangements, which would allow the delivery of services to continue.

Decision

The Council agreed:

- i. to note the business undertaken during the COVID-19 Emergency Recess, as set out in Sections 3.2 to 3.16;
- ii. to note that, although business continuity arrangements are still in place, the Chief Executive had determined to bring the COVID-19 Emergency Recess to an end as of 17 August 2020 and to re-start Council and committee meetings (as outlined in Section 3.17 of the report);
- iii. to note the proposed arrangements for meetings during the 2020/21 session; and
- iv. to note that the approved committee schedule for 2020/21 is subject to change.

4. COVID-19 – MANAGEMENT OF COUNCIL RESPONSE AND RECOVERY

A report was submitted by the Chief Executive providing an up-to-date summary account of how the Council has responded to supporting the national public health crisis caused by the COVID-19 pandemic both in terms of the Council's response and also its preparedness for recovery and renewal.

The Chief Executive introduced the report, drawing attention to the challenging situation which faced the Council due to the COVID-19 outbreak. She advised that although the Council remained in response mode, recovery planning was underway. She paid tribute to the Council's staff, partners and communities for their response to the crisis, in particular the introduction of agile working, Council staff taking on new responsibilities and the contribution of volunteers in providing services to the community.

Sharon Saunders, Head of Partnerships and Communities, highlighted measures taken in response to the COVID-19 outbreak, including: the establishment of a COVID-19 Oversight Group to take forward national and local priorities; assistance for shielding people directly affected by the lockdown; the deployment of 20 local community resilience groups and 6 Connected Community Resilience Bases; and enhanced communications via the Council's website, the local press and local radio stations. She further advised that more than 2,000 Council staff were asked to work from home, some of whom were deployed to assist with other services; children's hubs were set up to care for children with additional support needs and those of key workers; 1,500 business support grants were awarded, with a value of more than £17m; direct contact had been made with 3,400 people who were shielding; and staff and volunteers assisted with the delivery of food and medicines. Ms Saunders made reference to the financial impact of COVID-19 on the Council (which would be covered in detail in Item 5 of the agenda), and warned that as 'lockdown' further relaxes, there may be

local outbreaks of the virus in East Lothian. She stressed the importance of everyone remaining vigilant and following the advice from the NHS.

Jim Lamond, Head of Council Resources, advised that he had been assigned the task of making arrangements for the recovery process. He explained that a Recovery and Renewal Co-ordination Group had been established, focused on five key areas of activity, with appropriate support structures, and involving various key stakeholders. He drew Members' attention to Sections 3.32 to 3.36 of the report, which outlined progress made to date, and pointed out that recovery and renewal would inform the reshaping of Council priorities and services for the future. He made reference to the Recovery and Renewal Framework, which was available in the Members' Library.

Ms Saunders concluded the report presentation by highlighting the Finance and HR implications associated with the response to COVID-19 and the recovery process, as well as the strength of the collaboration between the Council, external agencies and volunteer groups.

The Provost thanked the Chief Executive, Ms Saunders and Mr Lamond for their detailed presentation, commenting that the work undertaken reflected the values of the Council, and that many people had risen to the challenges caused by the virus.

Councillor O'Donnell asked about the plans for identifying those individuals requiring services and also the reopening of building-based community services. Ms Saunders advised that, in consultation with health and social care services and third-sector partners, there had been a review of the work done during the lockdown period to assess whether any individuals should be referred to statutory services for support. Other people had been referred to existing community networks. She also advised that a Communities Recovery and Renewals Co-ordination Group had been established, which would work with volunteer groups, Area Partnerships, Community Councils and others to ensure that people were aware of available services and how to access them.

In response to questions from Councillor McLennan in relation to supporting community groups to continue, and also the availability of metrics, as set out in Section 3.20 of the report, Ms Saunders indicated that the Connected Communities Service, Area Partnerships and Community Councils would work with these groups to revisit locality plans and priorities to meet the needs of people and, through Volunteer Centre East Lothian, to enable volunteers to continue providing support within communities. On the matter of metrics, Ms Saunders advised that these were critical, and that data would be collected and brought forward towards the end of the year as part of the 'East Lothian by Numbers' ward profiles; locality plans would then be developed taking account of that data, and the data would also inform the Council Plan and the East Lothian Partnership Plan.

Councillor Bruce asked how the Council would learn from how the COVID-19 situation had been handled. Ms Saunders explained that the Council had invoked its Business Continuity Plans and that as part of this, 'lessons learned' data had been gathered on a weekly basis, which had informed the work of the Communities Recovery and Renewals Co-ordination Group. An interim critical debrief, led by Sandy Baptie, was recently undertaken by CMT. In addition, an exercise had taken place in June, whereby the 20 community resilience groups had been contacted for their experiences in meeting the challenges, which had then been presented to the first meeting of the Communities Recovery and Renewals Co-ordination Group. The information provided by those groups would inform the ongoing response and recovery work.

Councillor Hoy asked a number of questions in relation to business support grant applications. Mr Lamond informed him that all applications received had been processed by

the end of July, and that more than 1,500 of the c.1,900-2,000 eligible businesses had submitted applications. He confirmed that there were no appeals outstanding, and that the majority of applicants had met the criteria for support and therefore received an award.

Councillor McLennan asked about available advice services as regards personal and business debt, and also mental health. He also asked if scenario planning had been carried out for the possibility of a no-deal Brexit. Ms Saunders advised that the Council was working with the East Lothian Advice Consortium (which oversees the Citizens Advice Bureaux (CABs) in Musselburgh and Haddington). Services had been provided digitally during lockdown, although there was now a return to face-to-face appointments where required. Paolo Vestri, Service Manager for Corporate Policy and Improvement, reported that there had been positive feedback on services provided by the CABs and the Council's Welfare Rights Service. He also noted that there had been an increase in Universal Credit claimants and an increase in debt levels. On business debt, Douglas Proudfoot, Head of Development, advised that the Connected Economies Group had provided advice and support to businesses and that the Council was working with multi-agency partners, including the Chamber of Commerce and the Federation of Small Businesses. He recognised that businesses were experiencing difficulties, and advised that advice was being provided on survival and debt management. He also noted that the end of the furlough scheme would further impact businesses. As regards the impact on Council finances, officers were looking at funding streams for the Council, e.g. Council Tax, rent income, business rates, etc. He reassured Members that the Council was taking a flexible approach and offering alternative payment arrangements and deferment. On the question of mental health services, Iain Gorman, Head of Operations (Health and Social Care), advised that services had been mobilised at an early stage using community occupational therapists and psychiatric nurses, and that people could access services directly as well as by way of GP referral, with same-day appointments being made available. He added that the Health and Social Care Partnership was currently looking at how to sustain these services. As regards Brexit, Ms Saunders noted that the Brexit Working Group had now reconvened and was reviewing the scenario planning, with a focus on the implications for Council services and communities; this group would report to CMT in due course. Mr Proudfoot mentioned that there was a sub-group looking at rural poverty and employability.

Councillor Innes commented that the report showed the scale of the challenge and the response. He conveyed his sympathy to those who had lost family members and friends due to COVID-19. He was proud of how the Council and East Lothian community groups had responded to the crisis, and expressed his thanks to all those involved in assisting and supporting vulnerable people in the community. He also thanked Council staff for ensuring the safety and wellbeing of communities, and for addressing concerns raised by the public.

Councillor Bruce praised communities for coming together to respond to the crisis, and thanked Community Councils, community resilience groups, churches and local charities for their work during the lockdown period. He also commended Council staff who had been deployed to other services.

Councillor Currie observed that it was likely that response and recovery work would continue for some time. He echoed comments made by Councillors Innes and Bruce as regards the efforts of community groups and Council staff in supporting vulnerable people, and highlighted the importance of financial support for local businesses. He also warned of the consequences of the crisis, including the impact of the furlough scheme ending and an increase in Universal Benefit claimants. Councillor Currie also referred to new ways of working, noting that in East Lothian the implementation of new technology had allowed the Council to meet remotely and GPs to meet patients remotely by way of the 'Near Me' system. He concluded his statement by suggesting that the Council should take time to

remember those who had succumbed to the virus. The Provost agreed to allow a period of reflection at the end of the meeting.

Speaking in support of the comments made by the other Members, Councillor Hampshire also praised the response to the crisis by the Council, its partners and community groups. He pointed out the need to ensure that staff were being supported whilst working under pressure. He praised the partnership working with Area Partnerships, Community Councils and resilience groups, in particular the work undertaken by Sandy Baptie to set up groups to support communities. He stressed that the delivery of services in the current circumstances would be challenging, and hoped that the public would appreciate that staff were working under difficult circumstances. He stated that the Council would do everything it could to keep people safe.

In her capacity as Cabinet Spokesperson for Health & Social Care, Councillor O'Donnell thanked colleagues in the Health & Social Care Partnership (HSP), and its partners in the third and voluntary sectors for their support to vulnerable people. She noted that reducing delayed discharges had put the HSP in a good position to support staff and partners, and to introduce innovative ways to provide access to services. She also noted the positive feedback received from care users and partners. She thanked community groups in her ward, highlighting a number of the initiatives delivered, as well as Council staff.

Councillor Forrest thanked all those across East Lothian, and in particular the Area Partnership, Community Council and businesses within his ward, who had worked together to ensure vulnerable people were able to receive food and medical supplies, and the thought that they had put into that.

Councillor Akhtar spoke of the efforts made by school staff during the lockdown, highlighting that teachers had to prepare for home-schooling with no notice, including providing electronic devices for pupils and producing homework packs. She thanked parents for their support during this period. She also thanked local groups who had made personal protective equipment (PPE), and the local press for providing information on resilience group activity. Councillor Akhtar spoke of the value of the six children's hubs which had been set up to support vulnerable children and those of key workers, and of the work undertaken to prepare schools for reopening – she thanked all those involved in ensuring the safe reopening of schools.

Speaking in support of previous comments, Councillor Dugdale thanked those who had worked to protect and support people within her ward. She commented that the debt of gratitude to staff, partners and volunteers across East Lothian was immense, noting that they had met the challenges presented by the crisis by delivering what was required within their communities. Her comments were echoed by Councillor Trotter, who paid particular tribute to local groups within his ward.

Councillor McGinn observed that the crisis had resulted in remarkable community spirit and resilience across East Lothian. He warned, however, that whilst the crisis continued, people would struggle and that the economic impact would be felt in every area. He urged the Council not to lose sight of this impact. He commended the efforts of frontline Council staff who had provided crucial services. He also believed that there had been a resurgence in community values and paid tribute to all those who had contributed to the crisis response.

Councillor Hoy made special mention of the contribution of small businesses to the response effort, which had ensured that services and goods continued to be provided.

Councillor Goodfellow praised the resilience work undertaken by Sandy Baptie, and also remarked that the efforts and contributions made by volunteers could not have been

predicted, noting that his ward had been overwhelmed with offers of assistance and support. He thanked the Area Partnerships and Connected Community Managers for their work.

Councillor Henderson thanked the Chief Executive and her management team for their response to the crisis. She was reassured that the resilience plans were being looked at closely, but was concerned about the reliance on third parties. She also welcomed the return of Council meetings via the remote meeting facility. She made reference to the significant responsibilities of Members during the crisis, and thanked colleagues and officers for their support.

The Provost concluded the debate by noting that he had been heavily involved in economic development and tourism matters during the crisis. He welcomed the support of Councillors McLennan and Findlay for their contribution to economic development sub-groups, as well as staff within the Economic Development service. He also paid tribute to the Council's partners and voluntary groups, noting that the recovery would be dependent on community volunteers and Council staff.

Decision

The Council agreed:

- i. to note contents of the report and acknowledge the unprecedented effect the COVID-19 outbreak has had on both the East Lothian community and delivery of Council services;
- ii. to thank the many community volunteers and Council staff who have come together to support the community response to supporting people in need across the county;
- iii. to note the ongoing COVID-19 response in respect of service delivery and interventions necessary to continue to contain the spread of the virus, particularly the ongoing deployment of Business Continuity Plans in support of national guidance and appropriate public health measures, such as physical distancing, etc.;
- iv. to note the development of COVID-19 recovery planning workstreams and their programmes of work, whilst observing ongoing COVID-19 response activity; and
- v. to note that a further updated COVID-19 Response and Recover report would be presented to the next meeting of the Council.

5. 2020/21 QUARTER 1 FINANCIAL REVIEW

A report was submitted by the Head of Council Resources informing the Council of the financial position at the end of June 2020.

The Chief Operating Officer – Finance, Sarah Fortune, presented the report. Providing a summary of the General Services revenue budget, she advised that there was an overspend of £2.4m as at the end of June, with Children's Services, Development and Infrastructure being overspent. She drew attention to expenditure associated with COVID-19 response, and to the levels of funding provided by the Scottish Government (set out in detail at Appendix 4). She warned that although additional funding was expected, it was unlikely to cover the shortfall caused by COVID-19, and that the Council was now facing a net overspend of c.£7.5m. Ms Fortune drew attention to a range of mitigation measures (outlined in Section 3.23 of the report), but stressed that the financial situation facing the Council was very significant – a further report on this would be presented to Council in

October. She then highlighted the current position as regards capital expenditure and provided an update on the Housing Revenue Account (HRA)

Councillor Akhtar asked if the additional costs associated with the reopening of schools would be fully funded by the Scottish Government. Ms Fortune anticipated that the costs of providing extra cleaning, etc. in schools would amount to c.£1-1.2m, and that the additional cost of school transport would be c.£1.2m; however, she expected that the Council would receive a maximum of £950,000 from the Scottish Government to cover these costs, although the allocation was yet to be confirmed. She pointed out that the Council had committed to these costs in order to reopen the schools, and that she had written to the Deputy First Minister advising of the financial implications for the Council – no response had been received to date. She added that work was ongoing through CoSLA and other professional networks in this regard.

As regards health and social care, Councillor O'Donnell asked if COVID-19 expenditure would be fully funded and if there was any indication of resource transfer or a share of resources to deliver the health and social care remobilisation plan. Ms Fortune informed her that, to date, not all anticipated costs associated with the remobilisation plans had been fully funded. Iain Gorman, Head of Operations (Health and Social Care) added that full cost recovery of COVID-19 expenditure would be challenging given the fluidity of the situation. He noted that, in partnership with NHS Lothian, expenditure was being tracked and submitted to the Scottish Government, but there was no formal position on full cost recovery. As regards the anticipated winter pressures and unscheduled care, he noted that there was a commitment by NHS Lothian to work in partnership with the Health and Social Care Partnership to support these aspects.

With reference to Section 3.14 of the report, Councillor Bruce asked if the Council's share of the further £49m of funding for education would be ring-fenced. Ms Fortune advised that there were no further details on this at present, and discussions were ongoing at CoSLA on this matter. On the financial challenges facing the Council, she stated that the position remained fluid, and that the situation could worsen should there be further periods of lockdown. She pointed out that additional funding would be sought from both the UK and Scottish Governments to cover COVID-19-related expenditure, but warned that if no additional funding was allocated to the Council, then the Council would be required to take further action.

Councillor Currie asked how much interest had been paid through Public Works Loan Board (PWLB) borrowing for this year. Ms Fortune advised that she could provide specific information on this to Members, but estimated that these charges amounted to c.£8-9m annually. Mr Lamond reminded Members that most of the Council's debt related to fixed-rate deals, and that this may be slightly advantageous to the Council given the current low interest rate levels.

Councillor Currie asked a series of questions relating to the Council's budget and questioned whether the budget needed to be revised before February 2021. Ms Fortune reiterated that the financial situation remained fluid and was subject to further changes. She hoped that additional COVID-19-related funding would be allocated to the Council; however, if this was not forthcoming, then the Council would need to consider further interventions at its meeting in October, as it could not continue to operate in deficit. She added that there would likely be a UK budget in the autumn, which may impact on the Scottish Government and on local government. Mr Lamond maintained that the Council should seek to have COVID-19-related costs fully funded, but if they were not then this would have a significant impact on the Council. He stated that the Council would need to establish a position, and suggested that the October Council meeting would be the best time to do that. Ms Fortune pointed out that the Council had to follow national guidance, which remained subject to change, and that this

also presented financial pressures. On the health and social care local mobilisation plans, Ms Fortune advised that these also remained fluid, and that the funding released to date did not meet the anticipated cost of those plans; this situation would be monitored through the Integration Joint Board. Alison MacDonald, Director of the East Lothian Health and Social Care Partnership, explained that the plans had been revised, that weekly financial submissions were made to the Scottish Government, and that East Lothian had received its share of more than £75m which had been released to date. She reported that there had been no suggestion that the funding would not be forthcoming.

In response to a question from Councillor McLeod as regards new and additional purchasing commitments, Ms Fortune explained that managers had delegated authority as regards their service budgets, but had been asked to review expenditure commitments, noting that strict financial controls would be applied.

Councillor McLennan asked for further detail on the timeline as regards the report coming to Council in October, seeking assurance that all Members would be kept informed of developments. Ms Fortune advised that there was no definitive timeline, but undertook to keep Members up to date during what remained a dynamic situation. Mr Lamond added that should a Special Council meeting be required to deal with this issue, then that would be arranged.

Councillor Gilbert asked how far into the future would the Council require to direct funding to the COVID-19 situation. Ms Fortune advised that many aspects of COVID-19 would have long-lasting impacts, and that the Council would see significant challenges going forward. Councillor Gilbert also asked if the Council had an upper financial limit for expenditure that it could not exceed. Ms Fortune reiterated that there was a statutory requirement for the Council to operate within a balanced budget, and that this was supported by the Council's Financial Strategy. She could not provide certainty as to an upper limit, due to the number of variables impacting on the Council's expenditure and its obligations, but she did warn that unless additional funding assurances were given, it would be difficult to continue spending in excess of budget levels. Mr Lamond added that the Council's ability to spend was not limitless. However, in reacting to the COVID-19 situation, the Council had to make a significant commitment in the context of incurring additional debt as well as potential additional government funding.

Councillor Hampshire commented that the Council had been given a commitment at the beginning of the lockdown period that COVID-19 expenditure would be fully funded. He noted that the UK Government had made a significant financial contribution to the Scottish Government, and asked if the Scottish Government still had funding that had not been allocated. Ms Fortune drew attention to Appendix 4 to the report and highlighted some of the key areas of funding. She added that CoSLA was seeking clarity on the allocation of the remaining funding streams. On the Council's own income streams, Ms Fortune anticipated that the Council would lose c.£8.5 of income during this financial year.

Councillor Bruce opened the debate, highlighting the need to get assurances from the government that core services would be protected. He remarked that COVID-19 had 'pushed the Council to the edge' financially, and welcomed the ongoing work with CoSLA to secure additional funding.

Councillor Innes spoke of the vital role that local government had played during the pandemic in supporting and protecting people, but stressed that this had to be properly resourced. He advised that information from CoSLA had indicated that the Scottish Government still had £1bn of funding to be allocated to councils and warned that if additional funding was not forthcoming, then services could be decimated. He proposed an amendment to the recommendations asking the Council to support a proposal to write to the

First Minister asking the Scottish Government to commit to fully funding COVID-19-related expenditure undertaken by local government.

Councillor Akhtar reminded Members that the Council's COVID-19 delivery plan on the reopening of schools had been approved on the basis that it would be fully funded. She advised that she had written to the Deputy First Minister on 21 June and again on 7 August about the funding, but had not received a formal response. She further advised that at a CoSLA meeting, the Deputy First Minister had been asked to treat this as a matter of urgency, but that no such assurances were given. She supported Councillor Innes' proposed amendment.

Councillor Currie noted the concerns raised by Councillors Innes and Akhtar, but stressed that the key issues were being raised by CoSLA. In respect of PWLB interest payments, he considered it reasonable to ask the UK Treasury to give Scottish local government a one-year payment holiday for the current financial year, which would amount to £4-5m for the Council. He accepted that this money would need to be paid back at a later date. He noted that CoSLA, with cross-party support, had made a request for fiscal flexibility. He also suggested that it may be necessary to bring forward a revised budget to the Council for consideration, even if further funding was expected.

Councillor Hampshire maintained that the Scottish Government should transfer funding to local government in order that council services could be delivered within budget for the remainder of the financial year.

Councillor Hoy described the situation as a 'perfect storm', and that waiting for months for additional funding was not an option for the Council. He highlighted the difficulties facing councils as regards delivering services, and questioned why the Scottish Government had not provided additional funding. He declared that he would support any measures to get assurances from the Scottish Government on when additional funding would be allocated.

In response to comments made by Councillor Currie, Councillor Innes assured Members that he was not seeking to blame anyone for the current situation; rather, he had been talking about working in partnership with the Scottish Government to deliver the aims and objectives in relation to the pandemic. He made reference to documentation outlining the funding that the Scottish Government had received to tackle the crisis, noting that most of the £1.9bn received in July had still not been allocated to local government and other bodies. He believed that this had created uncertainty and he was seeking clarity on the issue from the Scottish Government. He reiterated his point that the COVID-19 situation had demonstrated how valuable local government was, and that the Scottish Government should recognise this and support councils in their efforts to protect people.

Councillor Goodfellow spoke in support of comments made as regards seeking assurances from the Scottish Government in relation to the allocation of additional funding to cover COVID-19 expenditure.

With reference to the amendment proposed by Councillor Innes, Councillor Currie suggested that the Council should also write to the UK Government as regards the interest payments to the PWLB, which reflected CoSLA's position. Councillor Innes indicated that he would be happy to include Councillor Currie's proposal within his amendment. The proposed amendment (as amended) was seconded by Councillor Hampshire.

The Provost then moved to the vote on the proposal to add an additional recommendation, as proposed by Councillor Innes and seconded by Councillor Hampshire: [That the Council is recommended] to support a proposal to write to the First Minister asking the Scottish Government to commit to fully fund COVID-19-related expenditure undertaken by local

government, and to write to the UK Government as regards the Public Works Loans Board [interest payments] and the ability to have more fiscal flexibility in Scotland, in line with CoSLA's position. The vote was taken by roll call:

For: 15 (Councillors Akhtar, Currie, Dugdale, Forrest, Gilbert, Goodfellow, Innes, Hampshire, McGinn, McLennan, McLeod, McMillan, O'Donnell, Trotter, Williamson)
Against: 7 (Councillors Bruce, Findlay, Henderson, Hoy, Kempson, Mackett, Mackie)
Abstentions: 0

The amendment was carried.

The Provost then moved to the vote on the recommendations, as amended (taken by roll call):

For: 15 (Councillors Akhtar, Currie, Dugdale, Forrest, Gilbert, Goodfellow, Innes, Hampshire, McGinn, McLennan, McLeod, McMillan, O'Donnell, Trotter, Williamson)
Against: 7 (Councillors Bruce, Findlay, Henderson, Hoy, Kempson, Mackett, Mackie)
Abstentions: 0

Decision

The Council agreed:

- i. to note the financial performance at the end of the first quarter of 2020/21 against approved budgets, including the estimated financial projections for expected performance at the year-end;
- ii. to approve the range of enhanced financial control measures including preservation of underspends, cost avoidance, management of staffing budgets, delivery of planned savings, and the requirement for officers to bring back further savings options to meet the expected shortfall in budget efficiencies;
- iii. to note that officers would continue to monitor closely all national funding streams and would engage further in support of relevant national discussions with a view to securing full COVID-19-related funding; and
- iv. to note that more details setting out further required interventions, including any necessary changes to the financial strategy would be reported to Council in October; and
- v. to support a proposal to write to the First Minister asking the Scottish Government to commit to fully fund COVID-19-related expenditure undertaken by local government, and to write to the UK Government as regards the Public Works Loans Board [interest payments] and the ability to have more fiscal flexibility in Scotland, in line with CoSLA's position.

6. APPOINTMENT OF LEADER OF THE OPPOSITION

A report was submitted by the Chief Executive advising the Council of the resignation of Councillor Jane Henderson as Leader of the Opposition, seeking approval of the appointment of a new Leader of the Opposition, and seeking to appoint a new Convener of the Policy & Performance Review Committee (PPRC).

The Head of Council Resources, Jim Lamond, presented the report, advising that Councillor Henderson had recently stood down as Leader of the Conservative Group and Leader of the Opposition. As Councillor Lachlan Bruce had recently been appointed as Leader of the Conservative, Mr Lamond sought approval for Councillor Bruce to be appointed as Leader of the Opposition. He also sought approval for Councillor Bruce to be appointed to the CoSLA Convention, and noted that he would replace Councillor Henderson on a number of Council committees. Mr Lamond advised that Councillor Bruce would be resigning as Convener of the Policy & Performance Review Committee, and that a new Convener would need to be appointed.

Councillor Bruce thanked Councillor Henderson for her leadership of the Conservative Group during a difficult period, and looked forward to his new role.

Tributes were paid to Councillor Henderson by Councillor Currie, the Provost, Councillor Mackett and Councillor Hampshire, who thanked her for her support. They wished Councillor Bruce well in his new position.

The Provost then invited nominations for the position of Convener of the PPRC. Two nominations were received:

Councillor McLennan – proposed by Councillor Currie and seconded by Councillor Trotter
Councillor Findlay – proposed by Councillor Bruce and seconded by Councillor Mackie

The Provost moved to the vote on the convenership of the PPRC (taken by roll call). Councillor Innes declared that the Administration would abstain from the vote on the basis that the convenership of the scrutiny committees should be determined by Opposition Members.

With Councillor Findlay receiving 7 votes (Cllrs Bruce, Findlay, Henderson, Hoy, Kempson, Mackett and Mackie), and Councillor McLennan receiving 6 votes (Cllrs Currie, Gilbert, McLennan, McLeod, Trotter and Williamson), Councillor Findlay was duly elected as Convener of the PPRC.

The Provost then moved to the vote on the remaining recommendations (taken by roll call).

For: 16 (Cllrs Akhtar, Bruce, Dugdale, Findlay, Forrest, Goodfellow, Innes, Hampshire, Henderson, Hoy, Kempson, Mackett, Mackie, McGinn, McMillan and O'Donnell)

Against: 0

Abstain: 6 (Cllrs Currie, Gilbert, McLennan, McLeod, Trotter and Williamson)

Decision

The Council agreed:

- i. to approve the appointment of Councillor Lachlan Bruce as Leader of the Opposition, with immediate effect;

- ii. to note that, in accordance with the Scheme of Administration, Councillor Bruce would replace Councillor Henderson on the Petitions and Community Empowerment Review Committee and the Employee Appeals Sub-Committee;
- iii. to approve the appointment of Councillor Bruce to CoSLA Convention, replacing Councillor Henderson; and
- iv. to approve the appointment of Councillor Jeremy Findlay as Convener of the Policy & Performance Review Committee, replacing Councillor Bruce.

7. DISSOLUTION OF MUSSELBURGH RACING ASSOCIATED COMMITTEE

A report was submitted by the Depute Chief Executive (Resources and People Services) advising the Council of the dissolution of the Musselburgh Racing Associated Committee (MRAC), and seeking approval of a mechanism to deal with any outstanding business associated with the MRAC.

The Service Manager – Legal, Carlo Grilli, presented the report, advising that Chester Race Company Ltd had taken over operation of Musselburgh Racecourse on 24 June 2020, thereby bringing to an end the Minute of Agreement between the Council and the Lothian Racing Syndicate (LRS). As there would no longer be any involvement in the operation of the Racecourse by the Council, he advised of the need to remove the Scheme of Administration for MRAC from the Standing Orders. He proposed that any outstanding business associated with the Racecourse, which was mainly in connection with closing the 2019/20 accounts, should be delegated to the Chief Executive, in consultation with Councillor O'Donnell as the former Chair of MRAC.

Councillor O'Donnell noted that the decision to transfer the operation of the Racecourse to a third party operator had been supported by the Council, the LRS and the Racecourse staff. She thanked those Members who had sat on the Musselburgh Joint Racing Committee (MJRC) and MRAC, the staff who had supported those committees, and members of the LRS, particularly Mr Ray Anderson Green and Mr Robert Miller-Bakewell, for their input to the work of those committees. She also paid tribute to Alex McCrorie and Mr Grilli for their support and guidance, and she conveyed her best wishes for the future to the Racecourse staff and the new operator.

Councillor Currie spoke in support of Councillor O'Donnell's comments, before thanking Councillor O'Donnell for her effective and professional chairing the Committee during a difficult period. He believed that the cross-party membership of the Committee had been beneficial to Musselburgh, East Lothian and the racing industry.

The clerk pointed out that, in accordance with Standing Order 13.2(ii), the support of two-thirds of Members was required to remove the MRAC Scheme of Administration from Standing Orders.

The Provost then moved to the vote on the recommendations (taken by roll call). The recommendations were agreed unanimously.

Decision

The Council agreed:

- i. to note that the final meeting of the Musselburgh Racing Associated Committee had taken place on 22 June 2020, following which the operation of the Racecourse transferred to Chester Race Company Ltd (on 24 June 2020);
- ii. to approve the removal from Standing Orders of the Scheme of Administration for MRAC; and
- iii. to delegate authority to the Chief Executive to deal with any outstanding matters in relation to MRAC, in consultation with Councillor O'Donnell, as the former Chair of MRAC.

8. SUBMISSIONS TO THE MEMBERS' LIBRARY SERVICE, 6 FEBRUARY – 7 AUGUST 2020

A report was submitted by the Head of Council Resources 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 6 February and 7 August 2020, as listed in Appendix 1 to the report.

The Provost closed the meeting by thanking participants for their attendance at the first remote meeting of the Council, and advising that there would be a short period of reflection for those people directly affected by COVID-19.

Signed

Provost John McMillan
Convener of the Council



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

**THURSDAY 20 AUGUST 2020
VIA SKYPE**

2

Committee Members Present:

Councillor N Hampshire (Chair)
Councillor K McLeod
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

Clerk:

Ms F Currie, Committees Officer

Apologies:

None

Declarations of Interest

None

Introductory Statement by the Legal Adviser

The Legal Adviser outlined the procedure for the meeting and the statutory matters which the Local Review Body were required to consider before reaching a decision on the planning application.

Following nominations to chair the meeting, Councillors McLeod and Williamson proposed and seconded Councillor Hampshire. It was therefore agreed that Councillor Hampshire would chair the Local Review Body (LRB) on this occasion.

1. PLANNING APPLICATION NO. 20/00092/P: CHANGE OF USE FROM OPEN SPACE TO DOMESTIC GARDEN GROUND AND ERECTION OF DOMESTIC WORKSHOP (PART RETROSPECTIVE), 56 GALT AVENUE, MUSSELBURGH EH21 8HT

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 outlined the background and detailed proposals contained in planning application no. 20/00092/P which related to a change of use from open space to domestic garden ground and erection of domestic workshop (part retrospective) at 56 Galt Avenue, Musselburgh. He advised that the site was located within a predominantly residential area as defined by Policy RCA1 of the adopted East Lothian Local Development Plan 2018 and is also situated within the Battle of Pinkie Historic Battlefield Site. Planning permission had been refused on 31st March 2020 and a request for review was submitted on 1st June.

He reminded Members that Section 25 of the Town and Country Planning (Scotland) Act 1997 required that the application be determined in accordance with the development plan, unless material considerations indicate otherwise. The development plan is the approved South East Scotland Strategic Development Plan (SESplan) and the adopted East Lothian Local Development Plan 2018. Policies CH5 (Battlefields), DP2 (Design) and OS2 (Change of Use to Garden Ground) of the adopted East Lothian LDP 2018 were also relevant to the determination of the application.

The Planning Adviser confirmed that there had been no public objection to the application. He then summarised the planning case officer's assessment of the proposals against material planning considerations noting that the area of land subject of the retrospective change of use was located to the south of the applicants' house. It was rectangular in shape and measured some 9.5 metres by some 4.2 metres. It was bounded to the north by the applicants' house, to the east and south by a high fence and to the west by a brick wall boundary treatment. The case officer's report noted that due to its relatively small size, scale and positioning the change of use of the area of open space to domestic garden ground did not appear incongruous within its landscape setting. Neither had it resulted in an unacceptable loss of visual or recreational amenity or harmed the integrity of a landscaping scheme. On those counts the change of use of the open space to garden ground was not contrary to Policy OS2 of the adopted East Lothian Local Development Plan 2018. The proposed change of use would not harm the integrity of the Battle of Pinkie Battlefield Site consistent with Policy CH5 of the adopted East Lothian Local Development Plan 2018.

The report also confirmed that the proposed workshop building would not give rise to a loss of amenity to any neighbouring residential properties through overlooking or overshadowing. Referring to the location of the applicant's house within Galt Avenue, the case officer noted that the terrace of houses formed a strong and uniform frontage onto Galt Avenue and were readily visible from Galt Avenue. There were no outbuildings within any of the front gardens of the terrace of houses. Therefore the building line created by the front elevations of the terrace of houses was a strong characteristic of this part of the Galt Avenue.

The proposed domestic workshop building would project some 1.8 metres beyond the principle elevation of the applicants' house and the other houses of the terrace. The case officer's assessment was that in that position and with its flat roofed form it would appear incongruous alongside the pitched roof terrace of houses of which the applicant's house was part. It would be harmful to both the setting of the applicant's house and to the terrace of houses on that part of Galt Avenue. Consequently, the proposed building would be inappropriate to its setting and out of keeping with its surroundings. By virtue of its architectural form, size, scale and position the proposed workshop would be harmful to the streetscape of this part of Galt Avenue contrary to Policy DP2 of the LDP 2018.

The Planning Adviser summarised the appellant's submission which noted that various types of front extensions and garages had been built within the locality and that this proposal would not be unsightly or oversized. In his submission, the appellant provided a number of photographs showing various side and front extensions within the locality.

The Chair thanked the Planning Adviser for his summary.

The Planning Adviser responded to questions from Members on alternatives for siting of the structure, whether this might set a precedent and the purpose for which the ground was originally sold to the applicant.

The Chair asked his colleagues if they were satisfied that they had sufficient information before them to determine the application. They confirmed this to be the case.

The Chair then invited Members to give their opinions.

Councillor McLeod said he would have no concerns about granting this application and commented on the condition of the garden area. Having viewed the property, he considered that it would be impossible for the structure to be sited further back in with the house. He was minded to support the applicant and go against the recommendation of the case officer.

Councillor Williamson said he has looked closely at the site and the surrounding area and in his view there was nowhere else where the workshop could be located. He had observed other extensions and garages in the area and he did not agree with the assessment that this structure would spoil the view of the surrounding properties. For these reasons he could not support the officer's original recommendation to refuse planning permission.

The Chair agreed with his colleagues. He considered the proposal to erect the workshop would not cause any great disruption to the row of houses and there were already many similar structures in the area. He considered it to be acceptable development of the site and would be voting against the officer's recommendation.

Decision

The ELLRB agreed unanimously to overturn the decision of the Planning Case Officer and to grant planning permission.

2. PLANNING APPLICATION NO. 19/01259/P: ERECTION OF 1 HOUSE FOR PARTIAL USE AS PART BED AND BREAKFAST AND ASSOCIATED WORKS, THE BARNES HOUSE, LETHAM MAINS HOLDINGS, LETHAM, 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 outlined the background and detailed proposals contained in planning application no. 19/01259/P which related to the erection of 1 house for partial use as part bed and breakfast and associated works. He advised that the application site was located within an area of agricultural land in the countryside at Letham Mains Holdings to the west of Haddington. This area was defined by Policies DC1 (Rural Diversification) and DC8 (Countryside around Towns) of the adopted East Lothian Local Development Plan 2018. The site was within the Letham House Local Garden and Designed Landscape as defined by Policy CH6 (Gardens and Designed Landscapes) of the LDP 2018. Letham House, located some 290m to the north of the application site, was listed as being of special architectural or historic interest (Category B).

He summarised the planning case officer's assessment of the proposals against material planning considerations. He also reminded Members that Section 25 of the Town and Country Planning (Scotland) Act 1997 required that the application be determined in accordance with the development plan unless material considerations indicated otherwise. The development plan was the approved South East Scotland Strategic Development Plan (SESplan) and the adopted East Lothian Local Development Plan 2018. Policies DC1, DC4 (New Build Housing in the Countryside), DC8, DP1 (Landscape Character), DP2 (Design), T1 (Development Location and Accessibility), T2 (General Transport Impacts), CH1 (Listed Buildings) and CH6 of the LDP were relevant to the determination of the application. Also material to the determination of the application was the Scottish Government's policy on housing and rural development given in Scottish Planning Policy: June 2014, Planning Advice Note 72: Housing in the Countryside and the Supplementary Planning Guidance: Countryside and Coast of the ELLDP 2018.

The Planning Adviser confirmed that there had been 11 public representations to the application and of those 5 raised objections to the proposals and 6 were in support of the proposed development. Those representations were summarised in the case officer's report. He also outlined in some detail the consultation responses received from the Council's Economic Development Service Manager, the Policy and Strategy Manager, the Landscape Officer and from Roads Services. These included concerns regarding the operational requirement for a new build house in the countryside within the context of the bed & breakfast business; that the proposed building did not accord with the character of the area and would appear large and prominent on the site; and that the access would result in the removal of hedgerow and trees. There were also concerns about the suitability of the proposed access road and visibility splay, and that not all of the land required for this currently lay within the control of the applicant.

The case officer noted that whilst Policy DC1 supports new business development in the countryside where there is an operational requirement for a countryside location, this bed and breakfast use did not in itself require the erection of a new house in a countryside location. In addition, the applicant had not provided a Business Plan or put forward a business case for the operation of the bed and breakfast. The officer also noted that the proposed house would not be appropriate to, and would have a harmful impact on the wider landscape setting of Letham House and the open and long lines of trees on the eastern and western boundaries of the application site. It would significantly harm elements justifying the designation of the site as being of local or regional importance and included in historic gardens and designed landscape records.

The officer concluded that there were no material planning considerations within the application that outweighed the fact that the proposed development was contrary to Policies DC1, DC4, DC8, DP1, DP2, T1, T2 and CH6 of the LDP 2018 and Government policy guidance regarding the control of new housing development in the countryside included in Scottish Planning Policy: June 2014.

The Planning Adviser then provided a summary of the detailed statement put forward by the applicant in support of his appeal. This included highlighting that an award winning business was already established on site; that the applicant's wished to downsize while retaining their business; that the proposed house was no out of keeping with the mix of surrounding dwelling sand would be predominantly for business use rather than a private home. They argued that some of the quoted planning policy was generic rather than site specific and that the case officer had erroneously assessed aspects of their proposals. They also contended that the site was not part of 'open countryside' and that Letham House and the site did not form part of a designated garden or landscape. Finally, the applicant disagreed with the comments submitted by Roads Services regarding access and the visibility splay.

It was noted that one letter of objection had been submitted in relation to the appeal. It stated that during the summer the trees concealed Letham House but this was not the case during the half year when the trees were bare. The letter also called in question the examples supplied with the appeal to support the proposed height of the Barns House.

The Chair thanked the Planning Adviser for his summary.

The Planning Adviser responded to questions from Members regarding widening of the vehicular access road and visibility splay, and whether there was sufficient justification given for building a new house in the countryside to use as a bed and breakfast.

The Legal Adviser also clarified points relating to whether refusal of the appeal could preclude the existing house continuing as a bed and breakfast business and whether a condition could be added to any planning permission to ensure that the new house operated as a bed and breakfast.

The Chair asked his colleagues if they were satisfied that they had sufficient information before them to determine the application. They confirmed this to be the case.

The Chair then invited Members to give their opinions.

Councillor Williamson indicated that he could find no reason to go against the recommendation of the planning case officer or the reasons for refusal stated in the original decision.

Councillor McLeod observed that if the new house had been proposed for the opposite side of the road he would have had concerns but in its current location there would be no overlooking and it would be screened by trees. He also noted that this was a well-established business with a proven track record. He could find no reason to refuse the application and would be voting against the officer's recommendation. However, he would be seeking to include a condition that the house must be used as a bed and breakfast.

The Chair said there was no doubt that this was a successful 5 star business and that it could see further success even after downsizing. However, the location of the new house was within the countryside and the proposals were, in his view, contrary to policy DC1. He was also about the precedent that may be set for other parts of the county. He concluded that he could not support the application and would be voting in favour of the officer's recommendation.

Decision

The ELLRB agreed by a majority of two for and one against to uphold the decision of the planning case officer to refuse planning permission for the following reasons:

1. The proposal to erect a house on the site with no operational requirement for a countryside location is contrary to Policies DC1 and DC4 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. The addition of the large 2 storey house with its formal access drive and large garden to the Letham Mains Smallholdings area would be disruptive to the distinctive settlement pattern of the area. The proposed house would appear large and prominent sitting further north than the other buildings and in full view from the core path 109 to the north and from the access road contrary to Policies DP1, DP2 and DC8 of the ELLDP 2018 and contrary to the advice given in the Countryside and Coast SPG of the ELLDP 2108.
 3. The impact of the proposed development on the wider landscape setting of Letham House and the open and long lines of trees on the eastern and western boundaries of the application site significantly harm elements justifying the designation of the site as being of local or regional importance and included in historic gardens and designed landscape records. Consequently the proposed development is contrary to policies CH1 and CH6 of the adopted East Lothian Local Development Plan 2018.
 4. The proposed access does not meet the requirements of the Council's Road Services therefore the proposal is not consistent with Policy T2 of the ELLDP 2018.
- 3. PLANNING APPLICATION NO. 19/01082/P: CONVERSION OF FORMER SAWMILL BUILDING TO FORM 1 HOUSE WITH DOMESTIC WORKSHOP AND ASSOCIATED WORKS, NUNRAW BARNS OLD SAWMILL, GARVALD, GIFFORD, 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 outlined the background and detailed proposals contained in planning application no. 19/01082/P which related to the conversion of a former sawmill building to form 1 house with domestic workshop and associated works at Nunraw Barns Old Sawmill, Garvald. He advised that a design statement had been submitted in support of the application which stated that the stone built former farm buildings were originally associated with the Nunraw Tower situated nearby. It was also asserted that planning permission was granted for a similar proposal for the conversion of a modern brick building (Ref: 17/01189/P) to residential use at another farm in East Lothian. That planning application, it was stated, set a precedent that was relevant to this application.

The Planning Adviser reminded Members that Section 25 of the Town and Country Planning (Scotland) Act 1997 required that the application be determined in accordance with the development plan unless material considerations indicated otherwise. The development plan was the approved South East Scotland Strategic Development Plan (SESplan) and the adopted East Lothian Local Development Plan 2018. Policies DC2 (Conversion of Rural Buildings to Housing), DC9 (Special Landscape Areas), DP2 (Design), DP5 (Extensions and Alterations to Existing Buildings) and T2 (General Transport Impact) of the adopted LDP 2018 were relevant to the determination of the application. Also material to the determination of the application was Scottish Planning Policy: June 2014 and Planning Advice Note 72: Housing in the Countryside.

No letters of objection to the application were submitted. Two letters of support were received, stating that the building in question will in the fullness of time become derelict and at present is an eyesore. It is also stated that the proposal would allow a local family to remain in the village and that the footprint will not increase with the rebuild.

The Planning Adviser summarised the case officer's assessment of the proposals against material planning considerations. It was noted that the detailed works of alteration to facilitate the proposed conversion of the building would be sympathetic to the architectural form and character of the sawmill building. The area the subject of the proposed change of use of agricultural land to garden ground and hardstanding area was relatively small in size and scale. In its association with the building the use of the surrounding land as garden ground for the proposed house would not appear intrusive, incongruous or exposed in its landscape setting. The officer assessed that on those matters the proposals are consistent with Policies DP2 and DP5 of the LDP 2018.

The case officer also confirmed that the proposed development would not adversely affect existing residential amenity and therefore it complied with Policy DP5. The Council's Planning Policy Officer had confirmed that this proposal was unlikely to harm the openness and 'wild land' character of the Special Landscape Area. Neither would it detract from the landscape character of the Danskine to Whitecastle Special Landscape Area consistent with Policy DC9.

Notwithstanding all of the above, the Planning Adviser reminded members that the principle of the conversion of this building in the countryside to a house must be considered against the other policies of the LDP 2018; namely Policy DC2 (Conversion of Rural Buildings to Houses). Nunraw Barns was not identified in the adopted LDP as being a settlement. By being specifically covered by Policy DC1, the application site was identified as being within a countryside location. Policy DC2 supported the conversion of appropriate buildings in the countryside to a house where the existing building was:

- (i) worthy of retention by virtue of its architectural or historic character;

- (ii) the building is physically suitable for its intended use and any extensions or alterations are compatible with and should not harm any significant architectural or historic features;
- (iii) The building must stand substantially intact and shall not require significant demolition in order to be converted.

The officer noted that, in this instance, the building was substantially intact and did not require significant demolition to facilitate its conversion.

The steading buildings of Nunraw Barns were a complex of single-storey and two-storey buildings, largely converted to housing or had planning permission to do so. The existing original steading buildings all had rubble sandstone walls and architectural features that made the buildings of architectural or historic merit. Together they formed a tight grouping of traditional buildings of architectural merit typical of rural buildings found in other parts of the countryside of East Lothian.

The Council's Planning Policy and Strategy Manager had been consulted on the proposal and stated that the former sawmill building was a type of building replicated in many areas. It was of brick construction, and had little or no architectural merit. It was not at all attractive. Its appearance was at odds with the historic stone buildings of the former steading buildings of Nunraw Barns.

On the above considerations, the case officer concluded that the proposal for the change of use of the brick built former sawmill building to form 1 house was contrary to Policy DC2 of the adopted LDP

The case officer had considered the agent's assertion that the grant of a previous, similar planning permission had set a precedent for this application. However, he advised that all applications must be assessed on their own merits and, in that particular case (permission 17/01189/P) it was concluded that the buildings that were to be converted into the proposed houses were of architectural merit and worthy of retention.

The Planning Adviser then summarised the applicant's case. It noted that the old sawmill was constructed in the 1950s to facilitate the construction of the A listed Sancta Maria Abbey. Timber used in the construction of the abbey was processed on this site along with elements of stonework. Like the abbey the building was of a load bearing brick construction. Workshops of similar construction and function (rendered brick walls and asbestos roofing) were included in the Abbey's listing document. They were deemed worthy of listing as they 'serve the working life of the abbey community' much like the sawmill building at Nunraw Barns. Therefore, the Old Sawmill had cultural and historic links to the Sancta Maria Abbey and the community at Nunraw Barns.

It was also the applicant's opinion that the historic and cultural links this building had to the community at Nunraw were not considered while determining this application. The proposed dwelling would be of high quality design and would significantly improve the appearance of the existing structure whilst providing a modern energy efficient unique home. Bringing this building back into use would improve the amenity for neighbouring local residents by safeguarding a building in their community which was at risk of deterioration.

A letter of support was submitted from the Abbot of Nunraw Abbey highlighting that over the years this building had played its part in providing various needs in the life of the Nunraw community. The letter also emphasised that a new home in place of what was a building that was gradually falling into disrepair would prolong the usefulness and life of that which had played a significant role in the community's life at Nunraw

Abbey and the surrounding area. One further representation had been received from a member of the public also emphasising the old sawmill's connection with the Abbey and its construction.

The Planning Adviser concluded his summary of the case and invited questions from Members.

The Chair thanked the Planning Adviser for his summary.

The Planning Adviser responded to a question from the Chair regarding the historical significance of the building in relation to the Abbey and whether this had been adequately considered in the original assessment of the application.

The Chair asked his colleagues if they were satisfied that they had sufficient information before them to determine the application. They confirmed this to be the case.

The Chair then invited Members to give their opinions.

Councillor Williamson said that the building in its present form was an eyesore and that without the proposal to convert it into a house it would deteriorate even further. He had no hesitation in overturning the decision to refuse planning permission and suggested the inclusion of plaque highlighting the building's historical link with the Abbey.

Councillor McLeod said he had looked at similar conversions in the area and had no objections to this application. He agreed with his colleague's comments and he would be going against the recommendation of the planning case officer.

The Chair confirmed that he had also looked at similar conversions in the local area and that these added to the attractiveness of the hamlet. He agreed that the building was currently an eyesore and, while he acknowledged the importance of policy DC1, he gave particular weight to the information provided by the Abbot regarding the old sawmill's links with the Abbey and its listed buildings. He would be going against the officer's recommendation and voting to grant planning permission.

The Legal Adviser drew Members' attention to the suggested conditions provided by the planning case officer and indicated that he would have to investigate the possibility of adding a condition specifying the erection of a plaque.

The Members' approved the suggested conditions and noted that further advice would be forthcoming on the additional condition.

Post Meeting Note:

Following further consideration and review of relevant legislation, the Legal Adviser established that it would not be possible to impose a condition requiring the erection of a plaque.

Decision

The ELLRB agreed unanimously to overturn the decision of the Planning Case Officer and to grant planning permission subject to the following conditions:

Condition 1

Prior to any site development works a suitable Geo-Environmental Assessment must be carried out, with the Report(s) being made available to the Planning Authority for approval. It should include details of the following:

- A Preliminary Investigation incorporating a Phase I Desk Study (including site reconnaissance, development of a conceptual model and an initial risk assessment);
- A Ground Investigation comprising a survey of the extent, scale and nature of contamination, and an updated conceptual model of the site. It is required if the Desk Study has indicated that the site is potentially contaminated and the degree and nature of the contamination warrants further investigation;
- An appraisal of the remediation methods available and proposal of the preferred option(s).

The site investigation and risk assessment must be undertaken by suitably qualified, experienced and competent persons and must be conducted in accordance with the Environment Agency's Contaminated Land Report 11, Model Procedures for the Management of Land Contamination, CLR11.

If it is concluded by the written report that remediation of the site is not required, then Parts 2 and 3 of this Condition can be disregarded.

Prior to any works beginning on site (and where risks have been identified), a detailed Remediation Statement should be produced that shows the site is to be brought to a condition suitable for the intended use by the removal of unacceptable risks to all relevant and statutory receptors. The Statement should detail all works to be undertaken, proposed remediation objectives and remediation criteria, timetable of works and site management procedures. It should also ensure that the site will not qualify as contaminated land under Part2A of the Environmental Protection Act 1990 in relation to the intended use of the land following development. The Statement must be submitted to the Planning Authority for approval.

Following completion of the measures identified in the approved Remediation Statement, a Validation Report should be submitted that demonstrates the effectiveness of the remediation carried out. It must be approved by the Planning Authority prior to commencement of the new use of the land.

Reason: in the interest of the health and safety of potential occupiers of the proposed dwelling.

Condition 2

In the event that contamination is found at any time when carrying out the approved development that was not previously identified, work on site shall cease and the issue shall be reported to the Planning Authority immediately. At this stage further investigative works and risk assessments may have to be carried out to determine if any additional remedial measures are required. Should further remedial measures be required, then these will be carried out and validated prior to any development recommencing on the site.

Reason: in the interest of the health and safety of potential occupiers of the proposed dwelling.

Signed

Councillor N Hampshire
Chair of Local Review Body (Planning)

East Lothian Council

2019/20 Annual Audit Report



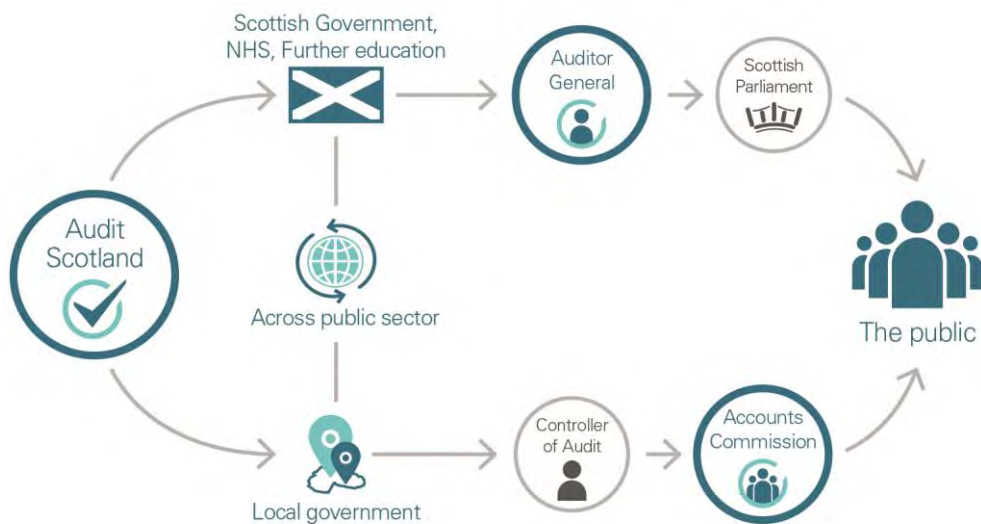
 AUDIT SCOTLAND

Prepared for the Members of East Lothian Council and the Controller of Audit
October 2020

Who we are

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

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



About us

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

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

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

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Key messages

2019/20 annual accounts

- 1** Our audit opinions on the annual accounts of East Lothian Council, its group and the one section 106 charity administered by the council are unmodified.
- 2** An Emphasis of Matter paragraph has been included in the Independent Auditor's Report reflecting the market valuation uncertainty on property values highlighted by the council due to the Covid-19 pandemic. This reflects guidance issued by the Royal Institution of Chartered Surveyors (RICS).
- 3** The Covid-19 pandemic had an impact on the auditing timetable for the 2019/20 financial statements and as a result concluding the audit was delayed by one month from the original timetable. This is acceptable under the Coronavirus (Scotland) Act 2020.

Financial management

- 4** The council has appropriate and effective financial management in place.
- 5** Financial systems of internal control operated adequately with some recommendations noted.
- 6** Developer contributions play a significant role for the fulfilment of the capital expenditure ambitions of the council. Arrangements have been put in place to ensure developer contributions are managed in line with the council's capital programme.

Financial sustainability

- 7** The Covid-19 global pandemic has had a significant impact on the short, medium and longer term finances of East Lothian Council. The impact of this has been evaluated by finance officers and updates on the financial implications relating to the current and on-going implications of managing the response to the COVID-19 have been circulated to members with the latest briefing in August 2020.
- 8** There is a five-year financial strategy that is aligned to the council's priorities and demonstrates how it will address future budget challenges.
- 9** The council has made savings over the past few years. However, delivery of planned savings in 2020/21 has been significantly compromised by Covid-19. Many of the plans related to savings have effectively been placed on hold to enable the council to focus its attention and support on responding to the pandemic. Significant additional interventions and changes to the financial strategy may now be required to manage the financial position.

Governance and transparency

- 10** The council has appropriate and effective governance arrangements.

11 Revised governance arrangements were in place and operated effectively during the lockdown period and continued to support good governance and accountability.

Best Value

12 Performance is now more clearly reported against the council's strategic priorities and the council has streamlined its performance measures into a council 'top 50'. The council could further improve how it reports progress against its improvement activity. Deadlines for some of the council's improvement actions are being reviewed in light of reprioritisation as a result of coronavirus.

13 The council continues to work proactively with a local network to reach out to people and communities affected by equalities considerations. Improvements have been recommended for reporting performance against the Fairer Scotland duties.

14 The council reported performance in line with the 2018 SPI Direction. Service performance levels are in line with agreed targets.

Introduction

1. This report summarises the findings arising from the 2019/20 audit of East Lothian Council (the council) and its group.
2. The scope of the audit was set out in our 2019/20 Annual Audit Plan presented to the February 2020 meeting of the Audit and Governance Committee. This report comprises the findings from:
 - the audit of the annual accounts;
 - consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) as illustrated in [Exhibit 1](#).

Exhibit 1 Audit dimensions



Source: *Code of Audit Practice 2016*

3. The main elements of our audit work in 2019/20 have been:
 - an audit of the annual accounts of the council and its group including the statement of accounts of the one section 106 charity administered by the council and the issue of independent auditors' reports setting out our opinions
 - a review of the council's key financial systems
 - audit work covering the council's arrangements for securing best value relating to fairness and equalities
 - a follow up of how the council are progressing with the [2017/18 Best Value Assurance Report](#) recommendations

- consideration of the four audit dimensions.

4. Subsequent to the publication of the Annual Audit Plan, in common with all public bodies, the council has had to respond to the global coronavirus pandemic. This impacted on the final month of the year and will continue to have significant impact into financial year 2020/21. This has had significant implications not least for the services it delivers, sickness absence levels, and the suspension of non-essential projects and activities. However, for 2019/20 we did not have to adapt our audit approach to new emerging risks as they relate to the audit of the financial statements and the wider dimensions of audit. We did however have to adapt our approach to our working environments and respond accordingly. Lesson learned and the approach for 2020/21 will be discussed in due course with key finance officers.

Adding value through the audit

5. We add value to the council through the audit by:

- Identifying and providing insight on significant risks and making clear and relevant recommendations.
- Sharing intelligence and good practice through our national reports ([Appendix 4](#)) and good practice guides.
- Providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.
- Taking this together, we aim to help the council promote improved standards of governance, better management and decision making and more effective use of resources.

Responsibilities and reporting

6. The council has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices.

7. The council is also responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.

8. Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [Code of Audit Practice 2016](#) and supplementary guidance, and International Standards on Auditing in the UK.

9. As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on:

- the effectiveness of the council's performance management arrangements
- the suitability and effectiveness of corporate governance arrangements, and financial position
- the arrangements for securing financial sustainability and,
- Best Value arrangements.

10. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#). and supplementary guidance.

11. This report raises matters from our audit. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

12. Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and the steps being taken to implement them.

Auditor Independence

13. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2019/20 audit fee of £247,080 (including the Dr Bruce Fund Charitable Trust) as set out in our Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

14. This report is addressed to both the council and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course. We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit.

Part 1

Audit of 2019/20 annual accounts



Main judgements

Our audit opinions on the annual accounts of East Lothian Council, its group and the Dr Bruce Fund Charitable Trust administered by the council are unmodified.

An Emphasis of Matter paragraph has been included in the Independent Auditor's Report reflecting the market valuation uncertainty on property values highlighted by the council due to the Covid-19 pandemic. This reflects guidance issued by the Royal Institution of Chartered Surveyors (RICS).

The Covid-19 pandemic had an impact on the auditing timetable for the 2019/20 financial statements and as a result concluding the audit was delayed by one month from the original timetable. This is acceptable under the Coronavirus (Scotland) Act 2020.

The annual report and accounts are the principal means of reporting financial performance and demonstrating stewardship of the resources put at the disposal of the body

Our audit opinions on the annual accounts are unmodified

15. The accounts for the council and its group for the year ended 31 March 2020 were approved by the Audit and Governance Committee on 26 October 2020. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework;
- the audited part of the remuneration report, management commentary and the annual governance statement were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

16. We have included an 'Emphasis of Matter' paragraph in our Independent Auditor's Report which refers to the impact of Covid-19 on the valuation of property, plant and equipment. Emphasis of Matter paragraphs are added to auditors' reports where the auditor considers it necessary to draw users' attention to matters which are fundamental to the understanding of the accounts. This stems from RICS guidance which is the foundation of the work carried out by the valuer. Notes 3, 4 and 12 in the annual report and accounts highlight the uncertainty. The audit opinion is not modified in respect of this matter. Further information is contained in [Exhibit 3](#).

The unaudited annual accounts were submitted to audit in line with normal timetable

17. The Scottish Government has advised that it considers the provisions made in Schedule 6 of the Coronavirus (Scotland) Act 2020 to be sufficient to allow each local authority to determine its own revised timetable for the Annual Accounts. The council chose not to use the powers in the 2020 Act to postpone the publication of

the unaudited accounts which were submitted to us for audit on 30 June 2020 in line with the normal timetable.

18. The working papers provided with the unaudited accounts were of a good standard and finance staff provided good support to the audit team during the audit. This helped ensure that the audit of the annual accounts process ran smoothly. We and the council staff had to adapt our approaches to the new working from home environment, using new technology and respond accordingly. Lessons learned from this will be used to help inform the approach for the 2020/21 audit and will be discussed in due course with key finance officers.

The annual accounts were signed off in line with the timescales permitted to reflect Covid-19

19. The impact of Covid-19 was a factor for the audit team which led to staff shortages and some loss of audit staff productivity due to remote working in this period. Although later than first planned, the annual accounts were signed off in line with the revised timetable permitted to reflect the impact of COVID-19.

Our audit opinion on the Section 106 charity, the Dr Bruce fund, is unmodified

20. Due to the interaction of section 106 of the Local Government in Scotland Act 1973 with charities' legislation, a separate independent auditor's report is required for the statement of accounts of each registered charity where members of East Lothian Council are sole trustees, irrespective of the size of the charity.

21. We received the Dr Bruce Fund accounts on 30 June 2020, in line with the agreed timetable. There were no adjusted or unadjusted audit differences raised. However, the following issue was noted during the audit which has previously been raised in our 2016/17, 2017/18 and 2018/19 annual audit reports and remains outstanding with limited progress – the fund awarded the same two individuals £60 in 2019/20 (2018/19: £60, 2017/18: £50, 2016/17: £50). We understand there is an ongoing council-wide review of the common good and trust funds, which includes the Dr Bruce Fund, however this review has lacked pace and progress. We repeat our Dr Bruce Fund recommendation from 2018/19 and have repeated our recommendation to highlight the importance of progressing the council-wide review of common good and trust funds.



Recommendation 1 (refer appendix 1, [action plan point 1](#))

The council should progress and conclude on their review of common good and trust funds including an exercise to consider whether there is scope to consolidate any/all of the 46 trusts. This should include a review of the method(s) used to promote the Dr Bruce Fund and other charitable trusts to ensure that the potential availability of these funds are known to the wider community.

The council advertised the unaudited accounts on time and in line with the Regulation - there were no objections

22. The Local Authority Accounts (Scotland) Regulations 2014 require a local authority to publish a public notice on its website that includes details of the period for inspecting and objecting to the accounts. This must remain on the website throughout the inspection period. The council complied with the regulations. Normally, the unaudited annual accounts are available for physical inspection at council offices however due to Covid-19 the council made their unaudited annual accounts available electronically for inspection. An email address was also available on the website for specific requests for inspection. This variation from the

legislative arrangements was implemented under the terms of the Coronavirus (Scotland) Act 2020 Schedule 6, Part 3 and is acceptable. There were no objections to the 2019/20 accounts.

Whole of Government Accounts

23. In accordance with the WGA guidance, the council submitted a consolidation pack for the whole of government accounts audit in line with the timetable set by the Scottish Government. We intend to complete the required assurance statement and submit it to the National Audit Office (NAO) by the 4 December 2020 deadline.

Overall materiality is £4.2 million

24. The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement.

25. Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit and is summarised in [Exhibit 2](#). With regards to the annual accounts, we assess the materiality of uncorrected misstatements both individually and collectively.

26. On receipt of the unaudited annual accounts we reviewed our materiality and updated our overall materiality from £4.0 million to £4.2 million. This did not have an impact on the planned audit approach.

Exhibit 2 Revised materiality values

Materiality level	Amount
Overall materiality	£4.2 million
Performance materiality	£2.5 million
Reporting threshold	£42,000

Source: East Lothian Council Unaudited Annual Accounts 2019/20

[Appendix 2](#) identifies the main risks of material misstatement at planning and our audit work to address these

27. [Appendix 2](#) provides our assessment of risks of material misstatement identified during the planning stage of our audit. These risks influenced our overall audit strategy, the allocation of staff resources to the audit and indicate how the efforts of the team were directed. The appendix identifies the work we undertook to address these risks and our conclusions from this work.

28. Any issues we have to report from our work on the risks of material misstatement are captured in [Exhibit 3](#) below.

Significant findings from the audit in accordance with ISA 260

29. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices. These are summarised in [Exhibit 3](#).

Exhibit 3

Significant findings from the audit of the financial statements

Issue	Resolution
<p>1. Impact of Covid-19 on valuations of property, plant and equipment (PPE)</p> <p>Non-operational property was subject to valuation by DM Hall at 31 March 2020. Their updated report submitted in June 2020 added a caveat to the original valuation citing a ‘degree of abnormal uncertainty’ regarding the impact of Covid-19.</p> <p>Operational property was not subject to a full valuation in 2019/20 nor was the valuer requested to carry out an impairment exercise in light of Covid-19. The council’s operational property is part of the rolling 5-year valuation programme, and is due for full valuation in 2020/21. However, as part of the ongoing contract with the valuers and, as part of the annual accounts process, an impairment review was carried out on a sample of operational property against the original valuation (carried out in 2016). The valuers concluded that there was, ‘not a material impairment to the value of the operational stock as part of this exercise.’</p> <p>Operational land and buildings represent £541 million out of total PPE of £1.1 billion (46%) with the school estate comprising a significant portion of this.</p>	<p>Property assets are material and the impact of Covid-19 has increased the uncertainty over associated valuations. The extent and timing of the rolling programme of valuation work and the conclusions of the valuers have contributed to the view that less certainty can be attached to the valuation than would otherwise be the case. The accounts disclose this increased uncertainty at Note 3, 4 and 12 of the financial statements.</p> <p>After consideration, we have included an ‘Emphasis of Matter’ paragraph in the Independent Auditor’s Report to highlight this disclosure; it is important to users’ understanding of the accounts. This relates solely to the impact of the Covid-19 pandemic.</p> <p>The audit opinion is not modified in respect of this matter.</p>
<p>2. IAS 19 Actuarial valuation</p> <p>McCloud ruling</p> <p>The actuarial valuation for the IAS 19 pension liability in the unaudited accounts had not been revisited after publication of the proposed remedy (still subject to consultation) to check whether it would have a material impact on the pension adjustment recognised in 2018/19 with respect to the McCloud Supreme Court ruling.</p> <p>Goodwin tribunal</p> <p>The revised valuation also included reference to the Goodwin tribunal and impact on employer’s future obligations. However no figures have been included in the valuation. This ruling will impact upon the future promised retirement benefits of members of the fund but the level of this impact cannot yet be quantified with any certainty by the actuary.</p>	<p>McCloud ruling</p> <p>A revised valuation was requested from the actuary which resulted in a decrease of £4.9 million to the overall net pension liability. The movement was deemed material by the council and an adjustment was made to reflect the revised pension liability. Additional disclosure has been made in the accounts.</p> <p>Goodwin tribunal</p> <p>As a result of the revised report, a disclosure regarding the uncertainty of the value of employer’s future obligations has been included as a contingent liability in the accounts.</p>

Identified misstatements of £2.2 million were adjusted in the accounts

30. Total misstatements identified were £2.2 million, which would have increased the net cost of services by £0.2 million. These mainly consisted of the reversal of inventory / deferred income recognised in respect of the Dolphingstone site (£1.4 million). We have concluded that the misstatements identified arose from issues that have been isolated and identified in their entirety and do not indicate further systemic error. It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected although the final decision on

making the correction lies with those charged with governance considering advice from senior officers and materiality. Management have not adjusted for the item in [Appendix 3](#) as it affects multiple services as opposed to a single entry. Management have confirmed that this will be adjusted in 2020/21.

Good progress was made on prior year recommendations

31. The council has made good progress in implementing our prior year audit recommendations (refer [2018/19 East Lothian Council Annual Audit Report](#)). Progress has been made in:

- agreeing a suitable timetable with the council's subsidiaries and associates to ensure group components were signed off prior to the council's accounts being approved. However, Covid-19 has impacted the timing of receipt of two audited group accounts (Lothian Valuation Joint Board and Musselburgh Racing Associated Committee), and
- good progress has been made with the corporate finance review with new roles established, vacant posts filled, and new staff added to the service. Roles are currently being redefined with clearer distinctions on responsibilities and reporting lines. During 2019/20 four new finance staff and a Head of Internal Audit were appointed, increasing the capacity to deliver the service.

32. A lack of progress has been made against one action and this remains outstanding. Actions are outstanding with regards to the operation of the Dr Bruce Charitable Trust as well as progression of the Common Good / Trust review, refer [action plan point 1](#). Revised responses and timescales have been agreed with management, and are set out in the 2019/20 action plan at [Appendix 1](#).

Part 2

Financial management



Main judgements

The council has appropriate and effective financial management in place.

Financial systems of internal control operated adequately with some recommendations noted.

Developer contributions play a significant role for the fulfilment of the capital expenditure ambitions of the council. Arrangements have been put in place to ensure developer contributions are managed in line with the council's capital programme.

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

The 2019/20 budget included planned savings and contributions from reserves to address the funding gap

33. The council approved its 2019/20 General Services budget at a special meeting on 12 February 2019. The budget was set at £225.1 million which included planned savings of £5.2 million and the planned use of £3.0 million of reserves. [Exhibit 4](#) summarises the more significant areas of over / underspend against the budget.

The council overspent its budget, excluding the HRA, by £3.2 million

34. The 2019/20 end of year financial review presented to council on 18 June 2020 reported an overspend of just under £3.2 million for service expenditure relative to the approved budget. This includes an IJB overspend for council-related activity of £0.2 million which will be met from IJB reserve balances in line with the IJB's reserves policy. The more significant under and overspends are summarised in [Exhibit 4](#).

35. The overspend includes non-recurring benefits across services and corporate budgets including the Loans Fund Review and a late and positive NDR benefit relating to the Business Rate Incentivisation Scheme (BRIS). Without these benefits, the overspend would have exceeded £6 million.

36. Overall, this has resulted in the use of £2.7 million of general reserves relative to the planned use of £3.0 million.

Exhibit 4

Summary of significant under / overspends against budget

Area	£m	Reason for variance
Underspends		
Corporate Management	£0.275	Council tax budgets were delivered in line with plans. Non-recurring NDR benefit of £0.72m relating to BRIS. Non-recurring £3.8m underspend on debt charges arising from the Loans Fund Review.
Overspends		
Resources and People Directorate	£2.722	The main pressures continued to be Children's and Education Services, mostly relating to the number of children in residential care and the education elements of external placement.
Health and Social Care Directorate	£0.356	Increased costs of commissioned services including care home places for older people.
Partnership and Services for the Community	£0.113	Infrastructure reported an overspend of £0.594m, largely due to the loss of the anticipated dividend from Lothian Buses due to business circumstances arising from Covid-19. This was offset by underspends by Development Services and Community and Partnerships of £0.363m and £0.118m respectively.

Source: East Lothian Council 2019/20 End of Year Financial Review

Budget process was appropriate but remains challenging

37. The council's budget and savings plan is aligned to council priorities, as set out in its 2019-2022 strategic plan. This is consistent with good practice. The council uses scenario planning to calculate estimated funding gaps for the five-year period as part of its 2020-2025 financial strategy. Three scenarios were used ranging from best to worst case, based on a limited number of key variables (revenue support grant, pay, non-pay inflation, budget pressures and council tax yield). The estimated funding gaps for the five-year period range from £0.5 million to £31.7 million (being the worst case scenario).

38. The full Council receives revenue and capital monitoring reports and, from a governance perspective, conducts detailed scrutiny of financial performance. From our review of these reports, and attendance at council meetings throughout the year, we concluded that these reports provide an overall picture of the budget position at service level. The reports include the forecast out-turn position for the year and good explanations for significant variances against budget. The reports allow both members and officers to carry out scrutiny of the council's finances. The council has appropriate budget setting and monitoring arrangements in place.

The housing revenue account operated within budget

39. The council is required by legislation to maintain a separate housing revenue account (HRA) and to ensure that rents are set to a level which will at least cover the costs of its social housing provision.

40. The HRA delivered an additional surplus of over £1.0 million during 2019/20. In line with the financial strategy, this has been applied to increase the use of capital from current revenue (CFCR) to minimise the impact of future debt charges. The surplus is mainly a result of underspends in staffing, a lower than anticipated

increase in the level of bad debt provision, and lower debt charges (albeit partly offset by an overspend in revenue repairs).

41. The accounting deficit, including charges for depreciation, impairment and the HRA's share of corporate items, resulted in a deficit on HRA services for the year of £7.4 million. After statutory adjustments, there was a decrease in the HRA balance of £4.1 million for the year. This is largely due to the use of £7.7 million of revenue funding to support in-year capital expenditure. This is consistent with the overall strategy of utilising reserves for investment in housing, which minimises future debt charges for HRA tenants.

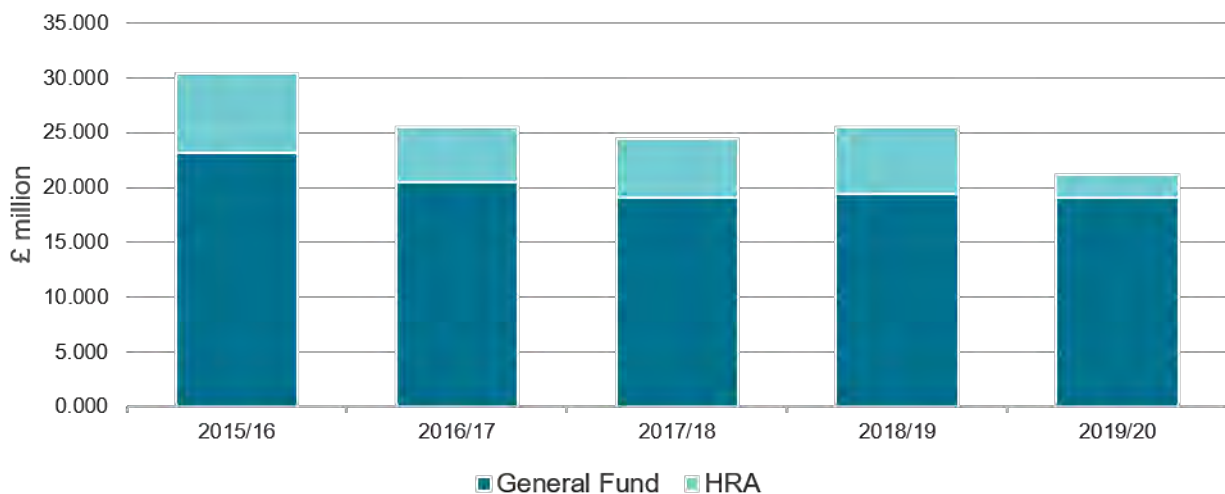
The level of general fund reserves has remained constant

42. One of the key measures of the financial health of a body is the level of reserves held. The level of usable reserves held by the council decreased from £25.5 million in 2018/19 to £21.1 million in 2019/20. The movement is largely due to the use of HRA reserves to support HRA capital expenditure. The general fund is the largest usable reserve. It provides a contingency fund to meet unexpected expenditure and a working balance to help cushion the impact of uneven cash flows.

43. The council reviews the level of its uncommitted reserves when setting the budget each year. The council's reserves strategy recommends 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 costs (£4.9 million). Taking into account the Civil Emergency Fund (£2.0 million), the General Services Capital Fund (£2.3 million) and the uncommitted balance of £0.80 million, the council currently meets this minimal required level of balance at just under £5.1 million¹.

44. There is currently no headroom in this balance. If reserves are projected to fall below this level, members must have a clear route for bringing reserves back up to the required level over the subsequent three financial years (Financial Strategy 2020-2025). [Exhibit 5](#) provides an analysis of the movements in the general fund and HRA over the last five years.

Exhibit 5 Analysis of general fund and HRA over last five years



Source: East Lothian Council Audited Annual Accounts (2016/17, 2017/18, 2018/19) and Draft Annual Accounts 2019/20

¹ Source: East Lothian Council 2019/20 End of Year Financial Review

Efficiency savings

45. Efficiency savings are an important means of bridging the gap between funding received and spending commitments especially with the increased demand for services.

46. The council is required to submit an annual return to COSLA in respect of recurring / non-recurring efficiency savings. Budget monitoring reports, including risk assessed savings plans, are routinely submitted to council and cabinet. The council has submitted all the required returns to COSLA including additional returns for Covid-19 impact.

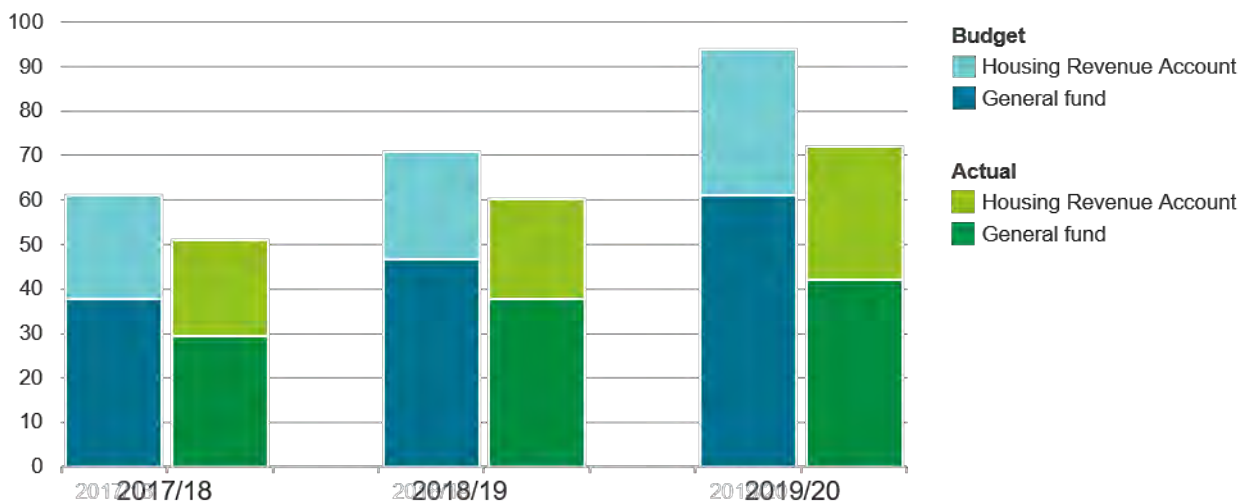
47. In 2019/20, the council planned to achieve efficiency savings of £5.228 million to address the budgeted funding gap. The council achieved actual savings of £5.208 million (99.62% of this total).

Capital programme 2019/20

48. Total capital expenditure in 2019/20 was £72.0 million of which £42.1 million related to general services and £29.9 million to the HRA.

49. General services capital spend was £18.9 million (31.0%) below budget and, the HRA capital spend was £3.0 million (9.1%) below budget. For the last three years, the council has reported a degree of slippage in its capital programme as outlined in [Exhibit 6](#).

Exhibit 6 Capital slippage compared to budget (general fund and HRA)



Source: 2017/18, 2018/19 and 2019/20 End of Year Financial Reviews

50. Most of the general services' underspend relates to the re-profiling of projects into future years. A number of projects were reviewed and delayed so that individual projects were aligned with the overall asset and service strategy.

51. The current general services programme is aligned to the council's approved Local Development Plan and City Deal requirements and remains ambitious. Much of the underspend though, is likely to be utilised in future years and matched against expected income for individual projects.

52. Some capital programmes have experienced delays due to Covid-19 implications with the temporary suspension of construction projects and some projects taking longer than originally planned due to increased safety measures in

place. Projects have also been re-profiled and aligned with service strategy plans. The impact of Covid-19 is likely to have a significant impact on the delivery of future capital plans for 2020/21 and beyond.

53. For HRA, there were no Mortgage to Rent applications during the year, leading to an underspend of £0.8 million. The accounting treatment for anticipated capital expenditure on the council house programme has also been reviewed, resulting in slightly lower than anticipated capital expenditure.

Developer's contributions

54. In our 2018/19 annual audit report we highlighted the significant role that developer contributions play towards the fulfilment of the council's long-term capital programme and, the [East Lothian Local Development Plan](#) (LDP).

55. Developer contributions are obtained from property developers, in line with legal agreements, and are required to address the transport, education, community, health care and affordable housing requirements that arise as a result of these developments within East Lothian. Management of these agreements is important to ensure that adequate funding is in place to support the capital programme in this regard.

56. In 2018/19 developer contributions, included within long-term liabilities, decreased overall by £8.6 million (27%) to £23.3 million (2018/19: £31.9m). This movement represents the net impact of developer contributions received (£16.6m) and applied, in year, to capital expenditure (£25.2m).

57. The majority of the developer contributions liability represents those contributions received but not yet utilised in respect of education provision in East Lothian (£21.9m). During 2018/19, £15.7 million of developer contributions were used for the acquisition of land for the construction of new schools' facilities in Wallyford, while the remaining contributions were utilised toward the construction of additional schools' facilities in the region, including a new primary school in Haddington (£5.2m).

58. Developer contributions will continue to have an important and significant role in the council's LDP and capital expenditure programme and, a consequential impact on the financial statements in future years. The council should consider enhancing the disclosures within the management commentary in the annual accounts to highlight their importance and to provide better information for the users of the accounts.

Borrowing levels

59. At 31 March 2020, long term borrowing stood at £366.6 million, an increase of £22.7 million on the previous year's level of £343.9 million. During the same period, short term borrowing decreased from £19.1 million to £18.8 million. The council took out additional loans towards the end of March 2020 to ensure sufficient liquid funds to address the consequences of Covid-19.

60. Total external debt, which includes the council's long-term liabilities, was within the authorised limit and operational boundary set by the treasury management strategy. The current borrowing position is in line with the Prudential Code, and the council will continue to assess the affordability of future borrowing.

Financial systems of internal control operated adequately with recommendations noted below

61. As part of our audit we identify and assess the key internal controls in those accounting systems which we regard as significant to produce the financial statements. Our objective is to gain assurance that the body has systems of

recording and processing transactions which provide a sound basis for the preparation of the financial statements.

62. Our findings were included in our management letter that was presented to the Audit and Governance Committee 16 June 2020. We concluded that, *“on the basis of audit work undertaken and for those key controls tested, we were able to conclude that appropriate and effective internal controls were in place for the General Ledger, Cash Receipting and Banking, Payroll, Council Tax, Non-Domestic Rates and Housing Rents. For those areas where we are unable to conclude, or take controls assurance (Trade Receivables, Trade Payables and Grant Payments), we plan to carry out additional substantive procedures during our financial statements audit, to enable us to gain the required assurances.”*

63. During our financial statements audit work we therefore extended our work on trade receivables, trade payables and grant payments. We noted that no further action has been taken to recover an outstanding balance of £119k that we identified during last year’s audit. A further outstanding balance of £102k at the end of 2019/20, in relation to care home fees, has increased to £115k post year-end. We understand that the council are currently dealing with this. Without routine review of outstanding trade receivables balances, there is a risk that aged balances are not being provided for or written-off, as appropriate.



Recommendation 2 (refer appendix 1, [action plan point 2](#))

A review of aged receivables’ balances should be undertaken to confirm whether any debts should be written off or if further action needs to be taken to recover outstanding amounts.

64. In 2018/19 we recommended that a reconciliation be carried out to confirm that the common repairs’ balances are correctly stated; whether any invoices need to be raised to recover amounts due from residents and; whether any provisions are required against balances owed. We found that that no reconciliation was undertaken during 2019/20 (£529k balance at 2019/20 year end) and that the majority of the high value debtors selected for testing were unchanged from the prior year. There is a risk that that common repairs’ balances are irrecoverable and should be provided for or written-off, as appropriate.



Recommendation 3 (refer appendix 1, [action plan point 3](#))

A review of the common repairs’ balances should be undertaken to confirm whether any debts require to be written off or if further action needs to be taken to recover outstanding amounts.

65. During the audit of year-end HMRC liabilities, an error of £125k was identified. This occurred due to the payroll system making incorrect postings into the nominal ledger arising from incorrect set up of certain employee ‘flags.’ This resulted in additional expenditures being posted to service lines instead of against suspense accounts to offset against amounts recovered from HMRC. The £125k error was agreed with officers and is noted in [Appendix 3](#), summary of uncorrected misstatements. We will also review the controls in this area as part of our 2020/21 audit.

66. As a result of Covid-19 the council made additional business support grant payments of £335,000 between 26 March 2020 and 31 March 2020. Internal controls remained in place during this time. As part of these payments, the council also ensured it had sufficient cash reserves through borrowing decisions made at the end of March to do this. We found no issues as part of our testing of grants.

Internal audit has carried out four assurance exercises on payment streams impacted by Covid-19

67. We are pleased to report that Internal audit have completed, and reported to committee in public, four assurance exercises as follows:

- Supplier Relief;
- Rent Deferment;
- Non-Domestic Rates – Retail, Hospitality and Leisure 100% Relief;
- Residential Care – Financial Reassessments.

68. The main objective of the assurance exercises was to establish if the internal controls put in place provide an appropriate control environment. A paper summarising this work was presented to the September 2020 Audit and Governance Committee and was well received. The head of internal audit noted in the covering paper that, “...*the exercises are not a complete audit of these processes and they have not been assessed with an assurance level. However a conclusion on how appropriate the internal control processes are has been provided.*” There were no significant issues found from this work and recommendations noted in the reports have been agreed by management.

69. We welcomed sight of these reports which have been commissioned and carried out in a timely manner and, are publicly available on the council’s website. We have shared these reports with our colleagues to demonstrate how Internal Audit, which is part of the overall framework of internal control, has been engaged to focus on new risks that have arisen as a consequence of the public sector response to Covid-19.

Standards of conduct and arrangements for the prevention and detection of fraud and error were appropriate

70. The council is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities. Furthermore, it is responsible for ensuring that its affairs are managed in accordance with proper standards of conduct by putting effective arrangements in place.

71. We have reviewed the arrangements in place to maintain standards of conduct including the Staff Handbook and Members’ Codes of Conduct. There are established procedures for preventing and detecting any breaches of these standards including any instances of corruption.

72. Appropriate arrangements are in place for the prevention and detection of fraud, error and irregularities. We are not aware of any specific issues that we need to bring to your attention.

Good practice points

73. We have shared with our Performance Audit and Best Value colleagues the four assurance reports carried out by internal audit since the Covid-19 pandemic began including the covering paper reported to the Audit and Governance Committee as an example of good practice and for wider sharing of knowledge and good practice among colleagues (refer [paragraph 67](#)).

Part 3

Financial sustainability



Main judgements

The Covid-19 global pandemic has had a significant impact on the short, medium and longer term finances of East Lothian Council. The impact of this has been evaluated by finance officers and updates on the financial implications relating to the current and on-going implications of managing the response to the COVID-19 have been circulated to members with the latest briefing in August 2020.

There is a five-year financial strategy that is aligned to the council's priorities and demonstrates how it will address future budget challenges.

The council has made savings over the past few years. However, delivery of planned savings in 2020/21 has been significantly compromised by Covid-19. Many of the plans related to savings have effectively been placed on hold to enable the council to focus its attention and support on responding to the pandemic. Significant additional interventions and changes to the financial strategy may now be required to manage the financial position.

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

The financial impact of the Covid-19 pandemic will be significant and areas of pressure have been identified

74. In March 2020, the council's approved three year budget included the delivery of £5.5m of planned savings. £3.2m was planned to be realised in 2020/21 through enhanced income streams or reduced staffing/turnover savings. Delivery of these planned savings in 2020/21 has been significantly compromised. Many of the plans related to savings have effectively been placed on hold to enable the council to focus its attention and support on responding to Covid-19.

75. The council's latest forecast (Covid-19 financial update, July 2020) suggests that the cost pressures facing the council may be approaching £17 million, approximately £15 million of which are Covid-19 related. Applying additional Scottish Government funding, the council's estimated share of additional national funding and flexibilities within existing funding streams, reduces the potential net overspend for the council to around £7.5 million (3.1%).

76. The finance team evaluated the impact of Covid-19 and provided an update to members in July and August 2020 on the current and on-going financial implications of managing the response to Covid-19. The reports set out the key financial pressure points which have emerged since March 2020 and identified approximately £14.9 million of net pressures facing the council for 2020/21. Finance officers provided a more detailed summary as part of the quarter one finance review at the August 2020 council meeting.

77. As a result a growing number of service areas are now classified as High financial risk, meaning that costs are unlikely to be contained within existing

budgets. Pressures include the loss of planned income, additional equipment and PPE (personal protective equipment) costs and, additional staffing costs.

78. Should no additional funding or wider flexibilities become available over the next few months, significant additional interventions will be required to manage the financial position. More details setting out any further required interventions and changes to the financial strategy will be reported to Council in October 2020.

Medium and longer term financial plans are in place and are being reviewed and updated

79. The council has a five-year financial strategy in place covering the period 2020/21 to 2024/25. The strategy includes funding gap projections for the five-year period based on scenario planning. Spending plans for the three-year period from 2019/20 to 2021/22 were approved as part of the 2019/20 annual budget process and were used to update the five-year financial strategy, to reflect the latest assumptions. The estimated funding gaps for the five-year period range from £0.5 million to £31.7 million (being the worst case scenario).

Efficiency savings and Transformation Programme

80. The council delivered an additional £5.2 million of efficiency savings during 2019/20, bringing the cumulative total to around £35 million since 2012.

81. Internal Audit's 2019/20 review of the Transformation Programme provided 'moderate assurance'. It concluded that the council has appropriate processes and procedures in place to ensure that the Transformation Programme highlights areas within the council where efficiencies can be achieved, however these procedures are not being consistently applied to all projects. Benefits arising from projects are not always communicated via business cases and are not being tracked or reported against individual project implementations. The report also noted that improvements could be made when reporting savings against individual projects.

82. The Transformation Programme had a target of achieving savings of £600,000 for 2019/20. Savings in excess of £1.3 million have been achieved over a period of four years. We will continue to monitor savings in this area as part of the council's commitment to ensuring continuous improvement and transformation of its services.

Part 4

Governance and transparency



Main Judgements

The council has appropriate and effective governance arrangements.

Revised governance arrangements were in place and operated effectively during the lockdown period and continued to support good governance and accountability.

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

Governance and transparency arrangements were appropriate

83. We commented on the council's governance arrangements in our management letter of June 2020 and our previous year's conclusion is still relevant, that "*overall the body has appropriate governance arrangements*", as there has been no significant change during 2019/20, with the exception of specific comments below on the response to the Covid-19 outbreak in March 2020. The governance and transparency arrangements we consider include:

- council and committee structure and conduct
- overall arrangements and standards of conduct including those for the prevention and detection of fraud, error, bribery and corruption. This includes action in response to the National Fraud Initiative
- openness of council and committees
- reporting of performance and whether this is fair, balanced and understandable.

Revised governance arrangements were in place and operated effectively during the lockdown period and continued to support good governance and accountability.

84. In response to the national lockdown, a paper was submitted to full council on 17 March 2020 proposing emergency recess procedures, "*..for the democratic decision-making process to continue in the event that East Lothian Council committee meetings are unable to be convened as a result of the current COVID-19 outbreak*" this included cancelling all scheduled, face to face committee meetings until further notice. Procedures put in place as a result of Covid-19 included:

- Delegation to the chief executive, in consultation with the three political group leaders, the decision to invoke the Covid-19 emergency recess procedures, as and when necessary.

- Delegation to the chief executive, in consultation with the three political group leaders, the application of specific provisions for the approval of certain types of business (a summary of all business carried out during the emergency recess to be brought to the next full council meeting).
- All reports will continue to be made available in the Members' Library.

85. The council agreed to end the Covid-19 emergency recess arrangements on 17 August 2020 and to re-commence council and committee meetings. A full paper was presented to the full Council on 25 August on this and measures for 2020/21. All meetings continue to be held virtually and in line with the committee timetable(s).

Good practice points - Covid-19 specific reports presented to those charged with governance expeditiously

86. We noted that the Audit Scotland paper [COVID-19 Emerging Fraud Risks \(July 2020\)](#) was considered by council officers. It was then presented at the earliest opportunity by the Head of Internal Audit to the September 2020 Audit and Governance Committee. The committee were asked to note the position of East Lothian Council in regard to the actions taken and planned to be taken, to provide assurance over the areas highlighted in the report. The covering paper also used the recommended elements in the report to identify further information or scrutiny activity members wish to have reported back to future meetings of the Audit and Governance Committee.

Part 5

Best Value



Main judgements

Performance is now more clearly reported against the council's strategic priorities and the council has streamlined its performance measures into a council 'top 50'. The council could further improve how it reports progress against its improvement activity. Deadlines for some of the council's improvement actions are being reviewed in light of reprioritisation as a result of Covid-19.

The council continues to work proactively with local networks to reach out to people and communities affected by equalities considerations. Improvements have been recommended for reporting performance against the Fairer Scotland duties.

The council reported performance in line with the 2018 SPI Direction. Service performance levels are in line with agreed targets.

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

Best value is assessed over the audit appointment, as part of the annual audit work.

Best value assurance report follow up

87. Best value is assessed over the audit appointment, as part of the annual audit work. This year's best value audit work followed up the progress made by the council in response to the [East Lothian Council best value assurance report](#) (BVAR) published in November 2018. It should be noted that several improvement actions have been put on hold as the council prioritises its response to Covid-19. We will revisit progress against the recommendations again during the 2020/21 audit. The council will wish to ensure it can demonstrate the impact of these improvements.

Reporting and monitoring against improvement plans has improved but further work is needed

88. The council responded to the recommendations in the BVAR report through its Council Improvement Plan 2018-2020. The council monitors performance through its annual Corporate Governance Self-evaluation and Annual Governance Statement (CGSAGS) with the most recent report presented to the Audit and Governance Committee in June 2020. The report states that significant progress has been made against all improvement actions, although several actions have been put on hold as they are not critical activity per business continuity plans.

89. The report states that the council has implemented amended governance arrangements, new ways of decision-making, leadership and implementation including virtual meetings, conference calls, and systems remote access and authorisation processes. A report on the council's response to Covid-19 went to the August 2020 full council meeting. The CGSAGS also recognises the importance of carrying out a post-incident review and highlighting any lessons learned.

90. This appetite to highlight any learning is a good example of a commitment to continuous improvement. However, the content of the CGSAGS report could be further improved to go beyond this. The corporate governance self-evaluation tends to list policy documents or assurance frameworks, rather than evaluate evidence of their effectiveness of delivering against improvement actions. The report contains comprehensive detail on what the council does / has in place, without evidencing what results have been achieved. The report against the council's improvement action plan focuses more on the number of actions completed, rather than the improved ways of working or delivery of services through improvement actions, such as implementation of the council's workforce plan.

91. The council has continued with its review of services using its How Good Is Our Service (HGIOS) framework. Fourteen services completed their HGIOS self-evaluation in 2018/19. Improvements identified through these are not reported or monitored within the council's overall improvement plan, as these are not deemed to be corporate improvements. It may be useful for elected members to see the improvement activity identified via HGIOS reviews pulled together into a summary. The council reports that key transformation projects, such as the payroll system and the on-line customer portal, are being completed. It also states that capacity has been created to support the delivery of major change, however the report is limited on what has been achieved through the council's transformation projects. The council had planned to review its Improvement to Excellence framework and new Council Plan performance reporting in Autumn 2020 but this has been postponed to 2021 as the response and recovery from Covid-19 takes precedence.



Recommendation 4 (refer appendix 1, [action plan point 4](#))

The council's reporting and monitoring against its improvement plan could be further improved to update members on what has been achieved through its improvement actions.

Good progress has been made streamlining performance indicators

92. The council has streamlined and prioritised their performance indicators. The council now has a structure of ten top indicators, and then 50 council plan indicators organised across the council's four strategic objectives. The first annual report of these indicators was presented to the October 2019 Policy and Performance Review Committee and formed the basis of the Council's Annual Performance Report. The East Lothian Partnership Governance Group has adopted a set of 34 Key Performance Indicators for the East Lothian Plan.

Continue to focus on improving education performance for all children and young people in East Lothian

93. The BVAR report recommended that the council continue to focus on improving the education service. The council reports that it has made progress by adopting the Education Service Improvement Plan. Education Scotland completed an inspection of Knox Academy in February 2020. This followed up on earlier improvement letters in 2017 and 2018. Education Scotland concluded that the school had made good progress since the original inspection and no further visits in connection with that inspection were required. North Berwick High School received an inspection in June 2020 with leadership of change (very good), learning teaching and assessment (very good), ensuring wellbeing, equality and inclusion (good), raising attainment and achievement (very good). As part of the council's statutory obligations arising from the Scottish Government National Improvement Framework, the council have included raising attainment as a key educational priority. Raising educational attainment in line with East Lothian's comparator authorities is a long-term outcome that the council should ensure remains on its next Improvement Plan, and is subject to regular monitoring.

94. Since the BVAR was published in November 2018 there have been changes in key leadership roles including a new Chief Executive and a new Head of Education

and Children's Services. Leadership of the council is key to delivery of continuous improvement, and this is an area we will follow up in a subsequent audit.

Fairness and Equalities

95. As part of our 2019/20 audit plan we said we would review arrangements for demonstrating best value in fairness and equalities.

96. East Lothian continues to work proactively with a local network to reach out to people and communities affected by equalities considerations. This includes a Champions Board which gathers information about the views and experiences of care experienced children and young people. The Children's Services Disability Team have undertaken extensive engagement work with parents, carers, siblings and disabled children to identify areas of concern in relation to access to services. The council have worked with parents to set up a Family Lead Information Point (FLIP), a group for parents and carers of children with additional support needs, to share knowledge of services and the support that is available. Community councils are encouraged to be inclusive in the ways that they work. Following each community council election, community councillors are offered equalities training and have an equalities manual which offers advice and support on equalities issues.

97. The council reports progress against its outcomes for equality through its Equalities Outcomes and Mainstreaming report. Performance is reported every two years and was last updated in April 2019. There are examples of achievements given in the report such as East Lothian Pride launching their first event at Cockenzie House, active LGBT pupil groups established in three of the high schools. and Euan's Guide (advice to families with children with disabilities). The report's performance measures show a mixed picture of progress, with several indicators no longer reported on or, suggestions of indicators given rather being measured.

98. The Fairer Scotland Duty came into force in April 2018, requiring councils to actively consider how they can reduce the inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. Our BVAR commented on how the council and its partners had produced a poverty action plan after holding an East Lothian Poverty Commission in 2016. The council has produced two performance reports detailing progress against this plan, the most recent being in April 2019. The BVAR also reported on an initiative the council and partners had begun in 2014, called the Musselburgh Total Place initiative. This has now developed into the Musselburgh Family Focus project, the success of which will be evaluated through progress reports against the Child Poverty Action Plan. However, it has been six years since this initiative commenced with an absence of reporting what difference this has made and what impact it is having to improve this community's experience of poverty. Reporting against progress with Fairer Scotland duties is fragmented. The council is aware of this and is planning to update its Equality Plan in 2021. It is important the council ensures its performance reports are improved so that it is easier for elected members and the public to evaluate performance against its stated equalities outcomes.

99. East Lothian continues to work proactively with a local network to reach out to people and communities affected by equalities considerations. While the council has worked with partners to deliver some successful initiatives, reporting against equalities and Fairer Scotland duties is fragmented.



Recommendation 5 (refer appendix 1, [action plan point 5](#))

It is important the council ensures its performance reports are improved so that it is easier for elected members and the public to evaluate performance against its equalities outcomes.

The council reports performance in line with the SPI Direction

100. The Accounts Commission issued a revised 2018 Statutory Performance Information Direction in December 2018 which requires a council to report:

- its performance in improving local public services provided by the council (on its own and with its partners and communities), and progress against agreed desired outcomes
- its own assessment and independent audit assessments of how it is performing against its duty of Best Value, and how it plans to improve these assessments and how it (with its partners where appropriate) has engaged with and responded to its diverse communities

101. East Lothian Council has a section of its website where the public can find information on council performance. The two most useful features for performance are a link to the council's annual performance report and a link to the Local Government Benchmarking Framework (LGBF) indicators site. This section of their website is limited as there is no overall narrative to explain that the council reports performance on an annual basis and via the annual performance report or how a member of the public can access further performance information. Structuring the performance report against the council's strategic goals is a welcome addition. The report also includes a summary of performance against the LGBF, so the council provides this balance as well as a focus on its priority indicators.

102. The council could do more to explain the rationale for its targets. It is likely it will need to review its targets in light of the additional demands arising from Covid-19. The council is currently reporting progress against its 2022 targets. However some targets are less than the figure achieved in the baseline year. The council have said these will be reviewed in 2021. We noted:

- The number of people participating in EL Works operated or funded employability programmes had a baseline of 520 but a target of 400 with no explanation.
- The percentage of people that have participated in council operated / funded employability programmes who have progressed into employment has a baseline 21.3% with a 19% target.
- Targets for education need further clarification:
 - Many of the targets are to achieve the Scottish average rather than relate to the education peer group.
 - For positive destinations for care experienced young people, 2018/19 performance looks worse than baseline but is marked as green.

Service performance levels are in line with agreed targets

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

104. The most recent [National Benchmarking Overview Report 2018/19](#) by the Improvement Service was submitted to the Audit and Governance Committee in February 2020. The report is summarised, and the accompanying paper prepared by officers compares East Lothian against the other councils on performance. Key messages included:

- *East Lothian has a relatively high proportion of its total income from council tax and a relatively low proportion from fees and charges.*

- *East Lothian Council has one of the lowest levels of uncommitted general fund reserves.*
- *East Lothian has having the fifth highest level of borrowing to net annual revenue.*
- *East Lothian has one of the lowest levels of unfunded benefits as a percentage of net operating expenditure at around 0.5%.*
- *In 2019/20 East Lothian was one of 12 councils that increased Council Tax by the maximum permitted 4.8%.*

East Lothian Mid Market Homes LLP

105. During 2019/20 a new subsidiary was added to the group financial statements of East Lothian Council. East Lothian Mid Market Homes (ELMMH) was established in 2019 as a partnership between the council (83%) and the Scottish Futures Trust (17%) to manage 50 new built properties in Dunbar for mid-market rental. The partnership commenced trading in July 2019 and is responsible for leasing the properties. There were no issues with the ELMMH audited accounts during 2019/20. The council have included the new ELMMH component into their overall group arrangements to ensure regular communication with and timely audit of this group component.

Good practice points - National performance audit reports get good exposure at committee

106. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2019/20, Audit Scotland published a number of reports were issued which may be of interest to the body. These are outlined in [Appendix 4](#).

107. As reported in previous years, the council has sound arrangements in place for considering and reporting to those charged with governance our national reports. National reports are presented in a timely manner to the Audit and Governance Committee with a thorough covering paper summarising the report and putting it into the East Lothian context. From a review of the papers and attendance at the Audit and Governance Committees during 2019/20, we conclude that these arrangements remain effective and member welcome the reports and the covering paper.

108. The most recent national report, the [Local Government in Scotland: Overview 2020 \(June 2020\)](#), was presented by the Head of Communities & Partnerships to the September 2020 Audit and Governance Committee. The overview report was accompanied with a detailed summary that captured the key national messages and how they related to East Lothian. The report was welcomed by officers and members.

Appendix 1

Action plan 2019/20



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Common Good / Trust Fund Review</p> <p>The ongoing council-wide review of the common good and trust funds review has lacked pace and progress. We have raised the need for this review in our prior year annual audit reports and are highlighting it here again in the action plan to raise the importance of progressing and completing the review. Statutory guidance on accounting for the Common Good requires a clear timescale to be set for review of common good assets and compilation of a publicly accessible register of those assets.</p> <p>Risk: There is a risk that common good assets are not being identified and used effectively and efficiently and, in line with legislation (Community Empowerment Act 2015). There is a risk that trust funds held could become dormant due to lack of use and lack of wider knowledge in the community as to their existence. If charitable objectives are not being met, there is scope for OSCR to withdraw the charitable status of the funds.</p>	<p>We repeat our recommendation that the council should progress and conclude on their review of common good and trust funds including an exercise to consider whether there is scope to consolidate any/all of the 46 trusts. This should include a review of the method(s) used to promote the Dr Bruce Fund and other charitable trusts to ensure that the potential availability of these funds are known to the wider community refer paragraph 21).</p>	<p>Management action - A wider review of Trusts is on-going but has been delayed due to Covid-19 in support of business continuity priorities.</p> <p>Work has been progressing to review the Common Good, and an update report on the progress of the review is scheduled to be reported to Council in October 2020.</p> <p>Responsible officer(s):</p> <p>Chief Operating Officer Finance</p> <p>Service Manager Legal</p> <p>Service Manager – People and Governance</p> <p>Agreed date - Update report to Council in October 2020 and progress on-going</p>
2	<p>Trade receivables review</p> <p>A review of aged receivables at year end found some outstanding amounts that had not been reviewed since raised from the prior year.</p> <p>Risk: There is a risk that that irrecoverable balances are not being provided for or, written-off as appropriate.</p>	<p>The council should review aged receivables' balances to confirm whether any debts should be written off or if further action needs to be taken to recover outstanding amounts (refer paragraph 63).</p>	<p>Management action - Further work will be undertaken to review aged balances.</p> <p>Responsible officer - Service Manager – Revenues and Welfare Support</p> <p>Agreed date - March 2021</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
3	<p>Common repairs' review</p> <p>In 2018/19 we recommended that a reconciliation be carried out to confirm that the common repairs' balances are correctly stated. We found that that no reconciliation was undertaken during 2019/20 and that the majority of the high value debtors selected for testing were unchanged from the prior year.</p> <p>Risk: There is a risk that irrecoverable balances are not being provided for or, written-off as appropriate.</p>	<p>A review of the common repairs' balances should be undertaken to confirm whether any debts require to be written off or if further action needs to be taken to recover outstanding amounts (refer paragraph 64).</p>	<p>Management action - Officers will ensure that regular reconciliations are undertaken.</p> <p>Responsible officer - Chief Operating Officer Finance</p> <p>Agreed date - March 2021</p>
4	<p>Reporting outcomes against improvement actions</p> <p>The council monitors performance through its annual Corporate Governance Self-evaluation and Annual Governance Statement (CGSAGS) with the most recent report presented to the Audit and Governance Committee in June 2020.</p> <p>The corporate governance self-evaluation tends to list policy documents or assurance frameworks, rather than evaluate evidence of their effectiveness of delivering against improvement actions. The report contains comprehensive detail on what the council does / has in place, without evidencing what results have been achieved. The report against the council's improvement action plan focuses more on the number of actions completed, rather than the improved ways of working or delivery of services through improvement actions, such as implementation of the council's workforce plan.</p>	<p>The council's reporting and monitoring against its improvement plan could be further improved to update members on what has been achieved through its improvement actions (refer paragraph 88).</p>	<p>Management action - Officers will review how the Council Improvement Plan is monitored and reported to members.</p> <p>Responsible officer - Service Manager Improvement, Policy and Communications</p> <p>Agreed date - April 2021</p>
5	<p>Fairness and equalities</p> <p>East Lothian continues to work proactively with a local network to reach out to people and communities affected by equalities considerations. While the council has worked with partners to deliver some</p>	<p>It is important the council ensures its performance reports are improved so that it is easier for elected members and the public to evaluate performance across equalities (refer paragraph 99).</p>	<p>Management action - Officers will review the reporting of performance against equalities.</p> <p>Responsible officer - Service Manager Improvement, Policy and Communications</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	successful initiatives, reporting against equalities and Fairer Scotland duties needs to be more joined up and less disperse.		Agreed date - April 2021

Appendix 2

Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual accounts and those relating to our wider responsibility under the [Code of Audit Practice 2016](#).

Audit risk	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
<p>1 Risk of material misstatement caused by management override of controls</p> <p>Auditing Standards require that audits are planned to consider the risk of material misstatement caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of management override of controls that results in fraudulent financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance. We carried out the following:</p> <ul style="list-style-type: none"> • Detailed testing of journal entries. • Review of accounting estimates. • Focused testing of accruals and prepayments. • Evaluation of significant transactions that are outside the normal course of business. 	<p>No risk identified</p> <p>We found no evidence of material misstatement caused by management override of controls during our audit.</p>
<p>2 Risk of material misstatement caused by fraud in income recognition.</p> <p>As set out in ISA 240, there is a presumed risk of fraud in the recognition of income. There is a risk that income may be misstated resulting in a material misstatement in the financial statements. ELC receives a significant amount of income from several sources, in addition to Scottish Government funding, including income from fees and charges. The extent and complexity of income means that there is an inherent risk of fraud.</p>	<ul style="list-style-type: none"> • Analytical procedures on income streams. • Detailed testing of revenue transactions focusing on the areas of greatest risk. 	<p>No risk identified</p> <p>We found no evidence of material misstatement caused by fraud in recognising income during our audit.</p>
<p>3 Risk of material misstatement caused by fraud in expenditure</p> <p>As most public-sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure. There is a risk that expenditure may be</p>	<ul style="list-style-type: none"> • Review work on the National Fraud Initiative. • Assess high level key controls in areas of significant expenditure. • Focused substantive testing of expenditure and housing benefit transactions. 	<p>No risk identified</p> <p>We found no evidence of fraud in carrying out our audit.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>misstated resulting in a material misstatement in the financial statements. The extent of ELC's expenditure means that there is an inherent risk of fraud.</p>		
<p>4 Estimation and judgements</p> <p>There is a significant degree of subjectivity in the measurement and valuation of the material account areas of non-current assets and provisions. This subjectivity represents an increased risk of misstatement in the financial statements.</p>	<ul style="list-style-type: none"> • Completion of 'review of the work of an expert' in accordance with ISA 500 for the professional valuer(s). • Focused substantive testing of asset valuations and asset useful lives. • Focused substantive testing of provisions. • Review of work by ELC to ensure adequate review, presentation and disclosure of provisions / contingent liabilities. 	<p>Reported in ISA 260 Exhibit 3 above</p> <p>Results: Property assets are material and the impact of Covid-19 has increased the uncertainty over associated valuations.</p> <p>After consideration, we have included an 'Emphasis of Matter' paragraph in the Independent Auditor's Report to highlight this disclosure; it is important to users' understanding of the accounts.</p> <p>This relates solely to the impact of the Covid-19 pandemic. The audit opinion is not modified in respect of this matter.</p>
<p>5 Financial management</p> <p>The 2019-20 Period 7 Financial Review highlights that £1.0 million of the £5.2 million planned savings in 2019-20 will not be delivered.</p> <p>The council reported an overspend of £2.5 million as at the end of October 2019, an increase of nearly £0.8 million from the Period 5 position.</p> <p>The Financial Review also identifies two service areas (Children's and Additional Support for Learning) as being at high risk of not operating within approved budgets.</p> <p>Collectively, service projections are forecasting an overspend of £5.0 million for 2019/20.</p> <p>There is a risk that the council will not operate within its 2019/20 budget and will not deliver the level of savings required.</p>	<ul style="list-style-type: none"> • Review ELC's progress towards delivery of its transformation and savings plans as part of our normal audit procedures. • Review of financial monitoring reports and the council's financial position. 	<p>Ongoing – an update on 2019/20 financial management is provided in Part 2 of this report.</p> <p>Budget and savings plans will remain challenging. In 2019/20 there was an overspend by service areas in relation to the budgets set. The gap was met from reserves.</p>
<p>6 Financial Management - Corporate Finance Review</p> <p>The council needs to conclude the finance service review / redesign to ensure that the service is fit for purpose and</p>	<ul style="list-style-type: none"> • Ongoing review against progress of implementing the service review. 	<p>Satisfactory - good progress has been made</p> <p>The review is now in phase 3 of implementation with new roles established, vacant posts filled, and new staff added to the service. Roles are currently being</p>

Audit risk	Assurance procedure	Results and conclusions
<p>meets the needs of the council going forward.</p> <p>There is a risk that the review does not deliver the intended efficiencies or impact as desired.</p>		<p>redefined with clearer distinctions on responsibilities and reporting lines.</p>

Source: [East Lothian Council Annual Audit Plan 2019/20 \(exhibit 1\)](#)

Appendix 3

Summary of uncorrected misstatements

We report all uncorrected misstatements in the annual report and accounts that are individually greater than our reporting threshold of £42,000 and request they be corrected.

The table below summarises the uncorrected misstatements that were identified during our audit testing and have not been corrected by management.

This error is below our performance materiality level (£2.5 million) as explained in [Exhibit 2](#). We are satisfied that this error does not have a material impact on the financial statements however we request that it be corrected.

#	Account areas	Comprehensive income and expenditure statement		Balance sheet	
		Dr £000	Cr £000	Dr £000	Cr £000
1	Service expenditure		(125)		
	Creditors			125	
Net impact					

Notes:

Entry 1 relates to additional expenditure being posted to service lines instead of against suspense accounts to offset against amounts recovered from HMRC.

Appendix 4

Summary of national performance reports 2019/20



**2019/20
Reports**

		Apr	
Social security: Implementing the devolved powers		May	
Scotland's colleges 2019		Jun	 Enabling digital government
		Jul	
NHS workforce planning - part 2		Aug	
Finances of Scottish universities		Sept	
NHS in Scotland 2019		Oct	
		Nov	
Local government in Scotland: Financial overview 2018/19		Dec	
Scotland's City Region and Growth Deals		Jan	 Privately financed infrastructure investment: The Non-Profit Distributing (NPD) and hub models
		Feb	
		Mar	 Early learning and childcare: follow-up

East Lothian Council

2019/20 Annual Audit Report

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REPORT TO: East Lothian Council

MEETING DATE: 27 October 2020

BY: Chief Executive

SUBJECT: COVID-19 – Update on the Management of Council Response and Recovery

4

1 PURPOSE

- 1.1 In accordance with the previous decision taken by Council on 25 August 2020, this report provides an update of how the Council has managed both its ongoing response to supporting the national public health crisis caused by the COVID-19 pandemic and also taken action in support of recovery and renewal.

2 RECOMMENDATIONS

- 2.1 Council is asked to:
- 2.1.1 note the contents of this report and to acknowledge the unprecedented effect the COVID-19 outbreak continues to have on both the East Lothian community and delivery of Council services;
- 2.1.2 note the ongoing COVID-19 response in respect of service delivery and interventions necessary to continue to contain the spread of the virus, particularly the ongoing deployment of Business Continuity Plans in support of National Guidance and appropriate public health measures.
- 2.1.3 note further updated COVID-19 Response and Recovery reports will be brought forward to future meetings of Council when appropriate.

3 BACKGROUND

- 3.1 Since March of this year the Council has been operating within a series of constraints, restrictions and implications associated with the COVID-19 global pandemic and management of what has become a national public health crisis. For a significant period, Council decision-making was operating under delegated emergency powers, although since August, we

have managed to reinstate the vast majority of our governance arrangements albeit largely working on a remote/virtual basis.

- 3.2 Business Continuity Plans were formally invoked by the Chief Executive across all services on 24 March 2020. This remains the position, which means that responding to the COVID-19 emergency has been the Council's priority for seven months. Our strategy throughout has been to follow and support all relevant Scottish Government Guidance and to ensure that the Council continues to provide public service, minimising the impact of the developing COVID-19 outbreak, ensuring critical services are prioritised and that planning takes place for council services to recover wherever possible/ permitted. As the pandemic continues our Business Continuity Plans and our Response and Recovery structures will flex to address the developing challenges brought from COVID-19 impact, national planning as well as any seasonal impacts.
- 3.3 The now well established COVID-19 Command and Response Structure remains in place, with the Chief Executive designated as 'Gold Command'. The Head of Communities & Partnerships is 'Silver Command' and leads the Council's COVID-19 Emergency Planning Response, supported by the East Lothian Council COVID-19 Oversight Group (COG), and supporting sub-groups that continue to meet on a regular basis. The Head of Council Resources was identified as 'Bronze Command' and is co-ordinating our actions in accordance with our approved Recovery and Renewal Framework, supported by the Multi-agency Recovery & Renewal Co-ordinating Group (MARRCG) and various supporting sub groups.
- 3.4 Effective communication continues to be a critical component in support of managing our response to COVID-19 and most of the additional measures put in place continue with particular importance/ emphasis placed upon:
- A suite of COVID-19 pages on the Council's website
 - Regular use of press and social media releases
 - Maintaining effective dialogue between officers and Elected Members and therefore enabling more effective response and resolution to any matters arising
 - Regular Chief Executive briefings to Elected Members and employees
 - Maintaining effective and regular briefings and dialogue with our workforce and also with our Joint Trade Unions
 - Connected Communities Service collaboration with Community Councils, Area Partnerships and local community groups and networks.
- 3.5 The impact upon Council services, customers and staff remains significant and unprecedented. 'Lockdown' saw the Council move to delivery of business critical activity and, although this was subsequently relaxed, many significant restrictions remain in place across services. At the time of writing this report, further restrictions are being re-imposed both

nationally and regionally with the NHS Lothian Health Board area being amongst those facing increased restrictions and controls. It is clearer now than it has been for some time that we remain firmly in crisis response mode. Inevitably it follows that the focus of our collective efforts will now swing back towards further management of response and containment of the now rapidly spreading virus, and that our actions in support of recovery and renewal will be more restricted.

- 3.6 COVID-19 incidence levels in East Lothian are rising and with the winter season looming, and normal seasonal flu and colds generating increased pressures in health and social care settings, it is clear to see that we must do all that we can to contain the spread of the virus within East Lothian.
- 3.7 Public Health Scotland has now published information relating to COVID-19 infection rates at a local level, this is available to the public on www.publichealthscotland.scot/covidcasesbyneighbourhood.

The data provided shows the 7-day positive rate number per 100,000 population within ‘intermediate data zones (IZ)’ of which East Lothian has 22, but since the areas have populations of around 5,000 - 6,000 the actual number of cases is much lower than the reported level. The latest 7-day data (as at time of writing, i.e. 16 October 2020) shows only four IZs in East Lothian as having 5 or more positive cases in this period (28 September – 4 October). There can be fairly large variations from day to day. The dashboard period 27 September – 3 October showed three IZs in East Lothian with positive rates of over 100 per 100,000 population and a total of 49 cases in East Lothian with a rate per 100,000 of 45.8. In comparison, the dashboard period 28 September – 4 October only has one East Lothian IZ with a positive rate over 100 per 100,000 population, a total of 44 cases in East Lothian and a rate per 100,000 of 41.1.

The 7-day rate also shows large differences in with number of cases and rate per 100,000 population between the four councils in the Lothians (previously data was only available at the Health Board level):

	<u>28 Sept – 4 Oct</u>
Edinburgh	792 cases – 150.9 per 100,000
West Lothian	178 cases – 97.2 per 100,000
Midlothian	69 cases – 74.6 per 100,000
<u>East Lothian</u>	<u>44 cases – 41.1 per 100,000</u>
Total	1083 cases

Access to this data provides useful insight to the incidence and trend in the spread of the virus across the Lothians, and provides evidence and insight to the Scottish Government’s approach in relaxing or increasing national and local COVID-19 restrictions.

The Scottish Government has instructed Health Boards to prepare for an unprecedented combination of risk factors which will affect community services and inpatient capacity: specifically, the impact of subsequent waves of COVID-19 infection combined with the seasonal demand on

services brought on by winter and the unknown impact of Brexit. These risk factors are modelled with a range of best- and worst-case scenarios for COVID-19 spread based on Scottish Government guidance. Current projections and discussion would indicate that contingency planning and resulting service disruption will continue for at least the next 6 months.

At this point in time there are a range of actions being taken by Scottish Government, East Lothian Council, NHS Lothian, East Lothian Health and Social Care Partnership and other partnership agencies to mitigate these risks. It is important to note that some of these actions (e.g. local lockdown or service access restrictions) will have a detrimental effect on our communities. Section 3.8 sets out many of the ways in which services have been developed to operate in response to this situation.

3.8 The following sections contain a summary update of key developments and activities undertaken since the last council meeting. This is now provided for key workstreams spanning both response and recovery.

i. **Test and Protect**

The Scottish Government's national Test and Protect policy and programme has seen significant increase in demand aligned to the relaxation of the Routemap Through and Out of the Crises and spread of the virus across the population.

Information on the national Test and Protect Programme is available at: <https://www.gov.scot/news/test-and-protect-rolled-out-nationally/>. At a local level, this translates to local people experiencing COVID-19 symptoms accessing tests and subsequently, for those tested positive, to be contacted by the national Contact Tracing service, leading to the close contacts of those people being required to self-isolate for 14 days.

Self-Isolation Assistance: The COVID-19 Oversight Group continues to oversee the work associated with Supporting People. On 12 October 2020 the Scottish Government issued guidance relating to the support to be offered to those vulnerable people required to self-isolate including people who are on the shielding list and people aged 70+.

The national Track and Trace Team now advises the Council of those people required to self-isolate to enable out-bound calls to be made to those in the vulnerable categories such as those outlined above. The Customer Services team began making these contact calls on 12 October 2020. The purpose of these calls is to consider what support, or other services, the individual and their household may need to meet essential needs that may present as a result of self-isolating. The provision of outbound calls is intended to triage individuals asked to self-isolate to consider whether they are able to 'cope' or require any of the existing support services available as part of the National Assistance Helpline offer (<https://www.gov.scot/news/support-for-those-at-high-covid-19-risk/>) (the National Assistance Helpline was established for those who do not have family or community support) or available locally by routing callers to the

East Lothian Council COVID-19 Helpline on 01875 824300. This ensures that people are able to access the local support services they need such as onward referral to existing support networks e.g. Foodbank. People contacted will receive an initial and 2 follow-up calls, if they wish. Many people will require no support, having sufficient assistance from family, neighbours and friends, and may not wish follow up contact.

Self-Isolation Support Grant: The Scottish Government published the Discretionary Self-Isolation Support Grant Guidance on 12 October 2020, setting out the basis for providing financial assistance for people on low-income asked to self-isolate following contact through Test & Protect. The new Self-Isolation Support Grant (SISG), of £500 per applicant, which is administered by the Council on behalf of the Scottish Government using existing statutory provisions in The Welfare Funds (Scotland) Regulations 2016 and the Public Health (Scotland) Act 2008, became available on 12 October 2020. Strict eligibility criteria applies. Applicants must:

- have been asked by the national Test and Protect Service to self-isolate on or after 28 September 2020
- be employed or self-employed and will lose income as a result of self-isolating
- be in current receipt of at least one of the following benefits: Universal Credit/Working Tax Credit, Income Based Employment and Support Allowance, Income based Job Seekers Allowance, Income Support or Housing Benefit and/or Pension Credit.

The Benefits Team, which administers the Scottish Welfare Fund, oversee the new grant application process and an online application form is available within the Council's COVID-19 pages on the Council's website.

ii. **Regulatory Support and Enforcement**

On 27 March the Scottish Government passed The Health Protection (Coronavirus) (Restrictions) (Scotland) Regulations 2020. On 11 September new legislation was passed, repealing these Regulations, and introducing The Health Protection (Coronavirus) (Restrictions and Requirements) (Scotland) Regulations 2020. These Regulations were made in response to the serious and imminent threat to public health which is posed by the growing incidence and spread of coronavirus in Scotland. The enforcement of the Regulations relate to the requirement to:

- close certain premises to members of the public (regulation 4)
- take measures to minimise risk of exposure to coronavirus (regulation 5)
- collect and share information: restaurants, cafes, bars public houses etc. (regulation 6).

Officers within the Protective Services Environmental Health, Trading Standards and Safer Communities teams and Police Constables are authorised to deploy these Regulations to 31 March 2021.

Further, on 7 October 2020, the Scottish Government announced new legislation in response to the serious and imminent threat to public health which is posed by the growing incidence and spread of coronavirus in Scotland: The Health Protection (Coronavirus) (Restrictions and Requirements) (Additional Temporary Measures) (Scotland) Regulations 2020.

With very little notice, these Regulations came into force at 1800 on 9 October 2020, with additional aspects within the Regulations applying from 10 October 2020. The enforcement of the Regulations, in relation to the following requirements is to be carried out by persons the local authority designates (regulation 25 (10)(b) and (11)):

- close certain premises to members of the public (regulation 7)
- requirement to close licensed premises to members of the public in the protected area (regulation 8)
- requirement to close unlicensed premises during certain hours and to prohibit consumption of alcohol in the protected area (regulation 9)
- requirements to close certain premises outside the protected area to members of the public (regulations 12)
- requirements relating to relevant hospitality premises during certain hours (regulation 13)
- requirement to take measures to minimise risk of exposure to coronavirus (regulations 17)
- requirement to collect and share information (regulation 18)

Officers within the Protective Services Environmental Health, Trading Standards and Safer Communities teams are authorised to deploy these Regulations to 26 October 2020, when these Regulations will expire.

iii. **Economy**

The Connected Economies Group (CEG) continues to meet monthly to coordinate the preparedness for, and delivery of, the Recovery and Renewal of the East Lothian economy from a multi-agency and partnering perspective. The CEG has regularly updated its action card, and continues to oversee key support interventions. Notable workstreams in terms of further update include the establishment of traders associations in each main town; local business support funding for towns & villages; rural impact survey analysis; the COVID-19 Jobs Portal; Health and Social Care Skills Gateway and Kickstart in respect of employability; business debt advice; mentoring support; marketing campaigns; and. substantial support for businesses in terms of Scottish Government guidance in respect of changing restrictions.

A refreshed and updated communications plan for the Economy Key Area has been developed, and further campaigns devised around our “Stay

Safe, Support Local and Love East Lothian” messaging. New posters have been provided to local businesses encouraging good behaviours alongside social media and press activity.

Metrics are being reviewed to monitor outcomes of interventions and longer term renewal is being aligned with regional work on growth and the work of the Economic Advisory Board on Scotland’s economic recovery.

Recent increased restrictions are a double blow to many businesses particularly in the tourism and hospitality sector. At the time of writing this report the Council awaits the detail of further financial support interventions that we will be expected to administer but it is now expected that applications will be invited from week commencing 19 October.

iv. **Communities**

The Communities Recovery and Renewal Group has met three times, lastly on 16 September 2020, and has agreed its Terms of Reference and Action Card. The group’s current focus is the development of local recovery priorities informed by key strategic needs analysis data (the East Lothian Profile) currently in development, focussed on identifying and reducing inequalities exacerbated by COVID-19.

With the pausing of the national Shielding Programme, and the standing down of local Resilience Groups, ongoing community support continues through the extensive network of voluntary and third sector groups across East Lothian. Resilience Groups are now preparing for ‘winter resilience’ should there be adverse weather ahead. Area Partnerships and Community Councils are reviewing Locality Plans and Local Priority initiatives respectively, taking account of COVID-19 lessons learned and the impact on local communities.

Current areas of action supporting the Communities Recovery and Renewal Action Card include:

- Customer Services call-out support for Test and Protect and those required to self-isolate and management of the Self-Isolation Support Grant provisions through the Benefits Service
- co-ordination across the East Lothian Food Network, supported by Scottish Government COVID-19 food funds, embedding and sustaining local food supports for vulnerable people
- Customer Services - Libraries & Museums Service – are, within available resources, deploying phased and targeted reopening whereby residents in each of the six Area Wards have access to Library Services, supporting customers to access face to face and online services and encouraging ‘footfall’ to support economic activity within our towns
- Connected Communities Services continue to support Area Partnership and Community Councils in responding to local priorities. Following Public Health Guidance, community buildings remain closed for general public use, but targeted service use is being managed to meet the needs of services working with vulnerable client groups, e.g. Children’s Services, Adult Services etc. Youth Work continues to be a priority,

engaging with young people in proactive and innovative ways, e.g. online activity programmes.

- Protective Services continue direct work in our communities and with the business sector, supporting safe deployment of the Government's COVID-19 Regulations and public health guidelines. Joint working with Economic Development, and in collaboration with Police Scotland, continues to support the safe operation of the business and hospitality sectors in compliance with Scottish Government Guidelines for public health management and reducing the spread of the coronavirus.

v. **Health & Social Care**

East Lothian Health and Social Care Partnership has continued to develop services in response to COVID-19. Response and renewal actions with strategic implications are being managed through the change board and IJB structure. Actions with operational implications continue to be overseen by the HSCP management team. The most recent publication of service response actions is available online in the IJB papers.

As per Section 3.7 above, the HSCP has progressed a range of operational responses to mitigate the risk of COVID-19 on inpatient and community service provision. Specific areas of progress since the previous council meeting include:

- Flu campaign – uptake has increased by over 12% and over 3,000 flu vaccinations have been given by the HSCP so far in October and the HSCP will continue to work with practices to maximise the provision of the flu vaccination across all appropriate patient groups.
- ELCH Inpatient Capacity – At the instruction of NHS Lothian Gold command East Lothian Community Hospital is expanding the provision of inpatient capacity within ELCH. This will mean the full opening of Ward 5.
- Day centre and Adult Resource Centres – Work is ongoing to alter building based services across the region. These building based services are functioning at capacity by following COVID-19 restrictions and this is unlikely to change. However, this means fewer people can be supported in these facilities and so the additional staffing and resources previously available are being utilised differently to provide support.
- Home Care capacity and model – Additional Home Care capacity is required to meet the needs of the population. The HSCP has agreed to expand internal provision and is working very closely with providers to facilitate better service efficiency.
- COVID – 19 Vaccination preparation – NHS Lothian has been instructed by Scottish Government to prepare operations for the deployment of the COVID-19 vaccine. This work is in the early stages with a high degree of uncertainty regarding timescales and delivery methods for the vaccine. However given the requirement to vaccinate

such a large proportion of the population this will require a multi-agency approach. The operation is being led by NHS Lothian and the first East Lothian multi agency meeting was convened on 14 October.

vi. Education & Children's Services

The Education Service's priority continues to be the safe operation of our schools. School staff have worked tirelessly to implement both Scottish Government and East Lothian-specific guidance. Since schools reopened in August, we have had a relatively small number of positive COVID-19 cases amongst both staff and children. Clear systems, processes and protocols are in place to ensure that timely risk assessments are carried out and close contacts identified quickly. The wider Education Service continues to support all aspects of education delivery and whilst staff are still very much in emergency response, work is well underway to identify the lessons learned and support new ways of working using the learning from the last six months, including planning around the integration of Education and Children's Services.

Within Children's (social work) Services, the priority is managing the continued increase in demand for the service as the cumulative financial, mental health and social impact of the pandemic on vulnerable children, young people and families continues to emerge. Delivery of statutory functions within the restrictions on available safe working spaces remains a key challenge. Opportunities to work jointly across services and with third sector partners and build on the learning from early COVID-19 responses are being developed.

vii. Infrastructure and Environment

The key area of Infrastructure and Environment response, recovery and renewal has seen substantial challenges in maintaining essential service provision and had reached a point where response was migrating into recovery and a return to almost normal levels of service delivery. With the threat of a second and third wave and with the onset of winter, business continuity has refocused on flexing back to plan for further challenging periods of response and impact upon services.

The Scottish Government Spaces for People initiative, continues to develop through further localised engagement and consultation with stakeholders with progress being made across all in terms of physical distancing, speed limit changes and active travel interventions.

Transportation continue to ensure a co-ordinated public transport network is maintained and have successfully managed the home-to-school transport requirement as schools returned.

In respect of open space management and access to our coast and parks reflecting the Scottish Government Route Map to recovery the multi-agency approach has migrated from a response group to a strategic planning group to plan for 2021.

Sport, Leisure and Countryside Management continue to lead in relation to the recovery of community and school sport and provide a strong link

between policy and guidance at local and national level. EnjoyLeisure have re-opened all sports centres successfully although are operating with restricted access due to COVID19 safety requirements. This is generating a challenging financial position in respect of income to operating expenditure. Further restrictions implemented on 9 October continue to reduce the ALEO's ability to deliver fitness classes and draw income.

Facilities Management Services have redistributed their resources to ensure additional enhanced cleaning regimes are in place across schools, offices and available public buildings and have successfully reintroduced hot food offerings across school meal provision.

Engineering have remained pivotal in managing the phased recommissioning of schools, offices and toilets. Their work alongside the Strategic Asset and Capital Plan Management team has developed with a focus towards contract management to ensure capital works and asset maintenance programmes are brought back on track.

Road Services have realigned the Capital Plan and are delivering progress on assets. Significant focus is now being placed on Winter Maintenance with revised contingency plans drawn up to protect the service in the face of COVID-19.

Substantial focus continues to be given to Climate Change in the consideration of how services operate. Work continues within the Strategic Asset and Capital Plan team to look at asset management and office utilisation drawing benefit from the opportunity presented around virtual, smart and remote working.

- 3.9 As previously reported, comprehensive impact assessment work is underway and the East Lothian Partnership's 'East Lothian Profile' strategic needs assessment undertaken in 2017, is in the process of being updated.
- 3.10 Throughout the COVID-19 Response phase, the performance of all Councils has been closely monitored by the Scottish Government, COSLA and SOLACE. Related performance data was recently included within the Q1-2020/21 performance report considered at the Policy and Performance Review Committee on 7 October.
- 3.11 As had previously been reported, the COVID-19 pandemic is very different from any of the Civil Emergencies that have been experienced, planned for and rehearsed. Emergency Planning Recovery and Renewal will continue for a long time and will inform the reshaping of Council priorities, resource allocations and services in the years ahead.

4 POLICY IMPLICATIONS

- 4.1 There are no direct policy implications associated with the report recommendations, although it is anticipated that response and especially recovery and renewal activity may result in significant future policy alterations for the Council and other stakeholders. Any such policy

implications will be subject to the appropriate governance and approval arrangements of each organisation.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The specific recommendations made within this report do not directly affect the wellbeing of the community or have a significant impact on equality, the environment or economy. Recovery and Renewal Plans developed will however be subject to Integrated Impact Assessments.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – The financial implications associated with the Council’s response and recovery actions to date are considerable and are likely to increase significantly over the coming months and are also likely to have implications for future financial plans. With funding from national governments very much a moving feast, it is virtually impossible to advise what this will ultimately mean in net terms for final outturn performance and nor the extent of the impact upon future budgets. Based upon funding announcements that have been made at the time of report writing, the council will still face a significant net deficit in respect of COVID-19 related activity. A more detailed review on the financial implications facing the Council has been undertaken in the context of the 2020/21 Financial Year and is the subject of a separate report being considered at Council today. This will set the context for any decisions required to manage the financial commitments for the Council in both the short and medium term, including where appropriate any modification to the Council’s approved financial strategy.
- 6.2 Personnel – Council staff in essential direct service delivery services and roles, e.g. Social Care, Connected Communities, Customer Services, Waste service et al., continue to deliver direct business critical service across the community throughout the emergency response to COVID-19 and in support of recovery efforts.

Although some workplaces have been able to re-open, homeworking remains a significant and necessary feature, especially for those who are office based and whose workplace remains unavailable or under constraint. It is estimated that approximately 1200 members of staff are still working from home and it is likely they will be doing so for some time.

This is a considerable change as to how we work as a Council and many HR policies are currently under review to reflect this.

Regular Joint Trades Union meetings ensure timely and open dialogue over any workforce issues generated by COVID-19 response.

Return to Workplaces Guidance, agreed with Trades Unions, enables those staff who work within Council premises/vehicles to do so safely and

in compliance with current public health guidance, with all necessary workplace risk assessments guiding safe operating practices.

Employee communication remains a priority with weekly communication to all staff by the Chief Executive. Eleven COVID-19 Staff Briefings have been issued, the most recent being issued on 8 October 2020. Employee wellbeing continues to be supported by initiatives such as ‘Wellbeing Wednesday’ e-alerts, encouraging staff to focus on their personal wellbeing and resilience whilst working in challenging circumstances brought about by COVID-19.

- 6.3 Other – continued positive and collaborative working relationships with community planning partners e.g. Police Scotland, Volunteer Centre East Lothian et al, has ensured effective cross-agency co-operation and deployment of resources to meet the COVID-19 challenges experience across East Lothian.

7 BACKGROUND PAPERS

- 7.1 COVID – 19 – Management of Council Response and Recovery – Report by the Chief Executive dated 25/08/2020.
https://www.eastlothian.gov.uk/meetings/meeting/16617/east_lothian_council
- 7.2 East Lothian Council COVID 19 Recovery and Renewal Framework Document, Version 1.3 – Report by Head of Council Resources to the Members Library Service dated 5 October 2020.
https://www.eastlothian.gov.uk/meetings/meeting/16705/members_library_service
- 7.3 2020/21 Q1 and Top 50 Performance Indicators 2019/20 – Report by the Head of Communities & Partnerships to the Policy & Performance Review Committee dated 7 October 2020.
https://www.eastlothian.gov.uk/meetings/meeting/16719/policy_and_performance_review_committee

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DATE	16 October 2020

REPORT TO: East Lothian Council
MEETING DATE: 27 October 2020
BY: Depute Chief Executive (Resources & People Services)
SUBJECT: Financial Update Report

5

1 PURPOSE

- 1.1 To provide an update on the in-year financial position, to provide some outline thoughts on the financial outlook for the Council, and to set out the proposed budget development framework for the three-year period 2021-2024.

2 RECOMMENDATIONS

2.1 The Council is recommended to:

- In accordance with Appendix A:
 - Note the in-year financial performance for the Council;
 - Endorse the wider strategy including the range of mitigating actions set out in paragraph 1.17 currently being explored by officers to best manage the 2020-21 financial pressures, and agree that a further update will be provided to Council in December.
- In accordance with Appendix B:
 - Note the content of the report;
 - Agree that as far as is possible, advance work on budget development for 2021/24 commences;
 - Approve the budget development framework and supporting process set out in Section 1.13 of Appendix B.

3 BACKGROUND

- 3.1 The Council received an update on the in-year financial performance and underlying challenges at its meeting in August 2020. This report provides an update on the in-year financial position, and the potential risks and financial challenges going forward.
- 3.2 The Council continues to operate within an extremely challenging financial environment that has significantly worsened as a consequence of various implications arising from COVID-19.
- 3.3 This report brings together an important update on the in-year financial position and also provides some thoughts on the financial prospects for the Council moving forward. The report is structured with 2 separate appendices:
- Appendix A – sets out an update on the in-year financial position based on the most current ledger position at the end of Period 05. The report focuses on the key variables since the August report, provides an update on recent changes to national funding discussions, and sets out the range of options currently being explored to manage the in-year pressures and deliver a balanced year-end position.
 - Appendix B – considers the financial outlook including a range of potential financial implications facing the Council over the next few years. This part of the report also sets out the proposed budget development framework and supporting process for the three-year period 2021-24.

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 – 17 December 2019 – Item 4 Finance Strategy 2020-25
- 7.2 Council – 25 February 2020 – Item 4 – Budget Development including setting of rent levels 2020-25
- 7.3 Council – 3 March 2020 – Item 2 – General Service Budget Proposal - Administration
- 7.4 Members Library Service 31 May 2020 – 61/20 COVID 19 Financial Management Update
- 7.5 Members Library Service 31 July 2020 – 78/20 COVID 19 Financial Update
- 7.6 Council 25 August 2020 – Item 5 – 2020/21 Financial Review Quarter 1

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Appendix A – 2020/21 Financial Review/Update

General Services Summary – Period 5

- 1.1 This part of the report sets out the financial position for the Council as at the end of August 2020 against approved budgets. An analysis of the financial position across service groups is set out in **Appendix 1** with further detail summarised below. **The summary financial position reported for the Council as at the end of August 2020 shows a significant overspend of £4.081 million (6.1%).**
- 1.2 A growing number of services are now categorised as High Risk, highlighting the very challenging financial operating environment, and providing clear indication that services are struggling more than ever to deliver existing service levels within available resources. The level of financial risk facing the Council has been significantly increased due to COVID-19 related implications. In line with the previous Council decision, officers led by the Council Management Team are continuing to implement enhanced cost control measures that will help restrict spending commitments.
- 1.3 The summary below sets out the key challenges and risks across each of the Directorates.
- 1.4 The **Resources and People Directorate, (covering Education and Children’s Services Group alongside Council Resources)** is reporting a Period 5 overspend of £0.481 million (0.9%) an increase of £0.147 million from the Q1 reported position. Education & Children’s Services is reporting a collective overspend of £0.592 million (1.2%), and Council Resources an underspend of £0.111 million (2.1%). A summary of the key variables and risks are set out below:
 - Children’s Services, £0.816 million over (12.5%) – the most significant pressure remains in External Residential Care with an increased number of children placed in care, and further pressures evident in high tariff secure placements and external fostering. As highlighted within the Quarter 1 financial review, the service is likely to overspend in excess of approved budgets by around £2 million. This includes additional COVID-19 related expenditure in excess of £0.450 million largely relating to: loss of income, additional cover for staff absence, and additional external fostering placements due to pressures within local fostering capacity. The service continues to face increasing demand for services and there is a risk that this could further increase the financial gap as we progress through the remainder of the financial year.
 - Management remain focussed on a range of options designed to minimise future spending commitments but ensuring that services provided to children are undertaken in a way that best supports and protects children. The vulnerable Children’s Services Project will now be expanded to a transformational programme reviewing all services

to children across the Council to ensure a whole-Council approach to reducing vulnerability and will include enhanced family support measures. Some progress has been made reviewing processes and implementing measures that will mitigate demand and costs. These interventions, whilst welcomed are likely to take some time to realise, and significant effort must be made to prioritise interventions that will deliver and support financial benefits both in the short term, whilst also stemming the long-term demand for this service.

- Education, £0.227 million under (0.5%) – Pressures remain in ASL, primary and secondary school budgets, largely relating to external placement and transport costs, significant additional COVID-19 related costs to support the safe reopening of schools, including PPE, cleaning and transport, and a potentially significant loss of income relating to school trips. These costs remain variable as we continue to support the implications arising from COVID-19. As previously reported, flexibility in excess of £3 million has been applied in respect of Early Learning and Childcare funding in line with national guidance.
- Council Resources, £0.111 million under (2.1%) – There remains significant additional costs to support the IT capability of staff working from home. These pressures are offset by staffing vacancies across wider support services pending the finalisation of a number of significant service reviews.

1.5 The **Health & Social Care Directorate** includes the Adult Wellbeing service. The position recorded at 31 August 2020 is an overspend against budget of £0.218 million (1.1%). Most of this relates to COVID-19 related pressures including; loss of anticipated income, the purchase of spare care home beds, and the payment of ongoing sustainability payments to external providers in line with national guidance. As highlighted in the previous financial update to Council, there are substantial COVID-19 related costs for this service currently amounting to just under £1.5 million, with the potential this could increase further in light of increased and prolonged 'spikes'. Distinct from other council services, it is fully expected that COVID-19 related pressures will be met from the additional government funding pledges to support health and social care albeit that to date, these costs have not been met in full. Members are reminded that the majority of this budget is delegated to the IJB, and therefore any overspends must be managed in accordance with the Scheme of Integration and wider overall IJB resources.

1.6 The **Partnership & Community Services Directorate** has a significant overspend of £3.046 million (21.7%). Consistent with previous reporting, the main areas of pressure are within Development and Infrastructure service areas.

- Development, £2.032 million over – Most of the pressure continues to relate to a significant under-recovery of income by the Property Maintenance Trading Service whose normal operations have been severely affected by COVID-19 restrictions. The service has now

started to re-mobilise; however, there are significant fixed costs that are unlikely to be fully recovered through trading income. Officers have been exploring options to mitigate the extent of this pressure, and remain hopeful that this can be largely offset.

- Infrastructure, £1.122 million over (14.5%) – The main pressure areas are in Roads, Transportation and Waste, albeit most other Infrastructure service areas are also facing significant COVID-19 related pressures. This includes: a significant reduction in planned income levels across a wide range of services as well as significant under-recovery of rechargeable works relating to Roads trading activity. The prevailing COVID-19 uncertainties together with a high level of fixed costs continue to point towards a high risk of further overspending, with latest forecasting suggesting that this could be in excess of £3 million, before taking into account potentially adverse winter weather. Whilst officers continue to explore all available options to mitigate, unless significant additional government funding is secured, this is unlikely to return to financial balance in year, and may have significant recurring implications going forward.
- The Council has received significant additional specific funding amounting to £1.4 million as part of national Spaces for People project designed to provide temporary targeted interventions to support public health measures. This funding is ring-fenced and can only be used to support agreed planned measures, and must be fully applied by May 2021.
- Communities & Partnerships, £0.108m under (2.0%) – most service areas continue to support COVID-19 related activities. Despite this, it is anticipated that this underspend will continue for the remainder of the year, the majority of which relates to staffing underspends.

1.7 In addition to the service position and pressures set out above, the Council has incurred additional corporate costs in order to comply with national COVID-19 related guidance whilst in lockdown and/or imposed restrictions. This includes the additional payment of casual and supply teaching staff until the end of June amounting to £0.646 million alongside the on-going supply of PPE to support wider non-schools services, the cost of which is currently £0.374 million and increasing.

1.8 The Corporate Management budgets include most of the key resource streams and corporate commitments for the Council, the most notable of which include Scottish Government grant funding, Council Tax income streams including the Council Tax Reduction Scheme and debt charges. An update on the key variables including Council Tax and debt charges is set out below with further detail on the increasingly complex position with Scottish Government funding then set out in Section 1.9.

- Council Tax budgets are currently showing an under-recovery of income with projections indicating this could be a shortfall of £0.615m by the end of the year, largely caused by lower than projected numbers

of house completions arising from COVID-19 construction related restrictions. We are, however, also seeing significant and ongoing pressures upon in-year Council Tax collection rates. Enhanced efforts continue to be made in support of individuals who are facing economic hardship and it is hoped that ultimately managing this flexibly will help ensure that all Council Tax due is eventually collected.

- Aligned to this, we are currently seeing additional pressure on the payments being made to support the Council Tax Reduction Scheme, with current commitments in excess of budget by £0.37 million. Additional national funding of £25 million has recently been confirmed and it is hoped that East Lothian's share of that will largely mitigate, but there remain further risks that the pressure will increase as the full economic impact of COVID-19 upon individuals, including the ending of the national job retention scheme becomes clearer.
- The Council will now see a benefit in-year from a reduction in loans fund interest payments. This has arisen due to a combination of unprecedented low interest rates for new borrowing, as well as a reduced borrowing need than had been anticipated. This is now estimated to realise lower interest rate savings of more than £0.900 million in this financial year.

1.9 We continue to provide members with an assessment of progress made with the delivery of planned efficiencies, and this is set out in more detail within **Appendix 2** of the report. In summary, management remain hopeful that the majority of the planned £3.2 million savings for 2020-21 will be deliverable in year. However, the ability to achieve a significant proportion of this (specifically the planned £2 million corporate staffing saving) is dependent upon key variables including COVID-19 implications affecting key staff groups, and this may also have implications for the ability to deliver this recurrently. Currently £0.13 million of income generated efficiencies will not be deliverable in year.

1.10 At the time of approving the budget, the Council faced significant financial challenges that would need to be carefully managed in order to work within approved budget levels, and the implications arising from COVID-19 have significantly increased the risk that this may not be possible. On a cumulative basis, the Council is facing COVID-19 related pressures in excess of £15.7 million, and after taking into consideration Scottish Government funding received to date as well as wider permissible flexibilities such as 1140 hours, the Council is still facing a projected net overspend in excess of £7 million.

Scottish Government Funding

1.11 Previous financial update reports provided to both Council and prior to that through the Emergency Recess arrangements have provided an update on additional funding that we have received from the Scottish Government. This matter continues to be very dynamic in nature and appears to be far from settled with updates being received on an almost weekly basis. In accordance with the format previously reported, specific details on the

funding received to date is set out in further detail in **Appendix 3**, and a summary of the key changes from that reported previously in August are set out below:

- An additional £0.380m to support Council Tax Reduction Scheme;
- The grants payable to newly self-employed and B&B scheme has now been closed, with the unused balance returned to Scottish Government in accordance with the grant conditions;
- An additional £0.570m (split across 20/21 (£0.380m) and 21/22 (£0.190m) financial year) ring-fenced funding to support the provision of additional teachers to support COVID-19 resilience;
- An initial allocation of £0.403m to support the costs associated with supporting school remobilisation plans;
- An additional £0.946m to support generic pressures in local government;
- Additional ring-fenced capital funding of £0.462m to support Town Centre improvements.

1.12 As indicated earlier in this report, we have applied flexibility in the use of funds previously made available to support the implementation of the expansion of Early Learning and Childcare to 1140 hours in line with Scottish Government guidance.

1.13 As highlighted in previous financial reports, it is both acknowledged and welcomed that funding on such a significant scale has been made available through local government albeit we still feel that considerably more is required. A summary setting out how the £30m received to date is set out below:

- Over two-thirds of the available funding has been used to provide support grants to small businesses, the newly self-employed and B&Bs;
- Just under £2.4m has been made available to date to support Education recovery and school remobilisation plans;
- £0.875m of funding has been made available to support the provision of food to those most vulnerable;
- £0.726m has been made available to support additional payments to those who require hardship support including Council Tax Reduction Scheme and Scottish Welfare Fund payments;
- Specific capital investment of £0.462m to support Town Centre Improvements;
- The balance of £4.902m to contribute towards the wide range of additional financial pressures incurred by the Local Authority to date.

- 1.14 Whilst the level of financial intervention provided is at a scale not been seen in recent years, much has been ring-fenced to support specific purposes. At the same time, the Council is facing a multitude of additional pressures from reduced income streams, additional expenditure requirements to support national guidance, and additional demand for services. Overall, it is very clear that the funding received to date falls significantly short of meeting the full financial implications and the Council is still faced with a significant funding gap.
- 1.15 In accordance with the recent Council decision, letters were issued from the Council Leader to both the First Minister and Chancellor seeking assurance that further funding would be made available and also supporting the range of fiscal flexibilities pursued jointly by COSLA and Scottish Government with the Treasury. At the time of writing this report, no response has been received from the Chancellor; however, a response has been provided by the Cabinet Secretary for Finance on behalf of the First Minister. This letter acknowledges the considerable work and support provided by East Lothian Council in response to COVID-19 but does not provide any reassurance that additional funding will be made available. It does provide a reminder on what financial support has been provided to date and also commits to pursuit of additional fiscal flexibilities with the UK Treasury and indicated that the Scottish Government are looking to implement a lost-income scheme similar to that implemented in England. In that respect, we have been advised that guidance is still in development and expected by the end of October, although there are some doubts that the overall quantum of funding being made available to support this scheme is inadequate.
- 1.16 Since receipt of that letter from the Cabinet Secretary for Finance, there has been a national announcement that significant fiscal flexibilities on many of the areas being pursued has been secured whereas others have been declined and one significant area remains under discussion. Although currently working with only preliminary outline details, Finance officials are currently reviewing these flexibilities as part of the wider mitigation options for 2020-21; however, this will be subject to the review of updated relevant statutory guidance that is yet to be received. Although we remain committed to pursuit of full and proper national funding of all expenses incurred in our response to the national public health crisis, these additional flexibilities are likely to provide a potentially vital alternative means of balancing our books should this not be forthcoming.

General Services Conclusion

- 1.17 Consistent with previous reporting, the Council's already complex and challenging financial operating environment has been compounded by the steadily increasing resource implications associated with the prolonged and intensive response effort to deal with the COVID-19 public health crisis. Implications are becoming increasingly evident within the current 2020-21 financial year but it is also now clear that there will be recurring implications affecting future years and spending plans. Unless national governments can provide assurance in respect of clear and adequate

COVID-19 funding provision, the Council will need to take action to reduce future spending commitments that will have a serious impact upon existing levels of service provision. With regard to 2020-21, officers remain focussed on exploring a range of mitigation options which include;

- Anticipated additional Scottish Government funding relating to loss of income scheme;
- Pursuit of further Scottish Government Funding noting most recent UK Government announcements in England and Wales that should provide further consequential that should in turn flow through to Councils;
- Continued application of enhanced cost control measures;
- Exploration of potential Property Maintenance mitigation;
- Maximisation of revenue streams within appropriate guidance;
- Reduced loans fund interest rate and related service charges;
- Consideration of the additional and any other fiscal flexibilities.

1.18 Taking into consideration the potential collective benefits associated with the above, it is now considered possible that the currently projected funding deficit arising during 2020-21 can be managed without recourse to a programme of service-based reductions. Although this is a positive and welcome development, it must be stressed that this will only provide short-term relief and that our underlying financial challenges will require immediate consideration and attention with regard to future financial plans. Given the currently fluidity of this situation, progress on these mitigation measures will be reported to the next Council meeting in December.

General Services Capital Summary – Period 5

1.19 **Appendix 4** sets out the 2020/21 re-profiled budgeted expenditure to the end of August 2020 alongside actual expenditure that is still very low relative to the revised budget, at just £7.124 million. As reported previously, the severe COVID-19 restrictions during the first quarter, effectively brought most construction and maintenance activity to a halt, and with recovery still slow, this has had a major adverse impact on the planned delivery of our capital programmes.

1.20 Latest projections indicate that net spend will still be significantly lower than the approved budget, with expenditure now likely to be at best around half of the updated budget.

1.21 It is important to note that these forecasts are still subject to an assortment of previously reported risks and therefore variation. Given its significance and importance, the capital programme will continue to be closely monitored, with a view to ensuring that planned projects can be delivered and contribute to the provision of economic stimulus and wider economic

recovery. A summary of the key changes since our last report along with some additional risks are set out below:

- The position includes additional funding secured from the Scottish Government relating to Town Centre Improvement Fund that was announced in September. Officers are exploring options for the utilisation of this fund, which must be fully committed by the end of March 2021.
- The Council has successfully secured additional Scottish Government funding of £0.685m to support the ongoing refurbishment of Prestongrange Museum.
- We expect further delays in the Roads capital programme arising from COVID-19, with much of the workforce deployed to support on-going COVID-19 related public safety measures including support for the Spaces for People project.
- There is a high risk of further delays within our Learning Estate expansion plans.
- Current projections assume lower than expected spend on Property Renewals, although this may increase as a consequence of any necessary essential works to support re-commissioning of previously closed buildings.
- IT budgets will be overspent in-year reflecting the additional and necessary investments to support the mass purchase of additional laptops/devices and supporting capital infrastructure upgrades during our COVID-19 response.
- Any further government imposed restrictions arising from COVID-19 may further impact upon the deliverability of latest spending plans and related projections.
- Given enhanced health and safety requirements to comply with national guidance around COVID-19, there are increased risks of potential cost increase in both existing and new contracts.

Housing Revenue Account Summary – Period 5

- 1.22 At the end of August 2020 the Housing Revenue Account is reporting a significant underspend against current budget of nearly £2.5 million. The most significantly affected area being our planned programme of repairs and maintenance that continues to be restricted due to COVID-19 constraints. Similar to circumstances reported within the General Fund, it is likely that there will be an underspend on budgeted debt charges, largely due to lower interest rates for lower levels of new borrowing incurred this year.

- 1.23 There are additional pressures upon void properties due to the COVID-19 restrictions, and we are reporting lower than anticipated rent income collection levels, with formal debt recovery work now recommenced with measures in place to support tenants experiencing economic hardship therefore difficulty in paying due rent.
- 1.24 Due to the significant suppression of key investment programmes, it appears likely that a level of surplus in excess of planned budget will be delivered during this year.
- 1.25 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 £33.540 million. As at end of August 2020, the actual spend was only £3.860 million, almost entirely due to delays in planned work arising from COVID-19. It is expected that both the Council House building and Modernisation programmes will progress, but almost certainly that these will be much slower with lower spend than approved budgets.

Appendix 1
 East Lothian Council
 Budget Monitoring 2020/21 General Fund - Period 5

Service	Head of Service	Business Unit	2020/21 Budget	Year to Date			2020/21 Budget Variance to Date	Financial Risk Assessment
				2020/21 Actual to Date	2020/21 Budget to Date	2020/21 Budget Variance to Date		
				£'000	£'000	£'000		
Resources & People	Education	Childrens	15,653	7,344	6,528	816	12.5%	
Resources & People	Education	Additional Support for Learning	9,286	6,178	5,641	537	9.5%	
Resources & People	Education	Pre-school Education & Childcare	16,503	7,191	8,598	-1,407	-16.4%	
Resources & People	Education	Schools - Primary	43,481	12,312	12,005	307	2.6%	
Resources & People	Education	Schools - Secondary	45,434	15,120	14,665	455	3.1%	
Resources & People	Education	Schools - Support Services	3,715	1,562	1,678	-116	-6.9%	
RESOURCES & PEOPLE	EDUCATION TOTAL		134,072	49,707	49,115	592	1.2%	
Resources & People	Council Resources	Financial Services	1,468	942	988	-46	-4.7%	
Resources & People	Council Resources	Revenues & Benefits	2,093	874	950	-76	-8.0%	
Resources & People	Council Resources	IT Services	2,304	905	844	61	7.2%	
Resources & People	Council Resources	Legal	326	171	195	-24	-12.3%	
Resources & People	Council Resources	Procurement	250	118	121	-3	-2.5%	
Resources & People	Council Resources	People & Governance	4,910	2,187	2,210	-23	-1.0%	
RESOURCES & PEOPLE	COUNCIL RESOURCES TOTAL		11,351	5,197	5,308	-111	-2.1%	
RESOURCES & PEOPLE TOTAL			145,423	54,904	54,423	481	0.9%	
Health & Social Care Partnership	Head of Operations	Adult SW	35,146	12,899	12,347	552	4.5%	
Health & Social Care Partnership	Head of Operations	Acute & Ongoing Care	7,500	2,890	2,879	11	0.4%	
Health & Social Care Partnership	Head of Operations	Rehabilitation	1,494	551	614	-63	-10.3%	
Health & Social Care Partnership	Head of Operations	Adult Statutory Services	2,511	1,278	1,217	61	5.0%	
Health & Social Care Partnership	Head of Operations	Statutory Services	1,185	475	534	-59	-11.0%	
Health & Social Care Partnership	Head of Operations	Head of Operations	3,050	1,398	1,551	-153	-9.9%	
Health & Social Care Partnership	Head of Operations	Business & Performance IJB	2,871	698	827	-129	-15.6%	
HEALTH & SOCIAL CARE PARTNERSHIP	IJB TOTAL		53,757	20,189	19,969	220	1.1%	
Health & Social Care Partnership	Head of Operations	Business & Performance Non-IJB	790	303	305	-2	-0.7%	
HEALTH & SOCIAL CARE PARTNERSHIP	Non-IJB TOTAL		790	303	305	-2	-0.7%	
HEALTH & SOCIAL CARE PARTNERSHIP TOTAL			54,547	20,492	20,274	218	1.1%	
Partnerships & Communities Services	Development	Planning	1,043	551	550	1	0.2%	
Partnerships & Communities Services	Development	Economic Development	868	97	132	-35	-26.5%	
Partnerships & Communities Services	Development	Housing & Strategic Regeneration	687	226	285	-59	-20.7%	
Partnerships & Communities Services	Development	Property Maintenance Trading Account	-863	2,042	-222	2,264	-1019.8%	
Partnerships & Communities Services	Development	Community Housing	2,334	-58	81	-139	-171.6%	
PARTNERSHIPS & COMMUNITIES SERVICES	DEVELOPMENT TOTAL		4,069	2,858	826	2,032	246.0%	
Partnerships & Communities Services	Infrastructure	Facility Support Services	3,623	846	836	10	1.2%	
Partnerships & Communities Services	Infrastructure	Facility Trading Activity	-276	-1,220	-1,263	43	-3.4%	
Partnerships & Communities Services	Infrastructure	Asset Maintenance & Engineering Services	3,242	1,337	1,362	-25	-1.8%	
Partnerships & Communities Services	Infrastructure	Asset Management & Capital Planning	-576	154	190	-36	-18.9%	
Partnerships & Communities Services	Infrastructure	Landscape & Countryside Management	5,271	2,213	2,259	-46	-2.0%	
Partnerships & Communities Services	Infrastructure	Roads Network	4,730	1,481	1,457	24	1.6%	
Partnerships & Communities Services	Infrastructure	Roads Trading Activity	-688	451	-277	728	-262.8%	
Partnerships & Communities Services	Infrastructure	Transportation	1,089	0	-252	252	-100.0%	
Partnerships & Communities Services	Infrastructure	Waste Services	8,100	2,454	2,222	232	10.4%	
Partnerships & Communities Services	Infrastructure	Active Business Unit	3,591	1,151	1,211	-60	-5.0%	
PARTNERSHIPS & COMMUNITIES SERVICES	INFRASTRUCTURE TOTAL		28,106	8,867	7,745	1,122	14.5%	
Partnerships & Communities Services	Communities & Partnerships	Corporate Policy & Improvement	1,213	405	460	-55	-12.0%	
Partnerships & Communities Services	Communities & Partnerships	Connected Communities	6,094	2,625	2,558	67	2.6%	
Partnerships & Communities Services	Communities & Partnerships	Protective Services	1,821	496	551	-55	-10.0%	
Partnerships & Communities Services	Communities & Partnerships	Customer Services Group	3,670	1,822	1,887	-65	-3.4%	
PARTNERSHIPS & COMMUNITIES SERVICES	COMMUNITIES & PARTNERSHIPS TOTAL		12,798	5,348	5,456	-108	-2.0%	
PARTNERSHIPS & COMMUNITY SERVICES TOTAL			44,973	17,073	14,027	3,046	21.7%	
COVID 19 PPE Costs			0	374	0	374	0.0%	
COVID 19 Job Retention Costs			0	646	0	646	0.0%	
OTHER COSTS TO BE ALLOCATED TO SERVICES			0	1,020	0	1,020	0.0%	
SERVICE TOTAL			244,943	93,489	88,724	4,765	5.4%	
CORPORATE MANAGEMENT TOTAL			-244,943	-156,728	-156,044	-684	-0.4%	
TOTAL			0	-63,239	-67,320	4,081	6.1%	
TOTAL HRA			0	-9,636	-7,146	-2,490	-34.8%	

Appendix 2
East Lothian Council
2020/21 Budget Efficiencies - Period 5

Service	2020/21		
	Achieved	Amber	High
	£'000	£'000	£'000
Education	47	0	0
Council Resources	9	0	10
H&SCP	0	0	0
Communities	774	0	0
Development	53	0	50
Infrastructure	91	110	69
Corporate	0	2,000	0
Total	974	2,110	129
	30.31%	65.67%	4.01%

Savings Currently High - Red

Service	Proposal	Value	Comments
IT	Expected revenue from sale of hardware due to refresh	10	Not anticipated to be achievable at this stage due to COVID 19
Property Maintenance Trading	Efficient workforce management to be met from service redesign, strict management of vacancies, agency costs and increased productivity.	30	Unlikely to be achievable due to loss of Property Maintenance trading income
Property Maintenance Trading	New opportunities for income maximisation	20	Unlikely to be achievable due to loss of Property Maintenance trading income
Facilities Trading	School Meal charges	16	Lower than planned School Meal income due to COVID
Facilities Trading	Grab and Go expansion	8	Lower than planned School Meal income due to COVID
Landscape &	Amenity Service - income generation target	20	Not anticipated to be achievable at this stage due to COVID 19
Roads Network	3% uplift on existing income	5	Not anticipated to be achievable at this stage due to COVID 19
Roads Trading	Explore new opportunities for income management	20	Not anticipated to be achievable at this stage due to COVID 19
Total		129	

Savings Currently Medium - Amber

Service	Proposal	Value	Comments
Transport	Supported Bus Contract	110	New contract in place and invoices being monitored to ensure saving is delivered. This may be difficult due to the implications of COVID restrictions
All	Efficient workforce management to be met from service redesign, strict management of vacancies, agency costs	2,000	May not be able to be fully realisable in year due to additional pressure on staffing budgets.
Total		2,110	

Appendix 3 – Scottish Government Funding

Detail	Total National Funding	Total ELC Funding	Additional Comments
Non Domestic Rates Relief	£1bn	NDR (£9.508m) GRG + £9.508m	<ul style="list-style-type: none"> • Neutral position to the Council
Grants to Support Business	£1.2bn	£20.9m (but only £17.6m spent)	<ul style="list-style-type: none"> • Neutral position to the Council (however, costs have been incurred to administer scheme) • Ring fenced specific funding • Applications open until 10 July 2020 • Final confirmed position for ELC £17.6m
Hardship fund provided to support Councils	£50m	£0.965m	<ul style="list-style-type: none"> • Non ring-fenced funding
UK Government consequentials to support Local Government	£155m	£2.991m	<ul style="list-style-type: none"> • Non ring-fenced funding
Scottish Welfare Fund – additional funding	£22m £23m (pending)	£0.334m TBC	<ul style="list-style-type: none"> • Non ring-fenced funding • Initial allocation of £22m allocated to Local Authorities.

	TOTAL: £45m		<ul style="list-style-type: none"> No specific detail provided as to the remaining £23m allocation – but indication that this will be ‘targeted to where it is most needed’.
Increased eligibility for social security benefits and increased cost to the Council Tax Reduction Scheme (CTRS)	<p>£50m</p> <p>Of which £25m now distributed</p> <p>Balance of £25m unclear</p>	£0.380m	<ul style="list-style-type: none"> £25m now distributed Balance to be used to support wider Scottish security benefits albeit no additional clarity has been received.
Food Fund to support Food inequality (1 st tranche)	<p>£70m</p> <p>(£30m to local authorities – see comments)</p> <p>£30m to support food to shielded individuals *</p> <p>£10m investment to 3rd Sector organisations *</p>	£0.447m	<ul style="list-style-type: none"> Non ring-fenced funding £30m now allocated to Local Authorities (£15m to support households in receipt of free school meals and £15m to support vulnerable families) <p><u>Free school meals</u></p> <ul style="list-style-type: none"> The funding will be used to offset the costs of supporting and distributing free school meals to those currently in receipt of FSMs <p><u>Support to Vulnerable Households</u></p> <ul style="list-style-type: none"> The funding has been allocated to Area Partnerships to target a more localised

			<p>approach to support food distribution to vulnerable households.</p> <p>*funding directed via Third and Voluntary sector – current estimates spend lower than total available resources</p>
Food Fund (2 nd Tranche)	£27.6m	<p>£0.178m</p> <p>£0.250m</p> <p>TOTAL £0.428m</p>	<ul style="list-style-type: none"> • Specific grant funding • Support FSM costs between July to mid-August • Support People at Risk between July to September
Discretionary Housing Payment	£5m	None to date	<ul style="list-style-type: none"> • Details still to be confirmed
Death Registration Service	£0.6m	£0.012m	<ul style="list-style-type: none"> • Non ring-fenced funding
Extension of Business Support Grant	£120m	None to date	<ul style="list-style-type: none"> • No specific additional funding has been provided by the Scottish Government
Support for new self-employed & B&B	<p>£34m</p> <p>- £20.4m initial payment</p>	£0.337m but confirmed position of £0.228m and	<ul style="list-style-type: none"> • Neutral to the Council (however, costs have been incurred to administer scheme)

	<p>- £13.6m held back (in addition a further £66m through Enterprise Agencies)</p>	balance returned to Scottish Government	<ul style="list-style-type: none"> • 60% paid to local authorities' remainder will be allocated based on review / monitoring of claims. • Scheme closed on 10 July • Final confirmed position for ELC £0.228m
Additional Teaching and Support Staff	<p>£50m (split academic year)</p> <p><u>20/21</u></p> <p>£30m (Teachers)</p> <p>£3.3m (support)</p> <p><u>TOTAL</u></p> <p><u>21/22</u></p> <p>£15m (Teachers)</p> <p>£1.7m (support)</p> <p>TOTAL</p> <p>TOTAL (ALL)</p>	<p>£0.572m</p> <p>£0.064m</p> <p><u>£0.636m</u></p> <p>£0.286m</p> <p>£0.032m</p> <p><u>£0.318m</u></p> <p><u>£0.954m</u></p>	<ul style="list-style-type: none"> • Ring-fenced specific funding • Funding designed to support additional teaching and support staff required to support loss of learning suffered by pupils and resilience in Education system

Additional Teachers to support COVID resilience	£20m (20/21) £10m (21/22) TOTAL: £30m	£0.380m (20/21) £0.190m (21/22) TOTAL: £0.570m	<ul style="list-style-type: none"> • Ring-fenced specific funding
Education Recovery Funding	£20m (upfront) £30m (ring-fenced based on actuals)	£0.403m No details yet confirmed	<ul style="list-style-type: none"> • No specific detail confirmed relating to £30m – but likely to be based on evidence of spend • Current Education recovery costs anticipated to be circa £2.2m for 2020/21 financial year with further anticipated costs in 2021/22 in line with the academic year and beyond
Digital Inclusion	£30m	£0.401m (capital) £0.07m (revenue)	<ul style="list-style-type: none"> • Confirmed allocation to support the purchase of additional digital devices for children
Additional UK Consequentials	£49m	£0.946m	<ul style="list-style-type: none"> • Non ring-fenced funding
Town Centre Funding (capital)	£18m	£0.462m	<ul style="list-style-type: none"> • Ring-fenced specific capital funding
TOTAL	£2,984.2bn	£30.491m	

Summarised as follows:

- Scottish Government Grants to Business / NSEHF (specific)	£21.128m (of which £3.3m remains uncommitted)
- Hardship Funding to support wider Local Government COVID response	£4.902m
- Additional funding to support specific policy intent including CTRS, SWF and Registration of deaths	£0.726m
- Food Funding	£0.875m (£0.447m non-ring fenced and £0.428m specific)
- Education Recovery	£2.398m
o Staffing 20/21	£1.016m (specific)
o Staffing 21/22	£0.508m (specific)
o Education recovery	£0.403m
o Digital devices (revenue)	£0.070m (specific)
o Digital devices (capital)	£0.401m (specific)
- Capital Town Centre Funding (specific)	£0.462 million
TOTAL	£30.491 million

Additional ‘Community Funding’ not routed directly through Local Government

Wellbeing Fund for 3 rd Sector	£50m*	None – 3 rd sector	<ul style="list-style-type: none"> • Scottish Government grants of between £5k - £100k <p>*funding directed via Third and Voluntary sector – current estimates spend lower than total available resources</p>
Communities Fund	£40m*	None – community Groups	<ul style="list-style-type: none"> • Scottish Government funding to be made available to community groups to support small scale resilience • It is anticipated an initial £10m will be made available through Community Anchor Organisations although no detail has yet been provided. • No detail as to how the remaining £30m will be allocated / utilised. <p>*funding directed via Third and Voluntary sector – current estimates spend lower than total available resources</p>
3 rd Sector Resilience Fund	£20m*	None – 3 rd sector	<ul style="list-style-type: none"> • Grants to be delivered through Firstport, Social Investment Scotland and Corra Foundation.

			<ul style="list-style-type: none"> Provides grants up to £0.100m and 0% interest loan facilities <p>* funding directed via Third and Voluntary sector – current estimates spend broadly in line with available resources</p>
Scottish Government Retained Reserve	£25m	None	<ul style="list-style-type: none"> Announced as part of the initial £350m in March to support communities
TOTAL	£135M		

Summarised as follows:

- Scottish Government Grants to Business / NSEHF	£21.128m (of which £3.3m remains uncommitted)
- Hardship Funding to support COVID response including SWF, CTRS, Food Fund 1 st tranche & Registration of deaths	£6.075m
- Specific Grant Funding - Food Fund	£0.428m
- Education Recovery	£2.398m
o Staffing 20/21	£1.016m
o Staffing 21/22	£0.508m
o Education recovery	£0.403m

○ Digital devices (revenue)	£0.070m	
○ Digital devices (capital)	£0.401m	
- Capital Town Centre Funding		£0.462 million
TOTAL		£30.491 million

Appendix 4

East Lothian Council

Budget Monitoring 2020/21 General Services Capital - Period 5

	Annual (In-Year)		
	Approved Budget 2020/21	Updated Budget 2020/21	Actual 2020/21
	£'000	£'000	£'000
Expenditure			
Community Projects			
Assets in the Community - Investment	250	250	-
Community Intervention	600	600	47
Dunbar Conservation Area Regeneration Scheme (CARS)	430	430	-
Support for Business - Gateside West	2,021	2,021	14
CCTV	62	62	-
Town Centre Regeneration	-	1,146	27
Total Community Projects	3,363	4,509	88
ICT			
IT Programme	2,100	2,100	1,401
Replacement - CRM Project (Customer Services)	-	70	-
Total ICT	2,100	2,170	1,401
Fleet			
Amenties - Machinery & Equipment - replacement	237	237	236
Vehicles	1,990	2,621	612
Total Fleet	2,227	2,857	848
Open Space			
Cemeteries (Burial Grounds)	300	300	49
Coastal / Flood Protection schemes - East Beach, Dunbar	-	81	79
Coastal / Flood Protection schemes - Haddington	280	280	0
Coastal / Flood Protection schemes - Musselburgh	800	800	92
Coastal Car Park Toilets	443	443	0
Core Path Plan	50	50	-
Mains Farm Sports Pitch & Pavilion	540	572	27
Polson Park	138	138	-
Sports and Recreation LDP	279	279	-
Waste - New Bins	160	160	77
Waste - Machinery & Equipment - replacement	40	40	12
Total Open Space	3,030	3,143	336
Roads, Lighting and related assets			

Cycling Walking Safer Streets	174	466	-
Parking Improvements	250	250	30
Roads	7,500	7,500	886
Roads - externally funded projects	2,410	2,410	182
Total Roads, Lighting and related assets	10,334	10,626	1,099

Property - Education			
Aberlady Primary - extension	946	946	23
Blindwells Primary - new school	135	135	-
Cockenzie Primary - hosting Blindwells Primary	30	30	-
Craighall Primary - New School (Phase 1)	107	107	-
Dunbar Grammar - extension	-	-	164
Dunbar Primary - John Muir Campus - Early Learning and 1140	-	-	2
East Linton Primary - extension including Early Learning and 1140	10	10	-
Gullane Primary - extension including Early Learning and 1140	5,506	5,276	119
Law Primary - extension including Early Learning and 1140	2,048	2,041	10
Letham Primary - New School	4,796	4,353	1,183
Musselburgh Grammar - upgrades	808	812	3
North Berwick High School - Extension	6,020	6,020	2
Ormiston Primary - extension	1,097	1,097	21
Pinkie St Peter's Primary - extension including Early Learning and 1140	2,218	2,218	96
School Estate - Curriculum Upgrades	330	330	-
Ross High School - extension	9,819	9,819	16
St Gabriel's Primary - extension including Early Learning and 1140	960	960	40
Wallyford Primary - New School	-	-	77
Wallyford Secondary - New School	14,116	14,116	435
West Barns Primary - extension including Early Learning and 1140	1,505	1,505	82
Whitecraig Primary - extension including Early Learning and 1140	2,231	2,231	-
Windygoul Primary - Early learning and 1140 extension	2,095	2,095	-
Total Property - Education	54,777	54,101	2,275

Property - Other			
Accelerating Growth	7,768	7,768	182
Brunton Hall - Improved Community Access	278	278	-
Court Accommodation - incl. SPOC	2,008	2,008	0
Haddington Corn Exchange - upgrades	476	511	385
Haddington Town House - Refurbishment and Rewire	147	147	0
Lighting Retrofit at Longniddry Community Centre/Library	12	12	-
Lighting Retrofit at Port Seton Community Centre	26	26	-
Meadowmill - New Depot	1,148	1,290	4
Meadowmill Sports Centre Car Park Resurfacing	260	260	-
New ways of working Programme	750	750	-
Port Seton - Community Centre Extension	607	607	143
Prestongrange Museum	1,268	1,368	1
Property Renewals	2,000	2,000	356
Replacement Of Movable Pool Floors To Sports Centres	580	580	-
Replacement Pathways Centre	1,504	1,504	-

Sports Centres	200	200	8
Water meter size reduction	14	14	-
Whitecraig Community Centre	-	99	1
Total Property - Other	19,046	19,423	1,079
Total Property - Education and Other	73,824	73,524	3,354
Capital Plan Fees	1,322	1,322	-
Total Gross Expenditure	96,199	98,152	7,124
Total Income	(46,894)	(48,433)	-
Borrowing Requirement	49,305	49,719	7,124

Appendix 5
East Lothian Council
Budget Monitoring 2020/21 Housing Capital - Period 5

Capital Expenditure	2020/21 Budget	2020/21 Actual to Date	2020/21 Budget Variance to Date
	£'000	£'000	£'000
Modernisation Spend	15,652	828	(14,824)
New Council Housing	16,094	3,032	(13,062)
Mortgage to Rent	280	0	(280)
Fees	1,514	0	(1,514)
Gross Total Housing Capital Spend	33,540	3,860	(29,680)

Appendix B – Financial Prospects 2021 and Beyond

- 1.1 The previous section of the report set out the significant and unprecedented challenges that the Council is facing from COVID-19 alongside other on-going demand pressures. Given the increasingly uncertain operating environment, it is arguably even more important to give due consideration to the future financial prospects for the Council looking forward into 2021-22 and beyond.
- 1.2 In recent years, officers have typically set out the future financial prospects for the Council across a 5-year planning horizon based on a range of scenarios. This year, given the exceptional and unpredictable operating environment, scenario-based planning is considered to have too many limitations and has not been used. Instead, this report will provide an overview of the key variables that will have a significant impact upon future budget plans, hoping to help better inform the financial planning framework for the Council over the medium term which in turn will be used to develop an updated Financial Strategy that it is hoped will be brought to Council for approval in December.
- 1.3 The continuing political and economic uncertainty surrounding future public sector funding best evidenced by the postponement of the UK Chancellor's Autumn budget and Comprehensive Spending Review (CSR), the ongoing and often recurring implications from COVID-19, the UK's impending exit from the European Union, all against a backdrop of increasing demand for services, means that it is inevitable the Council will need to find ways of ensuring that it can balance sustainable delivery of necessary services to the public within a potential of ongoing challenging levels of government grant support.

Approved Financial Plans and Implications

- 1.4 For 2020-21, the Council's Financial Strategy and associated financial plans have all been approved on and prior to the 3 March 2020. These plans were supported by a range of significant revenue streams including Council Tax and housing rent income. The General Fund revenue budget was approved across a 3-year financial planning period (2020-21 to 2022-23) with the HRA (revenue and capital) and General Fund capital programme covering a 5-year period until 2024-25.
- 1.5 The approved General Services revenue budget included a number of key assumptions relating to income and expenditure commitments in future years, and included efficiency plans totalling £5.5m across the 3-year period.
- 1.6 The approved financial plans include a range of forward assumptions which must be revisited each year, taking account of updated information and circumstances. This year, as highlighted in the previous section of this report, the implications arising from COVID-19 and wider demand pressures is substantial, and is likely to have recurring implications for the Council to consider in future years. The key variables which will have the most significant potential implications for future budgets are set out below.

- **Revenue Support Grant (RSG)**
 - The Revenue Support Grant (RSG) is funding provided from the Scottish Government that currently makes up about 2/3rds of the Council's overall funding. A 1% reduction in RSG is approximately £1.8m, and given its significance in scale, any change to the RSG awarded by the Scottish Government can therefore have a disproportionately significant impact upon future financial plans and ultimately services that the Council can provide.
 - Despite previous assurance that a multi-year settlement would be provided, the current finance settlement covers 2020-21 only. The existing approved budget assumed a 'flat cash' position, (i.e. that there would be no increase or decrease across the 3 year planning period).
 - Much of the funding available to the Scottish Government is dependent on the UK Government funding, and with the confirmed postponement to the autumn budget and supporting CSR due to COVID-19, it seems inevitable that a single-year settlement for 2021-22 will follow and there is a high risk that the draft local government settlement announcement will be delayed.
 - The financial strain imposed upon the public purse by COVID-19 has been considerable and it is still unclear what the future implications will be on public spending. This could mean further restraints being imposed on public funding allocations to statutory agencies as the Treasury considers available options for repayment of the significant package of financial intervention provided by the UK Government to support the ongoing implications arising from COVID-19.
 - Current funding provided to local government to support COVID-19 implications has mostly been funded on a one-off, non-recurring basis, despite many of the financial pressures faced by the Council having longer term effects. As highlighted in the previous section of this report, current COVID-19 pressures within 2020-21 are currently estimated to be in excess of £15m, many of which will have a recurring impact. Should equivalent additional funding not be forthcoming in future years, the impact of this will be very significant for the Council.

- **Other Scottish Government Funding including Specific Grants**
 - The Council also receives Scottish Government funding for a growing number of specific and new policy objectives including: Social Care Fund, Pupil Equity Fund (PEF), Criminal Justice Funding (CJSW) as well as significant additional funding provided to support the delivery of Early Learning and Childcare – 1140 hours expansion.

- The current planned delivery of 1140 hours has now been temporarily delayed from the previous planned timetable of August 2020; however, recently updated national guidance has re-affirmed the commitment to continue to roll out full delivery of 1140 plans when it is safe and practical to do so and it is expected that a new target implementation date will be announced before the end of this calendar year. Funding has only been confirmed until 2020-21 with future funding subject to future Scottish Government funding. Funding for both 2021-22 and 2022-23 has been assumed to be recurring at 2020-21 level.
- Recent years funding for PEF has currently been removed from 2021-22 budgets in accordance with the existing policy commitment that was aligned to the current parliamentary term.
- In recent 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 support grant for the provision of existing services to an increasing population. The earmarking of these new resources for national priorities effectively reduces the scope for flexibility in how the Council delivers services in a way which best overall meets local priority outcomes.

- **Council Tax Income / Yield**

- The Council Tax income within the 3-year approved budget includes: increased yield from additional properties anticipated to be built over the next 3 years at 1,100 per annum, plus an assumed annual Council Tax increase of 4.84% in 2020-21, in line with the maximum cap approved by the Scottish Government and an assumed 5% increase in the following 2 years. The Council determines annually the level of Council Tax which is levied as part of the budget process.
- Council Tax currently equates to around a quarter of the overall funding provided to the Council. Current projected increases in Council Tax yield is driven by forecasts relating to planned and completed housebuilding within the Council area and anticipated collection rates, much of which can be variable and dependent upon economic conditions that are now much more unpredictable than they have been for some time.
- The ongoing COVID-19 implications have impacted on the overall number of house completions being lower than anticipated, and this may have ongoing implications on future projections. Alongside this, we are seeing an ongoing impact on Council Tax arrears which if trends continue, will place ongoing pressure on the Council's revenue streams.

- The latest Council Tax income estimates already place an additional pressure on 2021-22 financial plans in excess of £0.6m due to delay in house completion, with a high possibility that this could increase further due to either further changes to the estimated Council Tax increase or planned growth in new properties.
- Members are reminded that the additional income received from new household Council Tax alone, does not support the marginal cost to the Council in providing our full range of Council services to an increased population.

- **Use of Reserves**

- The current 3-year budget, requires to draw down general reserves of up to £1.466 million in 2020-21 with a further £0.250m planned for 2021-22. Current budget plans assumes a modest return to reserves of £0.750m by 2022-23, but given the scale of current financial pressures, there is a risk that this will not be achievable. During the 3-year budget period, there is a planned draw down from a number of the specific earmarked reserves such as DSM balances and the Cost Reduction Fund, reducing the overall usable reserves balance available.
- The 2019-20 audited accounts show a total General Fund Reserves balance (including the Council's Insurance Fund) balance of £19.121 million, most of which is committed to support a range of future specified requirements as determined within the approved Reserves Strategy. The approved overall Financial Strategy includes a requirement to maintain a minimum level of uncommitted reserves to mitigate the financial impact of any unforeseen circumstances. This should equate to 2% of the Council's annual running costs, and whilst the target is currently being met, there is currently no headroom. The Strategy also states that should uncommitted reserves fall below this level, a strategy must be put in place over the 3-year period to bring the reserves back within the target.
- Overall the Council's reserve balance remains low, with little or no flexibility. It remains vital that the Council reduces ongoing reliance on reserves and develops a wider financial strategy that will help deliver stability within its cost base, yet still retains a degree of flexibility to address both future planned and unforeseen commitments.

- **Pay / Pensions**

- The current 3-year pay settlement provides through until 2020-21. The approved 3-year budget has included the following in relation to pay:
 - The actual pay award for all staff groups for 2020-21.

- For 2021-22 and 2022-23, an indicative increase of 2% for all staff groups has been reflected within the budget plans. In more recent years, the financial implications of any pay settlement has had to be absorbed within the overall resources made available to the Council, with any 1% change generating a cost liability in excess of £1.2m.
 - Relating to Pensions, the Council continues to have in place a stability mechanism agreed with Lothian Pension Fund which provides a degree of certainty around any changes to employer's pension contribution rates. The currently stability mechanism is in place until 2020-21. The current budget assumes the following:
 - Approved increase for 2020-21.
 - An indicative 0.5% increase per annum in Local Government Pension contribution rates has been reflected for 2021-22 and 2022-23.
 - The next valuation of the Local Government Pension Scheme is scheduled to take place from April 2020, the outcome of which may impact on contribution rates from 2021-22 and therefore the current assumptions being made.
 - 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.
- **Non-pay Inflation**
 - Currently no general inflationary adjustments have been made to individual service budgets. Where inflationary uplifts are linked to contractual requirements such as PPP, alongside some property related inflationary pressures such as energy, these have been reflected within approved budget plans.
 - UK interest rates remain very low, with CPI at the end of August 0.5%, a reduction from 1.1% in July 2020. The Bank of England inflationary target remains at a target of 2% to reflect current Government policy. Despite this, we are still experiencing significant increased costs in a number of areas including: waste, and especially so in recent capital construction-related projects, with many projects now being priced at considerably higher than budgeted levels, largely driven by additional COVID-19 related Health and Safety requirements, as well as some challenges relating to supply of materials.

- **Capital commitments**

- The Council already has a substantial General Services Capital Programme which has been developed to both meet our needs and support growth such as the infrastructure requirements across the county as required by the Local Development Plan alongside the delivery of new policy requirements such as enhanced Early Learning and Childcare.
- The current LDP and South East of Scotland City Deal investments will create significant economic long-term benefits for the East Lothian economy, but also place a significant and more immediate financial burden upon Council finances. The current LDP related commitments have been built into current budgets, but progress towards fully delivering infrastructure projects identified within the City Deal and other growth related commitments such as Blindwells and Cockenzie will require significant future capital investment.
- The Council has also committed to a wider Learning Estate Review which will impact significantly upon future capital investment plans and will need to take cognisance of any funding support schemes made available by Scottish Government. A significant proportion of the existing approved capital plans relates to increased investment in our wider school infrastructure, and this likely to require further and ongoing support in future years.
- There remains significant economic uncertainty arising from COVID-19 as well as the UK's exit from the European Union. The previous section of the report has highlighted the impact this has had on the current capital plan, and this collectively continues to place greater risk on the cost and deliverability of both current and future capital plans. There is evidence of growing cost pressures associated with delivering future capital commitments within existing budget levels. Although a significant proportion of this additional investment will be supported through income contributions derived through the Developer Contributions Framework, volatility and economic uncertainty in the housing market can impact on both the timing and realisation of anticipated funding levels.

- **Demand Growth**

- The Council's population profile continues to expand with increasing growth projected going forward in both sides of the demographic spectrum relating to school-age children and pensioners.
- Current budget plans have reflected some changes to population and service demand for areas such as pupil school

roll, but do not include a more general population related adjustment.

- **Transformational Change / Efficiency Programme**

- A key requirement of the current budget is the delivery of the planned programme of efficiencies, with £5.529m of recurring efficiencies already identified within the current 3-year budget.
- The current 3-year budget assumes the delivery of the following efficiencies.
 - £2.374 million service efficiencies;
 - £3.155 million corporate efficiencies which include enhanced management of staffing budgets; review of council assets and reduction in core service provision.
- As highlighted previously, the delivery of planned budget savings remains challenging, and has significantly impacted both in terms of changes to service priority commitments to support the Council's on-going COVID-19 response, as well as the inability to fully realise income related efficiencies. It is still anticipated that the majority of planned savings for 2020-21 will be delivered; however, there remains a risk that these may not be delivered recurrently and this will in turn create challenges for future plans. Current plans to deliver efficiencies in 2021-22 and 2022-23 are currently being reviewed, but it is considered unlikely that all planned efficiencies will be fully delivered on a recurrent basis. This is likely to result in further challenges and a need to consider alternative options to balance future budgets.

- **2020-21 Budgetary Pressures**

- Aside from COVID-19, at the time of approving the budget, the Council already faced significant specific financial challenges which would need to be managed within available resources.
- A growing number of service areas are now classified as High Risk, with significant pressure emerging from both increased demand and changing requirements across a wide range of service areas but most notably within Children's Services, the wider Education group including schools and ASL and also within certain Infrastructure service areas including Waste. Pressures to date have been partly mitigated by a number of significant non-recurring benefits largely derived from implemented loans fund review, however the recurring benefit of this has already been reflected within approved budget plans. The 2019-20 year-end financial review indicated that without these mitigating factors the Council would have overspent in excess of £6 million, signalling a significant underlying pressure facing the Council.

- Officers continue to explore all available options to mitigate the ongoing pressures, but this remains challenging within the resources which are available, coupled with the ongoing priorities to support the continuing national pandemic health crisis.
- The current approved 3-year budget is set on the assumption that the Council will deliver a break-even position in the current year. Should this not be achievable this will have a recurring impact on future budget plans and the ongoing financial sustainability of the Council.

- **COVID-19 Implications**

- As previously highlighted, to date the Council is forecasting COVID-19 related costs in excess of £15 million. It seems increasingly likely that many of these costs are likely to remain in place going forward, such as enhanced cleaning and expanded school transport. Also recurring will be the assorted challenges restricting our ability to fully realise all of our planned income streams. The funding received to date to offset some of these pressures has been largely non-recurring with the exception of school staffing which has supported across the academic year 2020-21.
- The way in which the Council delivers many of its services remains subject to change, with an increased number of staff continuing to work from home, and the way in which we provide services to our communities under constant review. This may in turn create some opportunities such as reviewing and rationalising the office estate, but this may take time to consider and indeed realise potential benefits.
- The potential implications arising from COVID-19 are significant and still not fully known, and the ongoing strategy to support government and the National Health Service in their response will have a significant impact on our future financial plans.

Financial Outlook – East Lothian Council

- 1.7 Alongside the many variables outlined above, the overall economic position across the UK remains significantly uncertain, arguably more so than ever before. Notwithstanding the continuing economic impact of supporting the on-going health pandemic, the UK will also formally depart from the European Union in the forthcoming months. Significant planning has been undertaken across Council services, and is outlined in more detail within a separate report to be considered by Council. Despite significant internal planning, there clearly remains a much wider external factor relating to the potential impact on both the UK and Scottish economies, which can impact not only on future public spending levels including local government funding settlements, but may also significantly impact on the future demand for Council services.

- 1.8 In terms of democratic process and related political uncertainties, there are currently scheduled elections due to take place for Scottish Government in May 2021 and Scottish Local Government in May 2022.
- 1.9 Whilst recognising the many varied and wide range of 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 so, can they ensure long term sustainability of service provision.
- 1.10 In recognising the very challenging circumstances which we are now faced with, officers have already been progressing budget planning, both internally to develop updated budget plans and also to inform and support the national discussions being led by COSLA on long-term sustainable funding for local government. This work is progressing and will be concluded in the forthcoming months, and an update on the progress will be reported to Council in December.
- 1.11 The future landscape has many variables, and the full extent of the future challenges will undoubtedly change as work progresses on developing the revenue budget. It remains clear, however, that the potential scale of the challenge facing the Council ahead is extensive, and may create multi-million pound pressures for the Council to manage. Challenges on this scale may have a significant adverse impact upon service delivery and it is imperative that early consideration is given to how best this might be managed.
- 1.12 The Council's Financial Strategy provides a practical framework within which policy choices can be identified, debated and approved. The Strategy importantly focuses across a medium-term planning framework, and the challenge remains about driving forward plans which will allow the Council to operate within a sustainable financial footing going forward. The Council has a good track record of delivering savings, and has identified and delivered over £32 million of recurring savings since 2012, with a further £5.5 million reflected within existing plans. The ability to realise more, will require the Council to continue to focus on its journey to transform service delivery, but will ultimately require some difficult choices to be made around how resources are prioritised to best deliver local services.

Budget Development Process

- 1.13 Officers have been reviewing the existing budget development process and it is recommended that the following arrangements should apply to the 2021-2024 budget. This will provide the framework for budget discussions and establish a platform for the development of an updated set of financial plans that can then be brought forward to Council for approval.

- A 3-year General Services revenue budget will be prepared covering 2021/22 to 2023/24, initially based upon a roll forward of existing budget plans.
 - A longer term General Services capital budget will be prepared covering the 5-year period 2021/22 to 2025/26.
 - The base budget will be developed and issued to all political groups by early December. This will subsequently be updated with information following presentation of the Scottish Government's Draft Budget to Parliament which is currently scheduled mid-December, but may now be subject to change.
 - A budget briefing on the development of the baseline budget and key assumptions for Members will be held early in December.
 - The Council's Financial Strategy setting out a clear direction on how the Council will manage its financial resources in the medium to long term will be brought to Council in December. This will be considered alongside an updated Capital Strategy
 - DRAFT budget proposals (covering both General Services and HRA) will be developed by the Administration and initially considered by Cabinet in January 2021 covering both revenue and capital budgets.
 - Other Political Groups will have the option to develop any amendments to the Administration budget, with formal proposals to be considered by Council in February, when the Council budget for both General Services, HRA and Council Tax setting will be approved.
- 1.14 Given the high likelihood that further savings will be required to be delivered across the next few years, it is recommended that work on budget development for 2021/22 and beyond is progressed with pace taking into consideration the potential variables outlined within this report.
- 1.15 In terms of public consultation, the Council will continue to support a wider public awareness campaign relating to our current financial position including information on the wider financial challenges faced.
- 1.16 Preparations for the formal statutory rent consultation are already well underway. Details of the feedback received from both processes will be shared with members to help inform final budget proposals.

REPORT TO: East Lothian Council

MEETING DATE: 27 October 2020

BY: Chief Executive

SUBJECT: East Lothian Council's Brexit Preparations and Response

6

1 PURPOSE

- 1.1 The purpose of this report is to provide an update on the current status of EU-UK 'Brexit' negotiations, the key risks to East Lothian Council, the status of current internal preparations to mitigate and manage the risks and further action required in the lead up to the end of the transition period on 31 December 2020.

2 RECOMMENDATIONS

- 2.1 It is recommended that Council:
- i. Notes our current position in regard to preparations for the UK leaving the EU at the end of the transition period on 31 December 2020.
 - ii. Notes and supports the continued work of the Brexit Working Group in identifying risks to East Lothian Council and the management and mitigation of these risks to minimise impacts on service delivery.

3 BACKGROUND

Current Status

- 3.1 The UK officially left the EU on 30 January 2020 and entered a transition period to complete negotiations. The option to extend the transition period was not pursued by the UK Government and so the transition period will end on 31 December 2020 meaning that on the 1 January 2021, all EU laws and policies will cease to apply to the UK. If an agreement is reached

before that date then a framework will be put in place for trade and other relations. However, if an agreement is not reached then EU-UK relations will be mainly based on international law although many areas will have no legal basis for cooperation.

3.2 The negotiations on the future EU-UK relationship started in March 2020 and are now entering their final phase. It was the aim of the UK Government to have negotiated a trade deal with the EU by 31 July 2020; however, negotiations have become protracted due, in part, to the COVID-19 pandemic and also a number of outstanding issues which include:

- access to UK Fisheries;
- governance, and;
- maintaining EU requirements to enable free trade (the level playing field).

3.3 Secondary issues such as data protection and human rights also remain outstanding; however, the EU and UK are keen for an agreement to be reached by the end of October 2020, leaving two months for preparations to be put in place. However, it is possible that negotiations could continue past the transition date as indicated by the UK and EU at the end of the last round of negotiations.

3.4 The timetable for leaving the EU is fixed and the transition period will end on 31 December whether a deal is reached or not. The impacts of Brexit will be further compounded by the ongoing COVID-19 pandemic already taking its toll on trade and business sustainability making economic recovery more challenging than previously thought. It is now imperative for national and local agencies to plan and prepare for the reasonable worst case scenario of a 'no deal' or 'limited deal' Brexit.

UK Government Preparations

3.5 On 11 September 2019, the UK Government published 'Planning Assumptions for a No Deal EU Exit' (known as Operation Yellowhammer). In parallel with the ongoing negotiations, the UK Government has also released a number of documents and information to assist with preparations, including:

- a Border Operating Model detailing how border controls will function at the end of the transition period;
- a Global Tariff Scheme specifying which tariff rate will apply to imported goods;
- negotiating trade deals with other countries such as the US but ultimately not able to lower standards to enable trade with the EU;
- in July, the UK Government launched a publicity campaign to encourage businesses, services and citizens to prepare for the end of the transition period;

- the Immigration Bill is currently making its way through Parliament; however, the UK Government has provided further information on the points-based system which will end the free movement of EU citizens on the 31 December 2020;
- the Internal Market Bill, which is currently making its way through the legislative process, sets out the UK government's intentions for managing the economy once outside the EU. Its aim is to establish foundational economic principles for the whole of the UK and where these principles clash with the policies and decisions of the devolved administrations of Scotland, Wales or Northern Ireland, the UK-wide approach will as a rule prevail.

Scottish Government Preparations

3.6 The Scottish Government also has been preparing for the impact of the EU exit and in particular, plans have been developed to mitigate the impacts of a 'No Deal' Brexit through a 'Ministerial Group on EU Exit Readiness' which is supported by a 'No Deal Planning Board'. Most preparations have been based on the UK planning assumptions but have been further developed by the Scottish Government to identify impacts on Scottish businesses and communities.

3.7 The Scottish Government preparations include:

- minimising disruption to supplies of food and medicines if there are significant delays at ports;
- providing online information for EU Citizens on Settled Status;
- establishment of a £7M Rapid Poverty Mitigation Fund;
- ensuring legislation impacted by leaving the EU has been updated and consented;
- providing information to businesses to assist in managing trade and economic impacts;
- working with farmers and crofters to ensure financial payments will remain in place;
- reserving 300 Police Officers to deal with any issues arising at ports, borders or possible civil unrest.

COSLA

3.8 COSLA is supporting Scotland's 32 councils to ensure local government is prepared for the end of the transition period and in particular, the impacts on services should there be a 'No Deal' scenario.

3.9 COSLA has been holding monthly meetings with representatives from all local authorities to provide updates and identify issues from a local authority perspective.

Police Scotland

- 3.10 Police Scotland has issued information to Regional Resilience Partnerships, signalling its intent to formulate multi-agency arrangements at a national level to prepare for a no deal.
- 3.11 The intention is to stand up a National Coordination Centre (NCC) in December 2020. Within the NCC will be a Police Operation Coordination Centre (POCC) and a Multi-Agency Coordination Centre (MACC) to support the Scottish Government and Resilience Partnerships. Key to information sharing will be the continued use of the national Resilience Direct information system as the main reporting tool.

East Lothian Council Brexit Impacts

- 3.12 East Lothian Council has a statutory obligation to deliver a range of core public services. The Council also provides valuable place leadership and therefore has an important role in supporting its communities and businesses.
- 3.13 Leaving the EU without a deal differs from other types of incidents the Council responds to because of the level of uncertainty surrounding what the impacts will be, how severe the impacts will be and when they will be experienced.
- 3.14 This means that the arrangements for responding to leaving the EU without a deal must have a great degree of flexibility to allow for the response to be both effective and proportionate.
- 3.15 Although there are a number of uncertainties, it is important to refresh scenario planning to identify likely impacts, the duration of the impacts and mitigation measures that can be put in place to manage and minimise them.
- 3.16 Most of the services in East Lothian Council will be impacted but some services will be affected more than others and it must be recognised that some impacts will cross service provision and can be broadly categorised into the following;
- *Our Finances and Funding*
 - *Our Supply Chains*
 - *Our Workforce*
 - *Our Statutory Compliance*
 - *Our Capacity to Respond to Unplanned Events*
 - *Our Capacity to Maintain Service Provision*
 - *Our Local Communities*
 - *Our Local Economy*

Our Finances and Funding

- 3.17 EU funding streams fall into three main categories:
1. From the EU via the Government, e.g. the European Structural and Investment Fund (ESIF).
 2. Direct from the EU, e.g. research and innovation programmes such as Horizon 2020 and ERASMUS+.
 3. Strategic investment funding and support from the European Investment Bank.
- 3.18 Loss of funding is expected to have a significant impact on local authorities in terms of funding gaps and loss of investment in local development programmes.
- 3.19 In the event of 'No Deal', the UK Government has committed to guarantee EU programme funding until 2023, including the European Regional Development Fund (ERDF) and European Social Fund (ESF) 2014 to 2020.
- 3.20 After the conclusion of this programme, the UK Government intends to operate a domestic replacement fund - the UK Shared Prosperity Fund (UKSPF). There is little more detail on these plans at the moment and public consultation on this is expected once the terms of EU withdrawal are confirmed.
- 3.21 The Scottish Government issued a consultation in November 2019 to identify opportunities to influence and shape the UK proposals for a prosperity fund and ensure that Scotland as a devolved nation has a fair share of the funding available. The consultation closed in February 2020 and more information is anticipated.

Our Supply Chains

- 3.22 East Lothian Council currently depends on a number of suppliers for products and services. There is a risk that a 'No Deal' Brexit could have a knock-on effect on the Council's ability to sustain statutory and non-statutory services that depend on supply chains.
- 3.23 It should be assumed that there will be some interruption to food and fuel supplies thereby impacting on meal provision in schools and care settings and the ability of some services to carry out activities which are reliant on vehicles and transport. East Lothian Council has representative participation at the Scottish Government Public Sector Food Forum to raise any related concerns and to share information across the sectors such as resilience planning.
- 3.24 The Council and its suppliers currently purchase EU goods tariff free. In a No Deal scenario, the UK will revert to World Trade Organisation (WTO) rules meaning that the UK would have to treat the EU the same as other trading nations. This means that if the UK continued to apply tariffs to

countries outside the EU (such as the US), there would have to be the same tariffs to pay on imported goods supplied to the Council from the EU.

- 3.25 Budgetary pressures may be experienced by the Council as a result of price increases for example, ICT costs associated with the production and import of digital technology products are typically priced in Euros or US Dollars but sold in Sterling. As such, any exchange rate fluctuations resulting from the EU Exit process could have an impact on manufacturing and selling prices.
- 3.26 Property maintenance and facilities management may also see significant increases in costs of goods, supplies and labour or panic buying may mean materials are in short supply.
- 3.27 Suppliers in the care and food industry have been warned about expected workforce shortages which in turn will decrease service and production capacity
- 3.28 Other indirect impacts may include increases in the cost of borrowing, leading to costs in excess of budget resources available and economic impacts may increase existing pressures in relation to rental income, council tax revenues and business rates.

Our Workforce

- 3.29 The UK Government has reached an agreement with the European Union on citizens' rights. This agreement will protect the rights of EU nationals living in the UK after the UK leaves the EU. The purpose of the scheme is to enable non-UK EU nationals to continue to live their lives in the UK as they do now. The scheme also covers their direct family members.
- 3.30 In order to continue to secure rights to live and work in the UK, non-UK EU nationals will need to apply for settled status through the EU Settlement Scheme. The scheme opened 30 March 2019. The deadline for applying is 30 June 2021.
- 3.31 Although direct employment of EU nationals by East Lothian Council is relatively low, there will be EU nationals working for local businesses and service providers who may deliver services on behalf of the Council. The implications of 'settled status' have been communicated directly to all affected East Lothian Council employees, and information and guidance has been provided to the East Lothian business community.
- 3.32 A 'No Deal' exit will impact the availability of both high skilled and entry level workers across a range of sectors. In February 2019 the Scottish Government report '*No Deal Exit – Economic Implications for Scotland*' highlighted that net migration into Scotland, currently +13,000 a year, will fall and could even become negative as a result of depreciation in Sterling and wider economic slowdown.
- 3.33 If there is a knock on effect of EU nationals leaving posts or not migrating to Scotland, there may be opportunity to focus on the development of the

local workforce particularly young people through the financial support of the Scottish Government's Job Guarantee fund.

Our Statutory Compliance

- 3.34 There are numerous statutory duties placed on East Lothian Council which are set out in various Acts, Regulations and Statutory Guidance such as procurement, waste management, environmental protection and trading standards.
- 3.35 Legislation currently underpinned by EU standards has been retained by the UK under the terms of the Withdrawal Act until the end of the transition period. The agreement also includes 'non-regression' requirements to prevent the UK introducing lower legislative standards in relation to social, environmental and employment law.
- 3.36 There are risks that statutory duties pertaining to services such as Social Care, Environmental Health and Trading Standards are at risk if resource is not available to maintain existing duties or absorb additional responsibilities in relation to import and export requirements.
- 3.37 There is also a risk that procurement services will lose access to the Official Journal of the European Union; however, the UK Government has confirmed that a UK specific e-notification service will be made available.
- 3.38 The UK will also bring GDPR requirements into national law. However, in the event of a 'No Deal', UK legislation will not be enough to permit the free flow of personal data between the EU and UK. The implication of this for local authorities is uncertain. The free flow of information between the EU and Third Countries rests on 'adequacy decisions' that provide assurances regarding a country's data protection standards. In the absence of an adequacy decision for the UK by 31 December 2020, the flow of data from the EU into the UK will require additional safeguards. While a recent high-level survey of Council services shows that there is not currently a high flow of information to the Council from outwith the UK, the full impact on the Council's data sharing remains uncertain.
- 3.39 In the event of a 'No Deal', the UK would no longer have access to the Trade Control and Expert System (TRACES), the EU system that underpins the controls on imports of animals, animal products and high risk food and feed not of animal origin from third countries and the EU. The UK would no longer have access to other EU systems, networks and agencies that assess and track food safety.

Our Capacity to Respond to Unplanned Events

- 3.40 As a Category 1 responder under the Civil Contingencies Act, the Council has a responsibility for emergency planning and responding to sudden, serious incidents and ensuring care for people and continuity of critical services. This is delivered through established and tested arrangements with Local and Regional Resilience Partnerships, devising and implementing local solutions to mitigate, as far as possible, the impacts

from a potential 'No-Deal'. The Local Authority Resilience Group (LARGs) disseminate information and facilitate knowledge sharing amongst the partners.

- 3.41 The Scottish Government has published planning assumptions which present the reasonable worst case scenario in the event of a 'No Deal' EU Exit. These planning assumptions are derived from the UK planning assumptions and attempts to ensure as far as possible that the civil contingency response to Brexit is based on a shared situational awareness.
- 3.42 The assumptions are not predicted outcomes but act as an aid to planning for the more challenging situations that may arise at the end of the transitions period. It is recognised that the Brexit response will have a local context due to the variation in impacts experienced in different areas of Scotland and the UK.
- 3.43 As the resilience team is currently responding to the COVID-19 crisis and preparing for Brexit implications, it will become more difficult to respond to other unplanned events and emergency situations.

Our Capacity to Maintain Services Provision

- 3.44 East Lothian Council provides a wide range of services to the local community. The COVID-19 pandemic is currently stretching resource, and additional demand on these services from a 'No Deal' Brexit may increase the risk that some services cannot be delivered.
- 3.45 Having robust business continuity plans, taking into account the identified and anticipated risks associated with both a 'No-Deal' Brexit and trade agreement, are essential to ensure all services can maintain their critical activities. This system has worked well in informing Council risks associated with COVID – 19.
- 3.46 All ELC service managers and strategic staff have been and will continue to be engaged with reviewing the corporate and service risk registers to ensure they reflect the possible effects of Brexit. Risk registers have been kept updated and a specific Brexit risk created.

Our Local Communities

- 3.47 The negative economic impacts of Brexit are likely to lead to an increase the number of people in poverty, reduction in employment opportunities and potential increased demand on essential council services.
- 3.48 Increased costs of goods and services are likely to impact low income households and families with children, disabled people, and older people, and they will find the costs of living more challenging.
- 3.49 Food security may become a major issue for vulnerable communities. The EU accounts for 30% of UK imports and 70% of fruit and vegetables, particularly in the winter months. Disruption to the food supply chain increases risks to food availability, affordability and safety.

- 3.50 Should food insecurity become an issue within our communities, there may be a requirement to stand up community resilience networks for a short period should there be disruption to food, medicine and fuel supplies. Similar to maintaining ELC services provision the COVID-19 pandemic has stretched the resilience of communities and may increase the risk of resilience networks being unable to meet the full scale of the ask of them.

Our Local Economy

- 3.51 Studies suggest that a No Deal or Limited Deal Brexit will lead to further economic shock at a time when the ongoing response to the COVID-19 pandemic has created a fragile economic recovery and perhaps longer term impacts.
- 3.52 It is anticipated that there will be further disruption to supply chains, trade, logistics, market confidence and ultimately investment and consumer confidence. Further economic downturn will also exacerbate current issues relating to unemployment, underemployment, job insecurity and reduction in development opportunities.
- 3.53 Local businesses need to have plans in place to adapt to anticipated changes relating to customs, tariffs, imports, exports, price changes and additional administration. Information for businesses is available on both the UK and Scottish Government websites. Local authorities are working alongside Business Gateway and Scottish Enterprise to provide local support on preparedness.
- 3.54 Rural areas are at risk particularly where there is a reliance on EU investment such as the Common Agricultural Policy. High Tariffs on lamb and beef as well as the need for Export Health Certificates will impact those who export goods. Work is being undertaken by Protective Services Environmental Health Officers to register and inspect local fishing vessels to ensure they meet the requirements to export to the EU after the transition date.
- 3.55 There has been discussion with the Scottish Government and Food Standards Scotland in relation to the development of a temporary (2 year) Export Hub potentially at the former Cockenzie site.

East Lothian Council Brexit Response

- 3.56 There is now just over two months until the end of the transition period. Although both the UK Government and the negotiators agree that issues can be resolved, there is risk of a 'No Deal' scenario and a 'limited deal' being the most likely outcome.
- 3.57 In light of this, preparations should consider current planning assumption recommendations of reasonable worst case scenario allowing the Council's response to be scaled appropriately when the outcome of the negotiations are agreed.
- 3.58 Key actions:

- East Lothian Council Brexit Working Group (BWG) has been reconvened led jointly by the Service Managers for Protective Services and Economic Development and attended by Service Managers and other key officers. Council Management Team oversees the BWG, which is sponsored by the Heads of Service for Development and Communities and Partnerships.
- Members of the BWG remain engaged with external agencies and networks such as Scottish Government, Resilience Partnerships, COSLA, Community Groups and business and trade associations.
- A survey has been carried out of Service Managers to advise the BWG of current situational awareness of Brexit impacts and ensuring Corporate and Service Risk Registers are up to date.
- The Council's Brexit preparations will become a standing item on the Connected Economies Group (CEG) as means of involving Elected Members and local businesses. The Rural Recovery Sub Group will focus on issues raised in 3.54 and the weekly meeting of the cross-party members and officers group will also cover Brexit as a standing item.
- Currently developing our 'Category 1 Response' by establishing a Single Point of Contact, internal communication procedures via dedicated mailbox and Resilience Direct as well as reporting arrangements to the Multi-Agency Co-ordinating Centre.
- The BWG will undertake a further Service Impact Analysis at the start of November. It is anticipated that the outcome of negotiations will be known. If not, governmental planning assumptions will be used to update Corporate and Service Risk Registers and identify any mitigating actions by way of a Brexit Workplan.
- Internal Audit will conduct an assurance review of our Brexit preparedness and report to the Audit and Governance Committee in November 2020.
- The date for ratification of a deal by the European Council is 26 November and it is anticipated that after that date, East Lothian Council will prepare to stand up the Brexit Response by mid-December in the lead up to the end of the transition period on 31 December and will remain in place for at least a 12-week period from 1 January 2021.
- A timeline of the Brexit progress is given in Appendix 1.

4 POLICY IMPLICATIONS

- 4.1 There are no new policy implications arising from this report; any that do arise subsequent to the refreshed Service Impact Analysis and Brexit Workplan will be reported separately.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The completed Brexit Workplan, informed by the Service Impact Analysis currently underway, will be subject to the Integrated Impact Assessment process in due course.

6 RESOURCE IMPLICATIONS

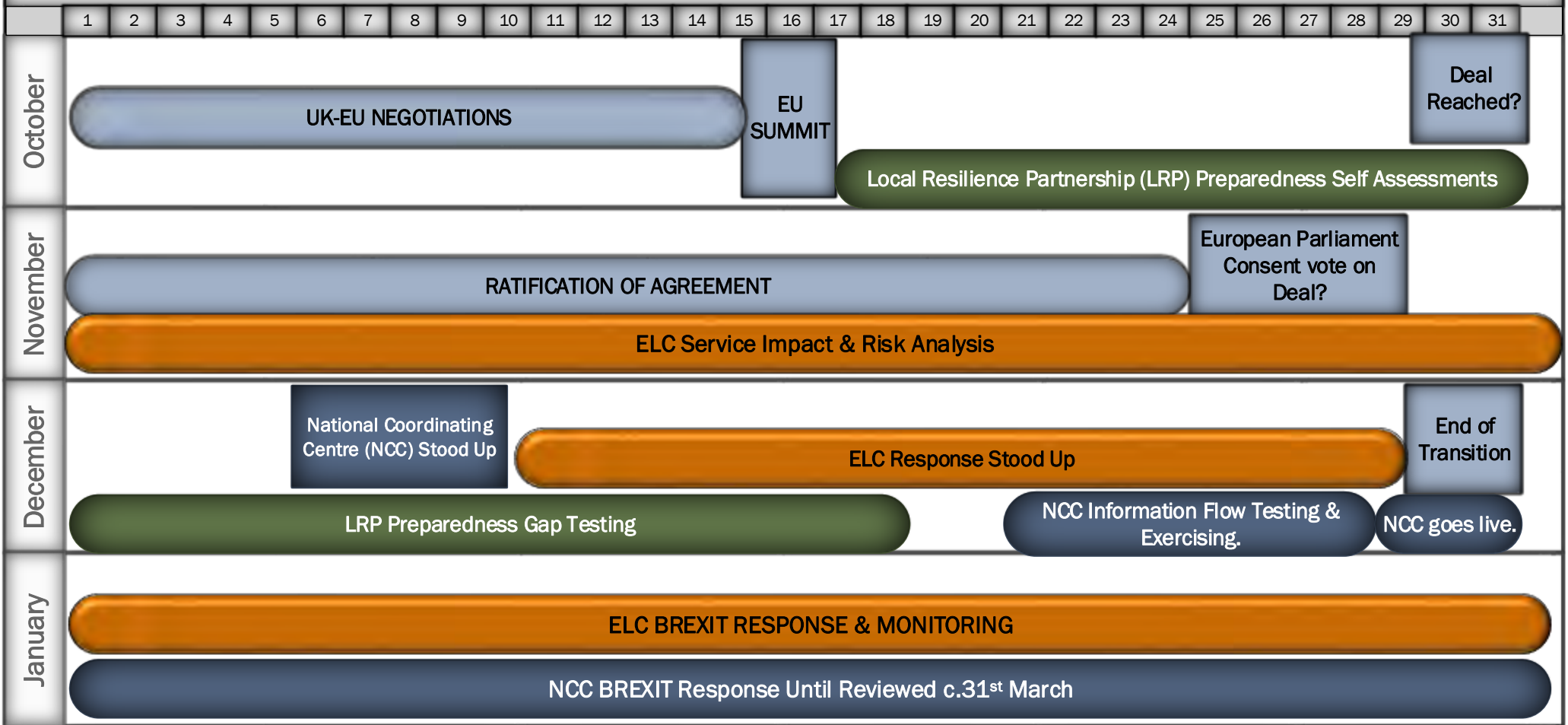
- 6.1 Financial: Forecasting the full impacts of Brexit on Council finances and budgets is challenging due to ongoing negotiations. Known potential impacts have been outlined in general terms within *Our Finances and Funding* section of this report.
- 6.2 Personnel: Impacts of Brexit on the Council's workforce is expected to be minimal in the short term; however, the longer term impacts of the UK Government's immigration policy are unclear but have the potential to impact on lower paid / skilled workforce such as those involved in Facilities Management and Social Care. There may also be increased workloads for some services, e.g. Environmental Health and Trading Standards in relation to changes to Exports and Imports.
- 6.3 Other – As part of the ongoing analysis carried out by the Brexit Working Group, other resource impacts will be identified.

7 BACKGROUND PAPERS

- 7.1 Appendix 1: Brexit Timeline
- 7.2 [UK Government Brexit Transition Website](#)
- 7.3 [Scottish Government 'Prepare for Brexit' Website](#)

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APPENDIX 1: Brexit Timeline



REPORT TO: East Lothian Council

MEETING DATE: 27 October 2020

BY: Depute Chief Executive (Resources and People Services)

SUBJECT: Review of Governance of Common Good – Update

7

1 PURPOSE

- 1.1 To provide an update to Council in connection with the Common Good Governance Review, and to set out the next steps in the process.

2 RECOMMENDATIONS

It is recommended that the Council:

- 2.1 Notes the progress regarding the Common Good Governance Review; and
- 2.2 Approves the proposed consultation in the terms set out at Section 3.4 of this report.

3 BACKGROUND

- 3.1 At its meeting on 25 June 2019, the Council agreed to allocate funding of £40,000 from the Common Good Funds to allow a full review of the assets held by the Council within the Common Good to be carried out. This included ascertaining the assets and assessing any associated liabilities/costs to maintain these assets. It should be noted that, despite the principle of Common Good being in existence since 1491, there remains no formal definition of Common Good property, although there is significant guidance within case law. Therefore, in deciding whether an asset forms part of the Common Good portfolio, the Council must consider each case on its own merits.
- 3.2 The Council's Legal Team appointed external solicitors (Lindsays WS) to assist in the review of heritable Common Good assets (i.e. land and

buildings). The work undertaken by Lindsays included reviewing the legal titles to all the land and buildings which the Council's Estates and Finance Team had provisionally identified as forming part of the Common Good portfolio. This review was also extended to include all public parks and other additional properties which had not previously been identified as assets forming part of the Common Good portfolio. The result of this work, together with the Council's Legal Team's review, has identified the properties listed within Appendix 1 as being heritable properties associated with the Common Good.

- 3.3 In addition to the above-mentioned exercise being carried out, further work is also being undertaken to ascertain if there are any moveable assets which may be held by the Council as Common Good property (for example, paintings). To date, no such moveable assets have been identified.
- 3.4 Following on from the review carried out by Lindsays, the next step will be to conduct a full public consultation, as is required in terms of section 102 of the Community Empowerment (Scotland) Act 2015, which requires that the Council firstly identifies its Common Good assets and then seeks consultation with the community prior to formally publishing its Common Good register. The purpose of the consultation is to allow the public an opportunity to comment on the currently identified Common Good assets and submit suggestions relating to other assets which they reasonably believe may be Common Good, and to allow further scrutiny of any such assets.
- 3.5 During the review, the Legal Team has worked closely with Estates and Engineering Services. Condition surveys were instructed for all buildings identified as part of the Common Good portfolio and required works prioritised into four categories, as detailed in Appendix 2. An appropriate maintenance programme will be prepared which will be reviewed in line with the current use of the property and sustainability of the particular Common Good Fund, together with the approved current budgets for each Common Good Fund.

4 POLICY IMPLICATIONS

- 4.1 There are no policy implications arising from this report.

5 INTEGRATED IMPACT ASSESSMENT

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

6 RESOURCE IMPLICATIONS

- 6.1 Financial – it is not anticipated that there will be any direct financial consequences. However, should any additional Common Good assets be identified as a result of the consultation, then further consideration as regards these assets will be required.
- 6.2 Personnel - none
- 6.3 Other – the consultation is not anticipated to have an impact on resources. However, due to current restrictions imposed through COVID-19, the consultation shall, as far as possible, be conducted virtually.

7 BACKGROUND PAPERS

- 7.1 Report to Council on 25 June 2019 – Review of the Governance of Common Good
- 7.2 Report to Council on 27 August 2019 – Review of the Governance of Common Good: Update

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DATE	12 October 2020

Appendix 1

ASSET REF	NAME	NO	STREET	TOWN	POST CODE	TYPE	NT REF
0193	Sub Station Site in Winterfield Park		Winterfield, North Road	Dunbar		Land	NT6679/1
1002	Former Show Ground		Lamer Street	Dunbar		Public Open Space	NT6878/14, /15, /29 & /34
1110	Musselburgh Racecourse		Linkfield Road	Musselburgh	EH217RG	Land	NT3573/1
1157	Land at Goosegreen (Territorial Army Site)		Goose Green Place	Musselburgh		Land	NT3573/1
1187	Ash Lagoons		Linkfield Road	Musselburgh		Lagoons	NT3573/1, NT3573/4, NT3573/6, NT3573/5, NT3573/7 and NT3573/8
1198	Car Park Balcarres Road Musselburgh		Balcarres Road	Musselburgh		Car Park	NT3473/6
1406	Corn Exchange	85	High Street	Dunbar	EH42 1ER	Hall	NT6778/30
1409	Musselburgh Town Hall	63	High Street	Musselburgh	EH21 7BZ	Hall	NT3472/179
1434	Office	2	Quality Street	North Berwick	EH39 4HW	Office	NT5585/42
1502	Fisherrow Links		Mountjoy Terrace	Musselburgh	EH21 6JR	Park	NT3473/13
1503	Neilson Park		2 Road	Haddington	EH41 4DB	Park	NT5173/52
1504	Park, East Road, North Berwick	27A	East Road	North Berwick	EH39 4LD	Park	no title
1512	Countess Park		Countess Crescent	Dunbar		Park	NT6778/4
1527	St. Margarets Clubhouse		Winterfield	Dunbar	EH42 1XE	Clubhouse	NT6679/1
1530	Car Park		Marine Parade	North Berwick		Car Park	no title
1535	Public Toilets		Mountjoy Terrace	Musselburgh	EH21 6JH	Toilets	no title
1540	Haddington Town House		High Street	Haddington	EH413HA	Miscellaneous	no titles
1550	Town House Dunbar		High Street	Dunbar	EH42 1ER	Miscellaneous	NT6778/27 & /47
1552	Brunton Hall and Theatre		Ladywell Way	Musselburgh	EH21 6AF	Miscellaneous	
1670	The Haugh Park			Musselburgh		Park	NT3372/72 NT3372/73
1682	Old Golf Course		Linkfield Road	Musselburgh		Golf Course	NT3573/1
1722	North Berwick War Memorial		Quality Street	North Berwick		Memorial	NT5585/42
1750	Fisherrow Harbour			Musselburgh	EH21 6DQ	Harbour	no title
1823	Snack Bar Site within Car Park at Fisherrow Harbour			Musselburgh	EH21 6DG	Land	no title
1843	The Mall Clock		Mall Avenue	Musselburgh		Miscellaneous	clock structure only
1846	Bank of the River Esk		River Esk	Musselburgh		Public Open Space	NT3573/1
1881	Musselburgh Community Facility		Balcarres Road	Musselburgh		Land - part only	NT3573/1
1884	East and West Haughs			Haddington		Public Open Space	no titles
1891	Imperial Car Park (part)		Quality Street	North Berwick		Car Park	NT5585/42
1001	Land		Lamer Court	Dunbar		Public Open Space	No Titles, Burgh Charter
	The Lodge 2			North Berwick			5585/54
	King George V Park 2			Cockenzie			4075/63
	Goose Green			Gullane			4882/21
	Polson Park			Tranent			3972/3
	Lewisvale Park			Musselburgh			3472/175
	West Links			North Berwick			5385/3
	West Pans			Musselburgh			3673/7
	Whitesands			Barns Ness			7277/1
	Stoneyhill Community Centre			Musselburgh			3372/5
	30 High Street			East Linton			5977/27
	Lime Grove (part only)			North Berwick		Open Space	

ASSET NO.	ASSET NAME	PRIORITY GRADES				SUB TOTAL
		LEVEL 1: URGENT WORK	LEVEL 2: ESSENTIAL WORK	LEVEL 3: DESIRABLE WORK	LEVEL 4: LONG TERM WORK	
		REQUIRED WITHIN 1 YEAR	REQUIRED WITHIN 2 YEARS	REQUIRED WITHIN 3-5 YEARS	REQUIRED OUTWITH THE 5 YEAR PERIOD	
1406	Dunbar Corn Exchange	£212,385.60	£241,080.00	£85,848.00	£0.00	£539,313.60
1527	Winterfield Golf Club	£123,774.00	£218,324.40	£5,103.84	£0.00	£347,202.24
1540	Haddington Town House	£371,380.80	£283,416.00	£88,200.00	£0.00	£742,996.80
1409 & 1132 & 1149	Musselburgh Old Town Hall & 63D & 63A	£14,876.40	£60,552.24	£302,691.82	£0.00	£378,120.46
1550 & 1551	Dunbar Town House & Office 85 High Street, Dunbar	£33,516.00	£5,880.00	£24,754.80	£23,520.00	£87,670.80
1552	Brunton Hall & Theatre	£154,776.89	£169,344.00	£497,448.00	£1,379,448.00	£2,201,016.89
1105 & 1171 & 1106 & 1107 & 1108 & 1204	145-157 High Street, Musselburgh*	£19,662.72	£52,710.67	£51,214.80	£0.00	£123,588.19
1123	140 North High Street, Musselburgh*	£3,645.60	£8,220.24	£8,937.60	£0.00	£20,803.44
1147 & 1135	118 & 118A New Street, Musselburgh*	£13,394.64	£11,407.20	£31,752.00	£0.00	£56,553.84
1142	137 High Street, Musselburgh*	£1,528.80	£18,710.16	£1,176.00	£0.00	£21,414.96
1823	Fisherrow Harbour Public Toilets, Musselburgh	£0.00	£0.00	£1,411.20	£0.00	£1,411.20
1622	Winterfield Tennis Pavilion	£5,527.20	£19,756.80	£15,582.00	£0.00	£40,866.00
1434	2 Quality Street, North Berwick	£1,940.40	£14,194.32	£39,572.40	£0.00	£55,707.12
1502 & 1535	Fisherrow Links Pavilion & Mountjoy Terr Public Toilets, Musselburgh	£5,480.16	£13,171.20	£43,629.60	£0.00	£62,280.96
1750	Fisherrow Harbour	£940.80	£2,469.60	£1,176.00	£0.00	£4,586.40
1126 & 1168	47 Bridge Street, Musselburgh*	£5,056.80	£34,874.28	£29,576.40	£0.00	£69,507.48
1643 & 1239 & 1219	Council Chambers & 1-3 High Street, North Berwick	£5,056.80	£13,265.28	£19,662.72	£0.00	£37,984.80
1881	Musselburgh Community Facility (Exc. 1110 Musselburgh Race Course)	£15,229.20	£2,234.40	£27,643.06	£0.00	£45,106.66
1139	Musselburgh Inveresk Cafe, Musselburgh	£940.80	£1,528.80	£1,176.00	£0.00	£3,645.60
	TOTAL:	£989,113.61	£1,171,139.59	£1,276,556.23	£1,402,968.00	£4,839,777.43

*not Common Good but part of Common Good Investment Portfolio

REPORT TO: East Lothian Council
MEETING DATE: 27 October 2020
BY: Chief Social Work Officer
SUBJECT: Chief Social Work Officer Annual Report 2019/20

8

1 PURPOSE

- 1.1 This report presents to members the Chief Social Work Officer Annual Report for 2019/20. The report is attached at Appendix 1.

2 RECOMMENDATIONS

- 2.1 The Council is asked to consider the content of the 2019/20 Annual Report of the Chief Social Work Officer.

3 BACKGROUND

- 3.1 The requirement that every local authority should have a professionally qualified CSWO is contained within Section 45 of the Local Government (Scotland) Act, 1994. This report is prepared in line with the national guidance – The Role of the Chief Social Work Officer – published by the Scottish Government in 2016. Further, this report fulfils a statutory requirement for the CSWO to produce an annual report on the activities and performance of the social work service within East Lothian.

- 3.2 Given the workload implications of the pandemic, the government's chief social work advisor set out a requirement for this year's report to focus on the following areas:

- Governance and accountability arrangements
- Service quality and performance
- Resources
- Workforce
- COVID-19

- 3.3 The report reflects the strategic and operational delivery of services across children's (social work) services, justice social work, mental health social and adult social work services including social care. It provides an overview of the professional activity for social work and social care in East

Lothian through the delivery of the statutory functions and responsibilities held by the Chief Social Work Officer.

- 3.4 The landscape for all Council services will change over the coming years as a consequence of COVID-19, and statutory social work and social care will be required to adapt to ensure we support the recovery, rising demand and renewal associated with protecting and caring for our most vulnerable citizens and all those who are at risk in our communities.
- 3.5 At the heart of the social work profession lies a commitment to enabling and supporting vulnerable individuals to make positive, sustainable changes to their lives to achieve the best outcomes for them, their families and communities as a whole.

4 POLICY IMPLICATIONS

- 4.1 There are no direct policy implications of this report. However, the report highlights the areas of practice, service delivery and policy that will require further review as the full impact of the pandemic on services becomes clearer.

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 financial implications arising from the report; however, it does refer to the financial challenges facing the delivery of social work and social care services.
- 6.2 Personnel - None
- 3.3 Other – None

7 BACKGROUND PAPERS

- 7.1 Chief Social Work Officer Report 2019/20 attached at Appendix 1

AUTHOR'S NAME	Judith Tait
DESIGNATION	Chief Operating Officer (Children's Services) and Chief Social Work Officer
CONTACT INFO	jtait@eastlothian.gov.uk
DATE	16 October 2020



East Lothian

Chief Social Work Officer Annual Report 2019/20

Introduction

I am pleased to present the Chief Social Work Officer's annual report for 2019/20. The report provides a summary of social work and key social care activity, including key developments and information on statutory decisions made by the Chief Social Work Officer on behalf of the Council and Council services. The report is not intended to be exhaustive but gives an indication of trends, priorities, challenges and opportunities over the past year. In recognition of the arrival and impact of the COVID 19 pandemic, the report includes a summary of how our services have responded and adapted that go beyond the end of the reporting period, setting out some of the implications for service delivery and the workforce.

Our staff have worked incredibly hard to meet the challenges of fulfilling the social work task within the context of COVID, and I want to express my sincere thanks and appreciation to them for their commitment and dedication to protecting and improving the lives of the most vulnerable people in our East Lothian communities.

Judith Tait
Chief Social Work Officer

Section 1. Governance and Accountability

Overview of Governance Arrangements

The strategic direction for the role and contribution of social work and social care services in protecting and improving the wellbeing and outcomes of East Lothian residents sits within the context of community planning, and the integration of health and social care. **The East Lothian (community planning) Partnership Plan 2017-27** sets out its high level focus for: Reducing inequalities across our area; tackling poverty; and working to prevent problems - and acting quickly when problems start. **East Lothian Council's Plan 2017-22** and its 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* continued as the vehicle for delivering on the overarching objective of 'reducing inequalities within and across our communities'.

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

- Reduce unemployment and improve the employability of East Lothian's workforce.
- Reduce the attainment gap and raise the attainment and achievement of our children and young people.
- Improve the life chances of the most vulnerable people in our society.
- Extend community engagement and decision making and increase community and individual resilience.

- Deliver transformational change and harness the opportunities technology offers in the provision of services.

1.1 In 2019, **East Lothian IJB published its second strategic plan 2019-22**. The vision for services remained the same, *to support all people in East Lothian to live the lives they want as well as possible, achieving their potential to live independently and exercising choice over the services they use*. The strategic objectives were updated below for the 2019-22 plan and those that are particularly relevant for social work and social care are focused on:

- Making health and social care services more sustainable and proportionate to need
- Early intervention and prevention
- Enabling people to have more choice and control
- Reducing health inequalities
- Providing care closer to home and in an integrated model
- New models of community provision which involve local communities and encourage less reliance on health and social care services

1.2 Social work services in East Lothian are delivered between East Lothian Council and East Lothian Integration Joint Board. Adult social work and social care services, including justice social work are delegated to the IJB and delivered and managed by the East Lothian Health and Social Care Partnership services. Children and families social work services are managed and governed by the council and in June 2019, became part of a joint Education and Children's Services department. The role of **Chief Social Work Officer** was included in the post of Chief Operating Officer, Children's Services and is a full member of the Council's Management Team.

1.3 Social work and social care services play a vital role in championing and addressing the impact of poverty and inequality in the lives of vulnerable people and are well placed to inform the prevention and early intervention agenda that is embedded in the key strategic plans for East Lothian. Most social work functions take place within the context of joint operational working with colleagues within the H&SCP and council services and across key partner agencies including the third sector. The principle strategic partnerships that lead and direct the work to protect and improve the lives of vulnerable people are:

- East and Midlothian Public Protection Committee (EMPPC)
- East Lothian Children's Strategic Partnership (CSP)
- East Lothian Health and Social Care Partnership (ELH&SCP)
- East Lothian Community Justice Partnership (CJP)
- MELDAP (Mid and East Lothian Drug and Alcohol Partnership)

- 1.4 **Role of CSWO in governance and accountability** The CSWO meets regularly with and reports to the council's chief executive. The CSWO attends East and Midlothian Critical Services Oversight Group (chief officer group) for public protection in an advisory capacity, and is a member of the EMPPC and sub-groups for performance and quality improvement and ICR/SCRs. The CSWO is a non-voting member of the IJB and is a member of the clinical and care governance committee. The latter provides an important opportunity for oversight and assurance of key service and practice achievements and risks across adult and justice social work services. The CSWO represents East Lothian at the Lothian and Borders MAPPA strategic oversight group.
- 1.5 As part of the response to the pandemic, the government raised the profile of the role of the CSWO in the enhanced governance and accountability arrangements for care home and care at home services. The CSWO for Midlothian attends the Lothian care home strategic oversight group on behalf of the four Lothian CSWOs. At an East Lothian level, the CSWO is part of the now thrice-weekly care home "huddle" in order to receive intelligence and contribute to discussions about the assurance and oversight of the quality of care home and care at home services during the pandemic. Weekly online meetings with the Care Inspectorate support the identification and assessment of service risks that might impact on the safety and wellbeing of vulnerable people using regulated care services. In terms of public protection, the CSWO acts as the strategic lead for East Lothian in terms of child and adult support and protection, violence and women and girls and MAPPA. At the start of the pandemic, weekly meetings of strategic leads were implemented to provide oversight of key operational processes for protecting people and monitor data trends, including domestic abuse.
- 1.6 **Role of the CSWO in assuring social work practice.** As chief operating officer for children's services and CSWO, it is important to balance the challenge of maintaining sufficient objectivity in line management and budget decisions, alongside accountability for professional practice standards and the safety of service users. The people and financial impact of the pandemic on council and IJB services will test this balance further during the months to come. It is essential for the CSWO to have opportunities to have a "window into practice" in order to remain connected to the core business and standards of assessing and responding to risk and need for vulnerable people. This is achieved through:
- the role of agency decision maker endorsing decisions of the fostering and adoption panels;
 - authorising decisions about secure care placements and monitoring assessments and plans of young people whose liberty has been removed;
 - chairing senior officer resource panels and reviewing plans of children placed in external resources;
 - Implementation of the performance and care governance framework in children's services;

- Strengthening the arrangements for oversight of welfare guardianship applications;
 - Single Point of Contact for Contest: Prevent
 - Monitoring of MAPPA business and membership of MAPPA 3 meetings;
 - Member of ICR/SCR sub-group for public protection;
 - Principal counter-signatory for SSSC endorsements
- 1.7 Aside from MAPPA and ICRs/SCRs in adult support and protection, it is more challenging for the CSWO to have a direct “window into practice” across adult social work services where there are no line management responsibilities. However, the IJB chief officer fully recognises and supports the role of the CSWO in providing professional accountability for social work practice. Senior social work managers in adult services consult with the CSWO about practice issues. The role of lead social worker in adult services provides a formal link with adult services and (amongst others) deputises for the CSWO during annual leave commitments. The development of a governance framework for adult social work services was impacted by COVID but will provide an important central point for collating quality assurance and oversight evidence.
- 1.8 Regular meetings for social work managers across children’s, justice and adult services with the CSWO provide important opportunities to discuss cross-cutting themes, feedback from national meetings such as Social Work Scotland CSWO network and standing committees and an opportunity to reflect on practice dilemmas. Since the start of the pandemic, the frequency of these meetings has increased. They provide a supportive “space” for managers in recognition of the impact of the COVID restrictions on social work practice and the increased risks to vulnerable people of a reduced face to face service offer.

Section 2. Service Quality and Performance

Children’s (Social Work) Services

- 2.1 In 2019, the then Chief Executive Officer, Angela Leitch commissioned a two-phase “**vulnerable children’s project**” to conduct a detailed analysis of the trends in spending and causes of overspends from April 2017 and bench-mark performance and spend against other local authorities. The work was carried out within the context of the merger of children’s social work and education services and referenced the ongoing review of Additional Support for Learning (ASL). The context within which both these two key business areas operated were clear and pertinent to the children’s services overspend. Phase one made recommendations for change/improvement concluded in October 2019 and the full report and findings were accepted by the Council Management Team in November 2019. Phase Two would focus on implementing the recommendations and explore the services / approaches that are being successfully deployed elsewhere to prevent children needing to become accommodated and returning those in external placements.

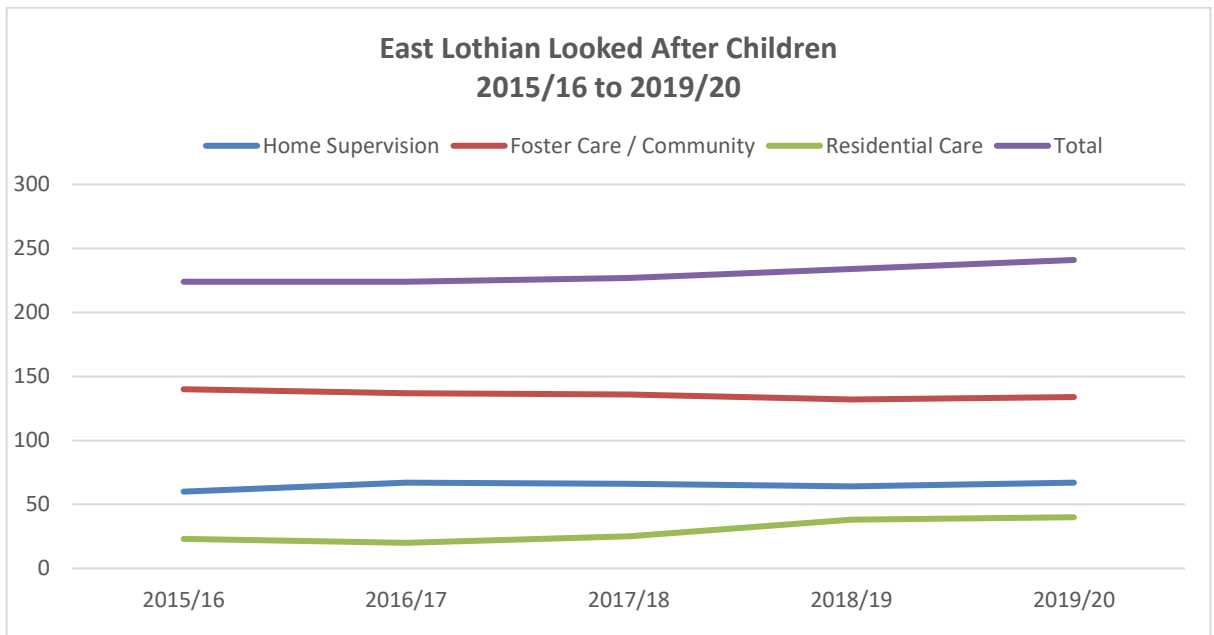
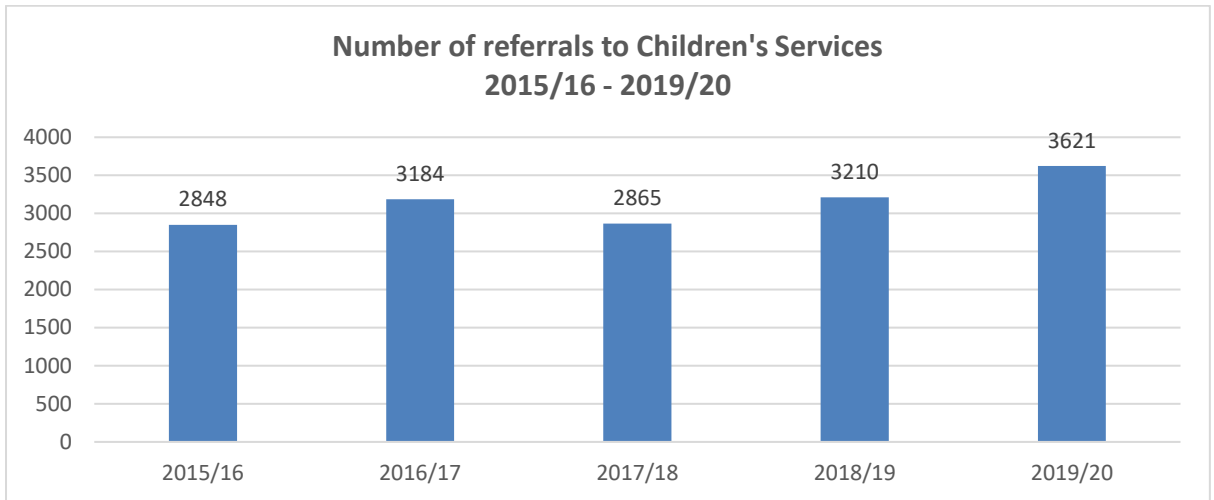
2.2 The main areas of financial and service pressure were clear within the context of continued increase in referral levels:

- *External Placements:* The biggest single issue impacting on the budget overspend in children's social work was the number of children and young people in external placements.
- *Foster carers:* In 2019 East Lothian approved 3 new foster carers but at the same time there were 9 foster carer terminations (due primarily to retirement and ill health) leading to a net loss of 6 foster carers. Terminations have been outstripping approvals for the last five years.
- *Staff:* There was a high staff turnover in children's social work where experienced workers were being replaced by less experienced workers and newly qualified workers.

2.3 Key findings recognised there was no single course of action that would redress the budget overspend immediately. East Lothian was behind the curve in relation to other authorities who had begun to alter practice and do things differently. The evidence from visits to, and engagement with other authorities was that it would take time and investment / re-direction in preventive resources to create the capacity to achieve sustainable changes to practice.

2.4 During the life of the project, work was already underway to target areas of practice and process that had emerged from the self-evaluation work carried out in 2018. Measures to strengthen the governance and oversight of decision making for individual children and young people in partnership with education were implemented throughout 2019/20. In addition the council supported the investment in additional resources through the cost reduction fund aimed at keeping children and young people within their families and their communities. The following section highlights key improvement work commenced in 2019/20.

Key performance and service developments



2.5 2019/20 was a record year for referrals – 3,621 – averaging 70 per week. This was a 13% increase on 2018/19 figure and presented a significant challenge for the service.

- There was an average of 241 looked after children during the year - a rate of 11.3 per 1,000 – well below the national average.
- However there was an average of 42 young people in residential care – a rate of 2.0 – well above the national average. East Lothian has 13 places in its residential units therefore 69% of young people requiring residential care were in external placements.

- 2.6 88 care experienced young people were receiving a service or support from the aftercare team. This was 84% of the total number of care experienced young people who were entitled to aftercare. The national average figure is 58%. Over 44% of those were in positive destinations (i.e. employment training or education) whilst the national average was 25%. The children's disability team was working with around 150 children and their families.

Early Intervention

- 2.7 2019 saw Olivebank child and family centre service look towards the implementation of the government's 1140hours of early learning. The nature of the service provided for the most vulnerable children, birth to school-age highlighted the need to review the role of Olivebank within East Lothian's early years "offer". The centre started to move into ante/perinatal work and worked alongside education colleagues towards moving older children into mainstream school nursery provision to strengthen the transition to primary 1. In 2019, **Olivebank child and family centre** was included within the scope of an Education Scotland inspection into family learning and received excellent feedback. It was an important learning experience for all involved.
- 2.8 As a response to the significant rise in external residential placements in 2018/19, children's services developed and implemented a range of new and strengthened approaches and additional services during 2019/20. Children's services worked in partnership with Children 1st to redirect and augment the existing **Family Group Decision Making** service to identify family-based solutions, support child-centred family plans and reduce the need for children and young people to be accommodated out with their family network. This was further enhanced by seconding a senior practitioner to work within the service and help to embed the expectations and aspirations of this way of working. Consideration of FGDM became a mandatory part of decision-making for placements. Referral rates increased significantly and there is good evidence of successful outcomes and placements prevented.
- 2.9 2019 saw continued challenges for the **assessment hub**, the "front door" to the service. The year on year rise in referrals and limited early intervention resources available to schools led to a backlog of work and the team being unable to intervene as effectively or promptly. A variety of changes to process and structure were tested during the year, alongside with partnership work with colleagues in universal services to re-visit our approach to GIRFEC. Whilst COVID has brought many challenges for the delivery of children and families social work services, it has highlighted the opportunities to strengthen the relationships and the "reach" of children's services into universal services to support early recognition and effective response to children with emerging needs. As the front door of the service, the assessment hub have been working with the contact centre and education colleagues to make sure that we have the correct tariff of work coming in for statutory services. Referrals from police have been very high with domestic violence being a particular area of increase in referrals. East Lothian has invested in "**safe and together**" as a supportive way of working with survivors of domestic abuse. Working with professional

colleagues regarding the level of and number of referrals coming through to Children's Services is ongoing.

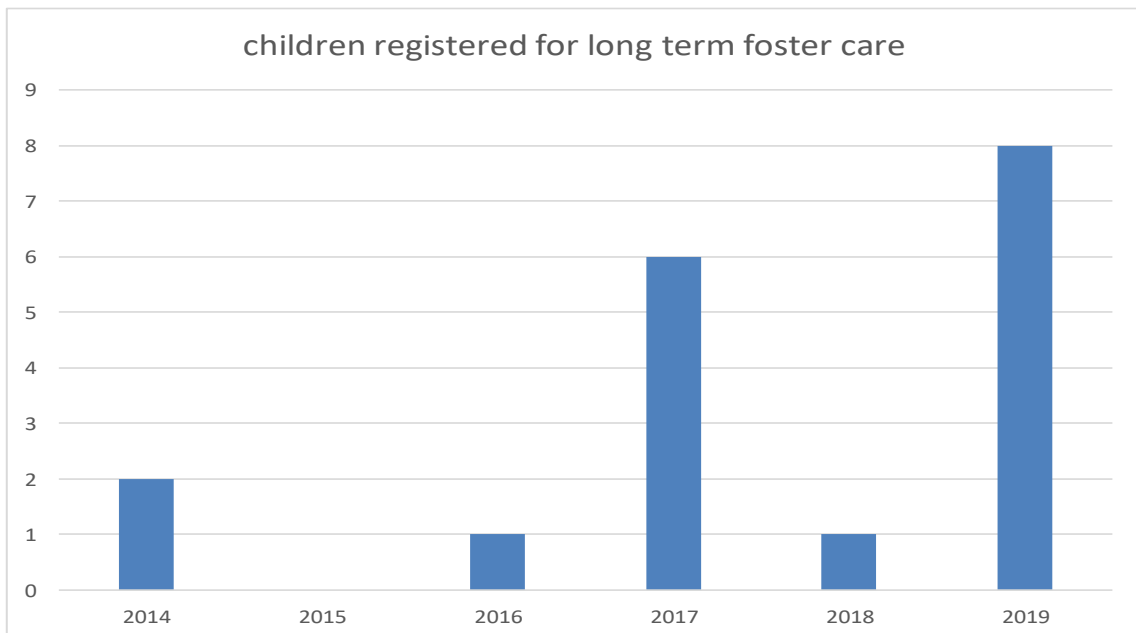
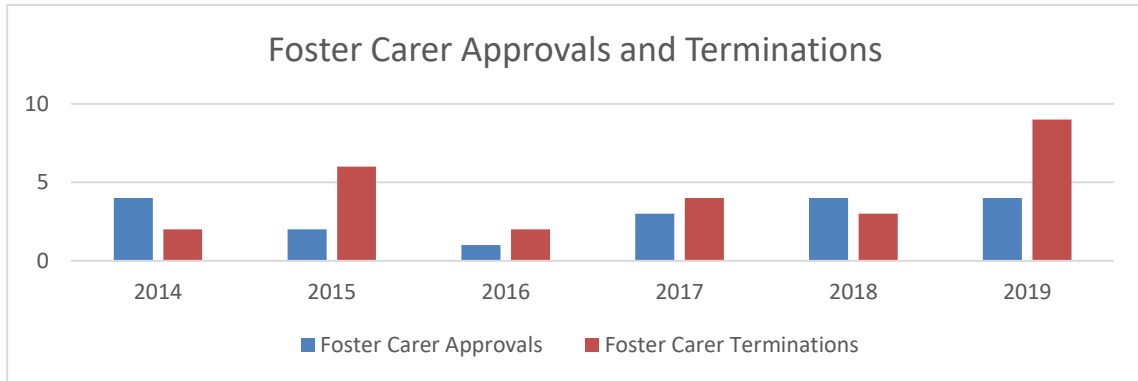
- 2.10 The service launched the **“Prevent and Return” project** with a dedicated officer as the lead. The overall aim of ‘prevent and return’ is to enable children and young people to remain with their families and or communities where appropriate. The initial focus was on identifying and supporting looked after young people to return to East Lothian from external placements. This project has enabled multi-agency partners to have continued oversight of all children and young people in external placements and ensure children and young people’s plans are outcome and future focused. The ‘Prevent and Return’ approach encourages workers to maximise the use all third sector supports in facilitating a return to East Lothian or preventing accommodation. The long term success of the project is reliant on wider service developments including ‘intensive family support’ and foster carer recruitment. However, there is now a more systematic approach to returning Children and Young People to their East Lothian Community. Within the first eight months of the project, ten young people returned from external placements.

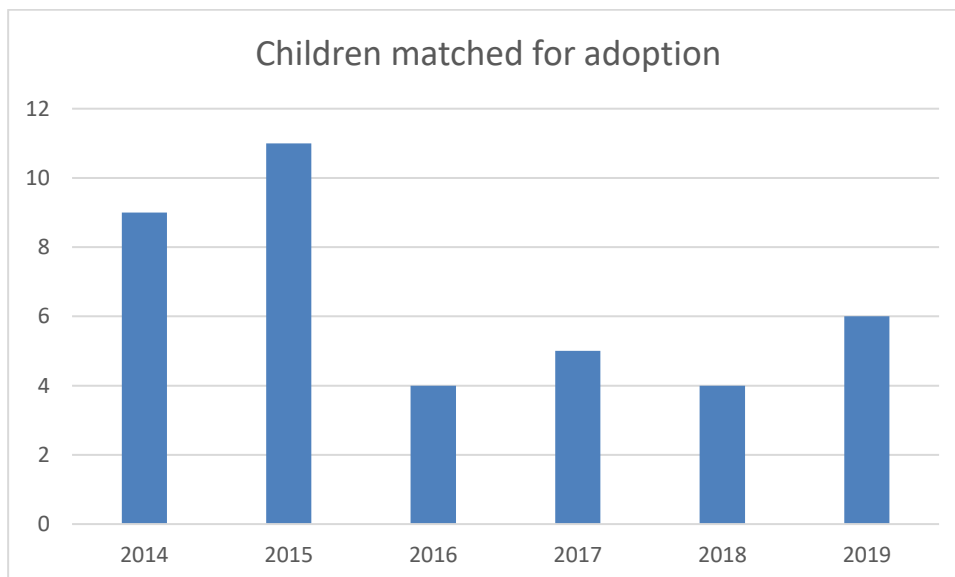
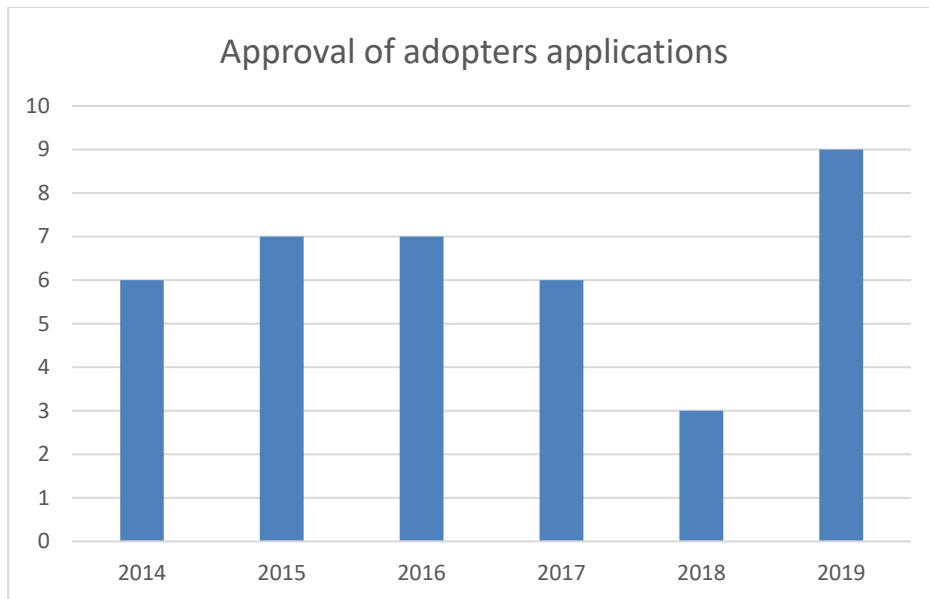
Assessment, Intervention and Review

- 2.11 Joint decision-making arrangements required to access resources were reviewed and strengthened to promote both alternative and creative solutions for children. This included the option of flexible personal budgets to support family plans. 2019 saw the full implement an enhanced **Independent Reviewing Officer** service with 2.6 FTE staff to review children subject to child protection measures and those who are looked after. This service has continued to develop over the past 12 months and the IRO’s play a key role in improving quality and performance through support to staff with assessments, file audits and providing a critical friend role to team leader colleagues.
- 2.12 As one of the last local authorities to be supported by the **PACE programme** (Permanence And Care Excellence) managers are continuing to track timescales for children achieving permanence and have continued to make improvements in this area of practice. An improved system for joint work with legal services for advice and tracking children’s journeys and the permanence consultation group continues to support practitioners and ensure progress of children’s timescales. We have improved our chronologies both in content and how we use these as working documents.
- 2.13 Managers have transformed the **Kinship Care Service** with a clearer referral system, assessment team and crucially a support service. We have been much more proactive with finance around Kincare. Tracking this monthly and ensuring we don’t fall into huge back payments so that forecasting can be as accurate as possible. There continues to be a need to make changes in this area of service in terms of policy guidance, ensuring agreements are completed timely and linking in with continuing care policy. We also hope to have a wider social media presence and grow this opportunity for working in a different way.

- 2.14 Specialist **Youth Justice** Workers continued to work with young people with offending behaviours. The emphasis has shifted markedly towards early intervention and prevention. This aligns to Scottish Government strategy of de-criminalising children's behaviour where possible and appropriate and supports the development of creative ideas for diversionary measures, including Early Effective Intervention (EEI). The quality of youth justice assessments and interventions continues to be high. However, the service recognises there is room for improvement in the timing of these interventions commencing and this will be a priority in 2020/21. During 2019/20, the groundwork was completed for the implementation of the **Youth Crime Oversight Group** - a multi-agency professional group that will focus on young people giving rise to significant concern about their behaviour and safety in the community. In recognition of the complex needs of a small number of young people with high risk behaviours, including sexually harmful behaviours, the service has increased capacity in the use of specialist risk assessment and risk management planning meetings.
- 2.15 **The 15+ team** engaged with more than 80 young people receiving a statutory aftercare service during 2019/20. Significant improvements were achieved in the capacity of accommodation options available for care experienced young people. Supported accommodation for care leavers increased with the funding for **My Place**, a joint housing and social work innovative supported accommodation for care leavers, focusing on what makes a house feel like a home and somewhere they belong. The Rock Trust were awarded the contract to support this project.
- 2.16 The extension to **North High Street flats** was opened and began providing greater support for young people leaving care. Housing and social work negotiated that care leavers would have 2 spaces in the Haddington New Horizons supported accommodation unit. Increased funding to With You provided additional supported tenancies in Edinburgh. This led to the development of the 15+ Housing and Support Panel, bringing all partners together to make referral decisions for these resources and allow for creative collaboration to meet the housing needs of this group. Despite the increase in local options, the provision of suitable and appropriate accommodation was not available for all of our care leavers in 2019, with many spending considerable periods in bed and breakfast, in breach of the 1995 Act.
- 2.17 As a result of the additional statutory duties to care leavers introduced with the 2014 Act, the throughcare/aftercare service has struggled to meet demand. This impacts on the quality and timeliness of transition planning for care leavers. 2019/20 started to embed **Continuing Care** as a clear pathway for young people. The financial implications of what is a laudable and important commitment to care leavers has been well documented but remain a significant challenge to the service.
- 2.18 The **Fostering Service** continued the recruitment campaign launched in 2018/19. There have been successes, with a steady stream of interest and real commitment within the team to support high quality assessments. However the numbers recruited only replaced those carers retiring or leaving, rather than

grow our own fostering community. The introduction of emergency foster care approval arrangements introduced as part of the Coronavirus legislation has brought new people into the service. The numbers of children and families requesting post adoption support continued to grow, as the complexities of children placed for adoption increased.





2.19 As discussed in last year's CSWO report, the **Children's Disability Service** developed a revised co-produced approach to assessing and allocating resources for children. Implementation of the new system has been very successful, with all full S23 and carer's assessments discussed at the multi-disciplinary panel to agree eligibility, use the tool to score which supports the allocation of personal budgets that are fair and equitable. The introduction of *Proportionate S23 and Carer Assessments* means the team were able to reach more families and requiring less staff resource as these can be agreed and authorised by Team Leader which reduces waiting time for support planning. Improvements to reviewing arrangements of support plans has resulted increased the frequency of reviews and the consistency of threshold for support planning.

- 2.20 **Lothian Villa**, our care home for young people was inspected by the Care Inspectorate in April 2019, receiving evaluations of “Excellent” for the quality of care and support provided to our young people and the quality of staffing. The Lothian Villa service is provided across two houses, offering high standards of care to 13 young people. During 2019/20, residential staff offered increased levels of enhanced outreach support to support fragile family situations and help keep young people at risk of care within their family homes.
- 2.21 During 2019/20, children’s services management group continued to develop and refine the **Performance and Care Governance Framework**. This brings together key performance and activity data, measures of children and young people’s involvement in their assessments and plans, qualitative information emerging from complaints, the development of a systematic audit schedule and learning from single and multi-agency reviews. Quarterly review meetings provide an effective opportunity for the interrogation of data and appropriate challenge and support between peers.

Corporate Parenting

- 2.22 The **East Lothian Champions Board** provides a platform for Care experienced young people to have their voice heard and influence positive changes to policy and practice with the care system. Achievements within 2019/20 included a successful trip to Columba 1400 in Skye where the champions completed a five day leadership programme. The champions were also joined by some of the ‘ambassadors for change’ where they explored the commitments of the Ambassador’s to sustaining the East Lothian Champions Board. In 2019, the champs board also worked closely with the virtual head teacher for care experienced young people and influenced some of the project activities being delivered through the care experience attainment fund.
- 2.23 In January 2020, the champions facilitated a successful consultation event with the Care experienced community. ‘Make Yourself Heard’ aimed to consult with and celebrate care experienced young people. It was run by East Lothian Council and Who Cares? Scotland with funding from ‘In Control’ (a charity organisation which supports young people with disabilities and additional needs to be included have more control in the decisions in their lives). Representatives from the local police, the NHS, ELC’s social work, education and housing departments, and In Control, came to ask the children and young people specific questions that would help improve their services in relation to care experienced people across East Lothian. This celebration of care and commitment to improving services had special significance as it was held just two days after the launch of the [Care Review’s ‘The Promise’](#).



2.24 In 2019, the Champions Board was successful in securing two additional years funding from the Life Changes Trust. The funding continues to covers the staffing costs for two part time care experienced participation assistants and one part time development worker post. Life Changes Trust funding will end at the end of March 2021. The champs board is now faced with the challenge of securing ongoing funding and are working closely with East Lothian Corporate Parents to identify possible funding sources.

2.25 For 2019/20, the Champs Board identified 7 priority areas for action in order for care- experienced children and young people to have better outcomes in life. The priority areas included:

1. Better outcomes in education
2. Improved Housing support and housing options
3. Improved mental health
4. Keeping loved ones together- improved contact arrangements with family and friend and keeping families together
5. Improved aftercare support
6. Better relationships with police
7. Better understanding of benefits and support to manage money

These priorities will be developed and incorporated into the new corporate parenting plan 2020-23.

2.26 **Key Risks to service delivery and areas for improvement**

- Reduce referrals and the demand for social work service – *ensure the strategic approach to preventing Violence Against Women and Girls and domestic abuse reduces the incidence*
- Reduce numbers of children and young people becoming looked after – *ensuring the GIRFEC response across universal services is effective in*

identifying need and taking prompt action to reduce the need for targeted services

- Lack of foster placements – *a fostering recruitment strategy is in place with a rolling programme to recruit foster carers. Creative partnership working and a high profile and widely supported communication strategy is essential.*
- Unaccompanied Asylum Seeking Children – *we have limited controls possible for those” spontaneous arrivals”. However, the proposed national transfer scheme will present additional resource and financial pressure.*
- Emergency accommodation for young people. *Increased housing options are required to eradicate the need for B&B*
- Increase in continuing care – *positive for young people, but impacts on an already pressured group of foster carers.*
- Transitions policy and protocol for young people into adult services
- Review of policies and procedures to update in light of changes to national policy, strategy and legislation.

Justice Social Work Services

2.27 Key performance and activity data

Year	2017/18	2018/19	2019/20
CPOs (imposed – all requirements)	166	153	141
CPOs – number of months for supervision	1271	1271	1287
CPOs – number of hours for unpaid work	13,614	14,812	13,123
CJSWRs – number of reports requested	268	222	218
DTTOs – number of Orders imposed	17	19	15
Statutory Throughcare – individuals in custody	37	30	46
Statutory Throughcare – individuals in the community	25	27	18
Voluntary Throughcare – number of individuals supported	41	27	24
Diversion – inputs provided	34	33	35

2.28 In November 2019, the service negotiated an agreement with City of Edinburgh justice social work service undertake **Bail Supervision Assessments** on our behalf at no additional cost. This now provides a

Supervised Bail Service to anyone aged 18 years or older, with additional funding of £4,800 from Scottish Government due to this increased activity.

- 2.29 The service continues to provide an in-house **Voluntary Throughcare** service, which allows the service to direct provision to those in greatest need. An information sharing protocol with the Scottish Prison Service was finalised in March 2019 giving managers full access to admissions and release data. Justice social work also provide a service to those on remand (untried prisoners) where appropriate, with specific focus on those fully committed (three + months).
- 2.30 The numbers of **Community Payback Orders** has continued to decline since the closure of Haddington Sheriff Court on 01/02/2015. Justice Social Work Services continue to offer the full range of requirements, however the Courts have mainly used unpaid work/other activity and supervision, with programme, conduct and compensation requirements featuring less frequently.
- 2.31 Delivery of statutory **Throughcare** has remained relatively stable, with an average of 30-40 individuals in custody with 25-35 in the community, subject to statutory oversight.
- 2.32 **Presumption Against Short-term Sentence** was introduced in July 2019 with the presumption that sentences of 12 months or less will not be imposed and community disposals will be imposed in their stead. It was anticipated that there would be a 7.5% increase in community business – this has not yet been noted in East Lothian but we are prepared for the expected increase in complexity such individuals present.

The implementation of the Outcome Star was embraced by Justice Social work staff. This will enable the service to measure and demonstrate the effectiveness of social work interventions and report on the outcomes for the individual in terms of what is important *to* them along with what is important *for* them. Further development of this approach is a priority for 20/21.

Quality Assurance

- 2.33 An audit of Community Payback Orders was undertaken in July 2019 and identified key areas for improvement which have been highlighted and built into the service plans. How Good Is Our Service was facilitated and supported by organisational development and will be progressed to practitioners once current lockdown has ended as the management section was completed in full. In March 2020 just prior to lockdown, the service was ready to launch a self-evaluation programme which would incorporated case file audits, quality assurance documentation and practice evaluations, alongside PRD and developmental Team Meetings. This will be further progressed in 2020/21.
- 2.34 In 2019/20, managers commissioned an externally facilitated evaluation of the unpaid work/other activity service. It highlighted areas of good practice, specifically around our customer-facing activities but also highlighted areas for

improvement including updating aspects of our service provision and increasing the capacity to offer 'other activity'.

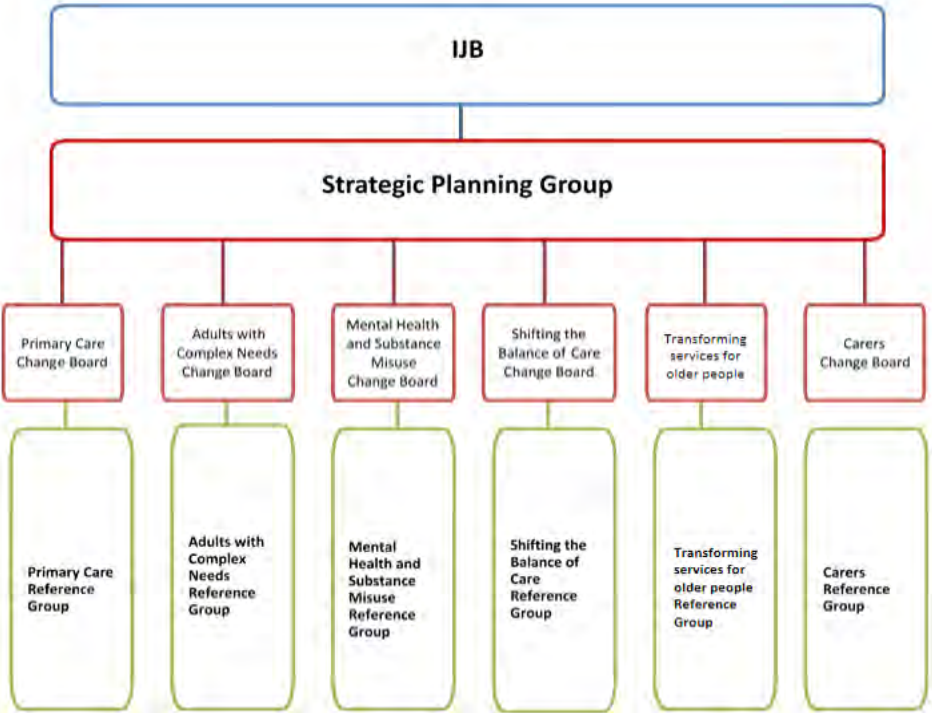
- 2.35 MAPPA Level 1 Audits are completed every six months and they highlight that justice social work staff are working within stated guidelines and promoting good partnership working with Police Scotland colleagues. From the start of the pandemic, the justice manager has provided regular MAPPA oversight reports to the CSWO. In addition, an assessment of the impact of the COVID restrictions on the safe delivery of the justice social work service was developed and regularly updated.
- 2.36 Four Serious Incident Reviews were completed and submitted to the Care Inspectorate in 2019/20. The initial analysis was deemed suitable in each case and managers were not required to undertake a Comprehensive Review. Partners in Midlothian also completed SIRs and arrangements have been made for a joint MAPPA-led 'Learning Event' – scheduled for May 2020 but has been rescheduled to October 2020 due to the lockdown. The event will focus on SIRs as well as Initial Case Reviews and Serious Case Reviews across Scotland – it will be an opportunity to share best practice and learning.
- 2.37 Learning from multi-agency reviews: an SCR identified that the perpetrator had shared mental health concerns during a period of unpaid work but the workers did not have the appropriate training to progress the concerns confidently. This led to a review of the training needs of unpaid work supervisors relating to their responsibilities for child protection, protection of vulnerable adults and to address violence against women and girls.

Community Justice Partnership

- 2.38 East Lothian community justice partnership requested, with the support of the Care Inspectorate, to undertake a supported and validated self-evaluation. Scheduled activities took place between October 2019 and February 2020. The self-evaluation focussed on three specific quality indicators; "planning and delivering services in a collaborative way", "effective use and management of resources" and "leadership of strategy and direction". This work was completed by the entire CJP but was exceptionally well supported by ELHSCP's Justice Social Work team. The evaluation consisted of several months of evidence gathering followed by a comprehensive review and assessment of the services offered against the standards of each quality indicator.
- 2.39 The self-evaluation was well received by the care inspectorate who noted a strong commitment to collaborative working and to developing a well-informed outcome improvement plan. They recognised that East Lothian had examples of effective services being delivered through the collaborative use of resources and agreed with our view that the initial implementation of the community justice agenda had been slowed by changes in senior personnel. The self-evaluation informed an action plan which partners will progress in 2020/21.

Adult Social Work and Social Care

2.40 During 2019/20, the health and social care partnership continued to refine its management structures, building on the learning since the inception of the partnership. The focus has been on maximising opportunities for integrated and aligned service delivery and delivering better outcomes for people. This included re-aligning adult social work service and OT services. The planning structure is supported by change boards that represent the key strategic priorities.



Adult social work activity data	2017/18	2018/19	2019/20	
Referrals	7,323	7,673	8,031	Full year
Assessments	3,985	3,522	3,094	Full year
Care at home hours delivered	21,441	21,490	20,129	Final week of year
Care at home clients	1,353	1,344	1,344	Final week of year
Residential clients	648	652	674	Final week of year
Reviews	1,156	1,237	1,416	Full year

Self-directed Support

2.41 The professional social work task is to make an assessment of risk and need and work alongside people who need services, to ensure the plan for intervention promotes and protects their independence within the context of

risk and vulnerability. Within the context of COVID and the challenge of balancing the protection of health with the protection of choice and control, it is vital that we remain committed to these principles.

- 2.42 The Social Care (Self-directed Support) (Scotland) Act 2013 was implemented on 1 April 2014. The legislation and national strategy were designed to encourage significant changes to how services are provided; to give people more say in decisions about local services and more involvement in designing and delivering them. It was based on fundamental principles of participation; dignity; involvement; informed choice; and collaboration and further principles of innovation, responsibility and risk enablement that were added subsequently. Social care should be provided in a way that gives people choice and control over their own lives and which respects and promotes human rights.
- 2.43 In 2019, East Lothian Health and Social Care Partnership was one of six partnership areas to receive a joint thematic review of the implementation of self-directed support by the Care Inspectorate and Healthcare Improvement Scotland. Overall this was a positive review with many strengths identified¹

Care Inspectorate Findings

- Supported people consistently experienced good outcomes that had a demonstrably positive impact on their lives. Staff were having good conversations that delivered choice and control to the majority of supported people and unpaid carers
- Many supported people experienced good conversations and were afforded choice and control over their care and support.
- Community capacity building projects were helping to develop alternative, community-based networks of support and there was good collaboration with carers' agencies, technology enabled care and community networks of support all designed to further embed a self-directed support approach.
- Referrals for support were screened effectively through developing personal outcome focussed arrangements and supported people were being well informed about their eligibility for services. Assessments were of a good quality and proportionately reflected the needs for the majority of supported people. Refreshed delegated financial authority arrangements were in place and working well.
- The partnership had effectively communicated and engaged its stakeholders and promoted more flexible commissioning strategies. Front line managers welcomed having greater delegated authority and this had resulted in increased transparency and accountability of decision making.

- 2.44 Areas for improvement were identified including recording and reporting outcomes for supported people; helping supported people to better understand the options and benefit from advocacy; use of management and performance information to evidence the impact of the work; and the need to further embed the principles across health services and in all aspects of strategic planning. Progress against these are reported through the clinical and care governance committee.

¹¹ <https://www.careinspectorate.com/images/documents/5133/Self-directed%20support%20in%20East%20Lothian%20June%202019.pdf>

TOTAL UPTAKE FOR EACH OPTION	2017-18	2018-19	2019-20
All Option 1 (Direct Payment—service user or carer selects and arranges services out of an agreed personal budget)	112	126	126
All Option 2 (Service-user chooses provider, but ELHSCP or other agency manages budget)	98	196	176
All Option 3 (ELHSCP selects and arranges support for the service-user)	845	831	908
All Option 4 (included in Options 1, 2 and 3) (A mixture of options)	129	151	203
TOTAL UPTAKE FOR WHERE PEOPLE SELECT ONE OPTION ONLY	2017-18	2018-19	2019-20
Option 1 only	36	72	58
Option 2 only	45	92	99
Option 3 only	716	687	785
Option 4 (mixed)	129	151	203
TOTAL CLIENTS	926	1002	1145

Supporting carers in East Lothian – 2019/20



14.5% ↗ increase in adult carers accessing support through COEL

22% ↗ of carers in East Lothian are known to COEL

£580,000 ↗ gain for COEL carers on benefits over 6 months

87 ↗ young carers supported by East Lothian Young Carers

2.45 2019/20 was focused on implementing the East Lothian Carers Strategy with the development of an action plan to guide activity over the next few years. The work continues to be led by the Carers Change Board that also directs the use of the additional funding provided by the Scottish Government towards increasing support available to carers. We are currently in year two of the 5 year increase in funding. Key developments included:

- Adult Carer Support Plans (ACSP) and Young Carer Support Plans are now embedded within staff practice prompting good conversations with carers. Creative practice is clearly evident within the support plans from Children's Services.
- The majority of the Carers Act funding for 2019/20 has again been passed directly to our local carers organisations. Funding has been used for a variety of purposes with organisations increasing their staffing with the aim of improving the identification of carers but also their capacity to respond to increasing demand on their services as more carers are identified.
- Children's services have been working closely with schools to raise awareness of young carers. A new young carer referral pathway was developed and to date 80% of Head Teachers and Deputy Head Teachers have been briefed on how young carers can be referred for services.
- East Lothian Young Carers continue to work with schools to raise awareness and are offering lunchtime drop in sessions for young carers at Preston Lodge High School and Ross High School. Places in Young carers club have been increased to provide more young carers with access to breaks from caring.
- The ELHSCP website has been re-designed and a new carers page has been developed
- A review of advocacy was initiated in 2019/20 and will continue in 20/21. An additional 30k was allocated to the three advocacy providers to allow them to provide additional support. Adults with autism, adults with physical disabilities and adults with substance misuse issues were highlighted for the focus for this funding.
- Implementation of prepaid cards supports flexibility over choice and spend.
- Carers' views have been represented through continued engagement (Big Breakfast 2017 event, Life Changes Trust event) and in 2019/20 carers have been asked for their views on how and where they would like the Partnership to commission carer services. The carers change board also includes representation by the IJB carer representative.
- The Carers procurement process is currently underway. Engagement with carers will determine how carers want their services to look and where funding would be best directed. Carers will continue to have flexibility as to how they purchase their services through individual budgets through the use of the pre- paid cards.
- COEL have also set up a new counselling service for carers. Although the service is in its initial stages, the plan is to develop capacity within this further through the recruitment of volunteer counsellors and trainees.

- COEL increased the capacity of their parent carer support service by making this post full time in 2019. This is in response to a continued increase in referrals from parent carers to the service.

2.46 **Franks Law** was implemented in May 2019 and briefing and training provide to all assessors. People who were being charged for services were written to outlining the changes in their charge as a result of Franks Law. From 1st April 2019 workers were required to clearly detail a service users personal and non-personal care needs and total these separately in support plans in order to ensure accurate purchasing and charging. They also advised self-funders under the age of 65, or their family, of their entitlement to FPC/FPNC payments, and of the need to declare FPC/FPNC payments to the DWP.

2.47 A number of new approaches were developed during 2019/20:

- With winter monies the service developed 7 day working for social work to facilitate hospital discharge. This ran for 12 weeks and offered important learning about flexible options for service delivery.
- A further test of change was the allocation of social workers to specific wards in our local East Lothian Community Hospital. This provided a main point of contact, allowed effective relationships to develop with ward staff, and with families. This model has continued throughout the year.
- There was collaboration with ihub on the design opportunities and commissioning models for community support.
- Implementation and review of the Charging Appeals Panel
- Agreement to move Management of Client Funds from an externally purchased service (ICMS) into an internal service. (This is now starting but the decision was made in 2019/20).
- Implementation of regular “council officer” meetings to provide learning and support for staff involved in the work who might sit within different teams; bi-monthly peer auditing of ASP cases; and enhanced management oversight of ASP work, monitoring all live cases and identifying risks/challenges.

Community and Day Services

2.48 2019/20 saw continued pressure on **Care at Home Services**, with capacity unable to meet demand. Refinements to the allocation processes led to reduced travel time for providers and improved efficiency in service delivery. An internal audit completed audit of directly provided homecare service completed in February 2020, made a number of recommendation for improvement of the service. These included improvements to rotas, reduction in travel time, service to improve adherence to GDPR and Data Protection. The overall structure of Homecare is also being considered and closer links to Hospital to Home services are established. The improvement actions will be included in next year’s report.

2.49 All **day services** were inspected and action plan agreed in January 2020. Of the 10 building-based centres, one centre has decided to longer provide services in East Lothian. As a result of the inspection which reported in late 2019 a number of recommendation were put in place to improve services across the county. These recommendations have now been superseded by Covid-19 Legislation and the partnership is reviewing its approach to day services.

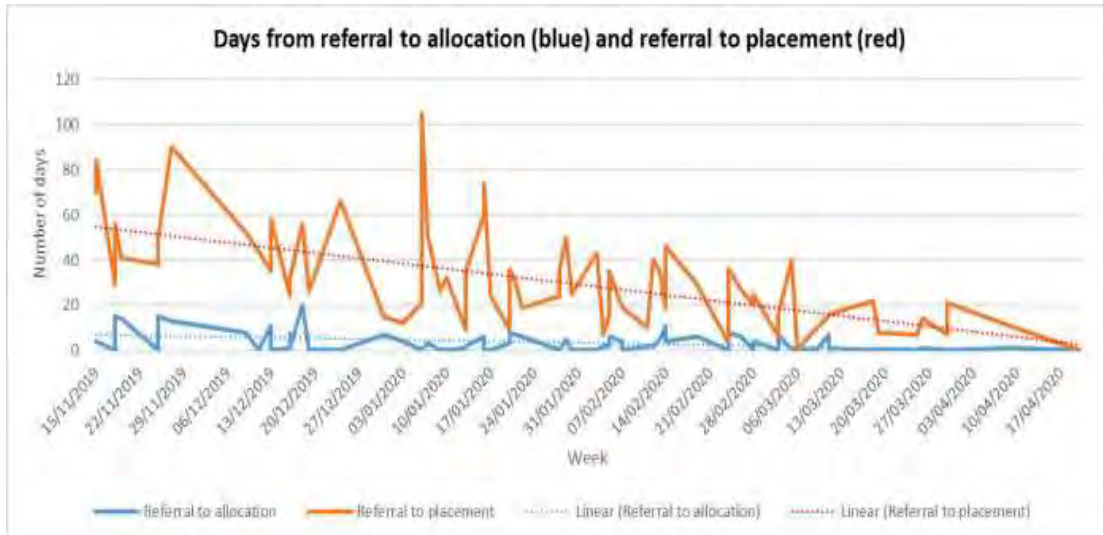
The Care Home Assessment and Review Team (CHART)

There are:

- **17 care homes in East Lothian**
- **674 placements funded by East Lothian Health and Social Care Partnership**
- **246 new placements in 2019 alone including 160 care home placements from hospital.**
- **A further 13 people were returned home supported by Home First**

2.50 The Care Home Assessment and Review Team comprises a team of social workers dedicated to supporting people to access the most appropriate community support to meet their needs when they are leaving hospital. They support complex discharge planning, through person-centred assessments that take into account wider social and family circumstances, and information from their family, friends, Power of Attorney, and others who support the person. Recommendations may include the type of support that is required on discharge or potential placement in a residential or nursing care home where a return home is not possible. CHART also upholds Adult Support and Protection legislation, including robust investigation of concerns or complaints, and regular reviews and monitoring of placements to ensure individuals receive a good quality of service. This also feeds into the Best Value process.

2.51 CHART also has a wide-ranging role in monitoring and evaluating care homes in East Lothian. It is the team’s aim to see people able to access their care home place as soon as possible as safely as possible. The table below shows that they have made a significant impact on shortening the length of time between the time a person is referred for allocation and their referral to a placement.



2.52 The Team is the point of contact for any incidents within care homes, operating a ‘duty’ system to deal with immediate concerns, including any Adult Protection issues. A Link Social Worker role has been developed for all East Lothian care homes, improving communication between providers and the HSCP. Where necessary, and guided by the Public Protection Office, the Team takes a lead role in Large Scale Investigations within care homes across East Lothian. In 2019-20, there was an average of 30 care home incidents and one Adult Protection investigation per month.

Care Homes for Older People

2.53 The Care Inspectorate carried out an unannounced inspection of Crookston Care Home, one of East Lothian’s three directly provided services in December 2019, maintaining evaluations of very good for supporting wellbeing and care planning. Inspectors reported that people were happy with their care and support. Relatives told them that the home keeps them well informed about their loved one and staff were always kind towards them when they visited. Eskgreen and The Abbey care homes for older people were also evaluated as providing very good and good support for wellbeing and care planning, maintaining or exceeding inspection findings from previous years.

....And the Care Inspectorate officers were particularly impressed with the work of staff to ensure its residents could vote. The report said: “We visited the service in the run up to a General Election and could see that residents were actively supported to vote and exercise their citizenship rights.”

Supported Housing

2.54 Adult Services, in partnership with council services secured and developed a core and cluster development for supported living in the Prestonpans area. This cluster of accommodation now supports five individuals with shared on-site support, including an overnight response service. This model of care is

enabling a more efficient use of our valuable staff resources and allows us to support more individuals to live independently in the community. H&SCP staff continue to work in partnership with colleagues in council services to identify further opportunities to expand this model of care and support.

Services for People with Learning Disability

2.55 ELHSCP in partnership with NHS Lothian and housing provider Castlerock Edinvar secured a property in Haddington which is being developed to provide a residential short breaks service for people with complex needs. NHS Lothian provided funding to refurbish the property, inside and out, to deliver a bespoke care environment. This service will provide opportunities for short breaks for 2 or 3 people at a time plus will give us the option to provide emergency short term accommodation for an individual as circumstances demand, rather than pursue unnecessary hospital admissions. This service will open in 2020/2021.

Shared Lives East Lothian

2.56 Shared Lives East Lothian recruits and supports Shared Lives Carers who work on a self-employed basis. The Shared Lives Carers provide an alternative form of care and/or support for adults with complex needs where the Shared Lives Carers use their homes as a resource, giving people the opportunity to engage in family and community life. Shared Lives arrangements are set up and supported by Shared Lives East Lothian and the care and accommodation people receive is provided by ordinary individuals, couples or families in the local community. Individuals and their Shared Lives carers enjoy shared activities and life experiences. The types of care or support that can be provided are:

- long-term accommodation and support
- short breaks/respice
- day time support.

2.57 The people who can make use of Shared Lives arrangements are aged over 16 and have a specific support need that may be associated with a learning disability, physical disability, sensory impairment, autism, age and/or mental health. People may use the service if they have had a social work assessment that identifies support needs that we are likely to be able to meet. People referred to the service often have difficulty living on their own or need support to remain living in their own home. People also use the service to give their main carers a short break.

Mental Health Officer – Statutory Functions

2.58 A mental health officer (MHO) is a specially trained social worker who has training, education, experience and skills to work with people who have a mental disorder. The role of the mental health officer is set out in Section 32 of the Mental health (Care and Treatment) (Scotland) Act 2003, and is a statutory responsibility of local authorities, who have a requirement to appoint

a “sufficient “number of persons to undertake the role. MHOs are responsible for making decisions about compulsory admissions to hospital for people who are in the MHO’s judgment at significant risk to their health, safety and welfare. The MHO also has a number of duties under the Adults with Incapacity (Scotland) Act 2000 including providing a professional, independent and non-medical perspective on decisions which affect the civil liberties of individuals with mental illness, learning disability and other related conditions.

Mental health team activity data	2017	2018	2019
LA welfare guardianship	10	15	11
Private guardianship	13	13	21
Emergency detention	31	28	37
Short term detention	60	85	91
Current supervised private guardianships	120-140 each month	144-154 each month	150-161 each month over the year
People waiting on MHO waiting list	8-29 each month	9-24 each month	18-34 each month

There has been an increased demand for statutory functions linked to legislative, policy and practice change, and it is nationally recognised that MHO services across Scotland are under significant pressure. The core MHO establishment in East Lothian had remained unchanged for ten years leading to increased waiting times and difficulty meeting statutory requirements and pressure on staff. In 2019, following a service review, a commitment was given to increase the establishment of the MHO team, an increase of two FTE MHOs.

Key risks and pressures for service delivery across adult services

- Increased demand for commissioned care services, particularly clients with learning and physical disabilities and the provision of overnight support being the most significant.
- The current fragility of provider organisations in the home care and care homes sector may require action and investment to secure sustainability in these important services.
- Carer stress in the context of the availability of day services and care at home services
- Impact of the resumption of the courts on the capacity of justice social work services.

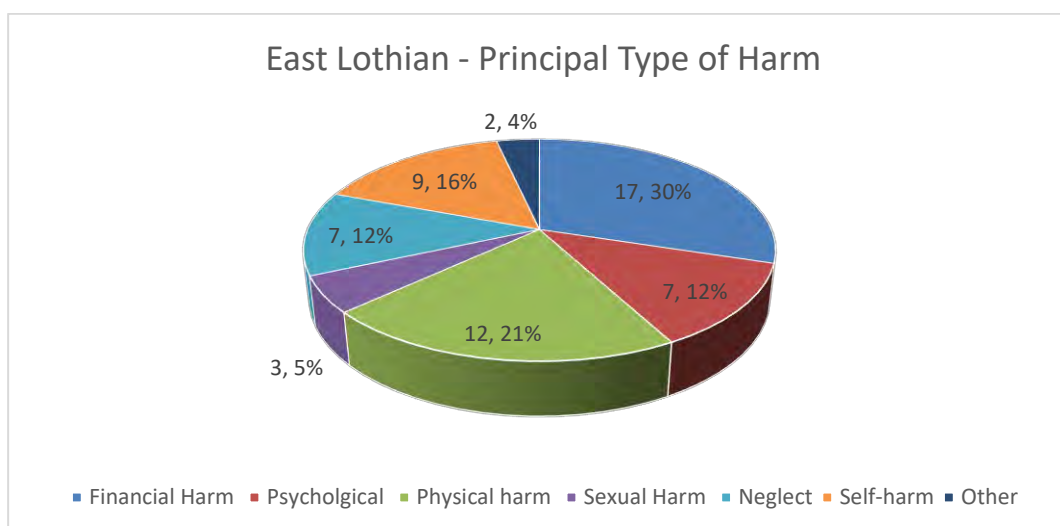
Public Protection

2.59 The East and Midlothian Public Protection Committee (EMPPC) brings together the full public protection agenda under a single governance structure and across two local authority areas.

Adult support and protection

Measure	2015/16	2016/17	2017/18	2018/19	2019/20
Referrals	493	530	791	778	562
Investigations	69	148	112	86	57
Initial ASP Case Conference	15	21	12	28	18
Protection orders	<10	<10	<10	<10	<10
Number of Large Scale Investigations	<10	<10	<10	<10	<10
Principal Type of Harm Investigated	-	-	-	Physical harm 32/86	Financial harm 17/57 (30%)

2.60 The number of Adult Support and Protection referrals submitted to East Lothian has reduced by 28% in comparison to the previous year. This reduction is linked to an inaccuracy in the recording of Adult Support and Protection referrals in 2017/18 and 2018/19, resulting in what we consider to be an over-inflation of referrals data in those two years. We are satisfied that these anomalies have been rectified and the data reported at fiscal year-end is a more accurate reflection of the number of Adult Support and Protection referrals received in the year.



2.61 Building on last year's successful events to raise awareness of Financial Harm in our communities, EMPPC delivered a number of smaller events targeted specifically at more vulnerable communities in collaboration with Police Scotland, Trading Standards, and Scottish Fire and Rescue Service who

promoted their Free Fire Home Safety Visits. In recognition of the National Adult Support and Protection Day 20th February 2020. This year East Lothian and Midlothian Public Protection Committee welcomed the expertise of Professor Michael Preston-Shoot, the Professor (Emeritus) of Social Work at the University of Bedfordshire, who delivered an excellent half days' learning on self –neglect and hoarding with the key message of self-neglect and hoarding is not a “Lifestyle choice” and that it a requires a multi-agency response. East Lothian and Midlothian Public Protection Committee also launched the EMPPC Self-neglect and Hoarding Protocol².

2.62 The service delivery and the quality of the multi-agency response to adults at risk of harm is reviewed and evaluated each quarter through a set of Performance indicators which evaluate agencies responses to; Multi- agency communication, assessment and management of risk, support and protection planning, service user participation and timely responses for adults at risk of harm. Following on from the Adult Support and Protection Thematic Inspection 2017-18. EMPPC has worked in partnership with the strategic link inspector for Midlothian to review and amend the Care Inspectorate’s evaluation template to undertake a self –evaluation of social work case files in East Lothian and Police Scotland files.

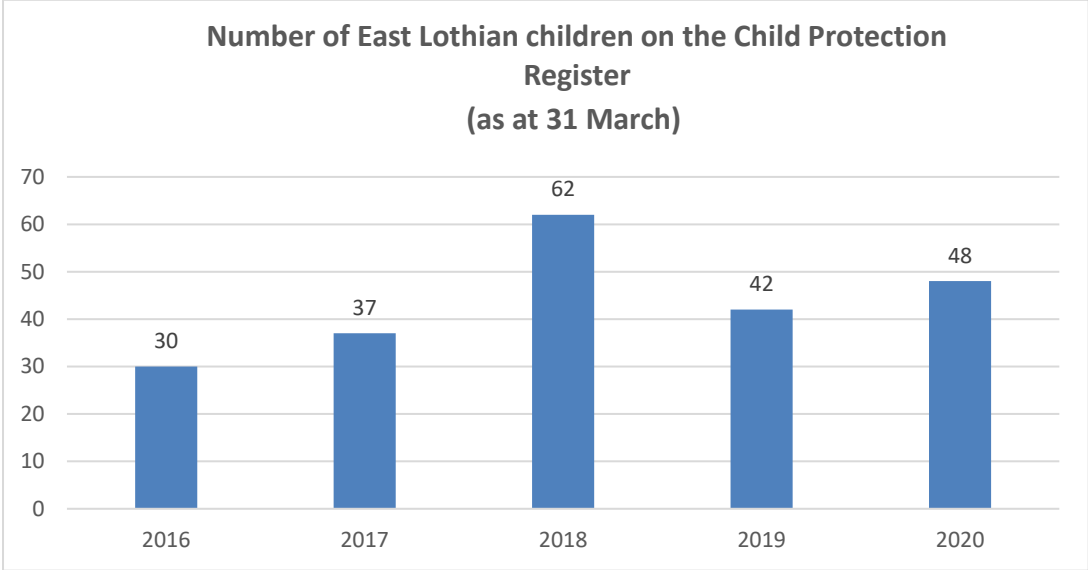
2.63 This case file read involved the reading of 15 cases which is 20% of the overall number of ASP cases that had progressed to Initial/Review case conference across the reporting period. (2017-2019). Self-evaluation activity revealed a mixed picture of strengths and areas of improvement with evaluations ranging from Very Good to Adequate. Furthermore, auditors noted that there was an improving picture evolving across all Adult Support and Protection activity within East Lothian. Additionally, there was clear evidence of the improvement of the safety and wellbeing of most of the adults at risk of harm. However, this appeared to be most challenging where there were complex issues such as problematic alcohol and substance misuse.

2.64 **Challenges and areas for improvement**

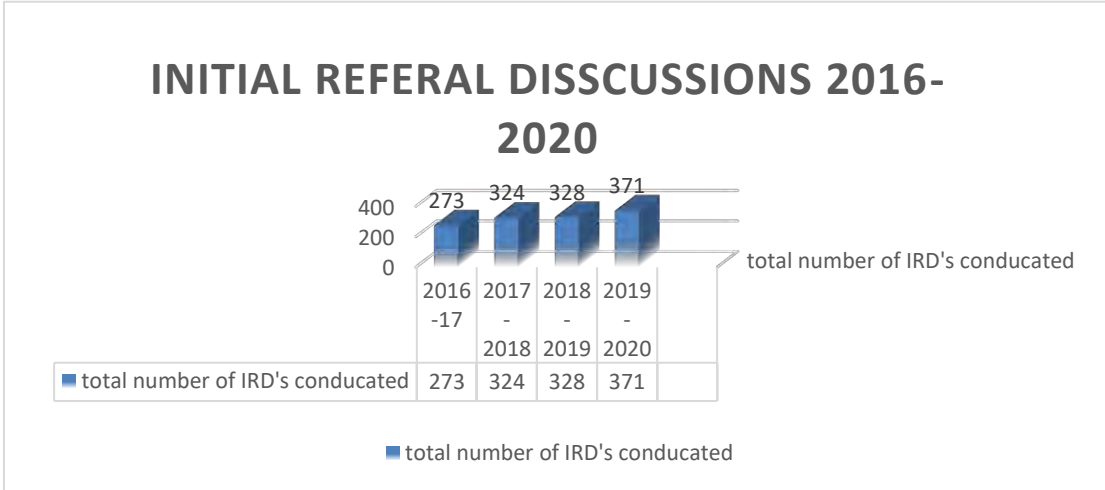
- EMPPC is committed to developing a continuous framework for multi-agency self –evaluation. The impact of COVID19 has meant that this area of work has been temporarily suspended and consideration is required as to how to undertake this work safely.
- All adult support and protection training planned for the year 20 -21 has been postponed. EMPPC is working towards transferring critical training for staff onto an online platform to ensure continued learning and development in the practice of Adult Support and Protection.
- East Lothian Health and Social Care Partnership is in the process of developing multi –agency Risk Management Protocol in response to the management of escalating concerns where the adult is presenting with significant risk but does not meet the criteria of an adult at risk of harm.
- Service user and carer feedback and self-evaluation is at an early stage but will be progressed during 2020/21

² https://emppc.org.uk/file/Adult_Protection/EMPPC_-_Multi-agency_Protocol_on_self-neglect_and_hoarding_-_17-12-2019_v1.pdf

Child Protection



2.65 There was an average of 48 children on the child protection register during the year. The rate of 2.5 was below the national rate of 2.9. There were 371 Inter Agency Referral Discussions in East Lothian during the reporting 2019-2020 reporting year. This represents an increase of 13.1% in a 12 month period. The Inter-agency Referral Discussion (IRD) overview group continues to meet on a fortnightly basis. An IRD is a discussion, risk assessment and decision making process between Police, NHS and Social Work when a Child Protection concern is identified. Its purpose is to provide quality assurance and data collection in relation to decisions made as part of an IRD, the robustness of the planning and information sharing.



2.66 East and Midlothian Public Protection Committee was selected in October 2018 as one of three test partners in the development of the National Minimum Dataset for Child Protection Committees. Since then, the Committee has worked in partnership with the Centre of Excellence for Looked After Children

in Scotland (CELCIS) to develop, test and refine the Minimum Dataset package. The implementation of the national minimum dataset for Child Protection has given us the opportunity to review our existing suite of performance data, how we present and analyse that data and what it is actually telling us, which helps improve outcomes for the people we serve. This will be subject to further work in the coming year, with the support of CELCIS and partnership analysts.

- 2.67 The EMPPO led an exercise to improve our multi-agency response to Looked After and Accommodated Children who go, or at risk of going missing. This has involved developing a senior oversight and an operational implementation group. The committee agreed a local inter-agency partnership protocol, following the national pilot. This has been supported by a series of trainings and local briefings, for both local authority and voluntary sector partners. The Police Scotland 'J' Division Missing Persons Coordinator provides a weekly intelligence report is shared with social work partners to help identify those who most frequently go missing and target our response accordingly.
- 2.68 **Multi-agency self-evaluation:** A programme of single-agency self-evaluation and audits has taken place. The first focused on targeting areas for audit that had been identified in the improvement plan and for which training had taken place. This was initiated in September '19 across both authorities and looked at actions after children had had their names removed from the Child Protection Register. The Audit examined chronology, record keeping and evidence of continued multi-agency meetings post registration. Evidence was triangulated and findings presented to the Committee. A further audit was undertaken looking at the increasing numbers of children who were subject to more than one IRD in the 12 month period. Findings noted a cohort of children who were subject to accumulative concerns over a period of years and from a number of agencies. Work is underway to further support practitioner development in addressing early and effective intervention across the partnership.
- 2.69 CSOG commissioned an audit to examine whether learning from a previous Initial Case Review (ICR) and a Significant Case Review had been embedded into practice. Audit activity was undertaken in both East and Midlothian which was reported to the Practice and Quality Improvement Subgroup which was overseen by the EMPCC. Areas of further development were addressed through the Child Protection Improvement Plan as well as individually in agency.
- 2.70 There has been a re-focus on the impact of poverty and its significance in child protection in response to the publication of Child Welfare Inequalities: A Four Nations Study (Bywater et al 2018) that evidenced the inverse correlation between poverty and child abuse and neglect. As a response, all families with children whose names are on the child protection register and those who are looked after at home are supported to attend welfare rights appointments to maximise their income. Within the context of COVID and the increasing levels of deprivation within some parts of our communities this will be an area for continued attention.

Section 3. Resources

Financial Pressures

3.1 Children's services received a budget of £14.44 million in 2019. At the end of the financial year the actual spend stood at £17.569 million, an overspend of £3.126m Employee costs accounted for 42% of the total. The £1.87 million budget for external residential provision was overspent reflecting the huge demand placed on the service during the latter part of 2018 and 2019 including an increase in young people requiring secure accommodation. Other smaller pressures included external fostering placements and kincare costs.

3.2 **Ongoing pressures:**

- External fostering resources; currently unable to meet demand within our own fostering community.
- Ongoing placement costs for existing external residential packages for young people for whom we have been unable to identify a local resource
- Bespoke packages for young people we are able to return from external placements
- Unaccompanied Asylum seeking Children and Young People
- Costs of emergency accommodation for homeless care leavers / young people who have not been able to sustain supported accommodation
- Financial pressures around the financial impact of COVID for families.
- Kincare support is an area we continue to grow as a local authority. This is in line with our service plan and strategy but is not without financial cost. The impact of continuing care on the Kincare budget will also continue to grow.

The plans to address these financial pressures sit within the service itself; within the relatively new joint structure of education and children's services; within the broader children services strategic partnership and across other council service areas. It is clear from the analysis and self-evaluation work completed to date, that sustainable financial recovery will require strategic commitment towards early intervention and prevention across council and partner services in order to reduce vulnerability and the demand for targeted services. The following is a summary of improvement work commenced in 2019/20 and will carry forward through 2020/21:

- Children's Services Service Improvement Plan 2019 - 21
- Re-launch of the GIRFEC pathway
- ASN review
- Whole system re-design of family support
- Mental health and emotional wellbeing strategy and associated services and supports
- Re-designing the children's social work service for better outcomes
- Transforming services for children programme – council and partners

Adult Social Work and Social Care

2019/20	Funding £	Expenditure £	Surplus £
Health	124,533	123,732	801
Social Care	47,284	47,459	(175)
Total	171,817	171,191	626

- 3.3 Throughout the year there have been financial challenges, these being mainly within the social care budgets and the financial pressure at the year-end was a significant overspend within adult services, specifically for those clients with complex needs with learning and physical disabilities. This pressure was offset by an underspend in services for older people. Within the social care budgets the pressures lay within increased demand for commissioned care services, particularly clients with learning and physical disabilities and the provision of overnight support being the most significant. This led to a £2m pressure at end of 2019 – 2020.
- 3.4 Financial modelling and improvement work underway or targeted in 2020/21 to better inform budget setting include; strengthened social work assessment and decision making processes; forecasting transitions and complex young adults requiring residential/ supported accommodation solutions; tracking ordinary residence commitments; implementation of pre-paid cards for direct payments.

Section 4. Workforce

Workforce Planning: Children’s Services

- 4.1 Overall, the service has achieved more stable staffing levels from the end of 2019 onwards with more successful recruitment campaigns following positive work to re-design our offer as employers. In particular, staffing across disability team, fostering and adoption and the 15+ team has provided excellent continuity of worker in the work being undertaken with families and young people. We know that relationships are key to better outcomes.
- 4.2 strategies in place to address recruitment and retention of registered social workers included:
 - Revisited wording on advertisements
 - Pay scale can be negotiated dependant on experience
 - We currently fund *limited* places for Family Support Workers on the Open University undergraduate and post graduate degree courses. We may consider revisiting/ extending numbers and return to the ‘Grow your Own Model’.
 - Active promotion of practice learning across the service and work in partnership with University of Edinburgh / University of Stirling & Open University to facilitate placements.

- Practice Learning Courses
 - Ensure staff have adequate access to learning and development opportunities – particularly within Leadership and Supervision.
 - Active promotion of the Healthy Working Lives / Employee Assistance Programme (Particularly throughout lockdown)
- 4.3 We have a substantial amount of newly qualified social workers. It is essential that they receive high levels of support, particularly in light of COVID and very restricted numbers of staff within the current office base. We are currently in the process of liaising with Midlothian and Scottish Borders to explore options around a joint programme of support / information for NQSW. The pay scale for social workers continues to be challenging for us as a local authority.

Workforce Development: Children's Services

- 4.4 Strong collaborative working between children's services and corporate learning and development staff led to the **Social Work Leadership and Supervision Programme** (Accredited by the CMI at Cert Level 3). The programme was aimed at team leaders and senior practitioners. The first cohort ran in Autumn 2019 was very positively evaluated. The second cohort commenced just prior to lockdown and unfortunately is currently suspended. The service continues to support one manager each year on the post graduate Stirling Management and Child Protection and Welfare Courses. Other key learning and development opportunities included continued training in the core practice models of Signs of Safety and Safe and Together.
- 4.5 Protected learning sessions provided valuable opportunities on topics that included; baby bruising; court skills; trauma informed practice; sexual abuse; domestic abuse; permanence and the law. Protected Learning Session have been suspended since March 2020 in light of COVID.
- 4.6 In terms of formal practice learning arrangements, during 2019/20 children's services facilitated 8 social work placements. The current practice learning strategy identifies this as a core organisational function that encourages a learning culture; develops leadership and management skills; encourages reflective and research-minded practice; supports recruitment and retention and generates income. COVID has had significant implications for practice learning arrangements and we are working in partnership with universities and other stakeholders to explore future options.
- 4.7 In order to meet our SSSC employer commitments, the service must provide recognised levels of support for newly qualified staff. Developments include a well-established group for staff across children and adults services and the learning and development E-bulletin with up to date information and research.

Justice Social Work

Workforce development:

- 4.8 In recognising team challenges and dynamics managers held a workshop facilitated by organisational development (March 2020) to improve the team's functioning. Unfortunately the follow-up activities were curtailed due to the lockdown and progress will need to be reviewed in 2020/21. Managers are developing staff training and promoting a shared understanding of SSSC Codes of Conduct as well as the expectations of all social work qualified and para-professionals.
- 4.9 We reviewed and updated our core local guidance documents – these support practitioners at all levels to better understand their task and role as well as providing a service that is safe and risk-focused, but able to identify and address welfare and needs.

Public Protection

- 4.10 Prior to Covid 19 EMPPC delivered two development sessions for all staff across the partnership including third sector staff to address the crossovers between Adult Support and Protection and Violence Against Woman and Girls, with a total of 56 staff attending. These sessions focused on learning disability and gender based violence; this session was supported by NHS Scotland, Gender-based Violence Team. This sessions was informed by the new practitioner guidance on learning disability and gender based violence and to raise awareness of the intersections between gender based violence and adults age 16+.
- 4.11 The EMPPC learning and development function oversees the development and delivery of core and mandatory public protection training. The reduction in capacity within the PPO team has impacted on the delivery of these functions. Discussions are underway within the partnership and this will be an area of focus for the new PPO manager. Online alternatives for traditional face to face approaches are required.

Adult Social Work and Social Care

- 4.12 Workforce planning developments included the successful application to Mental Health Officer Capacity Building Grant Scheme to support our Mental Health Team. One social worker successfully completed the MHO training in September 2020. The review of homecare led to improvements in the terms and conditions of staff to attract more people into the workforce. Two social workers started the practice educator's programme in 2019/20 and will complete in early 2021.
- 4.13 Key training and staff development opportunities were delivered in
- self-directed support options 1 and 2;
 - Frank's Law

- Replacement care
- TEC training
- Dementia bus; helping mentally able people to understand what it is like to experience dementia
- Staff briefings: Violence Against Women and Girls; Resolution (Mediation) service; new housing legislation and support for women with substance misuse issues.

In addition, Social work staff who volunteer in anticipation of having to provide humanitarian aid are regularly invited to informal learning and development sessions to consider the impact of emergency planning in communities, and in responding to incidents that require emergency assistance and the provision of immediate shelter and support. The sessions have include opportunities for volunteers to reflect and share their own experience in previous incident along with formal presentations e.g. trauma informed practice and the role of partners in providing aid.

Section 5. COVID 19

Early Indications of Impact on Workforce and Services

- 5.1 Social work is a profession that is predicated on establishing meaningful relationships with vulnerable and often distressed people and with those who may be resistant to our involvement. Therefore, the impact of the restrictions to working arrangements as a result of the pandemic on the very core of social work business has been profound. Making a safe and accurate assessment of risks and needs for children and adults with very reduced or compromised opportunities for face to face contact has been extremely challenging and remains the case. Staff are carrying higher than usual levels of stress and anxiety from the additional risks. As the months progress, the need for support and recognition of the challenges involved increases
- 5.2 Overall to date across adult, justice and children's services staffing levels have remained high with low levels of COVID-related absence, although numbers of staff with underlying health conditions were higher than anticipated. Many staff have welcomed the increased flexibility of working from home, in particular the absence of the commute and the ability to meet child care commitments.

Children's Services

- 5.3 As an immediate response to the pandemic restrictions, the service implemented a crisis response team model that operated on a five-day on/off basis. Good use was made of Skype to enable staff to communicate internally and come together quickly. All teams RAG rated their caseloads to ensure the most vulnerable children and young people were prioritised for the most

meaningful and effective contact and interventions. Children whose names were on the child protection register were seen on a weekly basis wherever possible. All supervised family time was suspended. As restrictions eased, a blended working model was implemented allowing staff to return to their own team structure and line management arrangements.

- 5.4 Despite the school closures, the number of referrals to social work continued to rise month on month from March 2020. The absence of a structured school day on vulnerable families – particularly those with disabilities and complex needs - resulted in high levels of family stress and a significant demand for staff to prevent children needing to be accommodated. Some of our older young people and care leavers were unable to sustain positive destinations and this has led to their behaviours becoming a risk to themselves and others, with serious consequences and poor outcomes. The assessment hub and practice teams carried the additional impact of most of the third sector services ceasing face to face contact with families in the initial months of the pandemic.
- 5.5 The Government's focus on vulnerable children from the start of lockdown was a lever for some excellent partnership working with some groups of vulnerable older young people in East Lothian. The youth work response highlighted the possibilities and potential for creative and joined up approaches that will be developed over the coming months.
- 5.6 The support from colleagues across the council to facilitate requests for additional space / has been welcomed. The changes to working arrangements have impacted on all staff across council and partnership services, but for the purposes of this report the following areas remain challenging for service delivery:
- The absence of a single IT platform across public services – impacting on the effectiveness of multi-agency working with vulnerable children
 - Child and family engagement in online meetings – while some have welcomed it, many have not felt fully included in decision-making or have found it intimidating.
 - Waiting lists for assessment and changes to support plans from the disability team have increased beyond current capacity
 - Limited appropriate space for supervised and court mandated family time (previously called contact)
 - COVID safety concerns for foster carers – facilitating parental and sibling contact involving multiple households
 - Reduced office capacity to ensure compliance with physical distancing; impacting on face to face access to team members which is important for safe social work practice.

Justice Social Work

- 5.7 Staffing levels have been high – working from home has improved work/life balance and staff have been able to be more flexible so undertake tasks at a time that suits their lives. The service is exploring a more flexible working

regime and considering quite radical changes within the service that would have significant implications for staff and users, but would not reduce efficiency or effectiveness.

- 5.8 The current focus is on the safe reopening of face-to-face interventions for reports and offence-focused interventions as well as engaging in welfare and signposting activities. However, the anticipated increase in work from domestic abuse and online sexual offending behaviours will impact on staff wellbeing when working from home.
- 5.9 The provision of unpaid work is extremely problematic – with a van-based and group model 1:5 (maximum) ratio with equipment training or building-based activities where supervisor and service user work closely (within 1-2 meters). The service needs to develop larger projects and increase access to placement or individualised oversight from colleagues within HSCP and the Council as well as small groups with 1:2 or 1:3 ratio and expectation of either self-travel or more appropriate muster points.
- 5.10 The pandemic has seen the closure of Courts across Scotland, however Hub Courts have dealt with the most serious business since lockdown was announced on 23/03/2020. As a result there are various estimates relating to the backlog of Court business and in East Lothian this will have an ongoing impact for the foreseeable future. Although business is now going through courts at the rate of approximately 80% of last year's comparative totals (September) this is not addressing the backlog and there has been a notable increase in Diversion report requests. This move away from using Court time to hear cases (and, therefore, address offending behaviour) will lead to an increase in justice social work business, to provide reports and, where appropriate, short interventions.

Adult Social Work and Social Care

- 5.11 The mainstay of our Covid-19 response to **carers** was working in close partnership with:
- staff who were supporting carers, for example, care-at-home workers, community care workers and social workers. This began immediately and centred on learning from staff what the key issues were in terms of delivery and support, for example, PPE, dealing with isolation/shielding and sustaining good mental health and physical wellbeing
 - carers representative groups - Carers of East Lothian, East Lothian Young Carers and Bridges Project. This helped us to respond to carers needs as much as possible and share information about support, advice and resources. Carers of East Lothian produced a weekly resources guide which we shared with staff, third sector partners and community resilience groups
 - Community Resilience Groups, who kept us informed about the wellbeing of carers they were working with and specific help needed. Third and

Independent sector partners also kept us informed of issues, for example, around the correct putting on and taking off of PPE and when to wear it.

- 5.12 In terms of community support services for younger adults, at the start of the pandemic all providers provided a RAG rating of services users, a business continuity plan and a detailed action/closure plan. The RAG rating assisted colleagues in social work to identify priorities for additional care and support in the community. All building-based services were closed with the exception of one centre for people under 65. This centre was used to provide day support to these people who were most at risk of support failing at home. At that stage, external community provision consisted of outreach support from peoples' homes for those with identified critical needs. The providers have looked at alternative ways of providing support e.g. Zoom calls. Weekly telephone calls are also in place to offer support and monitor any changes in need.

Care Homes

- 5.13 The Care Home Team and District Nursing teams supported staff to adhere to up-to-date guidance and advice and have been at the forefront of East Lothian's response to ensuring our care homes have been equipped and supported to manage and control the virus as effectively as possible. This has included:

- Ensuring the safe application and disposal of PPE
- Escalated support to homes with positive cases to ensure robust infection control
- Arranging urgent PPE from East Lothian hub stock if required
- Circulating all current guidance and ensuring our homes have access to information that is circulated
- Visiting homes to demonstrate PPE donning/doffing and infection control
- Educational components focused on infection control, including helping staff understand PPE, including 'how safely to put it on and take it off
- Video links of training provided and offers to all care homes for visits as needed
- Continued emotional and phone support for staff
- Delivery of face-to-face training where agreed.

Care Home Assessment and Review Team

- 5.14 The care home assessment and review team's (CHART) role in the COVID response included:

- All care home support visits were jointly undertaken with a social worker alongside a health colleague, and feedback was given for each visit which was as a collaboration between health and social work.
- Providing challenge and support to care homes where infection control practices were not sufficiently robust.
- Funding was secured for a number of vacant care home placements in two care homes for people waiting for packages of care or care homes to move to

temporarily. Each of these individuals were assessed by social workers and the CHART team monitored each placement. This provided an immediate solution for residents and demonstrated a flexible response and good joint working with independent care homes.

- Social workers undertook PPE training early in the pandemic so that they had sufficient knowledge to support and challenge practice in care homes.
- The CHART team manager is involved with the care homes daily huddle.

5.15 Changes in practice due to Covid

- Ensuring that Covid testing happens for people moving in to care homes, as per health protection guidance, alongside other practical arrangements for hospital discharge to care homes.
- Only starting now to be able to attend care homes to carry out reviews. This is not consistent and is dependent on different practices across care homes. Many reviews are still being carried out by phone.
- Responding to regular calls and complaints from families about not being able to visit their relatives.
- Move to home / hospital working with a rota in place to ensure at least one social worker is on site every day.
- Supervision and team meetings carried out mainly via Skype.

Challenges and Risks Facing Social Work and Social Care

Key challenges for recovery include:

- Rising incidence of domestic abuse, and its impact on children, young people adults and families. The human and financial costs of this mean it requires a coordinated strategic and partnership response.
- The cumulative impact of carer and family stress as a result of limited or reduced availability of services that may not return to pre-COVID levels.
- The widening social and health inequalities that the capacity to cope with adversity and increase reliance on services.
- Ensuring the social work and social care workforce is supported to develop and maintain its own resilience.
- Rise in demand for services - resumption of services (e.g. courts and children's hearings) and as a result of poverty, stress and increased vulnerability.
- Financial cost of responding to the pandemic and impact on decisions about budgets for vulnerable people's services.
- The capacity of commissioned services to meet current and future levels of need.

- Implementation of The Promise and learning from the Independent Care Review - will not be achievable without further investment in preventive services to release the costs of crisis services.

The most vulnerable people in our communities have been the hardest hit, and will take longer to recover from the impact of the pandemic. Social work services will continue to play a critical role, working in partnership to protect our citizens, promote their rights and support them to live safely and independently.

Judith Tait
Chief Social Work Officer
16 October 2020

REPORT TO: East Lothian Council

MEETING DATE: 27 October 2020

BY: Head of Development

SUBJECT: Indicative Regional Spatial Strategy for Edinburgh
and the South East Scotland City Region

9

1 PURPOSE

- 1.1 This report presents the indicative Regional Spatial Strategy for Edinburgh and the South East Scotland City Region. It outlines the purpose of the Strategy, summarises its content, highlights that it has already been approved by the SESplan Joint Committee, and recommends it for final approval by Council.

2 RECOMMENDATIONS

- 2.1 It is recommended that Council:
- i. Notes the content of the indicative Regional Spatial Strategy for Edinburgh and the South East Scotland City Region (Appendix 1).
 - ii. Notes the recommendation from the SESplan Joint Committee to the six SESplan Authorities to approve the indicative Regional Spatial Strategy for Edinburgh and the South East Scotland City Region; and
 - iii. Approves the indicative Regional Spatial Strategy for Edinburgh and the South East Scotland City Region.
 - iv. Delegates authority to the Service Manager – Planning to make any non-consequential changes to the Regional Spatial Strategy for Edinburgh and the South East Scotland City Region that arise during the process of ratification by the six SESplan local authorities or subsequent discussions with the Scottish Government.

3 BACKGROUND

- 3.1 The Scottish Planning Act 2019 introduces the concept of Regional Spatial Strategies. These are non-statutory documents which provide a spatial representation of the key regional land use issues requiring to be addressed across the region.
- 3.2 Although non-statutory in nature (they do not form part of the Development Plan and will not have a status in planning decisions) their purpose is to guide the development of the two parts of the Development Plan set out in the 2019 Act, namely the National Planning Framework and Local Development Plans.
- 3.3 The Scottish Government is bringing the Planning Act into force in stages and the section that deals with Regional Spatial Strategies will be enacted in the latter part of 2021. However, the Scottish Government has already started the process of producing National Planning Framework 4 (NPF4) with the aim of having a draft NPF4 ready in September 2021.
- 3.4 To ensure the Regional Spatial Strategy fulfils its role of guiding the content of the NPF the government has asked local authorities to produce Regional Spatial Strategies by the autumn of 2020. As these are being produced in advance of the relevant section of the Planning Act coming into force these Regional Spatial Strategies have an indicative nature.
- 3.5 The indicative Regional Spatial Strategy (iRSS) for Edinburgh and South East Scotland City Region will help guide future Local Development Plans but its main aim is to input into the development of NPF4.
- 3.6 The iRSS exercise was originally to have been completed by June of this year but due to the impact of Covid the timescales have been pushed back. This also applies to the timetable for the production of NPF4 which has been moved back by a year, with the draft now expected in September 2021.

Summary of the indicative Regional Spatial Strategy

- 3.7 Early in the process of developing the iRSS the directors from the SESplan Local Authorities took the decision that the Strategy should be based on the content of SESplan2, which was rejected by the Scottish Government in 2019. This encapsulates most of the regional challenges and projects that would be in the iRSS and it had been agreed through the local authority officer and political process and through independent examination. Added to this would be the projects that have been agreed through the Edinburgh and South East Scotland City Deal. Also, as the iRSS is to guide NPF4 it is important that there is also a close synergy between the content of the iRSS and the SESplan submission to National Planning Framework 4 'Call for ideas' process that was carried out by the Scottish Government early in 2020.
- 3.8 The iRSS (Appendix 1) begins by setting out three overarching themes that require to be addressed across the region. These are as follows:

- Recovery and Renewal – Tackling economic recovery, environmental improvement and inequality.
 - Accessibility – addressing sustainable transport options, digital access, access to employment and sustainable housing land.
 - Adaptable – tackling climate change, ensuring conservation and high design standards.
- 3.9 The Strategy provides context under each of these themes, setting out the challenges the region faces. The remainder of the document sets out the actions and projects that are proposed to address these regional challenges.
- 3.10 The Strategy emphasises the proactive stance the SESplan authorities have taken over the last 10 years to facilitate the unprecedented levels of growth that the region has experienced. However, a key part of the document is highlighting to the Scottish Government, actions that must be taken through the National Planning Framework 4 to allow either long-standing infrastructure requirements to be resolved or changes that are required at a national level to allow progressive future planning policy to be implemented. This is particularly around areas such as climate change.
- 3.11 The Strategy includes housing land requirements at the same level that was agreed by the SESplan authorities and the independent reporter through SDP2, and for North East Fife those approved through TAYplan. These are recommended to the Scottish Government for inclusion in NPF4.
- 3.12 The document contains an overall strategy, highlighting the inter relationship between the key themes and challenges set out at the start of the document and the projects identified to address them. It also contains more focussed sub-regional sections which concentrate on areas that are more specific to one part of the region but are equally important in achieving the overall success of the strategy.

East Lothian Strategy

- 3.13 The overall spatial strategy includes the following East Lothian-related projects and issues:
- City Deal proposals at Queen Margaret University: to reflect the ongoing commitment and importance of this proposal.
 - The need to address inequalities in quality of environment, access to jobs and services in the most deprived communities, including those in the west of East Lothian.
 - Proposed National Development at Blindwells (including the Climate EvolZone). This site has been proposed by the Council, through its response to the NPF4 consultation, as a national development. The ClimateEvol Zone provides a key opportunity to provide an

environmental regional resource that will benefit the surrounding communities.

- The land of the former Cockenzie Power Station is already in NPF3 for renewable-related development, particularly carbon capture and storage. Given the changing opportunities at the site East Lothian Council is keen to see a more flexible approach to the development of the site, while still retaining the possibility of low carbon sustainable development.
- Improvements to the A1 and the East coast mainline through East Lothian. This is in line with work being progressed with Transport Scotland of rail options for the East Coast mainline. Emphasis is on the need for new local routes to complement existing strategic services and to retain the East Lothian stations on the East Coast mainline.
- The National Development of Torness Nuclear Power Station. This site is already a national development in NPF3 and the Council supports its continued role in the economy of East Lothian.

3.14 As well as the above the sub-regional map which focuses on East Lothian also includes the following:

- Areas of restraint from major growth to the west of Blindwells and the East of Haddington. This approach is to complement the focus of strategic growth on Blindwells.
- Park and ride sites on the boundary between Edinburgh and East Lothian to address travel movements into the City.
- Green Network opportunities in the Lammermuir Hills; and
- A new railway station at East Linton.

3.15 The Strategy presented in the iRSS reflects the submissions made by the six SESplan authorities to the Scottish Government through its early stage consultation on NPF4, the 'call for ideas'. It reflects much of the approach agreed by the six SESplan authorities through SDP2 and the City Deal process. Therefore it aligns with the current thinking of the local authorities in the south east of Scotland.

Next Steps

3.16 The iRSS requires to be ratified by all the SESplan member authorities. If approved by the councils it will be formally sent to the Scottish Government. It is the intention of the Scottish Government to provide comment on each iRSS submitted. Where minor changes to formatting or non-consequential changes, that do not impact on East Lothian, are proposed by the other SESplan authorities or by the Scottish Government through their comments, delegated authority to the Service Manager – Planning is sought from Council to make these changes.

- 3.17 Although there has been some engagement with key agencies during the production of the iRSS the SESplan authorities will look for opportunities to engage with a wider range of stakeholders on its content.
- 3.18 The Scottish Government will publish draft regulations and guidance over the course of 2021 including those on Regional Spatial Strategies. They will publish a draft of NPF4 in September 2021. Members will be kept informed and engaged throughout the progression of these stages.

4 POLICY IMPLICATIONS

- 4.1 Although non statutory in nature the iRSS will be taken into account in the preparation of the National Planning Framework and Local Development Plans. The production and approval of the iRSS is therefore vital to help ensure positive East Lothian-related content.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 Due to its non-statutory nature the subject of this report does not directly affect the wellbeing of the community or have a significant impact on equality, the environment or economy. Impact Assessments will be carried out by the Scottish Government as part of the NPF process.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – No direct financial implications arising from this report beyond staff time.
- 6.2 Personnel - the Council's Planning Service already strategic planning work and will continue to contribute towards the work of inputting into the indicative Regional Spatial Strategy and National Planning Framework 4.
- 6.3 Other – none

7 BACKGROUND PAPERS

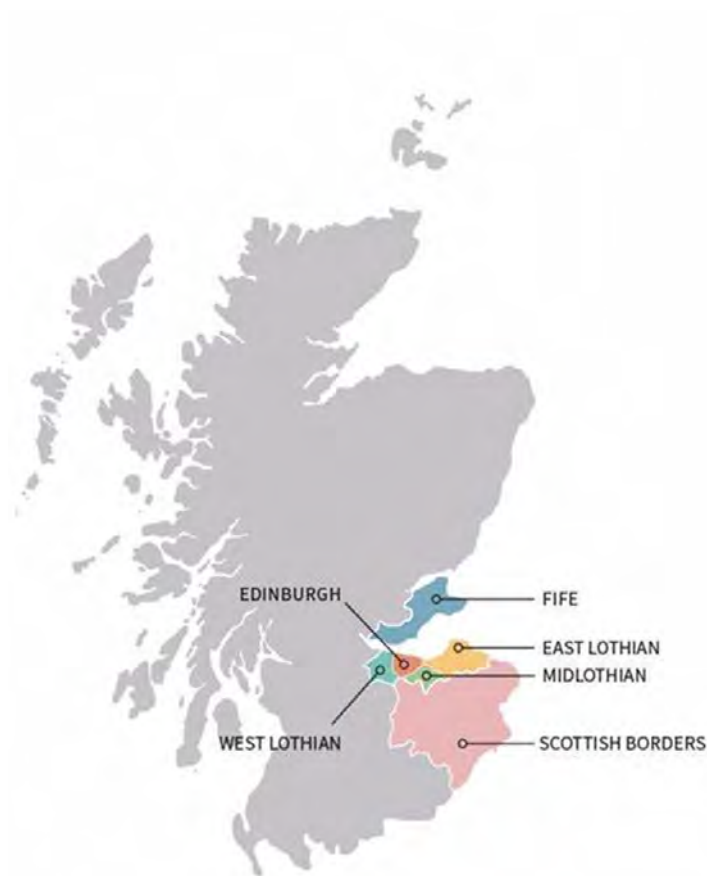
- 7.1 Appendix 1 – indicative Regional Spatial Strategy for Edinburgh and South East Scotland City Region
- 7.2 Council report on Regional Spatial Strategies October 2019 (Item 9) - https://www.eastlothian.gov.uk/meetings/meeting/16435/east_lothian_council
- 7.3 Council update on NPF4 and Regional Spatial Strategies – Dec 2019 (Item 7)

https://www.eastlothian.gov.uk/meetings/meeting/16436/east_lothian_council

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DATE	12 th October 2020

Appendix 1

Regional Spatial Strategy for Edinburgh and South East Scotland City Region



Foreword

I am delighted, along with my fellow Council Leaders and Planning Leads in City of Edinburgh, East Lothian, Fife, Midlothian, Scottish Borders and West Lothian councils to agree this interim Regional Spatial Strategy for the South East of Scotland. The South East of Scotland has for many years been the powerhouse of the Scottish economy. The six authorities in the southeast have worked individually and in partnership to ensure that growth occurs while ensuring the protection and enhancement of the regions important environmental and culture assets. The authorities have and will support the right developments in the right place, particularly where they increase opportunities for our businesses, people and communities.

The interim Regional Spatial Strategy sets a framework for this support to continue. The regional authorities are committed to meeting significant levels of housing growth already planned for and providing for sustainable economic development but we cannot do this alone. This was most apparent when Ministers rejected the second Strategic Development Plan (SDP2) that covered much of the area now covered by the Regional Spatial Strategy.

SDP2 set a strategy to meet the most recent agreed assessment of housing growth in full. However, questions were raised about the capacity of the roads and transport infrastructure to cope with the level of growth proposed. Ultimately, the plan was rejected on the basis that the transportation impacts had not been fully assessed and mitigated, highlighting the need for an infrastructure led approach to delivering development.

The interim Regional Spatial Strategy commits to supporting the level of growth in SDP2 and the area of North East Fife which is now incorporated within the strategy area. However, if this growth is to be delivered significant investment in sustainable transport and other infrastructure, including schools, will be required. It is imperative that the forthcoming review of the National Planning Framework addresses the link between development and infrastructure once and for all and puts a funding regime in place which supports an “infrastructure first” approach. Fellow Leaders, Planning Leads and I look forward to working with government to achieve this.

Of course, many things have happened since the six authorities agreed the spatial strategy set out in SDP2. The COVID-19 pandemic will undoubtedly change the way people work and the climate emergency requires everyone to think differently about what they do and how they do it. That will require a flexible approach to achieving resilience and sustainable growth. Brexit may also bring challenges for all sectors of the rural and urban economies of the region.

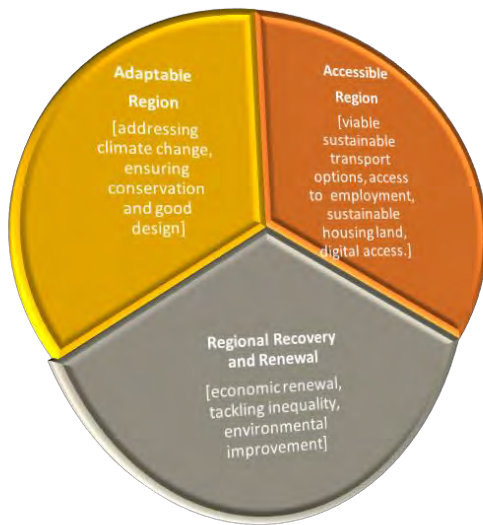
Fellow Leaders, Planning Leads and I believe that the strategy provides a flexible framework to address the challenges ahead and we remain, as a partnership, committed to working with government and agencies to ensure that the necessary investment to support the strategy is in place.



Councillor Russell Imrie

SESplan Convenor

Regional Challenges and Strategy



As the Capital region of Scotland, with connections to the rest of the country and beyond, the South East Scotland Local Authorities will work together for the benefit of the region and Scotland as a whole. As mentioned in the Scottish Government’s Advisory Group’s Report ‘Towards a Robust Wellbeing Economy for Scotland’ (June 2020), differences between regional geography and sectors need to be “recognised, respected and championed”. To this end, the Local Authorities have agreed on a series of shared overarching themes through which the economic and environmental prosperity of the region and benefits to health and well-being will be realised.

The report of the Advisory Group on Economic Recovery sets out the importance of a green recovery as a major change in renewal in the post Covid environment. All the South East Scotland Local Authorities will soon have declared climate emergencies and are looking to pursue climate change related action at a corporate level and through their Local Development Plans. The National Climate Change Strategy and policy in National Planning Framework 4 (NPF4) must provide the context for the Local Authorities to take decisive action and assist with this green recovery.

As Scotland’s capital region, it is vitally important that it functions effectively for the benefit of the whole country. The timely delivery of strategic infrastructure will provide the framework for the delivery of all development that is required to effectively meet the themes outlined above. The implementation of the Transport Transition Plan (TTP) recovery following the COVID 19 crisis, the Infrastructure Commission findings, particularly around on the early delivery of infrastructure, and the alignment of Strategic Transport Projects Review (STPR2) with the progression of NPF4 require to happen to allow carbon reduction and the sustainable delivery of new development.

These national actions will be made a reality through spatial interventions, council policies and through the policy and programmes of other regional stakeholders to achieve a robust, resilient and wellbeing economy. They will also be progressed through a Regional Growth Framework to be developed by the six South East Scotland Local Authorities and partners over the coming year.

Regional Overview

The Edinburgh City Region will continue to be a very attractive area for business and people to locate and this focus will accelerate due to the Covid crisis and the realisation of business that it can locate to smaller city regions without losing their global reach. The population of the region is expected to grow over the next 10 years by over 200,000 people. Including the nation’s capital city, the region will continue to be the main driver of the Scottish economy so for the benefit of the country, it requires a significant level of investment and action to successfully perform this role and accommodate this growth. International, national and regional transport infrastructure needs continued investment to support sustainable growth and change.

The six South East Scotland Local Authorities and the wider stakeholders in the region have responded to this demand over the last few years by identifying locations for an unprecedented level of development that will be required to address the increasing population and employment base. To plan for this, effective land for just under 100,000 houses has already been identified across the region for the period to 2032. Tables 1 and 2 below highlight the effective land available when compared with the land supply targets set out in SESplan2 (see Table 3). Although these sites are effective their effective delivery as part of this overall strategy is dependent on the provision of large amounts of strategic infrastructure which requires interventions at a national level. Much of this housing development is still to be delivered and will provide a significant supply of future housing well into the lifetime of this Regional Spatial Strategy and consequently NPF4. A key element of this housing delivery are the seven strategic sites, including the proposed national development at Blindwells, that will deliver new communities in key locations across the region.

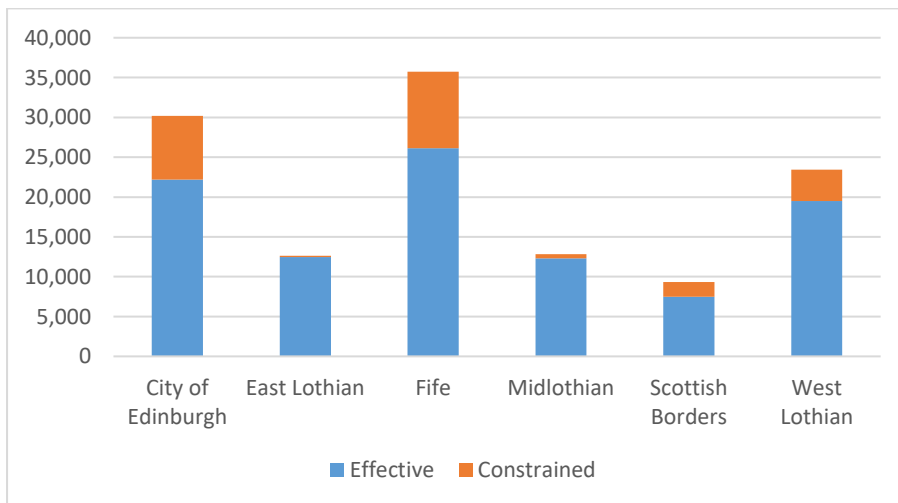


Table 1: Constrained and Effective Housing Supply (2018)

	Effective Land Supply	Average completions for last 5 years	No. of years effective supply
City of Edinburgh	22,194	2,185	10
East Lothian	12,456	486	26
Fife	26,119	1,429	18
Midlothian	12,323	619	20
Scottish Borders	7,500	281	27
West Lothian	19,505	690	28
Total	100,097	5,690	18

Table 2: Effective land supply based on comparison with SDP2 +TAYplan (NE Fife only) housing Supply targets

As Regional Spatial Strategies and Local Development Plans are reviewed they will need to consider the emerging impacts of Covid-19 and Brexit on business and other sectors including tourism, culture, higher education and on population growth through UK, European and world migration trends.

The challenge is always to deliver housing land in a sustainable manner that enhances existing communities and creates low carbon, accessible communities. This is made more important by the critical need to address climate change and community and economic resilience to threats such as Covid 19. Education, transport and green network infrastructure identified must be delivered as an integrated part of this overall development strategy. Without this, the challenges of the region would become acute and the aims set out in this strategy and at a national level cannot be achieved.

Delivering the planned levels of development is a challenge but one which the six South East Scotland Local Authorities are proactively addressing. The projects set out in this strategy have, on the whole, been progressed through being allocated and scrutinised through the development plan process. To assist with delivery, partnerships between the local authorities and wide variety of stakeholders are in place. An example of this is the Edinburgh and South East Scotland City Region Deal which will go some of the way to assist with the delivery of this infrastructure and strategy.

Also, further growth and development can only be accommodated sustainably in the region through appropriate sustainable transport interventions. Infrastructure will have to be programmed and properly funded if the strategy is to be delivered. That will require public and private investment but ultimately it will be for NPF4 to set a framework for deliverable infrastructure investment. This spatial strategy aims to mitigate the delivery of committed development and associated infrastructure and make better use through renewal of existing assets whilst identifying interventions to enhance both sustainability and potential to accommodate further growth with lower climate change impacts and more resilient communities.

Private sector contributions to delivery of some of this infrastructure is often subject to challenge and the extra pressure on local authorities through capital expenditure and revenue consequences is significant and unsustainable. These are significant challenges that the region has faced for a long time without funding mechanisms to address them and cannot be solved simply through developer contributions or local authority action. There are cross boundary issues of national importance which

require interventions and investment at a national level, particularly the shift from car based travel to public transport and active travel. Some of these requirements relate to existing development and needs (e.g. carbon neutral transport) rather than growth so cannot therefore be funded by new development. A holistic approach towards investment is therefore required in order to reach sustainability targets.

The six South East Scotland Local Authorities and stakeholders will actively pursue the delivery of the projects and themes in this regional spatial strategy, a task that will be made easier with their reflection in NPF4. Whilst there has been significant recent investment in the Queensferry Crossing and the rail network across central Scotland and from the city to the Borders, regionally there requires to be substantial investment by national agencies in the infrastructure required to give sustainable movement solutions for the level of nationally important growth and economic activity in the city region. There are also areas of policy that require national action as individually or collectively the member authorities do not currently have the policy backing to implement their aims. These investment and policy gaps must be addressed by NPF4 as well as regional action to allow the shared themes of the Regional Spatial Strategy and national agendas to be delivered.

To achieve this, NPF4 must achieve the following key requirements:

- A commitment from the Scottish Government to fully fund, or where appropriate part fund, strategic infrastructure. The region will, and can, support significant growth, but it cannot be to the burden of individual authorities, or authorities working in partnership, to deliver the infrastructure required to benefit the national economy of Scotland.
- A commitment from Scottish Government to establish an investment mechanism whereby local authorities working in partnership with the development industry and other key agencies can deliver upfront infrastructure so that sustainable development is delivered on an infrastructure first basis as recommended through the Infrastructure Commission report;
- A commitment from Scottish Government to coordinate a low carbon transportation strategy across the Edinburgh City Region, addressing the reasons why Ministers rejected SESplan2. The strategy shall include a commitment to deliver the planned Sheriffhall Roundabout upgrade, Edinburgh bypass orbital public transport solutions and coastal transport options;
- NPF4 needs to set clear housing targets at the levels set out below and included in SESplan SDP2*** Where targets cannot be met, through lack of market delivery, Councils must be supported in the first instance by Scottish Government, rather than being faced with the prospect of housing allocations being awarded on appeal on unsustainable sites contrary to the national planning principle of a plan lead system;
- NPF4 shall enshrine the principles of planning; which include the primacy of place-making and good design for the benefits of communities, economic growth, climate change mitigation, wellbeing, and biodiversity enhancement, enabling local development plans based around significant active travel and public transport solutions; and
- NPF4 shall commit the development industry to carbon neutral and biodiversity enhancement only development, requiring a position statement on carbon and biodiversity offsetting.

Local Authority	Recommended annual average housing supply target	housing supply target ** +	Recommended housing land requirement ** +
*City of Edinburgh	3,100	43,400	47,000
East Lothian	516	9,282	10,224
Fife	1,093	19,674	21,654
Midlothian	518	9,318	10,260
Scottish Borders	289	5,202	5,760
West Lothian	523	9,420	10,350
Total	6,039	96,296	105,248

Table 3: Recommended Housing land requirements and Housing supply targets for inclusion in NPF4

*City of Edinburgh Council Choices for City Plan 2030 and Housing Study, January 2020, subject to approval

**Figures for East Lothian, Scottish Borders, West Lothian, Fife and Midlothian are for the period 2012 – 2030

+ Figures for City of Edinburgh are for the period 2018 to 2032.

*** SESplan 2 plus the NE Fife element of TAYplan

Through NPF4 connections must be made across all relevant policy areas, and major influences on the planning system including; climate, inequality, ecology, housing, health, welfare, education, economy, technology, transport and energy. The current challenges brought about by Covid 19 may have lasting effects on the economy. While demand for new development will recover it is important that in the short-term standards in new development are not prejudiced by a desire to stimulate growth. The ambitions around climate change, health and well-being, connectivity and place making remain through the pandemic and when it recedes.

Regional challenges and strategy

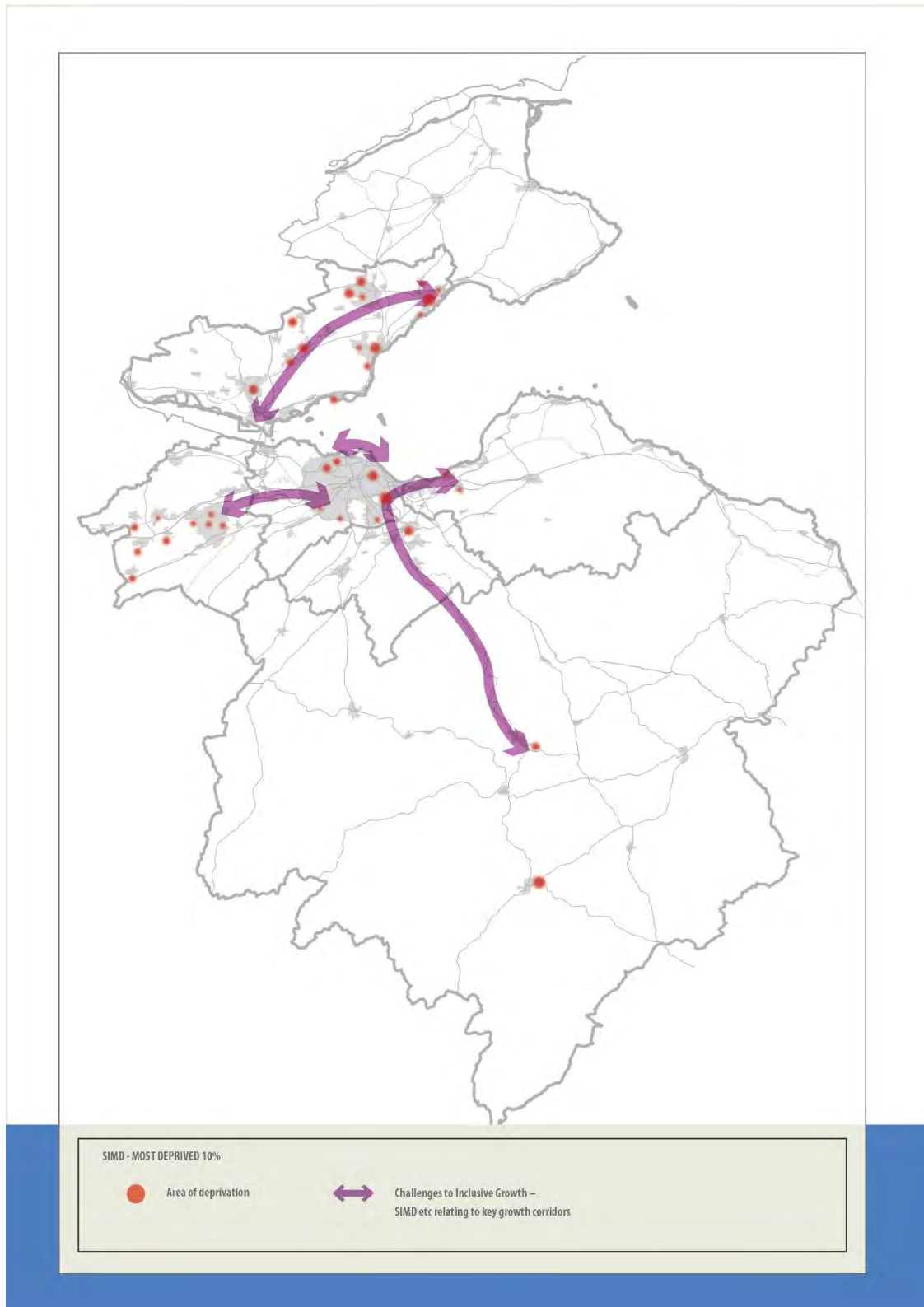
This strategy is expressed in two sections:

The challenges and solutions that affect the whole region or are of a cross boundary nature; and, those that are specific to a distinct part of the region.

The delivery of both sections is required to successfully achieve the environmental, economic and accessibility themes of the spatial strategy for South East Scotland.

Regional Recovery and Renewal [Tackling inequality, environmental improvement, economic renewal]

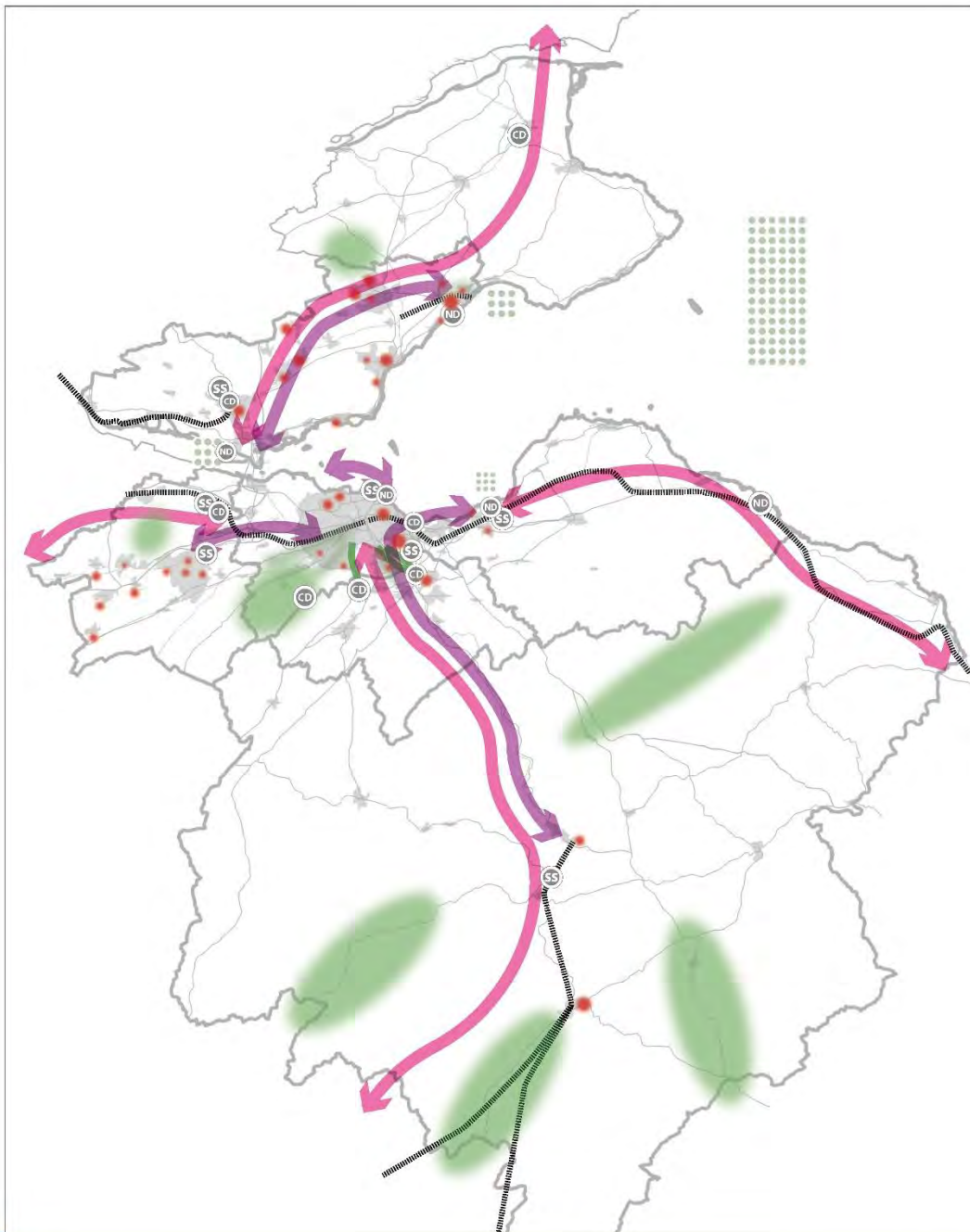
Tackling Inequality



Pockets of multiple deprivation persist in part of the region, and nearly a fifth of children live in poverty. Inequality is reflected, in concentrations of poorer households in relatively poorer neighbourhoods: these include disadvantaged groups such as ethnic minorities and the disabled, in neighbourhood contexts, which have negative effects on economic and social wellbeing. Areas that currently experience higher levels of deprivation including, southwest and northwest Edinburgh, east Edinburgh/west east Lothian, Mid Fife, Midlothian and the west of West Lothian and areas of the Scottish Borders will be the focus of investment to improve the quality of the urban environment including town centres. These areas should be made more accessible through greater affordable connectivity and access to employment and training.

The Covid crisis confirms the importance of digital connectivity and improved investment in this is essential for a just transition into a future economy. Many areas experience digital skills poverty, with almost one in five adults in Scotland not having the skills to make full use of digital technology at home or at work. This presents a significant challenge and opportunity for communities to benefit from digital infrastructure, including how services can be delivered, where this is made accessible.

Housing need and demand has recovered from the levels of the post 2008 recession, with high levels of completions across the area. The need and demand for affordable housing is significantly above deliverable levels given funding arrangements. The impact of Covid on the economy may have a future impact on these levels of housing demand as well as on work and commuting patterns, all of which need to be considered. However, housing will remain an important driver of the economy but delivery must balance local need and emerging sectoral requirements such as adaptable housing for older people, accessible homes for the disabled and appropriate provision for travellers. It is also important to ensure that new housing is situated in genuinely sustainable areas that meet the challenges of accessibility and climate change. Other services and facilities must be readily accessible along with housing through mixed-use neighbourhoods and local connectivity.



OVERALL STRATEGY					
	Challenges to Inclusive Growth – SIMD etc relating to key growth corridors		Strategic Housing Site		Green Network
	Corridors requiring sustainable mobility		Proposed National Development		Strategic Growth Area
	Transport Intervention		City Deal Project		Sustainable energy - Offshore wind energy and renewables industry
			Area of Deprivation		

Economic Renewal

Committed and potential opportunities provide sufficient employment land for economic renewal, regeneration and redevelopment. The region includes a number of significant business clusters. These are broad locations where groups of similar business sectors operate where there are opportunities for expansion. Some of these largest clusters are around west and southeast Edinburgh, Mid Fife, Dunfermline, and Guardbridge/St Andrews, Galashiels, Midlothian and the M8 corridor. West Edinburgh remains an area of significant strategic potential of national and regional importance and the ongoing collaborative West Edinburgh Study will inform strategy here.

The region has a competitive advantage of data driven innovation e.g. Building Information Modelling as the basis of a circular economy re-using building materials or the 70+ spin outs in central Edinburgh from the University's campus there. Several innovation hubs and new assets are coming on stream through City Region Deal funding. The Local Authorities and partners will work on how best to link them to strategic business clusters so that there is greater regional impact.

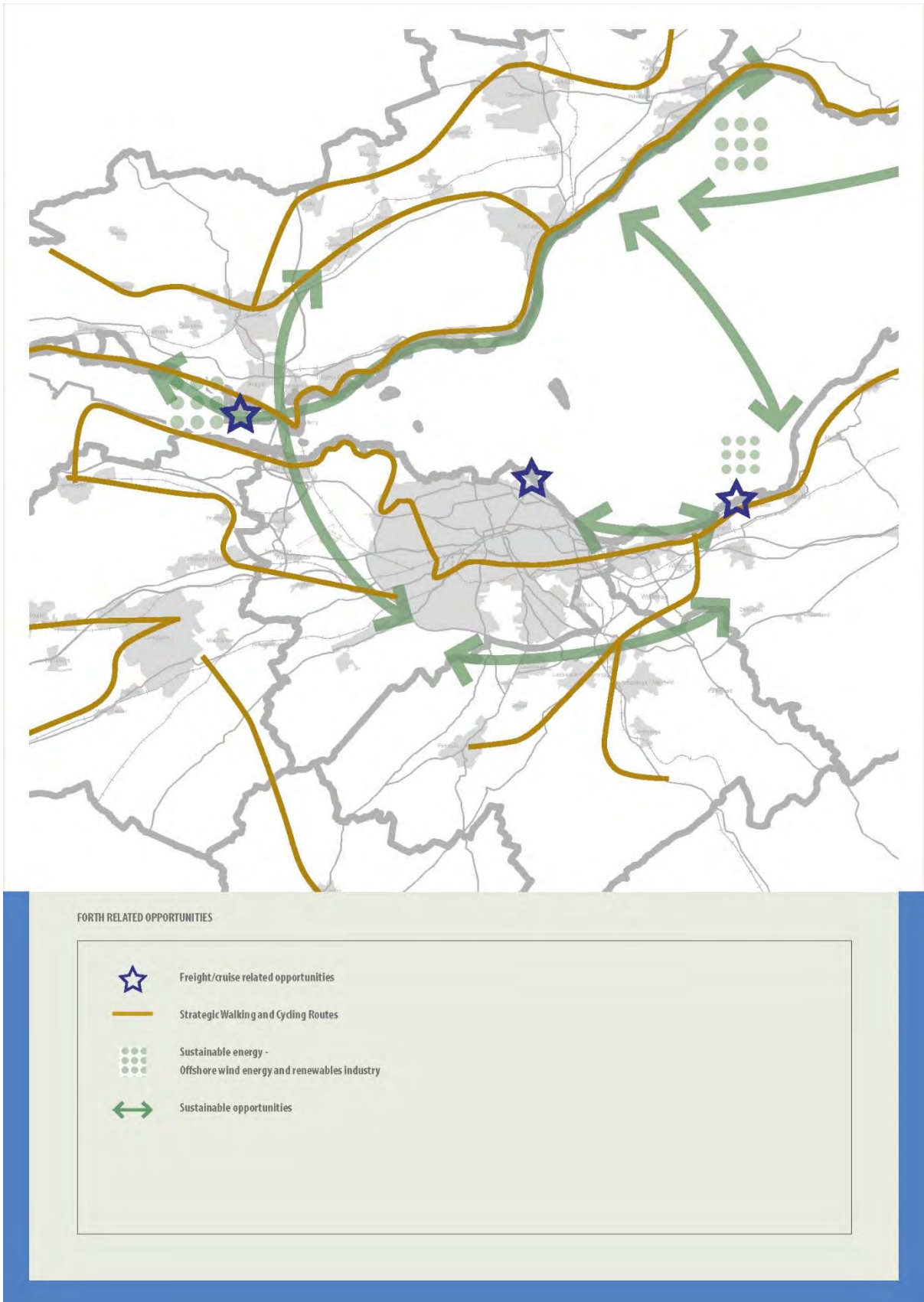
Support for investment along key transport corridors – M8, M9, M90 and existing rail corridors – is crucial to provide for economic development and growth in business clusters at Newbridge, Livingston, Winchburgh, Bathgate and Whitburn, and the M90 through Fife. Economic cluster linkages could be improved by cross boundary tram connectivity e.g. from Edinburgh Bioquarter to the Bush in Midlothian. In addition existing innovation projects will continue to be delivered at Queen Margaret University, Easter Bush, St Andrews, and Eden Campus Energy Centre, Guardbridge. Economic regeneration through low carbon development at Granton Waterfront will be led by City of Edinburgh Council.

Alongside this provision there will need to be flexibility to respond to business sectors which need flexible and co-located/connected industrial/business hubs. This post COVID-19 focus needs to recognise that large serviced and planning policy safeguarded estates may not meet all modern business requirements. Office use and related travel is likely to reduce because of the Covid pandemic but work related travel will still be significant and more sustainable modes of travel must be accessible if climate change targets are to be met, with transport emissions one of the top two impacts on air quality and CO2 emissions.

Not all parts of the region, such as Scottish Borders Council and Mid Fife, have shared the growth or productivity levels typical of other parts of the region. A fundamental strategic aim is to ensure that the economic benefits of the city region are distributed more effectively across the city region's more deprived urban communities and rural hinterland. The rural economy is also very important to the region and will be allowed to diversify in an appropriate manner with particular emphasis being of support in a post Brexit era. In rural areas, the authorities will support further appropriate agricultural diversification, which will be required as a counter to likely Brexit issues. Equally, there will be support for the promotion of tree planting and food production both as a rural industry and due to its positive contribution to tackling climate change. For Borders forestry opportunities may come through the SOSE / Borderlands funding opportunities, which will be developed in conjunction with Dumfries and Galloway Council, Carlisle City, Cumbria and Northumberland Councils. Tourism will be one key area that can be encouraged although the impact on local housing and community will need to be carefully managed.

The region's coastlines are underused and for this to change recognition and action needs to be included in NPF4. On the Forth, there are opportunities primarily at Leith, Rosyth and Burntisland to rebuild and support the resilience of sea freight, deliver associated economic development, which is

underpinned by port infrastructure and through development of cruise infrastructure, support the area as a destination. With this aim passenger/cruise opportunities will also be investigated at the former Cockenzie power station site. The Forth currently has no passenger services either on a local or national level and these require to be developed and implemented.



There are already recreational paths round most of the Forth in the form of the Fife Coastal Path, the Pilgrims Way and the John Muir Way and these must be maintained and extended in an appropriate

manner to provide community access to the coast. Renewable energy opportunities both onshore and offshore can contribute to climate change targets. Climate change will also bring the need to plan for sea level rises. Regional partnership can assist in the consideration of these opportunities, both through this strategy and the proposed regional partnership of the Upper Forth Valley.

Environmental Improvement

The region has a wide range of countryside, coast and urban green, blue networks, and high quality urban environments, important assets for both human health and the wider natural environment. The protection and enhancement of the natural environment is key to retaining the identity of the region. The quality of its urban realm requires to be enhanced through the implementation of a strong place based approach.

The coastline of south-east Scotland helps define the identity of the region and presents significant opportunities and challenges, particularly in relation to an expanding population and climate change. The coast itself is an important asset that supports globally important wildlife and is crucial in the context of climate change. The coast is also increasingly recognised for its value to human health and wellbeing. Consideration will be given to how a regional coastal strategy could assess, balance and plan for all of these issues, particularly in relation to climate change.

Addressing climate change needs general environmental improvement and protection, with green networks for travel and recreation to connect existing and new development as essential parts of any large-scale development. Green and blue networks and active travel links should support decarbonised public transport to ensure the effective connection of new neighbourhoods with adjoining communities, as well as learning and work opportunities and other commercial and public services. Particular focus is needed to ensure that deprived communities have equal access to high quality greenspace and connectivity.

As part of the post Covid 'Green Recovery', the significance of renewables, and the role of regions will increase. To achieve the net zero carbon nation (2045) targets, areas like the Scottish Borders will have a significant role in addressing the carbon challenge through programmes such as tree planting and peat land restoration. This will be carried out in a structured manner.

Proximity and access to green and blue spaces form an important part of the city regional spatial strategy.. Green and blue networks will be extended across the region, including as integral parts of new development. An urban green network will extend across and out from Edinburgh that will link with other networks across the south east. The delivery of the blue network will be assisted by the work of the Edinburgh and Lothian Strategic Drainage Partnership. These networks will provide routes for wildlife and sustainable travel whilst connecting existing assets of the Lammermuirs, the Pentlands and lowland river valleys. The River Leven Project will deliver significant benefits for communities, the environment and wellbeing and has the potential to stimulate economic growth. The role of the Central Scotland Forest and Green Networks requires to be reassessed and reinvigorated through NPF4 to ensure it has the ability to coordinate the delivery of strategic scale green indicatives. Opportunities such as the ClimateZone in East Lothian will be progressed with the dual aim of environmental improvement and the enhancement of the quality of surroundings for deprived communities. Pentland Hills Regional Park is co-managed by Edinburgh, Midlothian and West Lothian, located near to over half of the City region's population and through increased investment can provide for wellbeing benefits for residents and visitors.

Peatland forms a critical carbon sink; restoration of peatland therefore needs to be a regional priority. Afforestation in appropriate locations within river catchment area has the potential to contribute to water flow management.

Adaptable, a more resilient region [Tackling climate change, building design and conservation]

Tackling climate change

Whilst in this Strategy as a specific theme, the response to climate change will flow through all themes of national and local planning policy. Strong policies at a national level and the delivery of sustainable infrastructure are essential now to address sustainable movement, provide sustainable energy, contribute to net zero targets and promote inclusive growth. Without stronger policy in these areas the national climate targets will not be achieved.

The regions changing climate will bring challenges that will require more climate resilient communities. Particular challenges will be around the need to increase flood risk management and manage the impact of sea level rise. Frameworks like the Edinburgh Water Management Strategy will assist with this process. Also, addressing the biodiversity crisis, people's health and wellbeing and urban design need to be integral in climate change strategy as they are key factors in the success of the region's future development.

National and regional strategy must support investments to deliver net zero emissions through green transport infrastructure, local, regional and cross boundary heat and power networks, carbon capture and storage, energy generation and storage, and hydrogen. Building design must improve to address climate change and large-scale new developments must be in sustainable locations, have an energy efficient ethos and be adaptable to future uses.

Councils will, where appropriate and acceptable in planning terms, support the decarbonisation of the energy supply system. However, to make this a reality there needs to be much stronger policy in NPF4 or legislation to allow local authorities to require developments to contribute to net zero targets. To meet the Scottish Governments 2045 target, greater action is required now.

Existing renewable energy across the region can be enhanced by a wide range of as yet unused opportunities including sea water along the Forth Estuary and North Sea coast, mine water across much of the region, solar, and further offshore wind energy. These should be promoted and linked in with future investment and development. The necessary transition to a greener economy will be pursued in a 'just' manner to avoid further exacerbating rural inequality. It is vital to recognise the interrelationship between climate change and biodiversity/ecosystems loss and promote the prioritisation of biodiversity and net biodiversity gain. The development of offshore wind energy is supported however, careful consideration needs to be given to addressing the requirements for land-based infrastructure to support offshore wind energy.

Retrofitting existing housing stock to better energy efficiency standards, construction of low and zero carbon buildings, installation of district heating networks, new renewables technology, hydrogen and new EV technology, the circular economy, all create economic opportunities. The six South East Scotland Local Authorities will pursue the delivery of carbon neutral development at all scales of site but they will put particular emphasis on the delivery of carbon neutral new settlements and areas at locations such as the proposed national development at Blindwells and Granton Waterfront, and

creating opportunities around Fife Energy Park for hydrogen facilities and beyond to Burntisland and Longannet which will advance low carbon technologies into mainstream development on a strategic scale. Overall, design and performance must be pushed up the agenda to enable poor layout, design or response to the landscape context of a proposal become primary reasons for refusing applications. The same should be true in terms of measures to address future climate.

Conservation

The pace and scale of housing growth across the city region is now visibly changing the appearance and character of many of our communities. Across the region the current protection for listed buildings, conservation areas, town centres, open spaces and green networks will continue. Conservation Areas will continue to be promoted and properly managed as the best examples of Scottish townscape that there are and that promote much of the tourism benefit for the country. However, stronger enforcement powers and funding are required by local authorities to deal with dereliction of listed buildings and to manage their maintenance.

Accessible Region [connectivity, infrastructure delivery, sustainable housing sites]

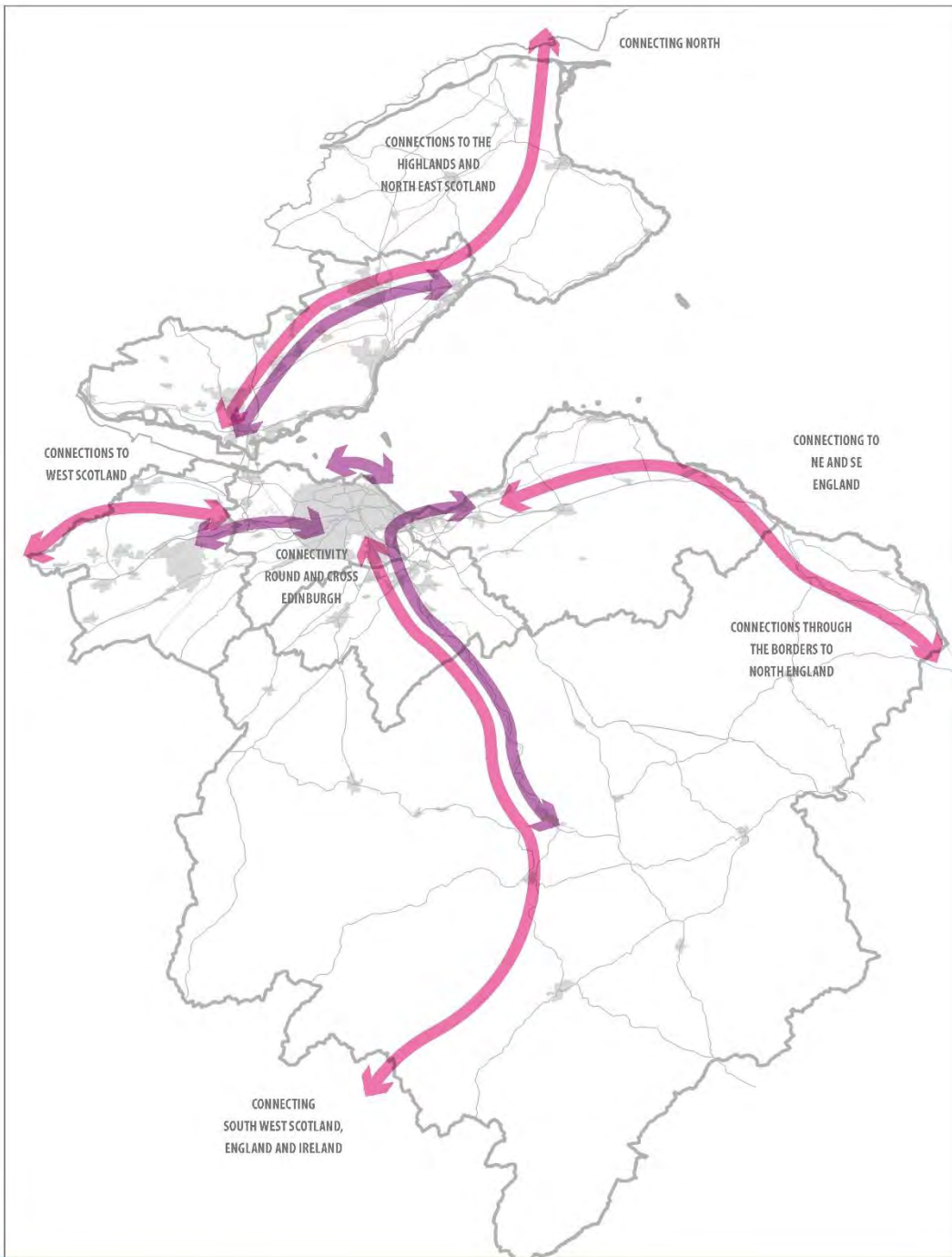
Connectivity

The Edinburgh Forth coast, the west of East Lothian and mid Fife/Levenmouth and parts of the Scottish Borders are particular cases with poor connectivity to the area's economy. Connectivity is both about transport infrastructure and strong connections between communities and settlements to ensure there are no barriers to participation. Addressing the challenges of the Covid crisis and climate change emergency needs a transformational approach to transport and travel - connecting people and places by sustainable strategic public transport and active travel corridors. Cross boundary deficiencies in connectivity and affordable public transport options can mean disconnection from work opportunities, including in more rural areas. To this aim the Local Authorities will actively engage with the STPR2 process and will expect it to align with the development of NPF4.

Better connectivity, physical and digital, and new infrastructure that allows sustainable movement is critical to success. This applies to both the urban and rural areas. Indeed, many rural parts of the region experience poor connectivity, putting them at a competitive disadvantage. Connecting infrastructure needs to be identified and delivered before new development sites are completed to give the best opportunity for sustainable habits to develop. In a post Covid19 "new normal" and in response to the climate change emergency this means regional public transport, an active travel commuter network and more sustainable use of road networks through EV infrastructure for public and private transport.

The strategy focus is twofold. Firstly, improve the linkages along existing major transport corridors to enhance connectivity beyond the region. Better direct public transport connections between the City Region and the south and southwest is needed to alleviate significantly higher unemployment in recent years. Connections west and south of Glasgow (including onwards to Ireland) involve changing in central Glasgow adding to journey time or at Carlisle for the southwest. An extended Borders railway line and a link to the West Coast Main Line would create stronger links with Dumfries and Galloway across east and west of South Scotland and to Ireland as well as the more urbanised northern parts of the region. Improvements to the East Coast Main Line, including the delivery of East Linton and Reston Station, will improve accessibility around the region and to the North, Midlands and South

of England and onwards to Europe while also addressing local line congestion issues. Working alongside existing East Coast Mainline stops such as Dunbar, a new Edinburgh to Berwick service could also more local connections to the North of England.



EXISTING REGIONAL CONNECTIVITY

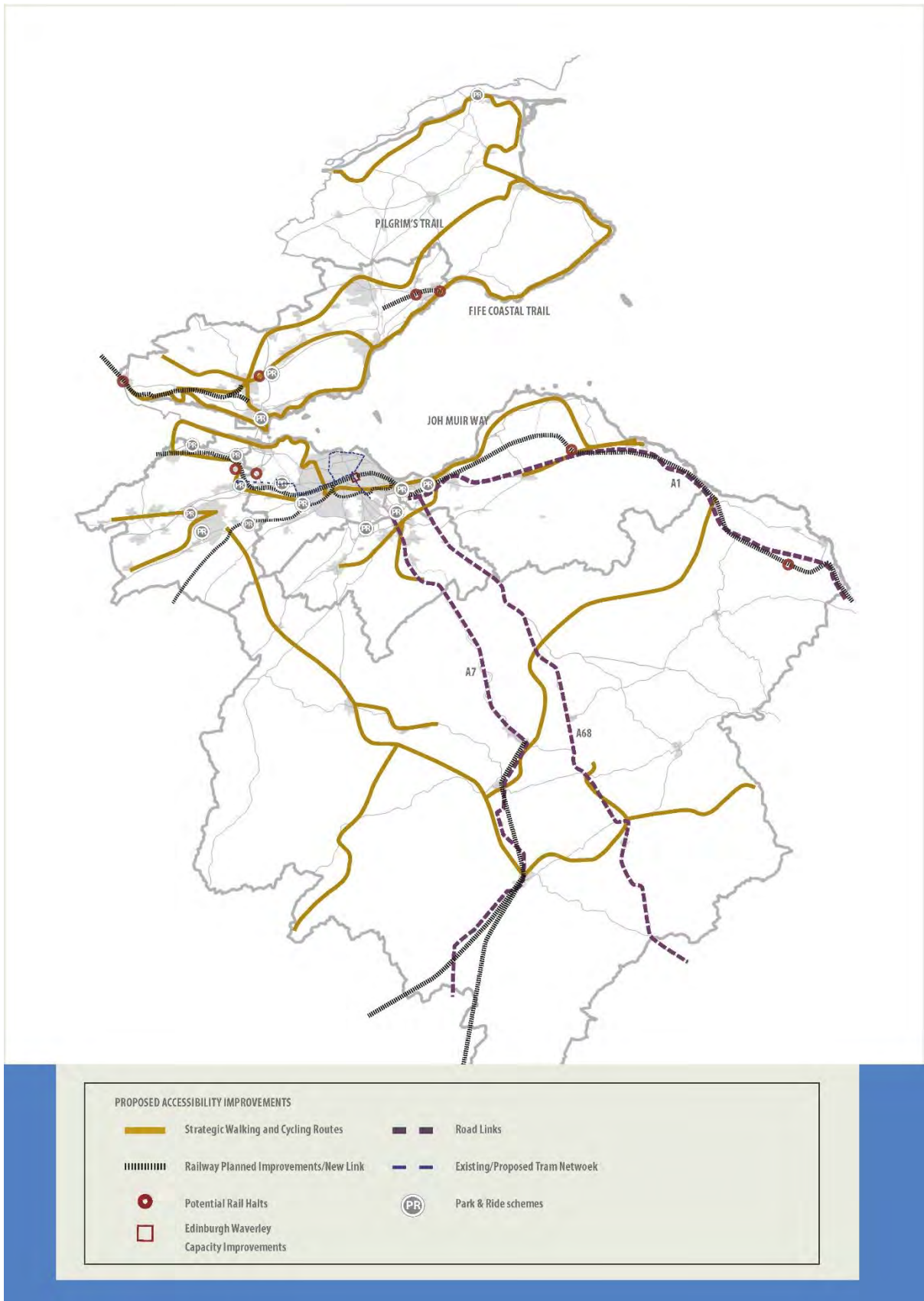


Challenges to Inclusive Growth –
SIMD etc relating to key growth corridors



Corridors requiring sustainable mobility

Connectivity to major regional Cities in England from Edinburgh and the wider region is limited and the East Coast Mainline needs better connections with the north and Midlands of England and onwards to Europe and the potential for a direct connection between the Edinburgh City Region and Channel Tunnel via Ebbsfleet to avoid London connections should be promoted. Sustainable public transport development in heavy rail including Waverley and Haymarket Stations capacity, the 'Chord' proposed link with Kirkliston with a potential station, potential 4 tracking of the East Coast Main Line and High Speed Rail would facilitate sustainability and capacity in regional settlements and beyond. Additionally, rail investment would allow for greater connectivity in and beyond the city region, including the regions of England and to Europe and to Ireland. The Alloa-Dunfermline rail line will open up the Fife Circle to wider connections with access to Rosyth Port and opportunities to reopen a direct rail link via Kinross would improve connectivity in Fife and northwards and link to significant growth in south Fife. The regeneration benefits of existing, underused rail infrastructure linking to redevelopment at Leith and Seafield should be part of an integrated investment strategy. Four tracking of the East Coast Main Line and High Speed Rail requires to be pursued.



Sea connectivity is a very sustainable travel option which is currently very under utilised in a commercial and leisure sense. Sea connections to the rest of the UK and beyond are important and

needs to be developed further. Opportunities for freight and leisure facilities at Leith, Rosyth and Burntisland, as well as the potential for Cruise facilities at Cockenzie require to be explored. Travel across the Forth needs to be improved with routes made available between Fife and East Lothian.

Secondly, enhance the inter region links. Infrastructure investment is essential in both urban and rural areas to ensure that locations such as northeast Fife the Scottish Borders are part of an 'inclusive City Region economy'. Key infrastructure links between deprived areas to the wider region are already planned. Improved connectivity within the region is vital, including North-South transport links such as the full dualling of the A1, A68 and A7 Trunk Road networks. Improved linkages to the North east of England can bring a great deal of economic opportunity. Cross border liaison with proposals in Northern England is essential to ensure coordinated action. East-West links which are currently poor will also require significant investment. The spatial strategy addresses the impact of over a decade of economic austerity with the commitment to the reopen the Levenmouth Rail line, the likely undertaking of the partial electrification of the rail network between Dunfermline and Alloa and the provision of new rail stations in areas such as East Linton and Winchburgh. The extension to the tram network and routes around Edinburgh and major improvements to the West of the City along the M8 and M9 corridors, through new stations and sustainable transport routes and the improvements to rail infrastructure to the East that will increase the level of local services.

The Edinburgh City bypass and its key linkages require a comprehensive solution to address the severe congestion that the area experiences. Although not the focus of climate policy, efficiency in roads is required to be addressed, both around the Edinburgh City Bypass. Implementing existing commitments including the new Sheriffhall junction, the A701 relief road and associated A702 link/active travel improvements and the A7 urbanisation project contribute towards this objective although they must be part of an overall zero carbon vehicle use strategy for the area.

Faster and more efficient bus services in and out of the City from areas like East Lothian would provide a sustainable travel option. Such a move would be supported by the planned moves towards transport interchanges / hubs around Edinburgh, coupled with the increasing uptake and potential of e-bikes, demonstrate that delivery of cross-boundary active travel routes should be planned for if opportunities for modal shift and more sustainable lifestyles are to be fully exploited.

These projects should be supplemented by the delivery of the Edinburgh City orbital bus route, extending the Edinburgh tram network to areas adjacent to Edinburgh, including South Fife and identifying new Park and Ride opportunities. The upscaling of electric vehicle charging infrastructure across the region will support the transition to zero carbon vehicle use.

Infrastructure Delivery

Timely delivery of infrastructure will be key to successful delivery of NPF4 and any regional strategy. Local Development Plans and new development sites need to plan for and identify this connecting infrastructure and have confidence over its delivery before the sites are completed in order to give the best opportunity for sustainable habits to develop. Achieving sustainable growth must be linked to investment in, and realistic programming of, the required infrastructure, facilities and services to support development – a sustainable infrastructure first approach. Such a change will require greater collaboration and partnership between providers, Government, local authorities and the development sector. This could include the development and use of more innovative finance initiatives and extending the City Growth Deal model.

Digital Access

The shift to digital infrastructure will also help with both climate change mitigation and adaptation. The experience of Covid 19 impacts and restrictions have rapidly enhanced the ability for people in some sectors of the economy to work remotely and reduce travel. Major investment in digital connectivity must become a key focus to increase regional and countrywide resilience to maximise the potential benefits of new ways of working. The rural areas which continue to experience poor digital connectivity will be a focus for investment in broadband infrastructure to ensure the increase viability of rural businesses and sustaining dispersed homeworking to reduce commuting.

Critically, there are still significant deficiencies in mobile and internet networks in the area and across the South of Scotland and parts of Fife which recent investment programmes have not adequately addressed. The potential for greater commercial benefits and home working to compete with urban areas can only be realised through investment to unlock the area's economic potential.

Sustainable Housing Sites

Local authorities will aim to ensure that there is a sufficient supply of housing land to meet the housing land requirements/targets as to be set out in NPF4. Within the region policy will continue to promote the presumption in favour of brownfield development and minimum levels of density appropriate to urban and edge of urban sites, to promote better public transport and active travel provision and more sustainable neighbourhoods where the density supports a level of local services, public transport and employment opportunities. Community resilience and sustainability needs to be planned for in this way.

The six South East Scotland Local Authorities will ensure that Planning is aligned with other regimes, including Local Housing Strategies and Health and Social Care Strategic Plans. Planning must be closely linked to Housing to 2040 and the Scottish Government's ambitions for the housing system. To enable this approach, it must also be reflected in planning policy, guidance, decisions and actions to ensure climate change mitigation through low carbon place making

However, there is also the need to develop a new approach to the calculation of required housing delivery through an effective provision of land, as an essential part of its vision for how economic renewal should be distributed across the region. This is not to avoid the need to deliver housing but to allow the planning system to focus on the delivery of high quality development and places.

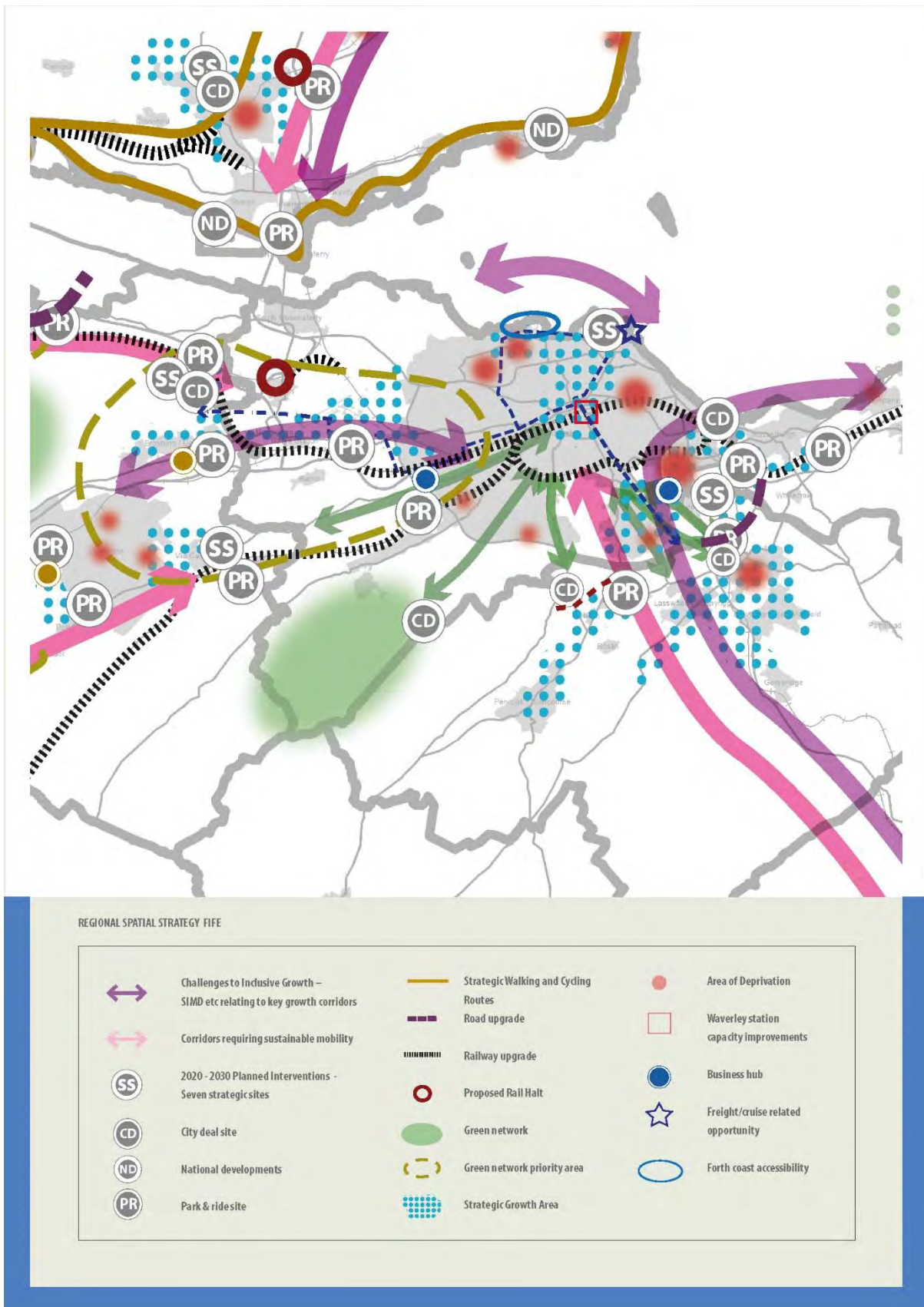
The seven strategic sites and significant brownfield sites are major opportunities to contribute to national and regional growth and should be exemplars in design and place making. This requires appropriate funding mechanisms to ensure that the opportunities for delivery are matched by quality of outcomes.

It is important to recognise that areas of South East Scotland located in close proximity to Edinburgh experience very different rural pressures from some of those in the south of the region. Countryside areas within an hour's drive time of the city, are under significant development pressure and do not need repopulated. Restraint towards housing development will continue to be implemented in these areas, whilst growth should be focused around key sustainable transport locations such as Borders railway stations.

The needs of the rural areas are diverse and this strategy recognises that further away from the city, housing is a key driver of the economy and provides a key part of our social and physical infrastructure. In recent years investment in affordable housing has been particularly important in meeting needs of differing sectors of communities across the city region. It is critical to deliver high

quality housing in the right locations, maximising the benefits of investment from both the public and private sectors.

Focus on the City



Edinburgh is the centre of the city region, providing significant opportunities for employment, higher education and leisure dependent on good connectivity. The city is home to 10% of the Scottish population. In recent years there has been infrastructure investment in central Scotland's heavy rail network, increasing capacity; the first line of the city region tram network and also in active travel. Given the accelerating climate change challenge and requirement for sustainable renewal there is a need for significant ongoing infrastructure investment improving connectivity within the city and city region as part of a coordinated regional and national sustainable growth and change strategy.

Edinburgh has approved commitments to build a minimum of 20,000 affordable homes by 2027, to be carbon neutral by 2030 and for inclusive good growth. The increasingly urgent national and local commitments to address climate change, housing need, inclusive growth and health and wellbeing need planning and transport strategies which deliver the potential for active travel and public transport interventions to support local and national objectives.

Edinburgh and the region must focus on development which enables carbon neutral targets to be reached, building neighbourhoods, promoting brownfield development, higher densities and mixed uses with high amenity green spaces in locations where good public transport and active travel connections can be made and used to ensure need to travel and travel distances are minimised. Transport based development corridors may provide opportunities where needed.

Edinburgh's role in the regional and national economy in providing jobs means it experiences high levels of in-commuting (60,000 in bound car journeys daily). To address congestion, air quality and carbon impacts, investment in decarbonised public transport systems is a priority to promote non car based travel behaviours. The scale of investment to support rail capacity), tram network, bus transit and active travel interventions across the region to support national and regional carbon neutral commitments is significant. The wider area impacts of travel as a result of nationally significant city and region economic growth need to capture the objectives of the National Transport Strategy and STPR2 as requiring national as well as regional and local action.

Mass rapid transit by tram or guided bus through north/south Edinburgh with cross boundary regional links to east, south and west would offer sustainable links to reduce car commuting. This expanding regional network requires to connect key development sites within the city, such as the Waterfront (both at Granton and Seafield) and the Bio Quarter / regional hospitals and for West Edinburgh, providing connectivity within the city and the city region to harness their full potential to provide necessary homes and nationally significant employment opportunities. A wider review of transport options and how these could contribute to the nationally significant contribution of Edinburgh to inclusive growth, carbon reduction and sustainability is listed below.

Green infrastructure needs to be a policy objective in terms of design as well as overall green network and as part of travel and flood risk management options. The latter will require a coordinated approach with other public agencies including Scottish Water. Through increasing rainfall intensity alluvial flooding is an issue which will require to be dealt with through changes to place based attenuation which will require to form a citywide strategy and will require investment.

South East Scotland partners have developed an ambitious regional housing programme, which aims to increase the supply of homes across all tenures, to deliver vibrant and sustainable communities across the region. Taking a place-based approach across infrastructure, land, finance, innovation and skills, it seeks to accelerate the delivery of affordable housing, the seven regional strategic sites and incorporate innovation in construction.

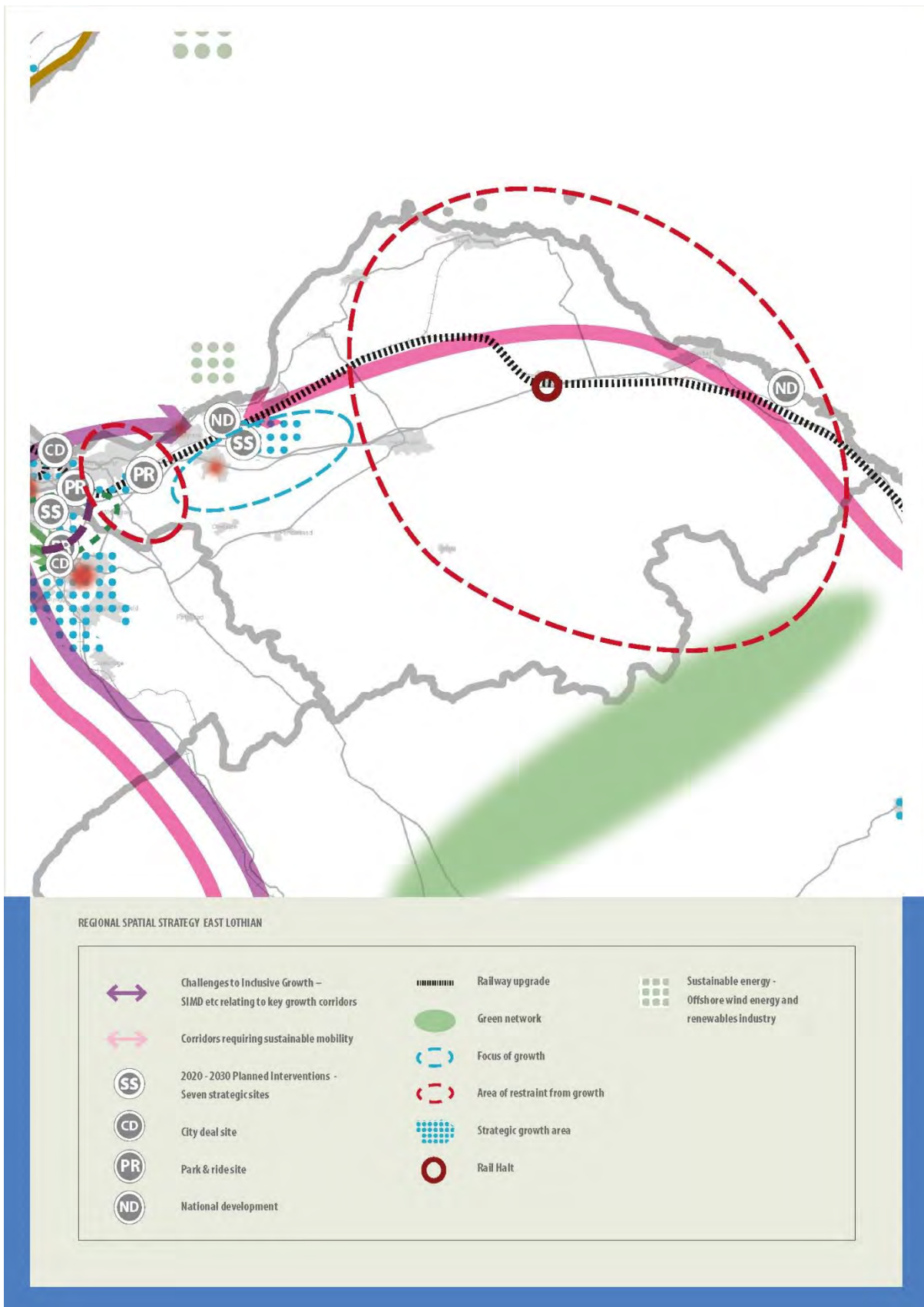
There are significant brownfield development opportunities within the city bypass which can contribute towards sustainable long-term regional growth. A strategic spatial approach for sites which are in public sector ownership, working across national and local public sector agencies to maximise the strategic benefits of their development to the city and city region needs to be encouraged. A coordinated development approach can address affordable housing (including for key workers), provide mixed use communities with integrated facilities and employment opportunities.

Edinburgh's spatial strategy focuses on harnessing the economic and social potential of improved connectivity. Brownfield sites of regional and national significance will be promoted through the next City local development. These will require infrastructure to support them and ensure they are well connected and zero carbon. Coordinated regional and national infrastructure investment in the heart of the city region can enable the above to be delivered, with other significant public health benefits resulting, for national objectives on physical and mental health and wellbeing.

The coastal path linked to development at the waterfront with significant areas of open space also offers opportunity for city regional recreation. These key development sites are physically linked to neighbouring authorities.

The Green Belt forms an important part of the spatial strategy for Edinburgh and the city's relationship to the surrounding countryside. In addition to recreational benefits, prime agricultural land has strategic importance for sustainable local food production. At a micro level the importance of food growing within place making is acknowledged and incorporated into citywide strategies for green spaces.

Focus on the East



Key strategic priorities for East Lothian are to the west of the County around strategic sites at Blindwells and Cockenzie and the ClimatEvolution Zone as an opportunity to genuinely address national climate change targets and to place Scotland as a world leader in developing net zero carbon places.

A one of the seven strategic housing sites in the region, the Blindwells Development Area and former Cockenzie Power Station site are together some 625 hectares of mostly brownfield land. Over a 30 year period, these strategic projects can enable significant new employment and economic development opportunities, including a new regional town centre. There is significant potential enable this long term development opportunity in a sustainable, inclusive, healthy and low carbon way.

Circumstances have changed in relation to the former Cockenzie Power Station and there is a need to recognise the wider opportunities and multiple benefits that a more flexible approach to the delivery of employment generating uses on the site and not just focus on energy and related development.

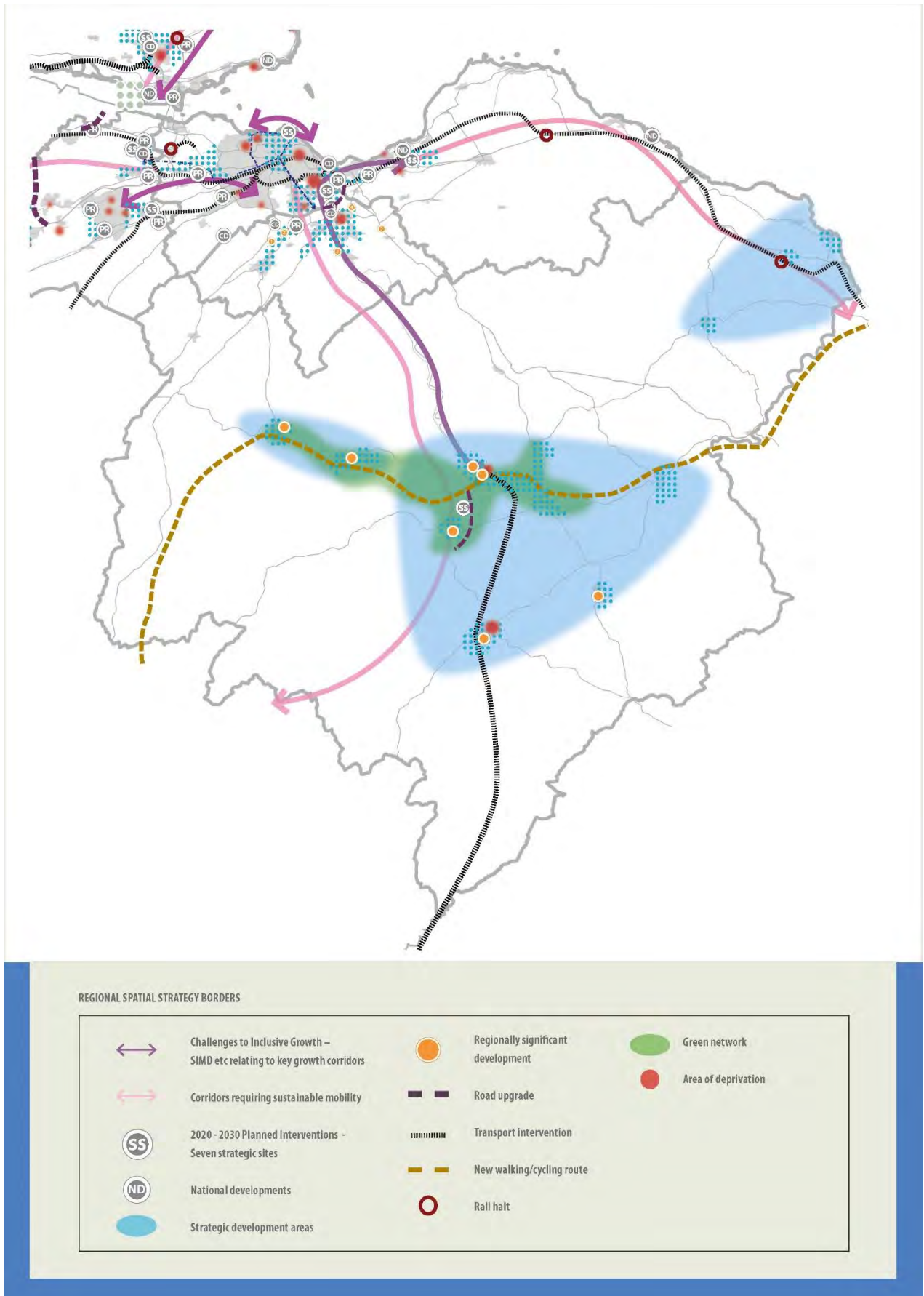
Future housing development will be focused within parts of the west of the County around Blindwells. This is due to the land availability and the sustainable opportunities to link in with travel routes to and from the City. Conversely, restraint to growth will be shown to the far west and east of the county where large scale development has recently taken place. Here existing infrastructure and settlement patterns have been altered at a fast pace and there are few options for the expansion of some infrastructure.

Torness nuclear power station, scheduled to close in 2032, has a major role in the country's energy supply. The Council supports its continued presence and potential for redevelopment, and notes the particular challenges and opportunities that will arise from decommissioning, including its deep-water access. It is important to recognise the key role this site plays in the local economy and the need to have a 'just transition' around any changes proposed.

Torness also provides a grid connection, with another grid connection nearby further inland to serve Crystal Rig Wind Farm. Clearly, the maritime setting off the coast of East Lothian is of increasing national importance for offshore energy generation, and the Council would welcome a national approach through the NPF to addressing the requirements for land based infrastructure to support offshore wind energy whilst considering cumulative seascape and landscape impacts.

One of East Lothian's assets are large areas of prime agricultural land including a good proportion of the very best soils in Scotland. With the need to improve food security and encourage more local production there needs to be greater protection of this resource through the direction of future development across the region to brownfield land.

Focus on the South



Key strategic interventions in Scottish Borders will be delivered through interaction of a range of initiatives including the Edinburgh and South East Scotland City Deal, the Borderlands Deal and the evolving iRSS for Southern Scotland with Dumfries & Galloway Council. Participation in the South of Scotland Regional Economic Partnership and the work of the South of Scotland Enterprise Agency is also be critical to the delivery of inclusive economic growth, sustainable development and addressing existing economic fragility.

There are three identified growth zones in the Borders based around central Borders (incorporating Galashiels, Hawick, Selkirk, Jedburgh, Kelso, Earlston), Eastern Borders (Duns, Eyemouth) and western Borders (Peebles, Walkerburn, Innerleithen), which are the principal areas of search for growth, investment, redevelopment and regeneration.

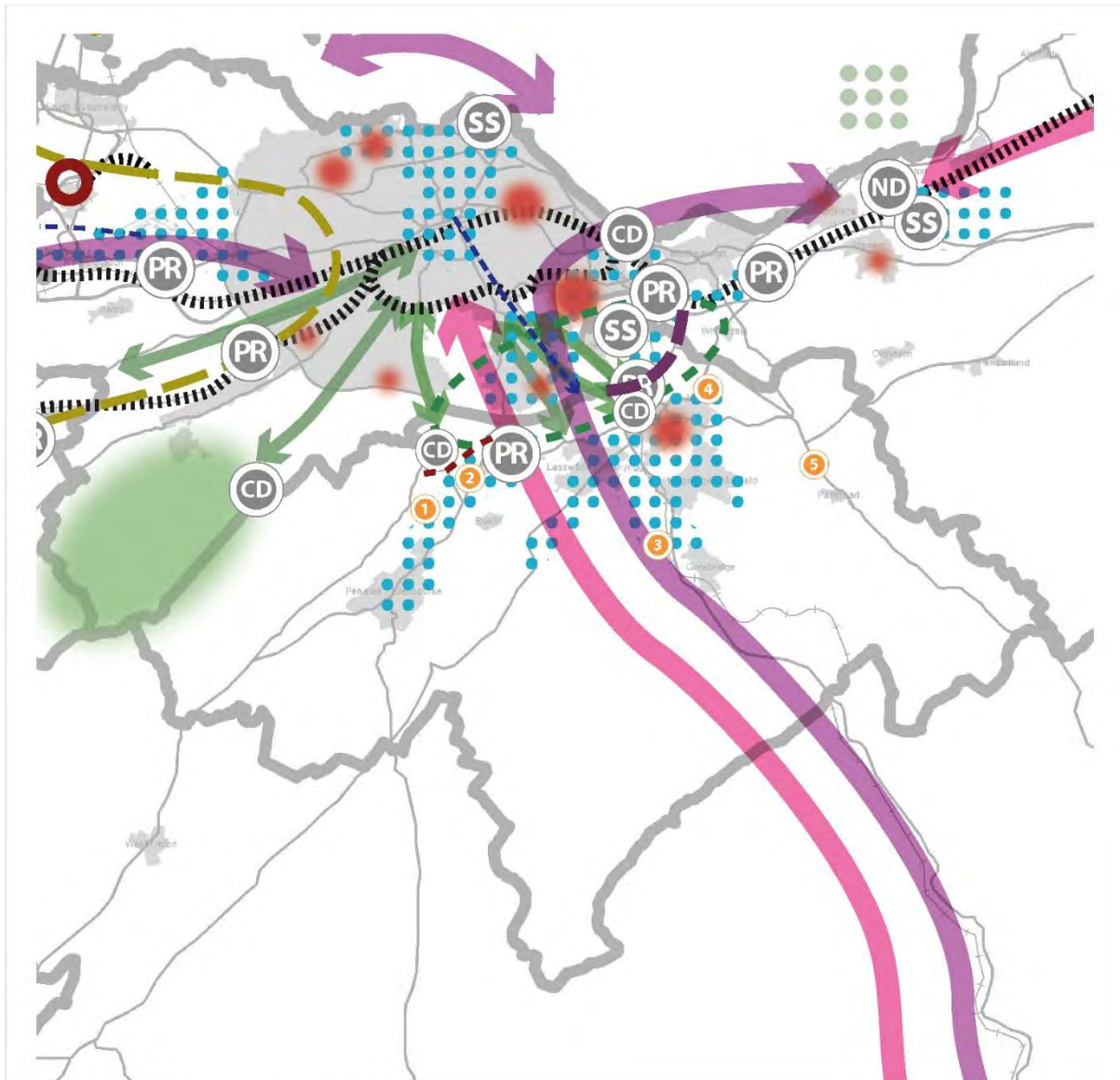
Regionally significant development in the central Borders is linked to the existing railhead at Tweedbank, with the development of the Tweedbank Business Park and a mixed-use expansion of the settlement, plus the potential for the extension of the Borders Rail to Hawick and Carlisle. In the eastern Borders, it relates to the proposed new station at Reston. In the western Borders, this involves the development of the Mountain Biking Innovation Centre in Innerleithen. A significant cross Borders project is Destination Tweed a new National Walking/Cycling route that follows the route of the Tweed from source to sea.

Critically, there are still significant deficiencies in mobile and internet networks in the area and across the South of Scotland which recent investment programmes have not adequately addressed. The potential for greater commercial benefits and home based working to compete with urban areas can only be realised through investment to unlock the area's economic potential.

The strategy promotes a place-based approach to our communities and the repurposing of town centres, moving away from retail and recognising the importance of the integrated service provision including education and community uses as well as supporting the Health and Social Care agenda. Town centre regeneration is promoted through various tools including BID's, CARS schemes and projects such as the Great Tapestry of Scotland in Galashiels.

The Scottish Borders benefits from a high quality natural, built and cultural heritage, the sensitive stewardship of which assists economic and social vitality. The Scottish Borders has a vital role to play in national and regional action in response to Climate Change, reflecting its capacity for renewable energy production and woodland creation.

Focus on the Centre – Midlothian



REGIONAL SPATIAL STRATEGY MIDLOTHIAN

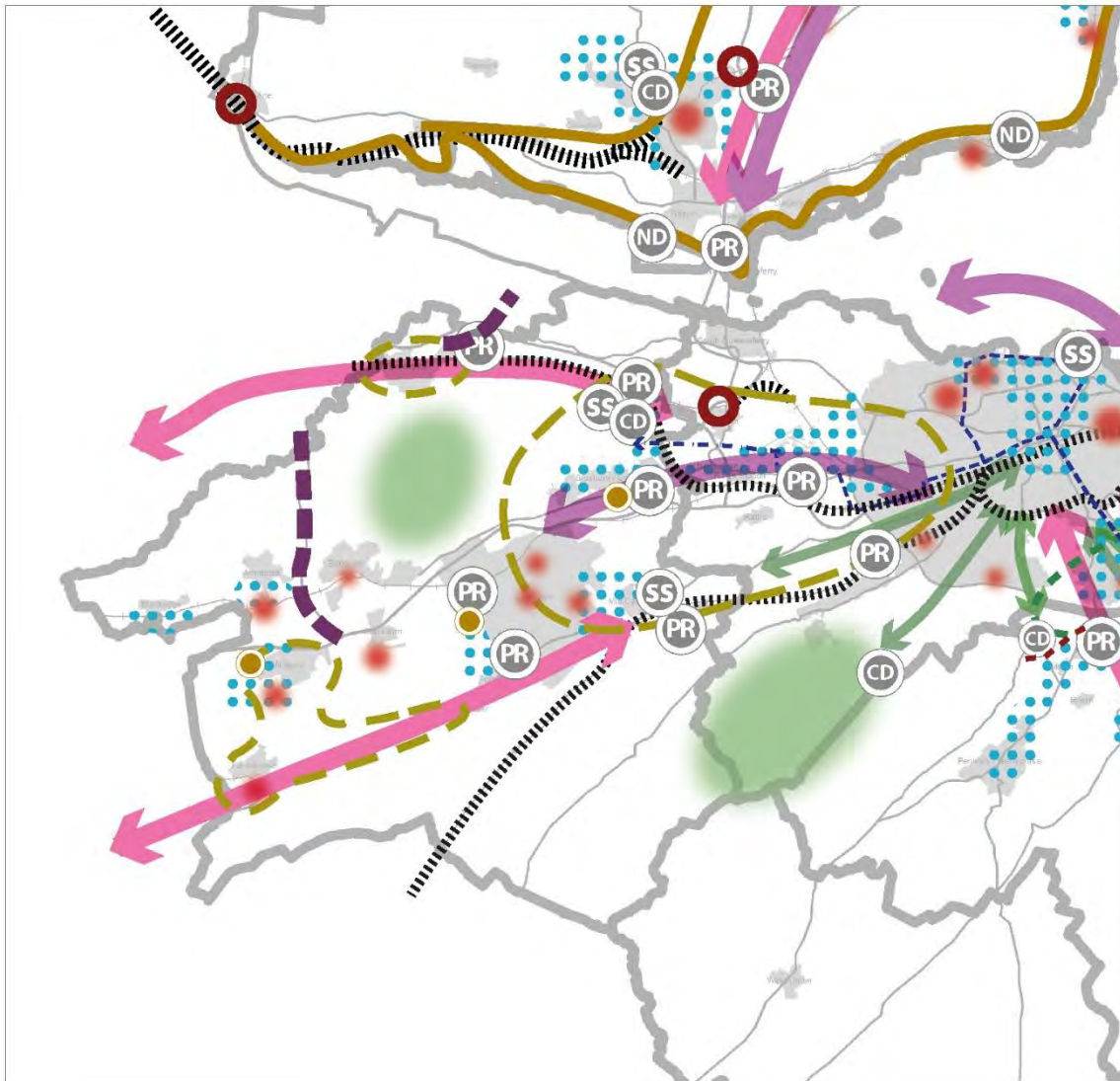
	Challenges to Inclusive Growth – SIMD etc relating to key growth corridors		Road upgrade		Strategic Growth Area
	Corridors requiring sustainable mobility		Railway upgrade		Area of Deprivation
	2020 - 2030 Planned Interventions - Seven strategic sites		Active travel improvement		Regionally significant developments -
	City deal site		Green network	1. Midlothian science zone	
	National Developments		Green network priority area	2. West Stralton/ Midlothian gateway	
	Park & ride site		Cross boundary green network development	3. A7 urbanisation	
				4. Salter's Park	
				5. A68 dualling	

To ensure Midlothian benefits from, and contributes to, the shared prosperity of the region it is important to maintain the identity of Midlothian by supporting and promoting its existing town centres while also seeing key development sites of regional significance being delivered. In particular; the Shawfair new settlement which will comprise over 5,000 new homes, a town centre, 70 hectares of employment allocations, a railway station on the Borders Rail line, renewable energy projects and new schools and community facilities.

In addition it is essential to have the continued development of the Midlothian Science Zone (The biotechnology campus at the Bush); the 60 hectare 'Midlothian Gateway' employment site at West Straiton (which it is hoped will incorporate a new arena to service the south east of Scotland and beyond) and the Salters Park employment site (which it is hoped will incorporate a new film and television studio).

To help, to maintain the character of the area action will be taken to reinforce the green belt and expand cross boundary green network opportunities along the A720 City Bypass between Straiton, Lasswade, Gilmerton and Sheriffhall junctions to mitigate impacts of new development either side of the City bypass.

Focus on the West



REGIONAL SPATIAL STRATEGY WEST LOTHIAN

	Challenges to Inclusive Growth – SIMD etc relating to key growth corridors		Road upgrade
	Corridors requiring sustainable mobility		Railway upgrade
	2020 - 2030 Planned Interventions - Seven strategic sites		Green network
	City deal site		Green network priority area
	National development		Strategic Growth Area
	Park & ride site		Significant business cluster

In West Lothian the spatial strategy is focused on strategic growth corridors along key transport routes – M8, M9 (Winchburgh) and rail corridors (Linlithgow/Bathgate/Livingston South lines to Glasgow and Edinburgh). This allows for containment and promotion of the urbanised area to deliver the core development areas/strategic allocations at East Broxburn/Winchburgh, Armadale, Livingston and Almond Valley (Calderwood, Gavieside and Mossend) and Heartlands.

Enhanced public transport including rail enhancement, the provision of a new rail station at Winchburgh, park & ride facilities at key transport hubs at Broxburn/Uphall and active travel routes across West Lothian will promote sustainable access to local facilities.

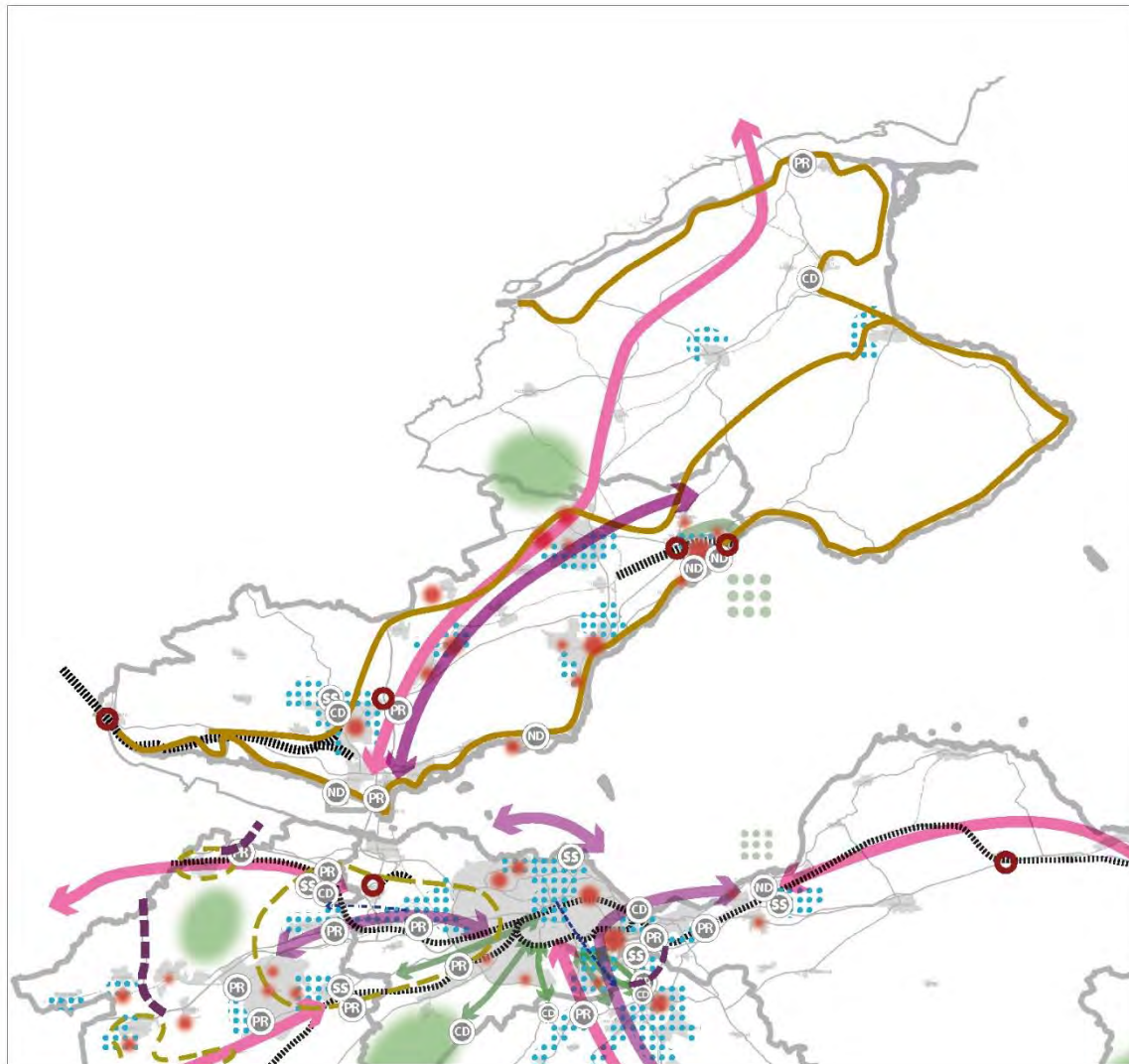
This includes provision of strategic walking and cycling routes within and through the district and key active travel routes identified in the Council's Active Travel and Core Path Plans.

To further promote sustainable transport and connectivity, opportunities to extend the tram line into West Lothian will be kept under review. Improvements to the A801 and M9 junction 3 upgrade will further assist with economic growth and connectivity.

Livingston will continue in its role as a strategic town centre providing a mix of retail, residential, leisure and commercial uses whilst promoting the 5 traditional town centres – Armadale, Bathgate, Linlithgow, Whitburn, Broxburn to continue to thrive as town centres.

Delivery of the Polkemmet and Breich Water Green Network priority area, Linlithgow and west Edinburgh together with the protection of the sensitive landscapes in the Pentlands and Bathgate Hills and enhancement of the landscape character at and around settlement gateways.

Focus on the North



REGIONAL SPATIAL STRATEGY FIVE

	Challenges to Inclusive Growth – SIMD etc relating to key growth corridors		Strategic Walking and Cycling Routes		Area of Deprivation
	Corridors requiring sustainable mobility		Road upgrade		Sustainable energy - Offshore wind energy and renewables industry
	2020 - 2030 Planned Interventions - Seven strategic sites		Railway upgrade		Proposed Rail Halt
	City deal site		Green network		Green network priority area
	National developments		Strategic Growth Area		
	Park & ridesite				

Fife's strategic position stretching between three of Scotland's cities from Edinburgh north to Dundee and west to Stirling with a long coastline and strategic transport routes provides excellent opportunities for investment to strengthen Fife's communities and economy.

Ongoing planned strategic growth of Dunfermline is the largest of the City Region's development areas, with levels of strategic infrastructure investment highest outwith a Scottish city. Fife will build on this strong growth around Dunfermline and the Forth bridgehead area through further development across the former Fife coalfield communities, Kirkcaldy, Glenrothes, and through to Levenmouth to regenerate communities and strengthen town centres.

St Andrews strategic growth area will deliver a mixed use development within a high quality environment. The Eden Campus Energy Centre, and associated research and commercialisation hub at Guardbridge is central to the University of St Andrews' strategic drive to become the UK's first energy carbon neutral university. Strategic growth is also proposed at Cupar North. Opportunities in more rural areas to the west and east for low carbon, renewable energy, and food production need to be considered further. The River Leven Project is significant in its scale with transformational opportunities, and SGN's H100 Fife project is seeking to deliver a 'first of a kind' demonstration of a 100% hydrogen network to supply 300 customers in the area of Levenmouth; this will comprise of an end to end system from power generation, distribution, to customer connections and requires to be reflected in NPF4 as a national development.

Continuing to facilitate the long term planned growth of Fife's strategic growth areas remains a focus to provide over 21,000 new homes with mixed business and commercial development. This requires public sector collaboration, Government investment and partnership working with the private sector to achieve investment in physical and community infrastructure such as transportation, water and drainage and education to support committed development and attract further private and public investment, and in digital infrastructure to enable data driven innovation, diversify the economic base, and create employment opportunities in areas in challenging economic circumstances.

Growth clusters at the Forth bridgehead, mid- and east Fife include opportunities for renewable energy innovation, hydrogen, and district heating which can contribute to a green economic recovery. Each are also set to benefit from significant capital investment in new rail links and road enhancement to establish strategic economic links to Clackmannanshire/Forth Valley and Dundee, and energy network investment at the University of St Andrews' Eden Campus.

In west Fife, the Port of Rosyth can enhance import and export infrastructure, linked by improved road and rail corridors including freight rail access via the Fife Circle. On the M90 regional growth/investment zones have the potential to strengthen Fife's outdoor leisure and tourism opportunities and further economic development potential, as well as A92 corridor. Further opportunities for sea transportation (freight and leisure) on the Forth and Fife coast as part of Scotland's east coast connectivity requires to be part of NPF4's strategy.

As we look to a green economic recovery, the strategy includes exploring the potential for a more sustainable, resilient logistics and distribution network considering experiences in that area during the Coronavirus pandemic. Fife's Sustainable Energy and Climate Action Plan (2020-30) demands changes to land use to decarbonise how we live and increase the resilience of Fife's communities and economy. Funding from across the public sector will be required to deliver this.

REPORT TO: East Lothian Council
MEETING DATE: 27 October 2020
BY: Head of Development
SUBJECT: Ratification of City Deal Governance Arrangements

10

1 PURPOSE

- 1.1 This report sets out a proposed amendment to the Minute of Agreement for the Edinburgh & South East Scotland City Regional Deal Joint Committee (“Joint Committee”).
- 1.2 In a report to Council on 31 October 2017, the Council delegated authority to the Chief Executive to negotiate and agree the Minute of Agreement establishing the Joint Committee. Further to this a Members’ Library Service Report, (Reference 92/18 – Edinburgh and South East Scotland City Region Deal – Establishment of Joint Committee – Minute of Agreement) was submitted in June 2018 which recommendation was to ask Members to note the contents of and, in particular the supporting appendix A, which set out the original Minute of Agreement that was agreed by the Deal partners.
- 1.3 A supplementary agreement is now required, however, to allow the Joint Committee to carry out the functions currently carried out by the South East Scotland Planning Authority (SESplan) Joint Committee.

2 RECOMMENDATIONS

- 2.1 To note:
- That SESplan will be disbanded as a result of changes set out in the Planning (Scotland) Act 2019;
 - The intention to transfer the strategic planning functions from SESplan to the City Region Deal;
 - That, like SESplan, the Joint Committee will not have the ability to impose policy or financial commitments on the Council; and

- 2.2 To agree that the Council enters into the agreement as set out in the Supplementary Minute of Agreement (Appendix 1).

3 BACKGROUND

- 3.1 The Council is a partner in the Edinburgh and South East Scotland City Region Deal and also in SESplan.
- 3.2 The Planning (Scotland) Act 2019 removes the provision for strategic planning authorities which means that in the near future SESplan will be disbanded. Strategic planning will then become a function of the National Planning Framework rather than Strategic Development Plans and Strategic Development Planning Authorities.
- 3.3 Notwithstanding these changes there will still be the need for cross-boundary planning input to the National Planning Framework and it has previously been agreed by the Council that this should be co-ordinated by the City Region Deal Project Management Office and the Joint Committee in the future.

Supplementary Agreement

- 3.4 It was agreed by the Joint Committee in March 2020 that the regional planning functions should, subject to the agreement of the constituent councils, be co-ordinated by the City Region Deal given the terms of the Planning (Scotland) Act. In order to retain a focus on strategic planning it is proposed to establish an Elected Member Oversight Group to oversee the longer-term progress of the Regional Spatial Strategy which is a new requirement of the Planning (Scotland) Act 2019.
- 3.5 While these arrangements have been agreed by the Joint Committee they need to be ratified by the constituent councils. Similarly, there is no specific reference to the incorporation of strategic planning functions within the Minute of Agreement and, consequently, a Supplementary Agreement is required to ensure the competency of the proposed arrangements.
- 3.6 The specific wording of the clauses is set out immediately below and specifies the scope of the strategic planning work to be undertaken. Importantly it reaffirms the role of the individual councils in agreeing to any policy proposals.

Working in partnership with public authorities, public bodies and other public or private organisations it deems appropriate, including but not limited to the UK and Scottish Governments, SESplan and SEStran, to co-ordinate, plan, prepare, deliver, review and renew, any Regional Growth Framework and Regional Spatial Strategy for Edinburgh and South East Scotland, interim and final, or any replacement or reiteration or analogous such framework, strategy or plans, subject to the constituent councils' agreement to policy proposals

To co-ordinate amongst the constituent councils, a contribution to the preparation, review and renewal of the National Planning Framework (NPF4) and its subsequent iterations or replacements, subject to the constituent councils' agreement to policy proposals, and to coordinate and support the constituent councils in their own contributions to it.

- 3.7 The full Supplementary Agreement is appended as Appendix 1 together with the terms of reference for the Elected Member Oversight Sub-Committee (Appendix 2). For ease of reference the original Minute of Agreement is also appended as Appendix 3.

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 - There is no financial impact relating to the ratification of the City Deal Governance Structure
- 6.2 Personnel – None
- 6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 Edinburgh and South East Scotland City Region Deal – Governance and Project Management Arrangements - Report to East Lothian Council 31 October 2017.
- 7.2 Members' Library Service Report, Reference 92/18 – June 2018 Bulletin – Edinburgh and South East Scotland City Region Deal – Establishment of Joint Committee - Minute of Agreement.
- 7.3 The Supplementary Agreement (Appendix 1).
- 7.4 The terms of reference for the Elected Member Oversight Sub-Committee (Appendix 2).
- 7.5 The original Minute of Agreement (Appendix 3).

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DESIGNATION	Head of Development
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DATE	14 October 2020

EDINBURGH AND SOUTH-EAST SCOTLAND REGION JOINT COMMITTEE

SUPPLEMENTARY AGREEMENT

amongst

The City of Edinburgh Council

East Lothian Council

Fife Council

Midlothian Council

Scottish Borders Council

and

West Lothian Councils

(“constituent councils”)

The constituent councils hereby agree:-

1. That the Minute of Agreement amongst them concerning the Edinburgh and South-East Scotland City Region Deal and Joint Committee dated 2 November 2018 is amended by adding the words in Clause 6 below to the list of powers delegated to the Joint Committee in Clause 8 (Powers and Duties of Joint Committee)
2. That the Joint Committee Arrangements adopted by virtue of the constituent councils entering into the Minute of Agreement and under which the Joint Committee is constituted and governed is amended by adding the words in Clause 6 below to its sixth unnumbered paragraph
3. That the Governance Arrangements in Part 3 of and the Annex to the City Region Deal Document entitled “Accelerating Growth”, setting out the constituent councils’ vision and through which the Joint Committee is to deliver transformational programmes and projects to achieve full implementation of the Edinburgh and South-East Scotland City Region Deal, is amended by adding the words in Clause 6 below to the purpose set out in paragraph 1 of its Annex

4. That the Joint Committee will establish under the Joint Committee Arrangements and its Standing Orders an Elected Member Oversight Sub Committee in terms of Appendix 1 for the purposes of overseeing and directing the additional work as a result of this Supplementary Agreement and for the other purposes set out in Appendix 1

5. That the Joint Committee may, under the Joint Arrangements and its Standing Orders, make such other administrative and governance arrangements as it deems appropriate to meet this addition to its powers, remit and purpose, including, but not restricted to, establishing boards and groups and delegating responsibility and authority to officers appointed to support it

6. The words referred to in Clauses 1, 2 and 3 above are as follows:-
 - Working in partnership with public authorities, public bodies and other public or private organisations it deems appropriate, including but not limited to the UK and Scottish Governments, SESplan and SEStran, to co-ordinate, plan, prepare, deliver, review and renew, any Regional Growth Framework and Regional Spatial Strategy for Edinburgh and Southeast Scotland, interim and final, or any replacement or reiteration or analogous such framework, strategy or plans, **subject to the constituent councils' agreement to policy proposals**
 - To co-ordinate amongst the constituent councils, a contribution to the preparation, review and renewal of the National Planning Framework (NPF4) and its subsequent iterations or replacements, **subject to the constituent councils' agreement to policy proposals**, and to co-ordinate and support the constituent councils in their own contributions to it.

7. These amendments shall take effect from the latest date of execution of this Supplementary Agreement

This Supplementary Agreement and its Appendix are signed and executed in counterpart as follows:-

For the City of Edinburgh Council:-

<u>Name:</u>	
<u>Signature:</u>	
<u>Witness:</u>	
<u>Signature:</u>	
<u>Place of Signing:</u>	
<u>Date:</u>	

For East Lothian Council:-

<u>Name:</u>	
<u>Signature:</u>	
<u>Witness:</u>	
<u>Signature:</u>	
<u>Place of Signing:</u>	
<u>Date:</u>	

For Fife Council:-

<u>Name:</u>	
<u>Signature:</u>	
<u>Witness:</u>	
<u>Signature:</u>	
<u>Place of Signing:</u>	
<u>Date:</u>	

For Midlothian Council:-

<u>Name:</u>	
<u>Signature:</u>	
<u>Witness:</u>	
<u>Signature:</u>	
<u>Place of Signing:</u>	
<u>Date:</u>	

For Scottish Borders Council:-

<u>Name:</u>	
<u>Signature:</u>	
<u>Witness:</u>	

<u>Signature:</u>	
<u>Place of Signing:</u>	
<u>Date:</u>	

For West Lothian Council:

<u>Name:</u>	
<u>Signature:</u>	
<u>Witness:</u>	
<u>Signature:</u>	
<u>Place of Signing:</u>	
<u>Date:</u>	

Appendix 2

Elected Member Oversight Sub-Committee – Terms of Reference

1. Membership

Two Members from each constituent Council, up to four members from the Higher Education/Further Education consortium and up to two members from the Regional Enterprise Council.

2. Convener/Chair

The chair will be appointed by the Joint Committee and should be from the Council in the annual lead role for the City Region Deal.

3. Quorum

The Quorum will be one-third of the membership.

4. Substitutes

Substitutes are permitted from the same local authority.

5. Officers

Officers will attend to support meetings.

6. Remit

The powers and responsibilities of the Elected Member Oversight Sub-Committee cannot extend beyond those of the Edinburgh and South East Scotland City Region Deal Joint Committee. The remit of the Elected Member Oversight Sub-Committee would be:-

- a. To provide oversight of the Regional Growth Framework and Regional Spatial Strategy.
- b. Working in partnership with public authorities, public bodies and other public or private organisations it deems appropriate, including but not limited to the UK and Scottish Governments, SESplan and SEStran, to co-ordinate, plan, prepare, deliver, review and renew, any Regional Growth Framework and Regional Spatial Strategy for Edinburgh and South East Scotland, interim and final, or any replacement or reiteration or analogous such framework, strategy or plans, subject to the constituent councils' agreement to policy proposals.
- c. To co-ordinate amongst the constituent councils, a contribution to the preparation, review and renewal of the National Planning Framework (NPF4) and its subsequent iterations or replacements, subject to the constituent councils' agreement to policy proposals, and to co-ordinate and support the constituent councils in their own contributions to it.

- d. To support and encourage a sustainable approach to managing growth which aligns to local sustainability, energy and low carbon plans and strategies.
- e. To encourage and facilitate a close working partnership with SEStran, SESplan and other relevant organisations.
- f. To provide oversight and consider recommendations from the Regional Housing Board and the Transport Appraisal Board.
- g. To scrutinise the work of the SESplan Officer Board in regard to the Regional Growth Framework.
- h. To advise the City Region Deal Joint Committee in regard to the Regional Growth Framework and Regional Spatial Strategy.

7. Meeting Frequency

The sub-committee will usually meet monthly but may meet more frequently if determined necessary by the Chair or the Sub-Committee.

MINUTE OF AGREEMENT

among

The City of Edinburgh, East Lothian, Fife, Midlothian, Scottish Borders and West Lothian
Councils

("The Constituent Councils")

MINUTE OF AGREEMENT

among

The City of Edinburgh, East Lothian, Fife, Midlothian, Scottish Borders and West Lothian Councils

("The Constituent Councils")

WHEREAS:

- First A joint committee is required to discharge a number of functions and the establishment of the committee requires the authorisation of the Constituent Councils.
- Second The Constituent Councils are local authorities constituted under the Local Government etc. (Scotland) Act 1994.
- Third It is provided by section 56(5) of the Local Government (Scotland) Act 1973 ("the 1973 Act") that two or more local authorities may discharge any of their functions by a Joint Committee of theirs.
- Fourth The Constituent Councils wish to appoint a Joint Committee under section 57(1) of the 1973 Act for the discharge of the functions referred to below.

Fifth Access to meetings and meeting documents of the Joint Committee is subject to the requirements laid out in section 50 of the Local Government (Scotland) Act 1973.

NOW THEREFORE:

ONE Commencement

This Agreement shall commence and have effect from DATE 2018.

TWO Constitution

There is hereby constituted a Joint Committee to be known as "The Edinburgh and South-East Scotland Region Joint Committee" hereinafter referred to as the "Joint Committee" for the discharge of the above specified functions in terms of this Agreement.

THREE Members

The Joint Committee shall consist of the following 10 members:

- a) 1 member from each Constituent Council (subject to 3(b));
- b) Where a constituent Council has co-leaders they will be entitled to attend the Joint Committee as members but their Council shall only enjoy a single vote;
- c) 3 non-Council members of which one must be a business representative, one a third-sector representative and one a further/higher education representative. The business representative will be appointed by the Regional Business Leadership Council and

the further/higher education representative will be appointed by the further/higher education group.

Any member of the Joint Committee may be represented by another member of the same authority (such member requiring to be a Councillor of the authority) or non-Council organisation. A person appointed as a substitute shall have the same powers at the meeting as the member whom he or she is representing.

The Joint Committee may co-opt for an agreed period additional non-voting participants to represent other interests or provide specialist expertise.

FOUR Voting Rights

Each constituent Council shall have one vote each. Where co-leaders attend the Committee from a constituent Council, that Council must intimate to the Clerk of the Committee prior to the meeting in accordance with the Committee's standing orders. .

A simple majority of those members present and voting shall be required in all voting procedures.

Where there are an equal number of votes, the matter should be continued to the next meeting to allow for further discussions between the members led by the convener.

Each Constituent Council and non-Council member can opt their organisation out of a proposal and this does not automatically stop the proposal being taken forward by other members.

FIVE Period of Office

Members appointed by the Constituent Councils to the Joint Committee shall hold office for a period determined by their Council but this period must not extend beyond the next local government elections. Immediately after such election, each Constituent Council shall again appoint its number of members to the Joint Committee. Non-Council organisations shall be free to vary the period of office for their members of the Joint Committee.

SIX Vacancies in Membership

A member ceasing to be a member of the Constituent Council which appointed him/her shall cease to be a member of the Joint Committee as at the same date. In that event, or any other time the Constituent Council by which a member was appointed may appoint a member, to take his/her place for the remaining part of his/her period of office. Non-Council organisations may choose to introduce a replacement member of the Joint Committee at any time.

SEVEN Quorum

A quorum of the Joint Committee shall be three members appointed by and representing no less than three of the six Constituent Councils, and one non-Council member. Should the Joint Committee appoint a Sub-Committee, the membership of the Sub-Committee and its quorum shall be determined by the Joint Committee.

Eight Powers and Duties of Joint Committee

The Constituent Councils are delegating the following powers to the Joint Committee:

- To oversee the implementation of the Edinburgh and South East Scotland City Region Deal programme;
- To monitor the impact of the Edinburgh and South East Scotland City Region Deal Programme.
- To build and support inclusive growth focusing on the needs of the local area and strengthening the partnership between public, private and third sectors;
- To improve business involvement from the Edinburgh and South East Scotland city region in local decision making;
- To collaborate and work in partnership to assist in delivering regional planning and transport policy linking the Edinburgh and South East Scotland City Region Deal to SESTRAN and SESPlan; and
- To work in partnership on other initiatives across the Edinburgh and South East Scotland city region with the explicit support of individual constituent members.

Any financial commitment proposed by the Joint Committee must be referred to each Constituent Council for individual agreement.

The Joint Committee may appoint from its members such Sub-Committees as it may from time to time consider necessary or desirable for the exercise of its functions and may, subject to such limitations as it may impose, delegate or refer to such Sub-Committees, any of the functions delegated to the Joint Committee under this Agreement. The Joint Committee shall appoint the Convener of any Sub-Committee appointed under this paragraph.

Further powers can be delegated to the Joint Committee with the agreement of all Constituent Councils.

NINE Standing Orders

The Joint Committee shall adopt its own Standing Orders. In the event of any inconsistency between Standing Orders and the provisions of this Agreement, the provisions of this Agreement shall prevail.

TEN Meetings

The Joint Committee shall hold at least 4 ordinary meetings each year and may meet on such other occasions as may be necessary when a special meeting may be called in terms of Standing Orders.

A schedule of meeting dates and venues will be agreed annually by the Joint Committee.

Copies of notices, agendas and minutes of all meetings of the Joint Committee shall be transmitted to Constituent Councils and others for their information as soon as practicable.

ELEVEN Clerk

A representative of the City of Edinburgh Council, shall be appointed as Clerk to the Joint Committee. This can be altered with the agreement of all Constituent Councils.

TWELVE Convener and Vice Convener to the Joint Committee

Subject to the provisions of this clause the Joint Committee shall appoint a Convener or Vice-Convener. The Convener and Vice-Convener of the Joint Committee shall be rotated annually at the first meeting of the Joint Committee following each 12 month term. The Convener and Vice-Convener of the Joint Committee shall rotate annually from amongst its members in the following sequence:

<u>Year</u>	<u>Convener</u>	<u>Vice-Convener</u>
1	City of Edinburgh Council	East Lothian Council
2	East Lothian Council	Fife Council
3	Fife Council	Midlothian Council
4	Midlothian Council	Scottish Borders Council
5	Scottish Borders Council	West Lothian Council
6	West Lothian Council	City of Edinburgh Council

Thereafter the same sequence will repeat.

The roles of Convener and Vice-Convener cannot be held by the same authority at the same time.

The roles of Convener and Vice-Convener must be held by a constituent Council.

The Convener, when present, shall preside at all meetings of the Joint Committee. In the absence of the Convener the Vice Convener shall preside and in the absence of both, another member shall preside as the members present appoint. Where a vacancy occurs in the case of the Convener or Vice-Convener, the Joint Committee shall appoint a replacement from the same Authority for the remainder of their period of office.

THIRTEEN Resources

On the recommendation of the Chief Officers' Group, comprising of the lead chief officers for the six Councils, a Chief Officer shall be nominated who shall report to the Joint Committee and be responsible for carrying out the functions delegated to the Joint Committee. Resources to the Joint Committee will be discussed and agreed at the Executive Board or equivalent body.

FOURTEEN Amendment of Agreement

This agreement may be altered with the agreement of all Constituent Councils.

FIFTEEN Difference or Dispute

Any difference or dispute between the Joint Committee and any of the Constituent Councils or among the Constituent Councils concerning the interpretation or any matter arising out of this Agreement, which cannot be resolved by discussion and agreement of the Constituent Councils, shall be referred to the arbitration of the Sheriff Principal of the Sheriffdom of Edinburgh and the Lothians or any person appointed by her/him, whose decision shall be final and binding:

SIXTEEN Termination of Agreement

If an Authority or non-Council organisation wishes to withdraw from the Joint Committee, they should give all member organisations two months' notice of this intention. An Authority or non-Council organisation withdrawing from the Joint Committee, does not affect the validity of the committee.

EXECUTION

This minute of agreement is signed and executed in counterpart as follows:

For the City of Edinburgh Council:

<u>Name:</u>	
<u>Signature:</u>	

<u>Witness:</u>	
<u>Signature:</u>	
<u>Place of Signing:</u>	
<u>Date:</u>	

For East Lothian Council:

<u>Name:</u>	
<u>Signature:</u>	
<u>Witness:</u>	
<u>Signature:</u>	
<u>Place of Signing:</u>	
<u>Date:</u>	

For Fife Council:

<u>Name:</u>	
<u>Signature:</u>	
<u>Witness:</u>	
<u>Signature:</u>	
<u>Place of Signing:</u>	
<u>Date:</u>	

For Midlothian Council:

<u>Name:</u>	
<u>Signature:</u>	
<u>Witness:</u>	
<u>Signature:</u>	
<u>Place of Signing:</u>	
<u>Date:</u>	

For West Lothian Council:

<u>Name:</u>	
<u>Signature:</u>	
<u>Witness:</u>	
<u>Signature:</u>	
<u>Place of Signing:</u>	
<u>Date:</u>	

For Scottish Borders Council:

<u>Name:</u>	
<u>Signature:</u>	
<u>Witness:</u>	
<u>Signature:</u>	
<u>Place of Signing:</u>	
<u>Date:</u>	

REPORT TO: East Lothian Council

MEETING DATE: 27 October 2020

BY: Head of Development

SUBJECT: Edinburgh and South East Scotland City Region Deal –
Annual Report, Benefits Realisation Plan, and Food and
Drink Innovation Update

11

1 PURPOSE

1.1 This report summarises the key findings of the:

- City Region Deal Annual Report
- Benefits Realisation Plan

Both as lodged in the Members' Library, and as approved by the City Region Deal Joint Committee on 4 September 2020.

1.3 To update on the date for the next Annual Conversation.

1.4 To provide a summary on progress to date on the delivery of the Food and Drink Innovation Hub and the wider Innovation Park.

1.5 To update on the progress of the Full Business Case to be submitted to the UK Government and Scottish Government to enable the drawdown of the £30 million funding package.

1.6 To update on the Land Transfers from Persimmon Homes (West Scotland) Limited to ELC.

1.7 To update on the delivery of the Grade Separated Junction at the A1/Queen Margaret University road junction. Planning Permission (reference 19/00473/PCL) as granted by the Council on 25 November 2019.

2 RECOMMENDATIONS

2.1 That Council notes the:

2.1.1 summary findings of the second Annual Report;

- 2.1.2 summary findings of the Benefits Realisation Plan;
- 2.1.3 date for the next Annual Conversation;
- 2.1.4 summary of progress on the delivery of the Food and Drink Innovation Hub and the wider Edinburgh Innovation Park;
- 2.1.5 progress of the Full Business Case to be submitted to the UK Government and Scottish Government to enable the drawdown of the £30M funding package;
- 2.1.6 update on the Land Transfers from Persimmon Homes (West Scotland) Limited to ELC;
- 2.1.8 update on the delivery of the Grade Separated Junction at the A1/Queen Margaret University road junction. Planning Permission (reference 19/00473/PCL) was granted by the Council on 25th November 2019.

3 BACKGROUND

Annual Report/Benefits Realisation Plan

- 3.1 The Edinburgh and South East Scotland City Region Deal was signed by the First Minister, Prime Minister and City Region Leaders on 7 August 2018.
- 3.2 Each year the City Region Deal partners are required to produce an Annual Report to assess how well the City Region Deal is aligning towards the overall vision and inclusive growth outcomes for the city region. The first Annual Report was approved by the City Region Deal Joint Committee on 3 September 2019 and was reported to East Lothian Council on 29th October 2019.
- 3.3 The second Annual Report was approved by the City Region Deal Joint Committee on 4 September 2020.
- 3.4 A key objective of the Joint Committee (as set out in the Deal Document) is: “to monitor the impact of the City Region Deal Programme” that will result from the delivery of outputs. In addition to this, Audit Scotland highlighted (January 2020) its interest in Scotland’s City and Growth Deals implementing monitoring and evaluation processes. The Benefits Realisation Plan sets out the overarching approach to reviewing and evaluating benefits as detailed at sections 3.12 – 3.14 below.

Annual Report – Overview

- 3.5 The Annual Report 2019/2020 (“Report”) is an overall progress report for the City Region Deal programme.
- 3.6 The Report contains a City Region Deal overview, Financial Statement, a Summary of Progress within each of the 5 themes, the COVID-19 response and a look to the year ahead.

- 3.7 The Report notes the continuation of substantial progress in the second year. As well as delivering cross-regional projects across the innovation, skills, transport, culture and housing themes and creating future regional infrastructure, a further major benefit is the work to enhance existing and develop new regional collaboration for strategic coordination across transport, housing, land use and economic development.
- 3.8 The Report notes that the key milestones achieved in 2019/2020:
- **September 2019** - the Joint Committee approved the £85 million Usher Institute business case, which will enable data-driven advances in the delivery of health and social care.
 - **July 2020** - the construction began at the Borders Innovation Park in Tweedbank, which will provide a major economic boost to the Scottish Borders potentially creating over 380 jobs.
 - **3 April 2020** - the launch of a COVID-19 Jobs Support portal 11 days after the country was locked down. The portal is a regional offer for employers still recruiting and for COVID-19 impacted employees facing job losses. To date, over 16,000 unique visitors have accessed the site; over 1,000 full jobseeker registrations have taken place; 427 employers are registered on the site, and over 1,000 vacancies have been advertised. The portal has allocated £200,000 worth of grants to create data-driven solutions to assist the region's communities, services and businesses with the recovery, and it has worked with transport operators on a package of emergency measures to support the main routes into and out of Edinburgh.
 - Of the £1.3 billion that was committed in the Deal Document, two years into that 15-year programme, over £736.51 million (55%) of it has been approved through business cases at the Joint Committee and, as of the financial year end 2019/20, **£103.20** million has already been spent.

Annual Report – Summary of Progress

- 3.9.1 As of 1 August 2020:
- 8 projects are in Stage 1 (the project's business case is yet to be completed - 9 as of August 2019)).
 - 13 are in Stage 2 (the project's business case has been approved by Joint Committee and is in the process of being implemented (13 as of August 2019)).
 - 3 are in Stage 3 (the project has been implemented and is working towards delivering its objectives (2 as of August 2019)).
- 3.9.2 Whilst COVID-19 has affected the delivery of the some of the projects all are considered to be within acceptable time and budget parameters.
- 6 projects are considered to be on target to be completed on time (green score) or have been completed on time (12 as of August 2019).

- 18 projects are delayed, but considered to be within an acceptable range, with management action in place to address the issue (amber score) (12 as of August 2019).
- 15 projects are considered to be on target to be completed within the specified budget (green score) or have been completed within the specified budget (16 as of August 2019).
- 9 projects are projected to cost more than the specified budget, but considered to be within an acceptable range, with management action in place to address the issue (amber score) (8 as of August 2019).

Annual Report – COVID-19 Response

3.10 The UK entered a state of “lockdown” on 23 March 2020. This affected the delivery timescales of several of the projects. That said, the governance structure, established to manage City Region Deal activity, helped the partnership to respond quickly with some effective interventions.

- COVID-19 Jobs Portal
- Health and Social Care Skills Gateway
- Contribution to the Report on the Advisory Group for Economic Recovery
- Regional Transport Transition Plan

Annual Report – the Year Ahead

3.11 Key milestones that are expected in the next 12 months:-

Date	Milestone
September 2020	Completion of Edinburgh International Data Facility Computer Room
December 2020	<p>Joint Committee meeting where the following items will be considered:</p> <ul style="list-style-type: none"> • Dunfermline Housing Business Case. • Regional Growth Framework update. • Easter Bush Business Case. • Integrated Regional Employability • Skills Programme update. • Regional Growth Framework complete. • Commence construction of the National Robotarium

January 2021	Launch Edinburgh Futures Institute TravelTech cluster
March 2021	<p>Joint Committee meeting where the following items will be considered:</p> <ul style="list-style-type: none"> • Edinburgh Innovation Park (Food and Drink Innovation at Queen Margaret University) Business Case. • Fife Industrial Innovation Investment Programme Tranche 2 Business Case. • Data-Driven Innovation Programme update. • Variation to planning application for Dunard Centre to be ready for consideration.
April 2021	<ul style="list-style-type: none"> • Start draw down of City Region Deal Easter Bush funding. • Outline business case for West Edinburgh Transport Programme complete
June 2021	Deliver the Regional Data Haven
July 2021	Develop and release DataLoch beta – the first fully operational dataset.

Benefits Realisation Plan

3.12 The Benefits Realisation Plan (“Plan”) sets out the overarching approach to reviewing and evaluating benefits by addressing two central issues:

(1) How the City Region Deal is performing against delivery plans as set out in approved programme and project business cases and the overall Deal Document objectives, and

(2) What economic, social and other impacts may be generated as a result within the Region, Scotland and elsewhere in the UK, and how these objectives will be delivered.

Benefits Realisation Plan – Key Principles/Inclusive Growth

3.13 To monitor impacts of the Deal, partners have agreed to a set of reporting principles. These include:

- adherence to the overarching principles of government best practice in project and programme delivery;
- selecting monitoring and evaluation approaches that best measure progress in meeting the inclusive growth objectives and impacts associated with the Deal;
- continually updating the Plan and using any other new measures approved by the Joint Committee that will help assess and support the better management of Deal activities and impacts.
- Programme themes are individually and, as importantly, collectively tasked to meet and align with the 5 inclusive growth themes:
 - accelerating inclusive growth;
 - removing the barriers to growth;
 - delivering community benefits through procurement;
 - targeting employability and skills interventions; and
 - delivering social benefit through innovation.

Benefits Realisation Plan – Theory of Change/Measurement Approaches

- 3.14.1 The Plan sets out how the City Deal partners developed an overarching Theory of Change to map out the potential relationships between Deal programme inputs, activities, outputs, outcomes and impacts which include Scottish Index of Multiple Deprivation ranking uplifts; returns on investment; increases in recruitment from under-represented groups; and sustainable transport improvements.
- 3.14.2 The Plan provides a series of pro-formas for all Deal partners which identify specific theme approaches to monitoring and evaluation in relation to identified outputs, potential impacts and positive equality actions; and a general approach to monitoring and evaluating community benefits and social innovation realisation given the cross-cutting nature of both objectives and extensive variation in the benefits that could emerge.

Annual Conversation – Update

- 3.15 The annual reports are followed up in a conversation between the Scottish City Region Deal Delivery Board and the senior representatives of the Deal, where progress and concerns are discussed. The Annual Conversation for 2020 has not yet taken place at the time of writing this report – albeit the Annual Conversation is scheduled for November. An update on the Annual Conversation will be reported to Council in December.

Summary of Progress - Delivery of the Food and Drink Innovation Hub and the Wider Edinburgh Innovation Park

3.16

Headline Achievements

Date	Achievement
25 November 2019	Planning permission for the grade separated junction granted
June 2020	Land transfers to enable the Innovation Hub development / junction development completed
Ongoing	Progression of the Full Business Case

Next Milestones

Date	Milestone
March 2021	Contract award and commencement of the junction works scheduled
March 2021	Full business case submitted to Joint Committee for approval
Nov 2022	Completion of the construction of the junction works scheduled for
Sept 2022	Commencement of construction of the Food and Drink Innovation Hub
Feb 2025	Food and Drink Innovation Hub operational

Progress of the Full Business Case

3.17 The original date for approval of the Full Business Case (FBC) to UK and Scottish Governments was June 2020. Unfortunately due to the unforeseen delays caused by the impact of COVID-19, this date was revisited. In close discussions with both governments, it was agreed that the submission date of the FBC could be rescheduled to December 2020. QMU/ELC reported to both governments that the later date of December 2020 presented an opportunity to review all aspects of the project. From a delivery perspective it was fundamental that the review revisited the impact on the funding and costs modelling and the existing commercial construct of the partnership. The review would also incorporate the legal and governance structures that facilitate that. A separate and private report being considered at Council today entitled “Commercial Heads of Terms between ELC and QMU for the Delivery of the Food and Drink Innovation Hub and Park” sets out the principles that have been established on which detailed commercial Heads of Terms can be taken forward for agreement. This is envisaged as forming a further report that will be presented to Council in December for final agreement.

Land Transfers from Persimmon Homes (West Scotland) Limited to ELC

- 3.18 The Land Transfers to facilitate the development of the Innovation Hub and the wider Innovation Park on site MH1 were completed on 22 June 2020. A private Members' Library Service Report (Ref: 112/20, October 2020 Bulletin) entitled "Land Transfers at Old Craighall" has been submitted.

Delivery of the Grade Separated Junction at the A1/Queen Margaret University Road Junction

- 3.19 The contract for the works to complete the alterations to the A1/Queen Margaret University is currently being finalised with a view to commencing the procurement process towards the end of October 2020. It is estimated that it will be March 2021 before the contract can be awarded.

4 POLICY IMPLICATIONS

- 4.1 The City Deal Agreement supports the delivery of Council priorities in respect of Growing our Economy, People and Communities as set out within the Council Plan. Deal agreement will have significant implications for the Council's Financial Strategy and its future Capital Plans. The Edinburgh and South East City Region Deal is consistent with the ELLDP 2018 and is incorporated within the refreshed Economic Development Strategy 2017-22.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 Inclusion is a key driver for the City Region Deal, and assessed for each project. Business cases for projects include a demonstration of how they will reduce inequalities and tackle the inclusion challenges specific to the city region.
- 5.2 The Benefits Realisation Plan will incorporate clear indicators to align with the Scottish Government's and the Deal's Inclusive Growth Framework. The impact on equalities, human rights, poverty, environment and sustainability are also incorporated into the plan.

6 RESOURCE IMPLICATIONS

- 6.1 Financial - There is no direct financial impact relating to the Annual Report and Annual Conversation or the Benefits Realisation Plan for East Lothian Council. The land transactions for the hub and park, the Council's contribution to the hub construction cost plan and government grant monies are incorporated within the council's approved capital plan.
- 6.2 Personnel - None

6.3 Other – None

7 BACKGROUND PAPERS

- 7.1 Members Library Service Report (Ref: 110/20, October 2020 Bulletin): Edinburgh and South East Scotland City Region Deal – Annual Report 2019-2020
- 7.2 Members Library Service Report (Ref: 111/20, October 2020 Bulletin): Edinburgh and South East Scotland City Region Deal – Benefits Realisation Plan
- 7.3 Edinburgh and South East Scotland City Region Deal – Report to East Lothian Council 11 August 2017
- 7.4 Heads of Terms Agreement signed by UK/Scottish Governments and Partner Authorities on 20 July 2017
- 7.5 East Lothian Council Summer Recess Arrangements – Standing Order 15.5 Members Library Report – Edinburgh and South East Scotland Region - City Deal Proposition 19 July 2017
- 7.6 Edinburgh and South East Scotland City Region Deal – Report to East Lothian Council 28 June 2016
- 7.7 [City Region Deal Document \(August 2018\)](#)
- 7.8 Edinburgh and South East Scotland City Region Deal (ESES CRD) – Annual Report, Annual Conversation and Regional Growth Framework Update - 29 October 2019
- 7.9 Private Members' Library Service Report (Ref: 112/20, October 2020 Bulletin): Land Transfers at Old Craighall
- 7.10 Private Report to East Lothian Council, 27 October 2020, Commercial Heads of Terms between ELC and QMU for the Delivery of the Food and Drink Innovation Hub and Park

AUTHOR'S NAME	Douglas Proudfoot
DESIGNATION	Head of Development
CONTACT INFO	dproudfoot@eastlothain.gov.uk 01620 827222
DATE	14 October 2020

MOTION TO EAST LoTHIAN COUNCIL
27 October 2020

Closure of TSB Branch in North Berwick

12

East Lothian Council notes the decision by TSB to close its branch in North Berwick on 19 January 2021, as part of a national closure programme which will see 164 branches close across the UK with the loss of 900 jobs. This decision will leave only one bank branch open in the North Berwick Coastal ward. East Lothian Council further notes that this decision comes soon after the closure of TSB's Dunbar branch, which closed in May 2020.

East Lothian Council knows that banks offer vital services and that for many of our most vulnerable citizens the ability to use those services is harmed when they are unable to access a physical building due to branch closure.

East Lothian Council believes that this is a short-sighted decision that does not take into account that East Lothian is the second-fastest growing area in Scotland.

Additionally, East Lothian Council knows that banks offer services that are vital to the operation of many local businesses, including in North Berwick, in operational terms such as the ability to put cash into accounts and to access direct local advice, assistance and services.

Therefore, the Council is asked to approve the following actions:

- That the Council's Chief Executive writes to the Chief Executive of TSB to express disappointment at the decision of TSB to close the North Berwick branch.
- That the Council's Chief Executive writes to the chief executives of all the major banks with branches in East Lothian to request information as to the future of those branches. The Chief Executive should also take the opportunity to highlight the importance of branches being kept open and available to our communities, given that East Lothian is a growing area, and therefore a place that banks should be looking to increase their business.

Proposed by (name): Councillor Jeremy Findlay
Date: 12 October 2020

Seconded by (name): Councillor Lachlan Bruce
Date: 12 October 2020

Received by (name of officer): Lel Gillingwater, Team Manager, Democratic and Licensing,
Date: 12 October 2020

MOTION TO EAST LoTHIAN COUNCIL
27 October 2020

Recognising and Supporting East Lothian's Dedicated Countryside Ranger Service

13

East Lothian Council:

1. Notes that East Lothian's coastline is the busiest, by visits per kilometre, in Scotland; yet virtually all of it is subject to national, European and international designations to protect natural heritage.
2. Recognises the huge pressures East Lothian Council's Countryside Ranger Service, Police Scotland and other agencies have been placed under as a result of a significant increase in the numbers of people visiting and camping in East Lothian during the Covid-19 crisis.
3. Notes an unprecedented level of camping near to beaches and other countryside locations and recognises the distinction between legitimate and responsible wild camping, which is sensitive to rural and coastal areas, and so called 'dirty camping', which threatens natural habitats.
4. Commends and thanks East Lothian Council's Countryside Ranger Service for their commitment and dedication during this extraordinary period and praises the service for their daily and intensive face-to-face engagement with campers, which largely prevented a dirty camping problem developing in East Lothian
5. Recognises the likelihood of similar pressures in 2021, and calls on East Lothian Council to:
 - Request an officer report outlining estimated numbers of all campers, including those in caravans and mobile homes, within East Lothian during the 2020 summer season, detailing problems and lessons to be learned from this experience.
 - Request officers to present options to:
 - ensure future funding to provide adequate ongoing staff provision.
 - develop new policies and approaches to resolve problems faced by the Countryside Ranger Service within East Lothian.
 - Ask officers to write to the Scottish Government and NatureScot (formerly Scottish Natural Heritage) to highlight the experience of the Ranger Service in East Lothian; and to press for a further review of the Scottish Outdoor Access Code to deliver a more proscriptive and robust framework.
 - Ask officers to take forward initiatives, such as public awareness campaigns, including engagement with local camping equipment suppliers and other retailers to offer point-of-sale information about the rules and regulations surrounding camping within East Lothian.

Proposed by (name): Councillor Craig Hoy
Date: 15 October 2020

Seconded by (name): Councillor Lachlan Bruce
Date: 15 October 2020

Received by (name of officer): Jill Totney, Team Manager, Democratic & Licensing
Date: 15 October 2020

REPORT TO: East Lothian Council

MEETING DATE: 27 October 2020

BY: Depute Chief Executive (Resources and People Services)

SUBJECT: Submissions to the Members' Library Service
8 August – 12 October 2020

14

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 8 August and 12 October 2020, 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

AUTHOR'S NAME	Lel Gillingwater
DESIGNATION	Team Manager - Democratic & Licensing
CONTACT INFO	lgillingwater@eastlothian.gov.uk
DATE	12 October 2020

**MEMBERS' LIBRARY SERVICE RECORD FOR THE PERIOD
8 August to 12 October 2020**

Reference	Originator	Document Title	Access
91/20	Head of Infrastructure	Proposed Movable Pool Floor Replacement at Musselburgh and North Berwick Sports Centres	Public
92/20	Head of Infrastructure	Grant of Extension to Term of Lease and Variation of Leased Area for the Tennis Courts and Pavilion at Douglas Road, Longniddry	Private
93/20	Head of Communities and Partnerships	Service Review Report – Corporate Policy and Improvement Team (Phase 1)	Private
94/20	Head of Council Resources	HR Establishment Changes for August 2020	Private
95/20	Head of Council Resources	East Lothian Council COVID 19 Recovery and Renewal Framework Document, Version 1.2	Public
96/20	Head of Infrastructure	Building Warrants issued under Delegated Powers – July 2020	Public
97/20	Head of Infrastructure	Proposed House Alterations – Tranent	Public
98/20	Head of Infrastructure	Proposed House Alterations – Prestonpans	Public
99/20	Head of Development	Service Review Report – Community Housing and Homelessness (Phase 3)	Private
100/20	Head of Education and Children's Services	Service Review Report – Scottish Government Funded Additional Teaching Posts for Recovery Programme	Private
101/20	Head of Infrastructure	The East Lothian Council (Scottish Open, The Renaissance Club) (Exemption) Order 2020	Public
102/20	Group Service Manager – Rehabilitation and Access	Service Review Report – Redesign of Existing Telecare Team	Private
103/20	Head of Education and Children's Services	Service Review Report – ASN Service	Private
104/20	Head of Infrastructure	Building Warrants issued under Delegated Powers – August 2020	Public
105/20	Head of Infrastructure	Grant of Lease – Haddington	Private
106/20	Head of Council Resources	HR Establishment Changes for September 2020	Private
107/20	Head of Council Resources	East Lothian Council COVID 19 Recovery and Renewal Framework Document, Version 1.3	Public

12 October 2020

