



MINUTES OF THE MEETING OF EAST LoTHIAN COUNCIL

TUESDAY 26 OCTOBER 2021
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 J Findlay
Councillor A Forrest
Councillor N Gilbert
Councillor J Goodfellow
Councillor N Hampshire
Councillor J Henderson

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

Council Officials Present:

Ms M Patterson, Chief Executive
Ms L Brown, Executive Director for Education and Children's Services
Ms S Fortune, Executive Director for Council Resources
Ms A MacDonald, Director of Health and Social Care
Mr D Proudfoot, Executive Director for Place
Ms M Ferguson, Head of Corporate Support
Mr I Gorman, Head of Operations (East Lothian Health and Social Care Partnership)
Ms N McDowell, Head of Education
Ms W McGuire, Head of Housing
Mr T Reid, Head of Infrastructure
Ms S Saunders, Head of Communities
Ms M Sullivan, Head of Development
Ms J Tait, Head of Children's Services
Ms R Crichton, Committees Officer
Ms F Currie, Committees Officer
Mr K Dingwall, Service Manager – Planning
Ms W Gillie, Team Manager – Estates
Ms P Gray, Communications Adviser
Mr C Grilli, Service Manager – Legal
Ms J Mackay, Senior Communications Adviser
Mr G Marsden, Planning Obligation Officer
Ms C Molloy, Project Manager
Mr D Ogilvie, Service Manager – Housing Strategy
Ms A Smith, Committees Officer
Mr P Vestri, Service Manager – Corporate Policy and Improvement

Visitors Present:

None

Clerk:

Mrs L Gillingwater

Apologies:

Councillor F Dugdale

Councillor P McLennan

Declarations of Interest:

None

Prior to the commencement of business, the Provost 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 live streamed; 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.

Order of Business

The Provost advised that, in light of the recent death of the Leader of the Council, Councillor Willie Innes, he was proposing to continue the business listed on the agenda to a later date, and that today's meeting would be instead provide an opportunity for Members to pay tribute to Councillor Innes. This proposal was seconded by Councillor Hampshire, and approved unanimously by the Council.

There followed a minute's silence in memory of Councillor Innes.

The Provost then opened the tributes. He spoke of Councillor Innes's commitment to civic duty and public service, and of the difference that he had made in East Lothian in respect of partnerships, schools, employment and people. Describing Councillor Innes as 'consistent, authentic, and loyal to his strong values', the Provost noted that Councillor Innes had loved politics, as it allowed him to deliver for East Lothian. He also made mention of his skills as regards financial regulations and budgeting. On a personal level, he noted that Councillor Innes was liked, admired and respected by those who knew him. The Provost concluded his statement by expressing his condolences to Councillor Innes's family and by stating that his contribution to East Lothian would not be forgotten.

The Chief Executive conveyed her condolences to Councillor Innes's family. She reminded Members that Councillor Innes had been one of East Lothian's longest-serving councillors, having been first elected in 1988, and then being elected to the new East Lothian Council in 1996. Having worked with him for many years, she made reference to his passion and commitment to East Lothian, as well as his respect and support for Council employees.

The Provost then invited the Group Leaders and other Members to pay tribute to Councillor Innes. All those who spoke expressed their condolences to Councillor Innes's family, friends and colleagues, and many shared anecdotes and personal memories of him.

Councillor Hampshire spoke of Councillor Innes's continued commitment to serve East Lothian despite his illness, and that he had even participated in a Planning Committee meeting just two weeks before his death. He described Councillor Innes as an 'honest, fair and honourable man', who was true to his word and passionate about Labour values. He was

dedicated to improving the lives of people in East Lothian, had wanted everyone to be treated equally, and had treated everyone with respect and listened to their views. He made reference to a number of Councillor Innes's achievements, in particular the creation of a sports development strategy, which was initially rejected by SportScotland as East Lothian was deemed to be too small to deliver it, but was subsequently supported – the success of that strategy has continued to the present day. Councillor Hampshire stated that East Lothian had lost a great Council leader and dedicated constituency councillor.

Councillor Bruce paid tribute to Councillor Innes's service to Prestonpans, East Lothian, the Labour Party, but most of all to his family. He noted that Councillor Innes had been a significant feature of the political landscape in East Lothian for more than 30 years, that he was an example of what a councillor should be, and that he was trusted and respected by the community, setting a 'high bar' for others.

Councillor Currie spoke of the respect held for Councillor Innes among his colleagues and constituents. He pointed out that many people in the community voted for Councillor Innes personally, which demonstrated how respected he was. He made mention of his achievements in developing sport in East Lothian, including his support for the boxer Josh Taylor, and his ability to make a difference in his own community and across East Lothian. He commented that Councillor Innes had 'set the bar', and that Council meetings were not the same without his presence. He hoped that his Labour Group colleagues would take comfort from the affection, love and respect in which Councillor Innes was held.

Councillor O'Donnell observed that Councillor Innes had been loved and respected by those who knew him. She paid particular tribute to Wilma Grant, Councillor Innes's PA, who had shown a great deal of support and kindness to him. She also recalled how popular Councillor Innes was among his constituents, and that he always treated them with compassion and respect. She considered him to be irreplaceable and that he would be missed by many.

Councillor Henderson declared that it had been an honour and a privilege to work with Councillor Innes, and that she had had a great deal of admiration and respect for him. She recalled how people always listened to him, and of his beliefs that 'less is more' and 'quality not quantity'. She commented that she would miss him terribly.

Describing Councillor Innes as a 'friend', a 'most amazing person' and a 'first-class councillor', Councillor Kempson noted how much she had been helped by him and how much he had cared for others, even during his illness. She added that he had been prepared to do anything for East Lothian and that he would much missed.

Speaking on behalf of himself and Councillor Dugdale, Councillor McGinn related how Councillor Innes had given him the belief to stand for election, and that he and Councillor Dugdale had benefitted enormously from Councillor Innes's advice. He spoke of the impact of the loss on the Labour Group, who would miss him enormously.

Councillor Akhtar expressed her sorrow at the loss of her colleague and friend. She described Councillor Innes as a 'champion for public services' and a 'man of the people', who had a deep understanding of the impact of poverty and social injustice, and a desire to improve the quality of life for people across East Lothian. She noted that he was caring, compassionate and selfless, as well as being clever, knowledgeable and highly skilled in local government finance. She made reference to a number of projects and initiatives which he had been closely involved in, and praised his support of and respect for Council staff. She stated that it had been a privilege to work with him and was grateful for his encouragement and support.

Councillor Forrest recalled that Councillor Innes had been a great help to him when he was first elected, and had helped him settle in. He viewed Councillor Innes as a true gentleman, a problem-solver, and someone who cared for the residents of East Lothian.

Councillor McLeod commented on the sound advice that he had received from Councillor Innes over many years, and of his great loss to East Lothian.

Councillor Findlay noted that Councillor Innes had been helpful and charming, and that he had warmed to him immediately. He spoke of Councillor Innes's ability to work across the political divide, and that Councillor Innes had been the first non-Conservative councillor to congratulate him following his election. He noted that he would be sorely missed by many.

Councillor Goodfellow stressed how much Councillor Innes would be missed. He had always been generous with his time and had always given clear and unambiguous advice. He noted that Councillor Innes would not only be missed by everyone at the Council, but also throughout East Lothian and within Scottish local government.

Councillor Mackett referred to Councillor Innes as 'irreplaceable' and having a 'big presence', remarking that the Conservative Group had wished they had someone like him in their Group following the 2017 election.

Councillor Hoy recalled the welcome he had received by Councillor Innes on his election to the Council, and that he had appreciated his support and quick wit.

The Provost concluded the meeting by thanking Members for their contributions, which had demonstrated the love, trust, respect and admiration felt for Councillor Innes. He believed that Councillor Innes's legacy to East Lothian would remain for a long time to come. He gave thanks to Councillor Innes for his dedication, contribution and leadership.

Members were advised that a book of condolence was being organised, and that all those who wished to pay tribute to Councillor Innes could send their message by email to condolences@eastlothian.gov.uk

Signed

Provost John McMillan
Convener of the Council

East Lothian Council

2020/21 Annual Audit Report



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Prepared for the Members of East Lothian Council and the Controller of Audit
30 November 2021

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Key messages

2020/21 annual accounts

- 1 Our audit opinions on the annual accounts of the council, its group and the Dr Bruce Fund (section 106 charity administered by the council) are unmodified.
- 2 The Covid-19 pandemic had an impact on the auditing timetable for the 2020/21 financial statements and as a result concluding the audit was delayed to 30 November. This is acceptable under the provisions of the Coronavirus (Scotland) Act 2020.

Financial management

- 3 The council has appropriate and effective financial management arrangements.
- 4 The Covid-19 pandemic had a significant impact on the 2020/21 budget. Total expenditure increased from £243.904 million to £255.558 million, although at year end there was an underspend of £12.5 million.
- 5 The council has appropriate budget setting and monitoring arrangements in place.

Financial sustainability

- 6 The financial impact of the Covid-19 pandemic on the council will be challenging over the coming years.
- 7 Medium and longer term financial plans are in place and are being reviewed and updated to reflect the impact of the pandemic.

Governance and transparency

- 8 The governance arrangements introduced in response to the pandemic are appropriate and operated effectively.
- 9 There is effective scrutiny, challenge and informed decision making.

Best Value

- 10 The council has made limited progress in addressing the Best Value improvement plan actions due to Covid-19.
- 11 The Covid-19 pandemic has had a significant impact on council services.

Introduction

1. This report summarises the findings arising from the 2020/21 audit of East Lothian Council (the council) and its group.
2. The scope of the audit was set out in our 2020/21 Annual Audit Plan presented to the 15 June 2021 meeting of the Audit and Governance Committee. This report comprises the findings from:
 - an 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](#) namely, financial management, financial sustainability, governance and transparency and value for money.
3. The main elements of our audit work in 2020/21 have been:
 - an audit of the annual accounts of the council and its group including the statement of accounts of the Dr Bruce Fund (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
 - consideration of the four audit dimensions including follow up work from the council's Best Value Assurance Report (BVAR) published in November 2018.
4. The global coronavirus pandemic has had a considerable impact on East Lothian Council during 2020/21. This has had significant implications for the services it delivers and the suspension of non-essential projects and activities, such as capital construction. Risks related to the pandemic were included in our Annual Audit Plan, and we have adapted our planned work to address any new emerging risks.

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 3](#)) and good practice guides

- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

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 2020/21 audit fee of £253,490 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.

1. Audit of 2020/21 annual accounts

The principal means of accounting for the stewardship of resources and performance

Main judgements

Our audit opinions on the annual accounts of the council, its group and the Dr Bruce Fund (section 106 charity administered by the council) are unmodified.

The Covid-19 pandemic had an impact on the auditing timetable for the 2020/21 financial statements and as a result concluding the audit was delayed to 30 November. This is acceptable under the provisions of the Coronavirus (Scotland) Act 2020.

Our audit opinions on the annual accounts are unmodified

15. The accounts for the council and its group for the year ended 31 March 2021 were approved by the Audit and Governance Committee on 30 November 2021. 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.

The draft accounts submitted to audit were of a high standard

16. The draft accounts submitted for audit were of a high standard, including the management commentary. Some additional narrative was subsequently added relating to the Local Development Plan and City Deal.

The Covid-19 pandemic had limited impact on receipt of audit evidence

17. The completeness and accuracy of accounting records and the extent of information and explanations that we required for our audit were not affected by the Covid-19 outbreak. The working papers provided with the unaudited accounts were adequate although the volume of working papers provided for some account areas made it difficult to follow the audit trail and further

information had to be requested. Finance staff provided good support to the audit team during the audit.

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

18. As a result of the continuing impact of Covid-19, the submission deadlines for Local Government audited annual accounts and annual audit reports have been set at 30 November 2021.

19. The unaudited annual report and accounts were received in line with our agreed audit timetable on 30 June 2021. 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 opinions on Section 106 charities were unmodified

20. Due to the interaction of section 106 of the Local Government in Scotland Act 1973 with the 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. In East Lothian Council, there is one section 106 charity known as the Dr Bruce Fund.

21. Our audit opinions on the section 106 charity, the Dr Bruce Fund, is unmodified.

22. The Dr Bruce Fund was set up to provide relief for the poor of Musselburgh. Since 2016/17, the Dr Bruce Fund has provided a small award to the same two individuals. In 2020/21, the award was increased by £5 per person with a total of £70 awarded (2019/20 £60; 2018/19: £60, 2017/18: £60, 2016/17: £50). We repeat our prior year recommendation that more could be done by East Lothian Council to promote the trust and its availability to the residents in Musselburgh in line with the trust's purpose. There is a continuing risk that the trust fund is not operating effectively to meet its objectives (e.g. lack of provision of grants annually) and the trustees are not discharging their duty correctly.

Recommendation 1

The council and the Dr Bruce Fund trustees should work together to ensure the Fund is reaching those individuals/groups for whom it was set up and is being actively managed and used for the purposes intended.

There were no objections raised to the annual accounts

23. The Local Authority Accounts (Scotland) Regulations 2014 require local government bodies 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. There were no objections to the 2020/21 accounts.

Whole of Government Accounts (WGA)

24. The council will submit a consolidation pack for the WGA audit in accordance with the WGA guidance once it is issued by the National Audit Office (NAO). We will complete the required assurance statement and will submit it to the NAO by the revised deadline as set out in the guidance.

Overall materiality is £4.4 million

25. We apply the concept of materiality in both planning and performing the audit and in evaluating the effect of identified misstatement on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report. We identify a benchmark on which to base overall materiality, such as gross expenditure, and apply what we judge to be the most appropriate percentage level for calculating materiality values.

26. The determination of materiality is based on professional judgement and is informed by our understanding of the entity and what users are likely to be most concerned about in the annual accounts. In assessing performance materiality, we have considered factors such as our findings from previous audits, any changes in business processes and the entity's control environment including fraud risks.

27. Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit. This was reviewed and revised on receipt of the unaudited annual accounts and is summarised in [Exhibit 1](#).

Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£4.4 million
Performance materiality	£2.6 million
Reporting threshold	£44,000

Source: 2020/21 East Lothian Council Unaudited Annual Accounts

Appendix 2 identifies the main risks of material misstatement and our audit work performed to address these

28. [Appendix 2](#) provides our assessment of the risks of material misstatement in the annual accounts and any wider audit dimension risks. These risks influence 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.

Significant findings on the annual accounts

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. We have reported a number of issues from the work done on the identified risks of material misstatement. The significant findings are summarised in [Exhibit 2](#).

Exhibit 2

Significant findings from the audit of the financial statements

Issue	Resolution
<p>1. Common Good (CG) review</p> <p>Following a review of title deeds by the council's legal team, a number of council assets (land and buildings) were identified as belonging to the common good. An external legal team was also involved in reviewing the titles and assets.</p> <p>£3.4 million was initially identified as CG assets within the council's balance sheet. Upon further detailed review, the figure rose to £17.0 million with two community centres comprising the majority of the value.</p> <p>Following further legal and finance reviews, management has separated out the property elements and confirmed that these buildings (£14.0 million) are in operational use by the council.</p> <p>In effect a finance lease has been in operation and will continue for the foreseeable future, and consequently the assets are accounted for as a finance lease on the balance sheet of the council.</p>	<p>The council concluded that £3.0 million of identified CG land and heritage assets were to be transferred from the council's balance sheet to the Common Good balance sheet.</p> <p>The notes for Property Plan and Equipment and the Common Good account have been updated to reflect movements.</p> <p>Narrative has been added in the CG account to explain that there are buildings at zero payment leases being used by the council and that a formal working arrangement for the council's use of these is to be developed.</p> <p>Recommendation 2</p> <p>A significant amount of CG assets have now been identified that were not previously identified using the council's annual corporate review arrangements, or through the council's formal five year valuation cycle. Processes should be reviewed and amended regarding the identification and confirmation of assets held. The formal valuation cycle itself is insufficient to gain the appropriate assurances that these assets are classified correctly.</p> <p>The council should continue to progress the CG review. Having recognised that the council is using common good assets for the provision of council services, an appropriate lease arrangement must be set up.</p> <p>(refer Appendix 1, action plan, point 2)</p>
<p>2. Low Cost Home Ownership (LCHO)</p> <p>The council have a standard security agreement in place for 95 affordable homes.</p>	<p>The accounts have been amended to decrease property, plant and equipment and the revaluation reserve by £5 million.</p>

Issue	Resolution
<p>This is part of the various S.75 Developer Contribution agreements in place between developers and the council to provide affordable housing, an integral part of the Local Development Plan.</p> <p>The homes were identified as part of the revaluation process during 2020/21. This resulted in a £5 million upward revaluation included in the unaudited accounts. The homes however were not included on the council's asset register.</p> <p>Finance conducted a review of the arrangements for these low cost homes to ascertain the correct accounting treatment. We sought guidance from our technical team and determined that as the council does not have legal title to these assets, they should not be categorised as property, plant or equipment. We concluded that standard security over these dwellings has a nil value in the balance sheet and the 'benefit in kind' will only crystallise if the dwelling is sold on the open market and removed from the affordable housing pool. This is highly unlikely in view of the council's policy in this area; no dwellings from 2016 to present have been sold on the open market.</p> <p>As part of our audit we also noted there was no policy or process in place between Finance and the Place team to account for these LCHs although work is now underway to address this.</p>	<p>Recommendation 3</p> <p>The Finance and the Place teams need to establish a policy and associated procedures, including a detailed register of the low cost homes as part of the S.75 agreements, in order to effectively manage the process and ensure the policy objectives are being appropriately delivered.</p> <p>(refer Appendix 1, action plan, point 3)</p>
<p>3a. Property, plant and equipment (PPE)</p> <p>There were a number of adjustments to the accounts in respect of PPE with the largest adjustment due to double counting certain assets. The assets has been labelled in the asset register as assets under construction but were in fact included in land and buildings, hence the assets were double counted when revalued.</p> <p>The value identified and adjusted for was £16.5 million. The council will be carrying out an 'out-of-cycle' valuation exercise planned for 31 March 2022 to ensure that all assets</p>	<p>The accounts have been amended resulting in a decrease to PPE of £16.5 million and a corresponding decrease to the revaluation reserve (£13.0 million) and the capital adjustment account (£3.5 million). There was no impact on usable reserves as a result of the adjustment.</p>

Issue	Resolution
<p>are valued in the correct cycle for valuations according to their asset category.</p>	
<p>3b. Property, plant and equipment (PPE)</p> <p>For two significant assets tested, we noted that the historic balances on the asset register had not been split between the different components before applying the formal valuation. The assets were being revalued for the first time and similar to the above point, has assets under construction in their title. At the point of transfer from assets under construction to land and buildings the componentisation policy was not applied. This resulted in the revaluation reserve being overstated.</p>	<p>The accounts were adjusted for and the impact was a decrease of £8.4 million to the revaluation reserve, and a corresponding increase to the capital adjustment account. Revaluation gains recognised in the surplus/deficit on provision of services was reduced by the same amount.</p> <p>Overall the carrying value of these assets is not misstated at the year end and there was no impact on the general fund balance.</p>

Source: 2020/21 Annual Audit

Identified misstatements of £21.9 million were adjusted for in the accounts

30. Total misstatements identified and adjusted for have decreased net income by £21.9 million. These mainly consist of adjustments to property, plant and equipment, as described in [Exhibit 2](#) above. 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.

31. None of the above adjustments had an impact on the surplus of provision of services or the usable reserves. The council have agreed to review and amend the processes in relation to their fixed asset register system, 'Asset Manager'.

Unadjusted misstatements - Group accounts

32. We identified differences between group component draft accounts and the audited component accounts subsequently received by the council. The impact on the Group CIES is an increase of £54,000 in total comprehensive income, and the impact on the Group Balance Sheet is an increase in net assets of £90,000. Management have not adjusted for the items due to the individual component values involved.

33. 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.

Prior period adjustments

34. In addition to the above adjustments a number of prior period adjustments were made to the 2019/20 figures in the audited accounts. Whilst we would expect prior period adjustments for material figures, this was not the case. Prior period adjustments for immaterial amounts undermines the credibility of the annual report and accounts from the prior year and requires additional audit work to be undertaken to verify the adjustments. The council have now included a new note (Note 39) with sufficient disclosure in the audited accounts for a reader to understand the nature and value of the adjustments. The restated 2019/20 figures had no net impact/movement on the CIES or the balance sheet.

Limited progress made on prior year recommendations

35. The council has made limited progress in implementing our prior year audit recommendations mostly due to the impact of Covid-19 and the resulting business critical prioritisation of its activities. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

2. Financial management

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

Main judgements

The council has appropriate and effective financial management arrangements.

The Covid-19 pandemic had a significant impact on the 2020/21 budget. Total expenditure increased from £243.9 million to £255.6 million, although at year end there was an underspend of £12.5 million.

The council has appropriate budget setting and monitoring arrangements in place.

The council operated within budget in 2020/21 and reported a £12.5 million underspend

36. The council approved its 2020/21 General Services budget in March 2020. The budget was set at net expenditure of £243.9 million which included planned savings of £3.2 million and planned use of £1.5 million of reserves. The 2020/21 end of year financial review presented to council in June 2021 reported an underspend of £12.5 million with an increase in usable reserves of nearly £14.0 million. In quarter four of 2020/21, the council received confirmation of additional national funding to support Covid-19 interventions. The council have earmarked a total of £8.9 million in a Covid fund for 2021/22.

37. Significant variances relative to budget include:

- Receipt of additional General Revenue Grant funding of £20.3 million, to meet the costs of the Covid-19 pandemic, £8.9 million of which has been carried forward to 2021/22 aligned to the council's approved Strategic Recovery and Renewal Framework.
- Council delegated IJB budgets delivered a surplus of £0.433 million. £3.3 million of additional funding has also been made available to the IJB mitigate the additional costs of Covid-19 but was unspent at year end. The total £3.7 million underspend was agreed to be carried forward 2021/22 as an earmarked reserve in the IJB accounts and is in line with Scottish Government guidance.
- The Council delivered a surplus of £4.4 million in Early Learning and Childcare revenue specific grant funding in 2020/21 and applied flexibility in line with national guidance. As a result, £2.2 million will support future related capital costs, £1.4 million will support rollout of the Early Learning

and Childcare Programme during 2021/2, and £0.7 million was transferred to support Covid-19 pressures in 2020/21 in Education & Children's Services.

38. The end of year financial review states that without the additional funding and permissible flexibilities, the council would have had an overspend of £11.5 million in 2020/21. The more significant under and overspends are summarised in [Exhibit 3](#).

Exhibit 3

Summary of significant under/overspends against budget

Area	£m	Reason for variance
Underspends by Directorate		
Additional General Revenue Grant (GRG) Funding	£8.9	Carried forward to 2021/22 to deliver specific commitments, as directed by the Scottish Government, to support wider response and recovery interventions due to Covid-19.
Council Resources Directorate	£1.0	£0.6 million underspend in Finance and a £0.4 million underspend in Corporate due to staffing vacancies.
Education and Children's Services Directorate	£2.1	£4.1 million underspend in Education mainly due to additional support for learning relating to external placement and transport costs. This was offset by a £2.0 million overspend in Children's Services with the most significant pressures being external residential care, high tariff secure placements, and fostering.
Place Directorate	£2.3	£1.5 million underspend in Economic Development for Covid-19 Business Support scheme. The scheme will incur costs in 2021/22 and the funding has been carried forward as part of reserves. £0.8 million underspend in Communities and Partnerships arising from vacant posts.
Overspends by Directorate		
Health and Social Care Directorate	£0.5	Due to the level of demand for commissioned services such as care homes and care at home. There were also significant Covid-19 related costs, including loss of anticipated income, the purchase of spare care home beds, and ongoing sustainability payments to

Area	£m	Reason for variance
		external providers in line with national guidance.

Source: East Lothian Council 2020/21 End of Year Financial Review

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 at a level which will at least cover the costs of its social housing provision.

40. The HRA delivered a surplus of £3.2 million against a planned surplus of £3.2 million. Income was £0.4 million lower than budget as a result of less house completions than planned, largely offset by £0.3 million savings from staffing and reductions in the bad debt provision and lower debt charges. There was an increase in void rents and the council charged fixed costs for property maintenance to the HRA. During 2020/21 capital spend on the HRA was £12 million under budget, mostly due Covid-19 lockdown periods preventing work from progressing.

41. The level of HRA reserves has been maintained at the 2019/20 balance of £2.0 million. and this has been achieved through flexibility in adjusting the funding contributed to in year capital expenditure to match the available statutory surplus for the year. This approach remains consistent with the Council's approved financial strategy.

The council has appropriate budget setting and monitoring arrangements in place

42. The council's budget and savings plan is aligned to council priorities, as set out in its 2017-2022 strategic plan. The council has previously used scenario planning to calculate estimated funding gaps for the five-year period of its financial strategies. For the previous financial strategy (2020-2025), 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 ranged from £0.5 million to £31.7 million.

43. The 2021-2026 financial strategy notes that credible future forecasting with any degree of certainty is difficult with so many exceptional and unpredictable external influences affecting the wider economy. The 2021-2026 financial strategy does not include scenario planning but notes that a one percent reduction in core revenue funding results in a £1.8 million annual reduction in funding or £5.4 million cumulatively over three years.

44. The full council receives regular 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 contain good explanations for significant variances against budget and 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 Covid-19 pandemic had a significant impact on the 2020/21 budget. Total expenditure increased from £243.9 million to £255.6 million, although at year end there was an underspend of £12.5 million.

45. The impact on public finances of the Covid-19 pandemic has been unprecedented, which has necessitated both the Scottish and UK governments providing substantial additional funding for public services as well as support for individuals, businesses and the economy. It is likely that further financial measures will be needed and that the effects will be felt well into the future.

46. The Covid-19 pandemic had a significant impact on the council's 2020/21 budget. The council has reported a £12.5 million underspend for service expenditure relative to the approved budget in 2020/21. The end of year financial review notes that without the additional funding received and permissible flexibilities, there would have been a £11.5 million overspend.

47. The council did not furlough staff during 2020/21, nor did it apply the Scottish Government's flexibilities for the use of capital receipts to fund revenue pressures, extension of debt repayment periods or deferral of loans fund repayments. The option to apply certain flexibilities will be used during 2021/22 and beyond.

48. There was a reduction in council income of £2.4 million due to closures, reduced fees and charges. There were reductions in the collection rates for Council Tax (1.58%), Housing Rents (0.58%) and Non-Domestic Rates (0.88%). The reduction in collection rates for 2020/21 has not significantly affected the council's bad debt provision.

49. The council received an additional £25.5 million of Covid-19 specific funding from the Scottish Government, £19.5 million of which was Revenue Support Grant and £5.9 million related to specific grants.

50. The council also distributed £28.5 million of Covid-19 business support grants on behalf of the Scottish Government. We have reviewed the disclosure of agency income and expenditure in the 2020/21 accounts and have confirmed that it is reasonable, transparent and provides a reader with a good level of detail.

There has been a significant increase in the level of General Fund reserves

51. One of the key measures of the financial health of a body is the level of reserves held. The level of usable reserves held increased from £21.1 million in 2019/20 to £35.1 million in 2020/21. £8.9 million of this movement relates to Covid-19 funding carried forward to 2021/22. The council received late confirmation of additional national funding, including some funding that was

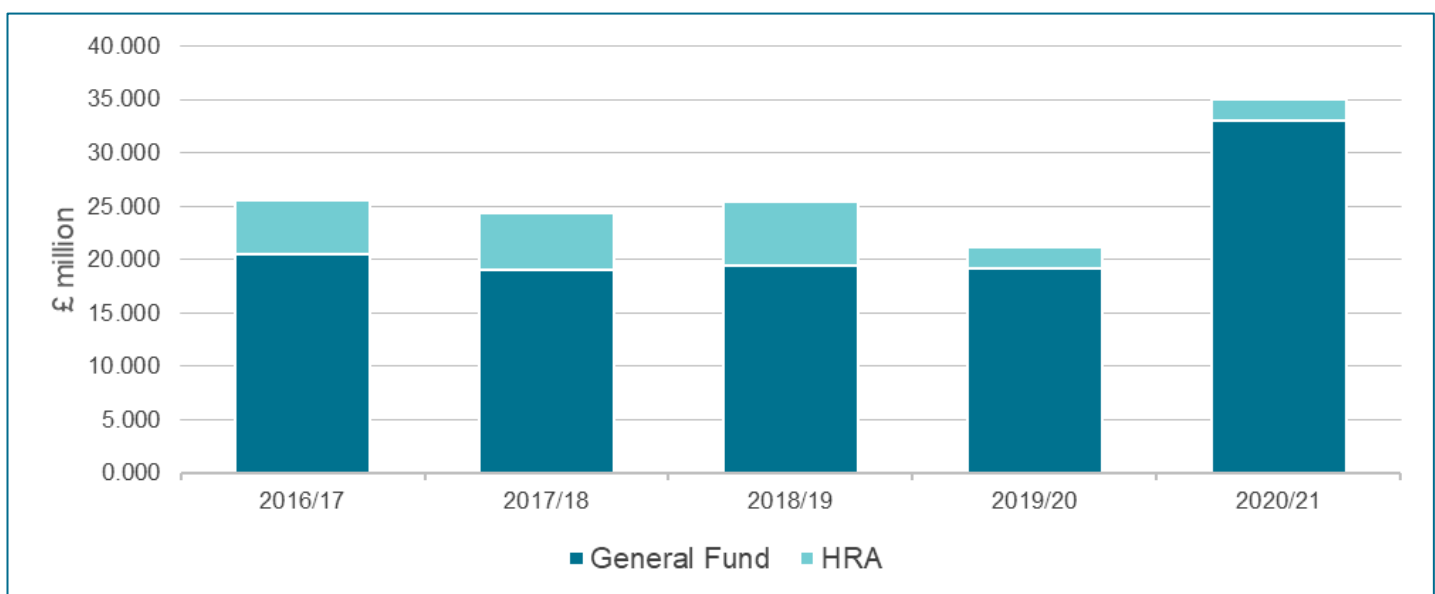
earmarked for 2021/22. This funding is included in earmarked reserves in a dedicated Covid-19 fund. The increase also includes a capital receipt for £0.6 million which has been earmarked to support the HRA.

52. 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. 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.

53. As set out within the approved Financial Strategy, the council is required to hold a minimum level of uncommitted reserves equivalent to 2% of annual running costs. In 20/21 the uncommitted reserve was £3.1m. The level of uncommitted reserves remains low given the ongoing uncertainties with Covid-19, Brexit and the delivery of council services in general. The 2021-2026 Financial Strategy recommends that for 2021/22, at least, a higher general reserve balance should be maintained, including the additional £5.2 million of committed reserves comprising the Civil Emergency Fund (£2.0 million), the General Services Capital Fund (£2.3 million) and the additional £0.9 million balance to support the minimum level of uncommitted reserves.

54. From 2022/23, if the projected level of uncommitted reserves falls below the 2% minimum level, members must have a clear route for restoring the minimum level over the subsequent three years. [Exhibit 4](#) provides an analysis of the movements in the general fund and HRA over the last five years.

Exhibit 4 Analysis of general fund and HRA reserve balances in last 5 years



Source: East Lothian Council Audited Annual Accounts

Planned efficiency savings were achieved

55. The 2020/21 budget included planned savings and contributions from reserves to address the budgeted funding gap. The council approved £3.2 million of savings in the 2020/21 budget.

56. The council achieved actual savings of £3.1 million (99% of those budgeted). Of this total, £1.0 million of savings were on a recurring basis (35%) and £2.0 million of corporate savings from underspends across staffing budgets. Officers have reported to members that there is a risk in delivering these savings on a recurring basis and the council are reviewing this position.

Capital expenditure reduced in 2020/21 as the council paused their capital investment projects

57. Total capital expenditure in 2020/21 was £56.9 million, relative to a budget of £98.1 million, of which £35.7 million (63%) related to general services and £21.2 million (37%) to the HRA. The key reason for the underspend is almost entirely due to delays caused by Covid-19 lockdown periods and suspension of construction.

Developer Contributions and Low Cost Home Ownership (LCHO)

58. 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 such developments. In 2020/21 there were developers' contributions of £22.2 million included within long term liabilities, a decrease on the prior year of £1.1 million (4.5%).

59. During 2020/21 we were alerted to the existence of 95 affordable homes that were part of the S.75 developer contributions agreements. The item arose due to the 2020/21 valuation exercise of operational land and buildings which resulted in a £5.0 million revaluation in relation to a particular category of low cost homes (refer [Exhibit 2](#), point 2). As part of our audit, we noted there was no policy or process in place between Finance and the Place teams to account for these low cost homes. Work is now underway to address this.

60. These homes are part of 'the affordable housing for home ownership scheme' run by the council. Specifically, they are part of the discounted sale

model¹ offered by the council. The scheme offers affordable homes to rent or buy. The homes are marketed at a discounted price below the open market value and are marketed to applicants who meet the council's discounted sale eligibility criteria. The percentage difference between the discounted price and the open market value price is secured by a standard security in favour of the council. The purpose of the standard security is to ensure that the property can remain affordable to future first time buyers with conditions attached to the property. The standard security is ranked after any granted by the mortgage provider. The home owner has full responsibility for maintenance and repairs of the dwelling and has legal title to the dwelling. On selling the property, the percentage discount will be paid back to the council which will be reinvested in affordable housing. If an eligible purchaser is not identified within a 13 week period then the council would have first refusal to buy the property.

61. During 2020/21 two affordable homes were unable to be sold to an eligible purchaser. The council facilitated the purchase of these properties by the recently established East Lothian Mid Market Homes LLP. The properties have therefore become affordable mid-market rental units. As part of the terms of sale, the East Lothian Mid-Market Homes LLP was required to enter into an agreement secured by a standard security with the council to ensure the properties would remain affordable. The proposals and arrangements were presented to Cabinet in January 2021 and a further paper lodged in the Members' Library in February 2021.

62. The consideration ELC has given to this LCHO transaction has ensured the original homes have remained within the affordable housing stock and further reinforces the council's commitment that these S.75 contributions 'in kind' are being used for the purposes as set out in the Local Development Plan supplementary guidance and as part of the council's longer term plans and objectives for affordable housing.

Recommendation 3

The Finance and Place teams need to establish a policy and associated procedures, including a detailed register of the low cost homes as part of the S.75 agreements, in order to effectively manage the process and ensure the policy objectives are being appropriately delivered.

¹ Homes offered for sale by the council which is a standard dwelling sold by a developer in partnership with East Lothian Council, to an agreed identified client group, at a specified price below market value.

Borrowing levels have remained static

63. At 31 March 2021, long term borrowing stood at £345.8 million, a decrease of £20.8 million on the 2020 level of £366.6 million. During the same period, short term borrowing increased from £18.8 million to £32.3 million. There has been an overall reduction in borrowing of £7.3 million.

64. 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.

Financial systems of internal control operated effectively

65. Our management letter presented to the Audit and Governance Committee on 15 June 2021 concluded our findings from the review of systems of internal controls. We concluded that the controls tested were operating effectively. No significant internal control weaknesses were identified during the audit which could affect the council's ability to record, process, summarise and report financial and other relevant data to result in a material misstatement in the financial statements.

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

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

67. The risk profile of public bodies during 2020/21 has been significantly affected by the Covid-19 pandemic. This is likely to have increased the risk of fraud and error as control environments and internal controls have had to change to allow for services to operate effectively and respond to issues in a timely manner. We have reviewed the arrangements put in place by the council and concluded that there are appropriate arrangements for the prevention and detection of fraud, error and irregularities.

68. In addition, we have reviewed the arrangements in place to maintain standards of conduct. There are established procedures for preventing and detecting any breaches of these standards including any instances of corruption.

National Fraud Initiative

69. The National Fraud Initiative (NFI) is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud. The council is proactive in investigating matches and reporting the outcomes of NFI activity to those charged with governance.

70. During 2020/21 the council had 3,104 individual matches. Internal audit has reviewed 906 of the highest risk matches. 577 matches have been fully

investigated and closed and a further 329 matches are currently in progress. Of the 577 matches:

- 482 cases identified no fraud or errors
- 87 cases identified errors in respect to blue badges with action being taken by the council
- 8 cases of overpayments/under recovery totalling £102,518 was identified which has been or is being recovered by the Council, with the exception of £22,287 from a company that has now ceased trading, although recovery efforts are being made.

71. A detailed report on the results will be presented to the Audit and Governance Committee on 30 November 2021.

3. Financial sustainability

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

Main judgements

The financial impact of the Covid-19 pandemic on the council will be challenging over the coming years.

Medium and longer term financial plans are in place and are being reviewed and updated to reflect the impact of the pandemic.

The financial impact of the Covid-19 pandemic on the council will be challenging

72. The financial impact of the pandemic on East Lothian Council is likely to extend across several years and could include a reduction in income from business rates and council tax non-payments as well as a reduction in fees and charges from, for example, leisure, public transport and parking. Bodies may also face increased costs such as higher staff costs to cover the delivery of services.

73. In March 2021, the council's approved three year budget included the delivery of £9.2 million planned savings. £0.9 million was planned to be realised in 2021/22 through increased income, efficiencies and other savings. The quarter one financial review notes that it is unlikely that all budgeted income will be realised, and the council faces a wide range of financial uncertainties and further cost and demand pressures.

74. Additional, one-off Covid-19 funding in 2021/22 will mitigate some of the additional pressures but the recurring implications of Covid-19 will continue to present a significant risk to financial planning as the recovery phase continues. At the end of June 2021, the council reported a £0.2 million overspend for general services revenue.

75. The quarter one financial review estimates that the cost of supporting wider Covid-19 pressures and interventions in 2021/22 will exceed £11.0 million. This will be met largely by non-recurring funding. £10.4 million of additional general revenue grant funding has been provided and £0.37 million of funding has been provided for business support schemes.

Medium and longer term financial plans are in place and are being reviewed and updated to reflect the impact of the pandemic

76. The council has a five-year financial strategy in place covering the period 2021/22 to 2025/26, approved in December 2020. The strategy is reviewed annually to ensure it remains relevant and appropriate. Spending plans for the three-year period from 2020/21 to 2022/23 were approved in March 2020 as part of the 2020/21 annual budget process. As noted previously, the council has not used scenario analysis in the current five-year financial strategy due to the exceptional and unpredictable external influences affecting the wider economy. A revised five-year strategy covering 2022/23 to 2026/27 will be presented to Council in December 2021.

4. Governance and transparency

The effectiveness of scrutiny and oversight and transparent reporting of information

Main Judgements

The governance arrangements introduced in response to the pandemic are appropriate and operated effectively.

There is effective scrutiny, challenge and informed decision making.

Governance arrangements operating throughout the Covid-19 pandemic have been appropriate and operated effectively

77. We have concluded that, overall, East Lothian Council has appropriate and effective governance arrangements in place which support effective scrutiny, challenge and decision making. This is informed by our regular attendance at the Audit and Governance Committee, review of Full Council and Cabinet papers and other committee papers, as appropriate. The meetings and business to be scrutinised were not disrupted by the pandemic and continued to operate using MS Teams and other virtual platforms.

Performance reporting in the management commentary was of a good standard

78. The Management Commentary in the unaudited accounts submitted to audit provided information on the council, its main objectives and the principal risks faced during 2020/21. It is fair, balanced and an understandable analysis of the council's performance for the year. It adequately explains to stakeholders, in plain English, the performance of the council and is consistent with the performance shown in the financial statements.

79. In particular there is transparency in reporting the impact of Covid-19 on outturn and reserves. The Management Commentary also explains the Covid-19 agency payments made during the year and this is supported by comprehensive notes in the financial statements (Note 9 agency income and expenditure, and Note 34 grant income). We comment more on performance reporting in Part 5 of this report.

Musselburgh Racing Associated Committee (MRAC)

80. The Musselburgh Racing Associated Committee (MRAC) was dissolved during 2020/21. Musselburgh Racecourse was transferred to Chester Race Company Ltd on 24 June 2020, and MRAC ceased to operate at the point of transfer. The final meeting of MRAC took place on 22 June 2020. A separate independent company, Musselburgh Racecourse Limited was set up and is responsible for the operation of the racecourse. The council still retains ownership of and responsibility for the racecourse but it has no ownership or control with regards to the new Musselburgh Racecourse Limited company. MRAC is included in the 2020/21 group accounts for the first three months of the financial year.

5. Best Value

Using resources effectively and continually improving services.

Main judgements

The council has made limited progress in addressing the Best Value improvement plan actions due to Covid-19.

The Covid-19 pandemic has had a significant impact on council services.

81. Best value is assessed over the audit appointment, as part of the annual audit work. In addition, a Best Value Assurance Report (BVAR) for each council is considered by the Accounts Commission at least once in this period. The BVAR report for East Lothian Council was published in November 2018.

Council Improvement Plan

82. After publication of the BVAR, and based on the recommendations made therein, the council adopted a 2018-2020 Improvement Plan. The Improvement Plan has been revised and updated annually. The 2021/22 Improvement Plan was approved by the council in February 2021. The Plan notes that limited progress has been made against the improvement actions, as the council continued to operate in business continuity plan mode throughout 2020/21, with non-critical actions put on hold. Revised timescales and deadlines have been given to all the improvement actions with a target to be completed by 2022.

83. The council has completed its annual corporate governance self-evaluation exercise and presented this to the Audit and Governance Committee in June 2021. The self-evaluation has not identified any additional improvement actions over and above those already included in the 2021/22 Improvement Plan.

84. The council management team participated in a Covid-19 interim lessons learned structured debrief in June 2021. A further Interim Structured Debrief Workshop for all Elected Members was held in September 2021 to explore the experiences – positive and negative – and capture lessons to be learned, including review of council decision-making, leadership, managing risks and stakeholder engagement. Findings will be incorporated into an updated Improvement Plan.

Statutory performance indicators (SPIs) are being met

85. The Accounts Commission has a statutory responsibility to define the performance information that councils must publish. In turn, councils have their own responsibility, under their Best Value duty, to report performance to the public. The Commission does not prescribe how councils should report this

information but expects them to provide the public with fair, balanced and engaging performance information.

86. 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.

87. The council's most recent annual performance report, 2019 Annual Performance and 'State of the Council,' report was published in October 2019. The 2020 Annual Report covering 2020/21 was not produced due to the council operating under a business-critical approach, which deprioritised the report. Despite this, the council have continued to monitor and report on SPI 1 and 2 measures through the Policy and Performance Review Committee (PPRC) during 2020/21, and all the papers are publicly available.

The Covid-19 pandemic has had a significant impact on council services

88. The pandemic has had a substantial impact on performance measures, particularly for services which have been temporarily suspended, are operating at a reduced level, or have had to adapt to new ways of working. The council have continued to monitor key performance targets throughout the year with performance being regularly reported to the PPRC. The 2020/21 Quarter 4 and Annual Performance Report was presented to the PPRC in June 2021 providing members with information regarding the performance of council services during Quarter 4 and the Annual Performance Indicators for 2020/21 compared against the previous year. The 2021/22 Quarter 1 report and top 50 performance indicators for 2020/21 were presented to PPRC in September 2021.

89. Some services had to stop due to lockdown, with staff being diverted to business critical or new activity in response to the pandemic. The pandemic has also had a significant impact on quarterly and annual performance indicators as reported in September 2021. The report notes that the top 50 council plan indicators have different reporting timeframes and many rely on national data which are not yet available. The latest information provided to PPRC included 27 indicators where comparable data was available for 2020/21 and 2019/20. 19 (70%) of these indicators were either maintained or improved in performance over the last year, and eight (30%) showed a decline in performance. Some highlights from the reports include:

- Homelessness – cases fluctuated due to Covid-19, increasing to 169 (2019/20: 139). Performance remains within the council's overall target of 200 cases. Homelessness assessments completed in under 28 days is above target at 90% as a result of a new framework being implemented.

- Processing of new housing benefit claims – the number of changes in Housing Benefit has increased due to the impact on the economy and household incomes from Covid-19. New claims performance processing for 2020/21 averaged 20.84 days (target 26 days). Performance for processing changes in circumstances averaged 5.51 days (2019/20: 3.19 days) against a target of 6 days.
- Staff absence – sickness absence days for teachers fell to 2.90 (2019/20: 4.92) and for non-teaching staff 7.07 (2019/20: 9.46).

National performance audit reports

90. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2020/21, Audit Scotland a number of reports were issued which may be of interest to the body. These are outlined in [Appendix 3](#).

91. East Lothian Council has well established and satisfactory arrangements in place for considering and reviewing national reports including any locally agreed actions. The reports are presented with a covering paper to the relevant committee(s) and an opportunity for members to ask questions is also provided.

Good practice points

92. The Policy and Performance Review Committee are provided with performance indicators from the Improvement Service's Covid-19 Weekly Dashboard, the council's Quarterly and Annual Performance Indicators, and the council plan top 50 scorecard, showing how the council and its services have been affected by the pandemic. Elected members are provided with information on the council's response to Covid-19 challenges and a baseline against which recovery can be measured.

Appendix 1: Action plan 2020/21

2020/21 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p>1. Dr Bruce Fund</p> <p>Minimal payments are being paid out of the Fund</p> <p>Risk – There is a continuing risk that the trust fund is not operating effectively to meet its objectives (e.g. lack of provision of grants annually) and the trustees are not discharging their duty correctly.</p>	<p>The council and the Dr Bruce Fund trustees should work together to ensure the Fund is being actively managed and used for the purposes intended (refer paragraph 22).</p>	<p>Management action:</p> <p>A wider review of Trusts is ongoing but has been delayed due to Covid-19 in support of business continuity priorities. Any wider disbursement of funds will be considered in due course.</p> <p>Responsible officer:</p> <p>Executive Director for Council Resources</p> <p>Service Manager - Legal</p> <p>Agreed date:</p> <p>Ongoing</p>
<p>2. Common Good (CG) review</p> <p>Following a review by the council's legal team, a significant number of council assets (land and buildings) have now been identified as belonging to the common good. This was despite an annual corporate review arrangement and the council's formal five year valuation cycle both of which were intended to identify common good assets.</p> <p>Risk – there is a continuing risk that not all common good assets have been identified.</p>	<p>Processes for identifying and confirming assets held should be reviewed and amended. The formal valuation cycle itself is insufficient to gain the appropriate assurances that assets are classified correctly.</p> <p>The council should continue to progress the CG review. Having recognised that the council is using common good assets for the provision of council services, an appropriate lease arrangement must be set up (refer Exhibit 2).</p>	<p>Management action:</p> <p>Work on review and consolidation is ongoing; COVID-19 demands limited progress.</p> <p>Responsible officer:</p> <p>Executive Director for Council Resources</p> <p>Service Manager - Legal</p> <p>Agreed date:</p> <p>Report will be brought to Council June 2022.</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>3. Low Cost Home Ownership (LCHO)</p> <p>The Finance Team were not sighted on the existence of this category of affordable homes until it was presented to the council as a purchase option. It equates to a S.75 developer contribution.</p> <p>Risk – there is a risk that policy objectives are not met if the assets with which an ‘in kind’ developer contribution is linked, are not closely monitored over time.</p>	<p>The Finance and Place teams need to establish a policy and associated procedures, including a detailed register of the low cost homes as part of the S.75 agreements, in order to effectively manage the process and ensure the policy objectives are being appropriately delivered (refer Exhibit 2).</p>	<p>Management action:</p> <p>Action is noted and will be progressed with relevant officers.</p> <p>Responsible officer:</p> <p>Service Manager – Corporate Accounting</p> <p>Agreed date:</p> <p>31 March 2022</p>

Follow-up of prior year recommendations

Issue/risk	2019/20 Recommendation	2020/21 Update Agreed management action/timing
<p>4. 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 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>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 is known to the wider community.</p>	<p>In Progress</p> <p>Progress on the Common Good and Trust Funds Review during 2020/21 was affected by the council’s adoption of the ‘business continuity’ approach in response to Covid-19. This limited but did not stop activity and progress.</p> <p><u>Common Good</u> - The Council had a public consultation on clarification of the Common Good asset base. It is considered that this is a critical first step in the overall review process, as it will directly affect the assets identified and registered as being related to each Common Good fund.</p>

Issue/risk	2019/20 Recommendation	2020/21 Update Agreed management action/timing
<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>During 2021/22 the Council intends to continue progress through finalising the publicly accessible Common Good asset register; and considering the manner in which that asset register can be best used to support the Common Good governance arrangements as well as the achievement of the Common Good funds' objectives.</p> <p><u>Trust Funds</u> - Progress was more limited, affected primarily by the Covid-19 business continuity arrangements, as well as the loss of a staff member with Trust Funds experience.</p> <p>For 2021/22 the Council is actively assessing the options available for supporting a re-organisation of Trust Funds, without adversely affecting the Council's General Services and HRA management responsibilities.</p> <p>The Finance Service structure is also undergoing a consultation process, and the financial management provided for Trust Funds and Common Good is being considered as part of this process.</p> <p>We have raised a new recommendation in Exhibit 2 regarding the Common Good fund.</p> <p>Responsible officer: Executive Director for Council Resources</p> <p>Revised date:</p>

Issue/risk	2019/20 Recommendation	2020/21 Update Agreed management action/timing
<p>5. Trade receivables review</p> <p>A review of aged receivables at year end found some outstanding amounts that had not been reviewed for over a year.</p> <p>Risk: There is a risk that that irrecoverable balances are not being provided for nor 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.</p>	<p>Update report will be delivered during 2022</p> <p>Completed</p> <p>Since inheriting an accumulated balance of historic Sundry Accounts debt in May 2019, the Revenues Service has implemented a variety of processes to improve debt collection and management. As a result of the improvements, the number of accounts with a positive balance reduced from 5,513 in May 2019 to 3,964 at the end of 2020/21.</p> <p>Due to the time it can take to pursue some forms of debt (e.g. Adult Wellbeing Social Care debt), balances may remain static between years.</p> <p>During 2020/21 the Council, and its debtors, were affected by Covid-19 restrictions, amended working practices and competing priorities. This affected some debt collection activities.</p> <p>The Revenues Service will continue to act to collect historic debt and reduce the historic legacy balance.</p> <p>Responsible officer: Service Manager – Revenues</p>
<p>6. 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 no reconciliation was undertaken during</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.</p>	<p>In Progress</p> <p>Progress has been slow due to Covid-19 and access to paper-based files restricted.</p> <p>During 2020/21 a cross service working group has been set up and meets monthly. The group aims to</p>

Issue/risk	2019/20 Recommendation	2020/21 Update Agreed management action/timing
<p>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 nor written-off, as appropriate.</p>		<p>identify repair balances and agree an action plan. Senior Officers met in August 2021 to quantify the debt outstanding and decide what approach should be taken for each debt (e.g. refer write off, additional recovery action etc.).</p> <p>As well as quantifying the Common repairs' debt, the physical papers will also be scanned and indexed for easier future remote access.</p> <p>The progress made is encouraging. We recommend that the group continues their work to complete the common repairs' review.</p> <p>Responsible officer: Executive Director for Council Resources</p> <p>Revised date: 31 March 2022</p>
<p>7. 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</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.</p>	<p>Outstanding</p> <p>Due to the impact of Covid-19 there has been no progress made against this point.</p> <p>The update on the Council Improvement Plan using a revised format will be prepared in the autumn (by November 2021).</p> <p>We continue to recommend that the council's reporting and monitoring against its improvement plan should be improved to update members on what has been achieved through its improvement actions.</p> <p>Responsible officer:</p>

Issue/risk	2019/20 Recommendation	2020/21 Update Agreed management action/timing
<p>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>Service Manager – Policy, Improvement & Partnerships</p> <p>Revised date: 31 March 2022</p>
<p>8. 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 successful initiatives, reporting against equalities and Fairer Scotland duties needs to be more joined up and less disperse.</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.</p> <p>We recommend that implementation of the single framework is closely monitored to ensure adherence and success.</p>	<p>In Progress</p> <p>A draft Equalities Plan 2021-2025 and a draft poverty plan 2021-2023 have been published for consultation and the final drafts of the new Plans will be presented to Council in October 2021. A new single Equalities Performance framework will be adopted following approval / adoption of these new plans with new indicators and targets (November 2021).</p> <p>We recommend that implementation of the single framework is closely monitored to ensure adherence and success.</p> <p>Responsible officer: Service Manager – Policy, Improvement & Partnerships</p> <p>Revised date: 31 March 2022</p>

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
<p>1. Risk of material misstatement due to fraud caused by management override of controls</p> <p>International Standards on Auditing require that audits are planned to consider the risk of material misstatement in the financial statements caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of fraud due to the management override of controls.</p> <p>This risk includes the potential for management to influence the results in the financial statements through estimates and judgements. In response to Covid-19, some internal controls were amended to maintain processing levels and, in some instances, this may have increased the opportunity for management override.</p>	<p>Detailed testing of journal entries.</p> <p>Reviewed accounting estimates.</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluation of significant transactions that are outside the normal course of business.</p>	<p>Results:</p> <p>We found no instances of material misstatement due to fraud caused by management override of controls.</p> <p>Conclusion: Satisfactory</p>
<p>2. Risk of material misstatement caused by fraud in revenue recognition</p> <p>As set out in ISA (UK) 240, there is a presumed risk of</p>	<p>Analytical procedures on income streams.</p> <p>Detailed testing of revenue transactions focusing on the areas of greatest risk.</p>	<p>Results:</p> <p>We found no instances of material misstatement caused by fraud in revenue recognition.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>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>	<p>Assessed high level controls in significant areas of income.</p>	<p>Conclusion: Satisfactory</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 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>As a consequence of Covid-19 there are changes in the pattern of expenditure, and in the processing of transactions, with staff working from home. Both factors increase the risk of fraud and error.</p>	<p>Reviewed work on the National Fraud Initiative.</p> <p>Assessed high level key controls in significant areas of expenditure.</p> <p>Focused substantive testing of expenditure and housing benefit transactions.</p>	<p>Results:</p> <p>We found no instances of material misstatement caused by fraud in expenditure.</p> <p>Conclusion: Satisfactory</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</p>	<p>Completed 'review of the work of an expert' in accordance with ISA 500 for the professional valuer(s) and actuary.</p> <p>Focused substantive testing of asset valuations and asset useful lives.</p>	<p>Results:</p> <p>Based on our audit testing, we were satisfied with the estimates and judgments in the accounts.</p> <p>Conclusion: Satisfactory</p>

Audit risk	Assurance procedure	Results and conclusions
of misstatement in the financial statements.	<p>Focused substantive testing of provisions.</p> <p>Reviewed the work by ELC to ensure adequate review, presentation and disclosure of provisions / contingent liabilities.</p>	
<p>5. Presentation and disclosure of Covid-19 transactions, as principal or agent</p> <p>Depending on the nature of the arrangement, the council acts as principal or agent and, consequently, different accounting treatment applies.</p> <p>There is a risk that Covid-19 transactions are incorrectly presented and disclosed in the financial statements.</p>	<p>Confirmed arrangements put in place conform to Scottish Government guidance issued.</p> <p>Reviewed and assessed systems of internal control, as appropriate.</p> <p>Reviewed disclosure of agency transactions in accounts.</p> <p>Substantively tested principal transactions to ensure correct classification and treatment.</p>	<p>Results:</p> <p>Whilst several adjustments were made to the unaudited accounts to reflect the guidance we confirmed that, overall, the disclosure of Covid-19 transactions followed the Scottish Government and LASAAC guidance.</p> <p>Conclusion: Satisfactory</p>

Risks identified from the auditor's wider responsibility under the Code of Audit Practice

Audit risk	Assurance procedure	Results and conclusions
<p>6. Financial sustainability</p> <p>The council operates in an increasingly challenging and uncertain financial and economic environment, where the demand for services is also increasing.</p> <p>The council are anticipating to achieve financial balance in 2020/21 however, this will largely be due to one-off interventions and additional non-recurring savings.</p> <p>For 2020/21 there are a higher number of services than normal that are categorised as High or</p>	<p>Reviewed ELC's progress towards delivery of its transformation and savings plans as part of our normal audit procedures.</p> <p>Reviewed financial monitoring reports and the council's financial position.</p> <p>Reviewed minutes of the Full Council, Cabinet, Audit and Governance Committee as appropriate.</p>	<p>Results:</p> <p>An update on 2020/21 is provided in Part 2 of this report. In summary, budget and savings plans remain challenging. The end of year financial review states that without the additional funding provided and the use of permissible flexibilities, the council would have had an overspend of £11.5 million in 2020/21.</p> <p>Conclusion:</p> <p>The Covid-19 pandemic had a significant impact on the 2020/21 budget. Total expenditure increased from</p>

Audit risk	Assurance procedure	Results and conclusions
<p>Medium risk of not operating within approved budgets.</p> <p>Some Scottish Government Covid-19 funding will be provided for 2021/22, but this is currently significantly lower than that provided nationally in 2020/21. At the end of December 2020, in-year Covid-19 pressures, many of which are recurring, amounted to over £16 million. This will impact on future spending plans unless additional funding is provided.</p>		<p>£243.9 million to £255.6 million, although at year end there was an underspend of £12.5 million. Challenges remain and the financial impact of the Covid-19 pandemic on the council will be challenging over the coming years with medium and longer term plans being reviewed and updated to reflect the impact of the pandemic.</p>

Source: 2020/21 East Lothian Council Annual Audit Plan

Appendix 3: Summary of national performance reports 2020/21

April 2020

[Affordable housing](#)

June 2020

[Highlands and Islands Enterprise: Management of Cairngorm mountain and funicular railway](#)

[Local government in Scotland Overview 2020](#)

July 2020

[The National Fraud Initiative in Scotland 2018/19](#)

January 2021

[Digital progress in local government](#)

[Local government in Scotland: Financial overview 2019/20](#)

February 2021

[NHS in Scotland 2020](#)

March 2021

[Improving outcomes for young people through school education](#)

East Lothian Council

2020/21 Annual Audit Report

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REPORT TO: East Lothian Council

MEETING DATE: 14 December 2021

BY: Chief Executive

SUBJECT: East Lothian Council's 2021 Annual Performance and 'State of the Council' Report

3

1 PURPOSE

- 1.1 To provide Council with the 2021 Annual Performance and 'State of the Council' Report.

2 RECOMMENDATIONS

- 2.1 That Council approves the 2021 Annual Performance and 'State of the Council' Report.

3 BACKGROUND

- 3.1 The 2017-2022 Council Plan included a commitment that the Council will publish its Annual Public Performance Report in the form of an annual "State of the Council" report. The first Annual Performance and 'State of the Council' report was approved by Council in October 2019. There was no report produced in 2020 due to the Council operating under Business Continuity which prioritised business critical activity. With the easing of lockdown in 2021 and the return of some non-business critical activity it has been possible to produce a 2021 report.
- 3.2 The report, which is based on reports that have already been considered by the Council, or the Audit & Governance or Policy Performance and Review Committees is in four parts:

Part 1: Introduction – sets out the purpose and format of the report

Part 2: The State of the Council 2021 – provides a general overview of the 'State of the Council' in 2021. It begins with an overview of the Council vision, objectives and priorities and outlines how the Council is endeavouring to deliver Best Value and Good Governance. The next section details how the Council has responded to the COVID-19

pandemic. The final part of this chapter provides a brief summary of how the council managed its finances in the 2020/21 financial year.

Part 3: The 2020/21 Annual Performance Report – shows how the Council is performing based on the ‘Top 50’ key, strategic performance indicators that have been established to show the progress the Council is making to deliver the Council Plan. It includes a review of how the Council is performing across 25 indicators in the Improvement Service COVID-19 performance data dashboard and the Local Government Benchmarking Framework.

Part 4: Recovery and Renewal – provides a look forward at how the Council is approaching recovery and renewal from COVID-19.

4 POLICY IMPLICATIONS

- 4.1 The reporting of performance is essential if the Council is to demonstrate continuous improvement and Best Value. Reporting performance also helps the Council to display openness, transparency and accountability.

5 INTEGRATED IMPACT ASSESSMENT

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

6 RESOURCE IMPLICATIONS

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

7 BACKGROUND PAPERS

- 7.1 Appendix 1: East Lothian Council’s 2021 Annual Performance and ‘State of the Council’ Report

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DATE	3/12/2021



HOW GOOD IS YOUR COUNCIL?

2021 Annual Performance
& State of the Council Report

2021 Annual Performance and 'State of the Council' Report

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1. Introduction

This is the second 'State of the Council' Report, following publication of the first report in October 2019. No report was produced for 2020, as throughout 2020 the Council was operating under Business Continuity mode and all resources were devoted to dealing with the COVID pandemic.

The last two years, 2020 and 2021 have been dominated by the Coronavirus/ COVID-19 global pandemic which was declared in March 2020. The pandemic has been the biggest challenge our society has faced for many generations and has created unprecedented challenges for the council.

Business Continuity Plans were formally invoked by the Chief Executive across all services on 24 March 2020 and have stayed in place throughout 2020 and 2021. The council's strategy throughout these two years has been to follow and support all relevant Scottish Government and public health guidance and to ensure that the Council continues to provide essential business critical public services, minimising the impact of the developing COVID-19 outbreak, ensuring critical services are prioritised and that planning takes place for council services to recover and restart wherever permitted/ possible. The Council's Business Continuity Plans and Response and Recovery structures continued to flex to reflect the changing guidance issued by Scottish Government and to address the developing challenges brought from COVID-19 impact.

From March 2020 to March 2021 just over 2,700 East Lothian citizens were recorded through the official Public Health Scotland dashboard as having tested positive for Coronavirus and 108 Coronavirus deaths were recorded. These are significant under-recording of the total number of people who contracted the virus (it is estimated that at least 3 times as many people will have contracted the virus than were tested positive) and many deaths resulting from people contracting the virus will not have been recorded through the Public Health Scotland data. From April to November 2021 just over 10,000 positive cases have been recorded and 27 deaths have been attributed to COVID.

The pandemic has had a significant impact on all council services. Front-line services such as, protective services, education, waste services, and social services continued to provide essential services. Around office based council staff have been working

from home since March 2020. 'Back office' services had to develop new processes and systems such as the distribution of Business Support Grants, online learning for school pupils, making bank payments to families eligible for Free School Meals, and setting up a new COVID-19 helpline. During the lockdown periods in 2020 Council services worked in partnership with community and third sector groups to provide support and assistance to the over 3,600 people who were 'shielding' and thousands more who required help and assistance through lockdown.

Since the council has been operating in Business Continuity mode since March 2020, focusing on business critical activity, responding to the pandemic and mitigating the negative impact of lockdown on people, communities, society and economy there has been much less focus on delivering the priorities and objectives set out in the Council Plan and Improvement Plans. Therefore this Annual Performance and 'State of the Council' report has a different emphasis than the first report published in 2019.

Part 2 provides a general overview of the 'State of the Council' in 2021. It begins with an overview of the Council vision, objectives and priorities and outlines how the Council is endeavouring to deliver Best Value and Good Governance. The next section details our how the Council has responded to the COVID-19 pandemic. The final section provides a brief summary of how the council managed its finances in the 2020/21 financial year.

Part 3 is the 2020/21 Annual Performance Report, which shows how the council is performing based on the 'Top 50' key, strategic performance indicators that have been established to show the progress the council is making to deliver the Council Plan. It includes a review of how the Council is performing across 25 indicators in the Improvement Service COVID performance data dashboard and the Local Government Benchmarking Framework.

Part 4 provides a look forward at how the council is approaching recovery and renewal from COVID.

2. The ‘State of the Council’ 2021

Vision, Objectives and Priorities

The Council’s objectives and priorities were established in the [2017-2022 East Lothian Council Plan](#).

The Plan is based around the vision of ‘***an even more prosperous, safe and sustainable East Lothian with a dynamic and thriving economy that will enable our people and communities to flourish.***’ The Plan sets out how the council will strive to achieve this vision with an overarching objective to ***Reduce inequalities within and across our communities*** and four themes:

- ***Growing our Economy*** – to increase sustainable and inclusive economic growth as the basis for a more prosperous East Lothian.
- ***Growing our People*** – to give our children the best start in life and protect vulnerable adults and older people.
- ***Growing our Communities*** – to give people a real say in the decisions that matter most and provide communities with the housing, transport links, community facilities and environment that will allow them to flourish.
- ***Growing our Capacity*** – to deliver excellent services as effectively and efficiently as possible within our limited resources.

The Council Plan sets out nine strategic goals, which will make the biggest impact in delivering the Plan’s objectives. These are:

- 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 that technology offers in the provision of services.

The Council Plan contains around 50 specific commitments and actions that will support the delivery of these objectives and strategic goals.

Alongside the [2017-2022 East Lothian Council Plan](#), the council has adopted strategic plans that set out how it will meet these challenges, including:

- a 5-year Financial Strategy
- a [5-year Capital Programme](#) that sets out the basis for future investment in infrastructure
- the revised [Economic Development Strategy](#) to drive sustainable economic growth
- the [Local Housing Strategy](#) that will deliver a substantial increase in new affordable housing over the next ten years
- the [Local Transport Strategy](#) that aims to create the transport infrastructure required to meet the needs of our growing population as sustainably as possible
- the delivery plan to provide 1140 hours of early learning and childcare for 3 and 4 year olds and vulnerable 2 year olds
- the [Education Improvement Plan](#) that aims to drive up school exam results of all pupils
- the [Integration Joint Board's Strategic Plan](#) that plans the delivery of the vital services required to meet the ever growing demand for care services for elderly people and the most vulnerable in our society.

Whilst responding to the COVID pandemic has been the Council's priority throughout 2020 and 2021 it remains committed to pursuing the vision achieving the objectives and goals set out in the 2017-2021 Council Plan. The Council's response to, and plans to recover from, the COVID pandemic are influenced by the objectives and goals set out above.

Delivering Best Value and Good Governance

[The Best Value Assurance Report](#) published by the Accounts Commission in November 2018 highlighted that East Lothian Council has improved significantly since the previous Best Value audit, which was carried out in 2007. The Best Value Assurance Report was a very positive report, which highlighted that the council has a good record of delivering services in the context of budget constraint and increasing local population. It recognised that governance arrangements, decision-making processes, leadership

and scrutiny have improved and that the council is on a journey of continuous improvement with clear plans in place for further improvements. Other key points in the Best Value Assurance report included:

- The pace of improvement has increased in recent years, with education being a particular focus
- The council has planned for population growth, with a well-supported vision
- Financial management is effective with a budget-setting process focused on the council's priorities
- Strong links are in place with partners and the council works well and engages effectively with local communities
- Most local residents are happy with services provided by the council, with high overall satisfaction.

The council adopted a 2018-2020 Improvement Plan based on the findings and recommendations of the Best Value Assurance Report. This Plan was revised and updated with actions identified by the 2020 Corporate Governance Self-Evaluation and the external auditors' 2019/20 Annual Audit. A revised Council Improvement Plan was approved by Council in February 2021. However, limited progress has been made against improvement actions in the Plan, as the council has continued to operate in Business Continuity mode throughout 2020 and 2021 and actions have been put on hold as they are not critical activity. Revised timescales and deadlines have been given to all the actions to be completed in 2022.

The Council adopted the principles of Corporate Governance based on the CIPFA / SOLACE guidance in 2010. CIPFA / SOLACE published a new 'delivering good governance' framework in 2016. The framework defines seven principles that should underpin the governance of local authorities.

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimize the achievement of the intended outcomes
- Developing the council's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

These seven principles are supported by 21 sub-principles each of which has a set of behaviours and actions against which good governance in practice can be assessed.

The Council Management Team undertakes an annual self-evaluation exercise, testing the council's governance arrangements against the Good Governance Framework. The self-evaluation draws on extensive evidence from council policies and practices and also from the Best Value Assurance audit undertaken by Audit Scotland in 2018, external auditors' reviews of internal controls in financial systems and audits which have not identified any significant governance or control weaknesses.

The 2021 Corporate Governance self-evaluation found that the council continues to comply well with the principles of the framework. The self-evaluation did not identify any additional improvement actions over and above those already included in the 2021-2022 Council Improvement Plan. However, the council is committed to Continuous Improvement and as well as ensuring that the Plan's improvement actions are concluded as planned over the next year it will continue to review its policies and practices.

Responding to the COVID-19 Pandemic

Although the COVID-19 pandemic is very different from any of the Civil Emergencies that have been experienced, planned for and rehearsed, East Lothian Council has had to and will continue to respond under the Civil Contingencies Act 2004 (Contingency Planning) (Scotland) Regulations, 2005. As a Category 1 responder, the Council works closely with all other Category 1 and 2 responders, including NHS Lothian and Police Scotland, particularly through the East Regional Resilience Partnership (RRP) and Lothian & Borders Local Resilience Partnership (LRP) Groups.

The COVID-19 Command and Response Structure determined by civil contingency and business continuity plans has remained in place throughout 2020 and 2021, with the Chief Executive designated as 'Gold Command'.

The Council Management Team held a weekly COVID-19 Response and Recovery Meeting throughout 2020, moving to bi-weekly meetings in summer 2021. The Head of Communities is 'Silver Command' for response and leads the Council's COVID-19

Emergency Planning Response, supported by the East Lothian Council COVID-19 and Concurrent Risks Oversight Group (COG) and supporting sub-groups.

The Executive Director Council Resources is 'Silver Command', for response, leading the COVID-19 Emergency Planning Recovery and Renewal and the approved Recovery and Renewal Framework, developed by a Multi-agency Recovery & Renewal Co-ordinating Group (MARRCG) and supporting sub groups.

The Council Management Team monitors Business Critical Activities and has overseen the COVID-19 Risk Register with the COVID-19 risk reported within the Corporate Risk Register presented at the Audit and Governance Committee and the Council on several occasions through 2020 and 2021.

Since March 2020 and the various phases of lockdown, relaxation of lockdown and then further lockdown all council staff who could work from home were asked to work from home, and every effort was made to continue to deliver critical services with non-essential services (and buildings) mothballed in order to follow the advice and guidance issued by the Scottish Government.

The Council's response to COVID-19 has been driven by the three **ELC** values – Enabling, Leading and Caring.

Enabling – recognising that the Council cannot do everything itself, we have supported the vast voluntary effort that has risen up in all our communities.

Leading – the Council has led the response to the emergency in East Lothian. We have ensured that critical services continue to be delivered and established, virtually overnight, critically important services to protect vulnerable children, older people and those most at risk from the virus.

Caring – throughout the emergency the Council has put the needs of the vulnerable in our society and our communities at the heart of our response.

The Council's response to COVID-19 has highlighted the importance and relevance of the staff behaviours as set out in ***The East Lothian Way***.

WORKING TOGETHER – We collaborate with our partners, customers and colleagues to build strong and lasting relationships based on understanding, compassion, trust, integrity and mutual respect. For example, Council services have worked very closely with Police Scotland in the enforcement of social distancing regulations and in managing the pressures caused by the influx of visitors to East Lothian's coast and countryside as lockdown eased.

BE THE BEST WE CAN BE – Staff take responsibility and use their initiative to deliver the highest quality of services as efficiently and effectively as possible. For example, social care and social work staff continue to be on the front line delivering personal care to vulnerable individuals while maintaining relationships to help individuals, families and cared for young people to make positive changes. This has been particularly challenging over the last 20 months with limited home visits and face to face contact and instead relying on phone calls to maintain contact.

INITIATE & EMBRACE CHANGE – The Council and its staff embrace the need for change and initiate new ways of working. For example, many services had to adapt the way they operated to enable staff to continue to provide services whilst working from home. Around 1,000 council staff have adapted to working from home over since March 2020, initially using Skype for meetings, new electronic forms and providing services and maintaining contact with the public and service users on a virtual rather than face-to-face basis.

MAKE THINGS HAPPEN – We plan and deliver our work effectively, making sure we understand needs and priorities. For example, staff who could not do their normal job as their services were 'mothballed' were redeployed into different roles to support the effort to deliver critical and new services such as the Children's Hubs, support for Shielded People and the assessment and approval of Business Grant applications. Throughout the pandemic the council has continued its transformation programme, one feature of which was the development and launch of the new Online Customer Portal.

CUSTOMER FOCUSED – We put our customers at the heart of everything we do. For example, at the start of the pandemic a dedicated COVID-19 helpline was set up to provide a dedicated number for people requiring our support/ referral to community

resilience groups. The council also set up dedicated COVID-19 webpages to provide key information, daily updates, guidance and advice about the pandemic and how the council has been adapting its services to continue to provide the critical and emergency services that people rely on.

The unprecedented effort that the council, its staff and communities put in to responding to the pandemic and mitigating its negative impact on society, the economy and our communities is highlighted in the three case studies below.

Shielding People

Supporting people who were considered clinically vulnerable and were identified as requiring to shield was at the forefront of the pandemic response in East Lothian in 2020. The numbers of people shielding changed during the pandemic based on clinical advice and the addition and removal of clinical conditions that prompted eligibility. As of the 12 March 2021, 3,620 people in East Lothian were identified as 'shielded'; that equates to 3.2% of the population.

The council set up a system and special team of staff from various services including the Contact Centre, Museums and Libraries to contact everyone who had been asked to shield to ensure they received the support they needed to self-isolate, including groceries and prescriptions delivered to their home. The East Lothian public information **COVID-19 Helpline** operated through the Contact Centre continued to be available for people to contact should they require any additional support throughout the pandemic. A significant take up of support was evident in the first lockdown in summer 2020, and additional resources across the Council and the community and voluntary sector were mobilised to respond to the emerging demand for food and pharmacy deliveries.

In the subsequent restriction periods as supermarket online shopping was made available, local community support projects were established, family and friends have been providing ongoing support along with an increased confidence and resilience in adapting to current advice, demand for support significantly reduced. In the week commencing 15 March 2021, only one person made contact through the COVID Helpline. Although the service has been available throughout 2021 demand has been relatively low apart from a period when East Lothian had significant numbers of positive cases and people self-isolating.

Business Support Grants

A major effort went into publicising, processing, administering and awarding the various grants that we remade available to business throughout 2020/21. By 31 March 2021 over £28.5M of Business Support had been delivered to East Lothian businesses.

The table in Appendix 1 shows the various grants that were made available and the total amounts that were distributed in 2020/21.

The introduction of the Level 4 protective measures on 26 December 2020 drove a major increase in demand for the Strategic Framework Business Fund (SFBF) which up until then had been supporting a smaller number of businesses that had been required to either close or operate under restrictions.

A subsequent expansion in Business Support schemes being delivered by local authorities and the Enterprise Agencies to a wider range of business sectors during the following months saw additional temporary staffing resource deployed and existing staff temporarily re-assigned to administer a total of 18 separate grants assigned for Local Government delivery.

By November 2021 the total amount of funding distributed to East Lothian businesses by the Council amounted to £36.4M.

Supporting Vulnerable People and Communities

Throughout 2020/21 supporting individuals and communities that faced financial and food insecurity and growing levels of poverty was a key priority for the council.

Additional funding was made available from the Scottish Government to extend Free School Meal provision over the Easter, summer, mid-term and Christmas holidays. Whilst during the first of these periods lunch packs were provided to families during subsequent periods the council made payments in 'cash' via BACS.

In 2020 the council received a total of £800,000 in three tranches of funding from the Scottish Government to support people at risk including those isolating under Test and Protect and families and households experiencing financial insecurity related to COVID-19.

This funding was used in innovative ways to have maximum effect in supporting vulnerable people and people in poverty.

- A new Coronavirus Fuel Poverty Fund was created in December 2020 to help households who were under intense financial hardship and were struggling to afford to heat their homes and keep the lights turned on. Almost 600 one-off payments of £100 were paid to people who needed help with their gas or electricity charges.
- The Discretionary Housing Payment Fund was augmented to assist tenants with rent arrears who may be eligible for a DHP award or a top up of an existing award and have experienced new/ increased rent arrears in 2020/21.
- Children's Services was allocated funding to support families and young people through Section 22 and Section 29 Social Work payments, supplementing income and covering the cost of temporary B&B accommodation for Looked After Young People.
- Funding allocated to Adult Social Work to supported vulnerable clients in financial difficulty was distributed via third sector partners including Carers of East Lothian as well as through the Community Justice and S12 Social Work payments.
- Almost £300,000 was allocated to the six Area Partnerships to tackle food insecurity through providing support for community based food initiatives. Examples of how this funding has been used include: creating food pantries and supporting several Community Kitchens; the provision of meals, or soup and sandwich to hundreds of families and pensioners; and, establishing the Fareshare Hub which provides food supplied to over a dozen community food initiatives across East Lothian.

The Council was able to carry forward just over £900,000 funding into 2021/22 to continue to support efforts to mitigate the impact of the pandemic on individuals and families facing financial hardship. This new funding has been used in much the same way as the funding in 2020 by continuing to support the initiatives outlined above,

Delivering Sound Finance

The council's financial position as at the end of the 2020/21 financial year is set out in the Annual Accounts.

Financial Strategy

The Council's Financial Strategy forms the platform for the Council's stewardship over taxpayer's funds. The strategy is refreshed each year to reflect any changes in the financial planning landscape and to ensure that the strategy remains appropriate. The most recent current strategy covering the five year period 2021-2026 was approved by Council on 15th December 2020. Alongside this, and in line with the requirements set out within the Prudential Code, the Financial Strategy is supported by a Capital Strategy, which supports the Council's capital and borrowing decisions was also approved by Council on 15th December 2020.

The strategies are used to inform the development of financial plans and cover the General Services and Housing Revenue Account (HRA) financial plans, as well as the strategy for the use of the Council's reserves and the Capital Expenditure plan.

Treasury Strategy

The Council publishes an annual Treasury Management Strategy. This strategy links the Council's capital investment plans to its treasury management activities including borrowing and investment strategies. The latest 'Treasury Management Strategy 2021/22 – 2025/26' was approved by Council on 2nd March 2021.

Financial Statements Overview: Provision of Services Income and Expenditure

The net cost of service provision on an accounting basis in 2020/21 was £255.558M, a 1.9% increase from 2019/20. This increase can be largely attributed to the impact of COVID-19. The consequences of COVID-19 have included changes to services provided, the manner of service provision, and reduction in income for services. A decrease in capital grants and contributions received of £14.563M, from £43.634M in 2019/20 to £29.071M in 2020/21, is in part reflective of the impact of the pandemic. However, the full negative consequences of the pandemic have been partially offset for 2020/21 by various central government funding streams for COVID-19 cost pressures, as well as the Council's own management actions.

The surplus on the provision of services, after applying funding to the cost of services, was £9.935M (2019/20: £2.862M). The increase can be seen to be a reflection of the Scottish Government funding made available in 2020/21 to support services in 2020/21 and 2021/22.

Key Results of 2020/21

The impact of COVID-19 on services and funding streams is demonstrated in the financial statements. This included acting as agent for the Scottish Government in distributing a high value and volume of COVID-19 related grants to businesses and individuals. During 2020/21 the Council has responded positively to provide additional national intervention to support the wider community whilst at the same time prioritising critical Council services to those most in need. The key financial results for the year were:

- Delivery of services during the pandemic with estimated COVID-19 related pressures of some £21 million, comprising additional costs and lower service income;
- Delivery of capital investment of around £57 million to support increased investment in schools, roads and wider assets to support the communities in which we live;
- A significant increase in usable reserves, primarily attributable to additional Scottish Government funding to support COVID-19 pressures. Notably a substantive element of this funding is provided to support costs in 2021/22.

There remain significant financial challenges facing the Council, both immediately and beyond, with the long term impact of COVID-19 not yet fully determined. In particular the economic consequences of the tapering or removal of the furlough scheme; the effect on the setting of future Council Tax charges; and the future level of central government support for local services, and indeed the wider impact arising from increased service demand will all be critical factors affecting the Council. Additionally many of the underlying service provision cost pressures evident before COVID-19 continue to affect the Council.

The Council remains fully committed to find ways to explore how we can maintain high quality service provision through an enhanced approach to transformation, and a targeted partnership approach to support ongoing COVID response, but it remains

clear that without a significant injection of additional resource, the Council will undoubtedly face a major challenge to maintain all services at existing levels and will have some very difficult choices to make if financial plans and budgets are to be balanced.

The external Auditors 2020/21 Annual Audit Report provides a significant level of assurance around the Council's governance arrangements and financial management. The key messages in the report are:

Financial management

- The council has appropriate and effective financial management arrangements.
- The Covid-19 pandemic had a significant impact on the 2020/21 budget. Total expenditure increased from £243.904 million to £255.558 million, although at year end there was an underspend of £12.5 million.
- The council has appropriate budget setting and monitoring arrangements in place.

Financial sustainability

- The financial impact of the Covid-19 pandemic on the council will be challenging over the coming years.
- Medium and longer term financial plans are in place and are being reviewed and updated to reflect the impact of the pandemic.

Governance and transparency

- The governance arrangements introduced in response to the pandemic are appropriate and operated effectively.
- There is effective scrutiny, challenge and informed decision making.

Best Value

- The council has made limited progress in addressing the Best Value improvement plan actions due to Covid-19.
- The Covid-19 pandemic has had a significant impact on council services.

3. 2020/21 Annual Performance Report

The council monitors how well it delivers its services using a range of performance indicators. These indicators are reported to elected members on a quarterly or annual basis. Where relevant, these indicators have targets that help to provide context and assessment of how well the council is performing. Comparisons with other areas in Scotland are also available for many indicators through the Improvement Service’s Local Government Benchmarking Framework. Accurate, high quality, timely and comprehensive performance data is essential to the effectiveness of the [Improvement to Excellence](#) Framework. Performance data is generated for a range of purposes, which can be shown as a pyramid of indicators.



The council adopted a revised Continuous Improvement Framework ([Improvement to Excellence](#)) in March 2019; reflecting the recommendations made in the Best Value Assessment Report and the Recognised for Excellence assessment carried out in 2018. A key part of the new framework was the adoption of a suite of Top 50 Council Plan Indicators as the key indicators that monitor progress in achieving the council’s strategic goals and key commitments. A sub-set of 10 of these indicators was identified to show at a glance how the council is performing in achieving the Council Plan.

This Annual Performance Report provides an overview and summary of how the council performed in 2020/21 reviewing the Top 50 and Annual indicators, a new set of COVID related performance indicators and the latest (2019/20) Local Government Benchmarking Framework produced by the Improvement Service.

Top 50 and Annual Indicators

The Council has an established set of Key Performance Indicators to help monitor progress towards the outcomes contained in the Council Plan and East Lothian Plan. The indicators are updated on a quarterly basis and the results are reported to the Policy & Performance Review Committee.

The shutdown of non-essential services and the wider economic impact of lockdown restrictions which started on 23rd March 2021 are evident in the annual performance results for 2020/21. With services mothballed or severely restricted and many staff re-directed to undertake business critical activities or develop and deliver new services many of the council's 2020/21 performance indicators have been negatively impacted.

The Council and the Policy Performance Review Committee received reports throughout 2020/21 outlining how the Council has performed across all performance indicators. The report for 2020/21 Quarter 4 highlighted the following indicators as having been particularly affected by the pandemic.

- **Homelessness** - The number of cases has fluctuated throughout the year due to Covid-19, and increased slightly to 169 in Q4. Average number of days to re-housing from temporary accommodation has improved during Q4 to 321. Homelessness assessments completed in under 28 days is above target at 90% as a result of a new framework being implemented.
- **Recycling & Fly-tipping** – The number of vehicles accessing recycling centres has remained consistent and above the annual target despite being closed during most of the first quarter of 2020/21. Last year saw 508,309 vehicles compared to 498,881 vehicles accessing the centres in 2020/21. Flytipping incidents have decreased in recent years. There was

also a drop in incidents during the first lockdown, with a low of 55 in the Q2. Since then, figures have increased to expected levels to 120 in Q4. The annual rate is at 357 compared to 352 in the previous year.

- **Business Start-ups / Jobs** – Due to the Covid-19 pandemic restrictions, many business were closed and unable to be contacted to determine the % of Business Gateway start-ups trading after 12 months or number of new businesses. The Council has been operating under business continuity plans and has diverted resources to processing Business Support Grants.
- **Housing Benefit Claims** – The impact of Covid-19 on the economy and household incomes has led to an increase in the number of changes in Housing Benefit. The council has maintained a high level of performance during the pandemic in ensuring average time in days to process new claims and changes in Housing Benefit circumstances are processed quickly. New claims performance processing remained consistent at 21.5 days in Q4, with an annual average of 20.84 (target 26 days).
- **Attendance at sports and leisure facilities** – Attendances have been significantly impacted by the pandemic with the centres and pools being closed during both Covid-19 lockdowns in Q1 and Q4. Centres reopened from September to December but with no indoor activities due to restrictions. Outdoor activities such as golf were open from May onwards. Total attendances for the year were 70,747. The majority of these were virtual classes. Figures for indoor attendances are usually over 600,000.
- **Business Rates & Council Tax Collection** - The impact of the pandemic on local business was felt immediately and measures to mitigate this impact were put in place with the introduction of the Business Support Grants which the Business Rates team were heavily involved in. Following the reissue of annual bills in December 2020, efforts to maximise collection over the last Quarter were admirable. A further lockdown situation in January presented further challenges. The decision not to issue recovery notices in 2020/21 also impacted on collection levels. Despite these circumstance the service achieved a collection rate of 98.16%, only slightly less than the rate achieved in a normal year..
- **Council Tax Collection** - East Lothian Council has maintained a high level of Council Tax collection at 95.5% by the end of 2020/21. Council services have overcome significant challenges over the last year, striking an appropriate and considered approach between supporting local residents whilst maximising Council income. The impact of the pandemic

has been severe and many local residents have relied on significant and ongoing financial and welfare related guidance and support. In recent years we have seen significant property growth in East Lothian and although this growth slowed in early 2020/21, 645 new properties were added to our property base in 2020/21, all of which creates significant workload pressures for the services involved.

- **Tenant Rent Arrears** – Rent arrears at the end of 2020/21 stood at £1.308M – slightly higher than the previous year’s figure. Similar to other collections and debt recovery work, the impact of the pandemic has been severe and it has been a challenge to support Council tenants whilst maximising rental income and keeping arrears levels as low as possible.
- **Staff Absence** – levels of staff absence due to sickness fell during 2020/21. The average number of sickness absence days per teacher fell from 4.92 in 2019/20 to 2.90 in 2020/21 and for non-teaching staff fell from 9.46 to 7.07.

The Top 50 Council Plan Indicators have different reporting timeframes and many rely on national data which are not yet available. Therefore as at end November only 28 indicators have up-to-date comparable data that will allow comparison to be made with 2019/20 results. Since school exams did not take place in 2020 or 2021 the education attainment results in these years is not directly comparable with previous year’s data. Five indicators rely on the results of the residents survey carried out by the council every two years. The 2021 survey was delayed due to the pandemic and results will not be available until early 2022. Seven of the economic indicators were not available when this report was finalised. Up-to-date data is available for only five of the Top 10 indicators and several of those have been impacted by COVID so it is not possible to provide a year on year comparative analysis.

The table below provides a summary comparison of the 28 (out of 50) Top 50 indicators for which comparable data is available for 2020/21 and 2019/20. This shows that overall 19 (68%) of these indicators either maintained or improved in performance over the last year, and nine (32%) showed a decline in performance.

Table 1: Top 50 Council Plan Indicators: comparison of 2020/21 performance with baseline; overall and by theme

Number and proportion of indicators where:		
Performance has improved or is at or above target	Performance has remained unchanged / may not reach target	Performance has declined
Growing our Economy (4 from 11)		
1	2	1
25%	50%	25%
Growing our People (10 from 18)		
3	4	3
30%	40%	30%
Growing our Communities (7 from 12)		
2	2	3
29%	29%	43%
Growing our Capacity (7 from 9)		
3	2	2
43%	29%	29%
Overall (28 from 50)		
9	10	9
32%	36%	32%

Some of the Top 50 indicators that are of particular interest include:

- **Reducing unemployment** – The pandemic has significantly impacted on measures to reduce unemployment and had a negative impact on the economy. Job density has decreased slightly from 0.59% to 0.55%. Unemployment (the % of working age population seeking work) increased from 2.6% in March 2020 (just as the pandemic lockdown started) to 5.4% in March 2021. However, it should be noted that since the relaxation of lockdown in the spring this figure fell to around 4% in July and then to 3.5% by October 2021.
- **Improve employability** – The number of people participating in East Lothian Works employability programmes has been maintained at similar levels from previous years, increasing slightly from 554 to 557. The percentage progressing into employment has also increased from 14.4% to 21.2%.
- **Reducing crime and anti-social behaviour** – There has been a sharp increase in anti-social behaviour and COVID related calls. The number of calls increased from 6648 to 9317 during the year. This includes both Police and Council calls. This increase is partly due to the Covid-19 lockdown restrictions resulting in an increase in calls due to people spending more time at home.
- **Harness technology in the provision of services** – During the pandemic, there has been a significant increase in on-line transactions to the Council website from 12,813 to 28,578. This includes an increase in traffic relating to Covid-19 such as business grants and Council Tax reduction.
- **Improving attendance management and reducing staff absence** – The 2021 employee engagement survey that was carried out in May 2021, recorded an increase in the percentage of employees agreeing that the Council is a great place to work from 81% to 85.9%. The average number of sickness absence days lost per employee, including teachers reduced from 6.2% in 2019/20 to 5.9% in 2020/21.

COVID Indicators

From late April 2020 the council has been supplying the Scottish Government with weekly data on COVID related activities. At one point this included over 20 indicators covering areas such as support for Shielded People, numbers of teachers, children and young people attending children's hubs, number of free school meals being provided in hubs or at home, Business Support Grants and adult and child protection cases.

With the easing of lockdown and the return of schools in August 2020 the amount of weekly data provided by the Council to the Scottish Government reduced significantly. However, the Improvement Service developed a weekly COVID-19 dashboard using national and publicly available data sources as well as council provided data on key indicators of the impact of the pandemic. This weekly dashboard includes 25 indicators for which various comparisons are available – Scottish average, Family Group (Deprivation), Family Group (Geography), and Family Group (Vulnerability).

The 25 indicators reported via the Improvement Service dashboard cover a wide range of services including Environmental Health and Trading Standards Business Advice and Enforcement Activity, Test and Protect calls, Scottish Welfare Fund, Discretionary Housing Payment, housing, adult and children's social work, economic activity and education.

Appendix 2 provides a summary of the Council's performance across the 25 COVID-19 Indicators reported in the Improvement Service Dashboard, as at week 79 (week ending, 29th October 2021).

East Lothian and East Lothian Council are 'performing' better than the Scottish average on several key indicators including:

- Unemployment claimant count
- Rent arrears
- Delayed discharge
- Staff absence
- Child and adult protection registrations/ referrals.

East Lothian has been following the national trend and ‘performing’ are at or around the Scottish average on most other indicators including:

- Retail and recreational activity
- Scottish Welfare Fund grant applications
- Pupil attendance
- Domestic abuse incidents.

A small number indicators show East Lothian below the Scottish average including:

- Test and Protect inbound calls
- Business start-ups.

Local Government Benchmarking Framework

The Improvement Service’s Local Government Benchmarking Framework (LGBF) was developed to help councils to gain greater insight into their performance in order to drive improvement, deliver better outcomes and to strengthen public accountability. This is done through the process of benchmarking and allows councils that are similar to compare performance, and to learn and understand better why variances occur.

The Framework covers nine service areas: children’s services; corporate services; adult social care; culture and leisure; environmental; housing, economic development, financial sustainability and climate change. The data is gathered from a number of sources including the Local Finance Return (LFR), Scottish Social Housing Charter, the Scottish Household Survey (SHS) and Skills Development Scotland.

The LGBF now includes a total of 98 indicators., although due to lag in reporting some of the data, only 87 indicators have values in the LGBF Overview 2019/20 report that was published on 26th February 2021. {The next LGBF providing performance data for 2020/21 is due to be published in February 2022.}

Following the cancellation of the SQA examinations in 2020 and the awarding of grades based on teacher estimates of predicted attainment, the Scottish Government has advised that attainment data gathered for session 2019-20 is not comparable to data gathered in previous school sessions and should not be used for the purposes of comparative analysis of performance or trends in attainment over time. In order to comply with the Scottish Government position on this matter, SQA examination data was not included in the 2019/20 report.

The following analysis only includes indicators which have comparative previous year's data. Of the 87 LGBF indicators with values for 2018/19 and 2019/20, 54 are indicators relating to the performance of services (outputs and outcomes), 22 are indicators that relate to the cost of delivering services¹, and the remaining 11 are satisfaction indicators.

Comparison of East Lothian indicators against the Scottish average shows that 46 (58%) of the indicators are performing better than the Scottish average.

Table 2 provides a breakdown of the number of indicators that improved or declined by at least 4% between 2018/19 and 2019/20 by indicator type. Although it should be noted that crude comparisons are not altogether useful as it is important to take account of the reasons behind the data and movements. Overall in 2019/20, whilst 34 (39%) indicators improved and 31 (36%) remained roughly static, 22 indicators (25%) declined.

Table 2: Number of indicators with improved / declined values (>4%) by Type (based on 87 measures with a previous comparable value)

	Improved Status	No Change Status	Declined
Cost	8	2	12
Performance	23	22	9
Satisfaction	3	7	1
Grand Total	34	31	22

¹ All cost indicators have been adjusted for inflation to provide a real cost comparison on trend data.

Data for LGBF satisfaction rates is drawn from the Scottish Household Survey (SHS). Since the local authority sample size for the SHS in a single year is low the LGBF uses three years aggregate data. It should be noted that there has been a distinct national trend over the last few years in declining satisfaction levels across Scotland, as measured by the SHS. This national downward trend is particularly evident in satisfaction with schools, sports and museums.

Local surveys based on service users tend to be more representative and are consistently higher. The results of the council's own 2019 Residents Survey (the results of the 2021 survey will not be available until January 2022), which is based on a larger sample shows higher levels of satisfaction across all but one service than the SHS based LGBF.

East Lothian Council's quartile performance when ranking each performance indicator from 1 (highest performance/low cost) to 32 (lowest performance/high cost) improved slightly during 2019/20 (Table 3). Over a quarter of the council's indicators (26.4%) are in quartile 1 in 2019/20 compared to just 15% in 2018/19. Overall, 54% of the council's indicators are in quartile 1 and 2 compared to 45.6% in 2018/19. It should be noted that previous values can be updated to take into account corrections from all councils. This will affect ranking and quartile position for East Lothian Council.

Table 3: Count of LGBF indicators by quartile and year

Quartile	2018/19	%	2019/20	%
Quartile 1	14	15.2 %	23	26.4 %
Quartile 2	28	30.4 %	24	27.6 %
Quartile 3	30	32.6 %	24	27.6 %
Quartile 4	20	21.7 %	16	18.4 %

The following are some of the indicators that showed improvement in 2019/20:

- Whilst net cost per waste collection per premise increased slightly to £71.20, costs remained below the Scottish average of £98.70. Local satisfaction results for waste collection remain high at 94% (Residents Survey 2019)
- The percentage of B class roads that should be considered for maintenance treatment was 38.82%, which is an improvement from 2018/19 where it was 42.7%, although still slightly higher than the Scottish average of 35%.

- The cost per dwelling of collecting Council Tax reduced from £6.81 (inflation adjusted) to £5.12. Rank position improved from 14th to 7th.
- Average days absence per Teacher reduced from 6.4 days to 4.9 days. Absence levels for other employees reduced to 9.46 days. In 2019/20 the council ranked 2nd for both of these measures compared to 19th for teachers and 18th for other employees the previous year.
- Gross rent arrears reduced from 7.5% at end 2018/19 to 6.29% at end 2019/20 and percentage of rent due in the year that was lost due to voids reduced by over 55% from 1.2% to 0.53% for 2019/20. The council ranked 3rd on this indicator; a significant improvement from 19th place the previous year.
- As a result of investment in energy measures as part of the council's capital housing modernisation programme the percentage of council buildings that are energy efficient increased from 58.5% to 82.8% and now ranks 15th compared to 24th.
- Self Directed Support spend on adults 18 years and over as a percentage of social work spend increased from 4.4% to 7.17% for 2019/20 and the rank improved from 19th to 8th.
- Number of days people aged 75+ per 1000 spend in hospital when they are ready to be discharged reduced from 640.6 per 1000 to 326.9.
- Culture and leisure satisfaction measures improved when compared with the Scottish average. Satisfaction with libraries increased from 69% to 74.5%. Satisfaction of leisure facilities also improved from 68.2% to 71.8%.
- The percentage of child protection re-registrations within 18 months fell from 4.6% to 0 and East Lothian's ranking improved from 9th to 1st and Looked After Children with more than one placement in the last 12 months fell from 26.4% to 16.9% and East Lothian's ranking improved from 24th to 10th.

The following are the indicators that declined in 2019/20 or continued to be ranked within quartiles 3 or 4:

- Cost per Km of road increased from £6,775 to £8,323. This was due to an increase in gross expenditure of 22.8% in road and winter maintenance. The LGBF dataset comprises both revenue and capital spend. Revenue spend was

£2.412M. Capital spend increased from £6.559M to £8.969M and included the purchase of land for the A1/QMU junction upgrade and an increase in externally funded spend.

- Unemployed People Assisted into work from Council operated / funded Employability Programmes (a measure of the total number of registered unemployed people in a year having received support from a Council funded / operated employability programme and who go on to access employment) was 5.7% and remained within the fourth quartile. The Scottish average is 12.7%.
- 86% of invoices were paid within 30 days, whilst the Scottish average was 91.7% and this indicator remained in the fourth quartile.
- The proportion of operational buildings that are suitable for their current use declined slightly from 84.9% to 81.3% and performance fell below the Scottish average of 82.5%. The rank position moved from 16th to 22nd (quartile 3).

4. Recovery and Renewal

Through 2020 and 2021 as the country adapted to living with COVID-19 and moved through the four phases of relaxation of lockdown set out in the Scottish Government's route map the council continued to operate in Business Continuity mode but also began to prepare for recover and renewal.

The council's approach to response and preparing for recovery has followed key principles.

1. **To preserve life and protect vulnerable groups** is the fundamental purpose.
2. **Ensure the response is proportionate and flexible**, working closely with our NHS, education, Police, third sector and business partners and our communities to support phased relaxation and response in line with national guidelines and regulations.
3. **Support Test, Trace, Isolate and Support (Test and Protect)** that is essential to control the spread of the virus as much as possible.
4. **Support effective containment measures as appropriate to limit the spread of infection**, and work with citizens and communities to help them to take the appropriate actions such as keeping physical distance, wearing of face coverings and strict hygiene rules.
5. **Ensure continued delivery of the council's critical services**, focusing on those services which support and protect the most vulnerable in society.
6. **Bring non-critical services back on line at an appropriate level**, prioritising services that are critical to bringing our economy and communities back to normality, whilst we continue to live with COVID-19.

7. **Learn from and build on the new ways of working developed during lockdown**, ensuring that the efficiencies and more effective ways of working and delivering services become the 'new norm'. As we move forward we want, not simply to return to where we were, but to build on the innovative responses we put in place to see us through the emergency.
8. **Provide advice and support to public and local businesses** to support long-term recovery of our local economy.
9. **Monitor the impact of the outbreak on the community and our services** to respond in a timely manner and plan recovery to ensure that East Lothian can recover as quickly as possible.
10. **Engage, and work with East Lothian residents and our partners in community and voluntary organisations** so we continue to meet the challenges set by COVID-19 and work together for a better East Lothian.

The challenges to be met by the council, have been exacerbated by the pandemic but are still essentially as set out in the 2017-2022 Council Plan. The financial constraints the council faces at the same time as our population and the demand for high quality services continue to grow, and the need to respond to the Climate emergency, mean that the Council needs to transform the way it delivers services.

Therefore the imperatives identified in the Council Plan in 2017 remain relevant: the council increasingly needs to be:

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

The process of Recovery and Renewal had been underpinned by the council's programme of transformation; embedding new ways of working across all services; delivering digital services based on our online customer platform; a radical re-appraisal of our

assets; and, a programme of root and branch service re-design to ensure services are customer focused, fit for purpose and efficient and effective.

A Multi-agency Recovery & Renewal Co-ordinating Group (MARRCG) was established in June 2020 to oversee planning for, and progress towards, recovery and renewal. The MARRCG was supported by five sector specific Recovery and Renewal Groups covering:

- Economy
- Community
- Health and Social Care
- Education and Children’s Services
- Environment and Infrastructure.

The MARRCG developed a detailed Recovery and Renewal Framework which provided for a steady state of preparedness to support increased recovery actions as and when Scottish Government imposed restrictions allowed.

The MARRCG was stood down in October 2021 and responsibility for maintaining the multi-agency approach to recovery and renewal through a new Recovery & Renewal Plan was passed over to the East Lothian Partnership. The Partnership Governance Group will provide oversight of the required multi-agency activity that will deliver the Plan’s outcomes through its strategic partnerships and forums.

The Recovery & Renewal Plan adopted by the Council and the East Lothian Partnership builds on the work undertaken to date through the MARRCG in respect of both the recovery of some key areas through the continued response phase of the pandemic and the efforts to prepare East Lothian in respect of the formal and longer term recovery and renewal phase, embracing the opportunity to ‘build back better’ and ensuring we maximise the opportunity of a sustainable and green recovery.

The Plan is based around eight Key Priorities each with a set of actions and performance measures:

- Support our communities to tackle inequality and social exclusion
- Respond to the climate and ecological emergency
- Support business and employment and promote inclusive economic growth
- Help our children and young people achieve their potential
- Deliver improved connectivity and digital innovation to ensure the most effective use of our resources
- Maintain and develop resilient and sustainable services
- Develop our people and future ways of working
- Invest in regeneration and a sustainable future.

In the first half of 2022 the current Council Plan 2017-2022 and the East Lothian (Local Outcome Improvement) Plan 2017-2027 will be revised and new or revised Plans adopted. The new Council Plan will be informed by the manifesto of the Council administration elected at the May 2022 Council Elections. The Council Plan and East Lothian Plan will reflect the priorities identified by a new Strategic Needs Assessment which will take account of the impact of COVID on society, the economy and public health. Also they will reflect and take on board the priorities set out in the Social Renewal Advisory Board's report, 'If Not Now, When?', and the Scottish Government's Programme for Government.

As we recover from COVID-19 and set about renewing the Council, our economy and our communities the Council will grasp the opportunity, not to revert back to the way we were, but to move on to a new, positive future, as set out in the East Lothian vision:

“An even more prosperous, safe and sustainable East Lothian, with a dynamic and thriving economy that enables our people and communities to flourish.”

Appendix 1: Business Support Grants distributed in 2020/21

Payment	Amount £	Comments
Business Support Grants (April to 10 July 2020)	17,636,250	1,573 organisations supported
Newly Self Employed Hardship	216,000	108 Sole Traders supported
Hospitality (Scottish Enterprise) (CTHEHF) Hardship & Pivotal (PERF)	431,995	159 organisations supported
Soft play (One-of award, November 2020)	45,000	3 organisations supported
Scottish Government – Furlough Support Grant	107,250	65 Organisations supported with one-off £1,650 grants
(Brake period) Business Closure Grants (9 Oct - 3 Nov 2020)	375,150	123 organisations supported
(Brake period) Business Hardship Grants (9 Oct - 3 Nov 2020)	56,845	36 organisations supported
Strategic Framework (Closure & Restrictions & sector Top Ups combined) 3 Nov 2020 to date	8,593,000	922 applications received 711 organisations supported
Taxi and Private Hire Driver Grants	210,000	140 Drivers supported with one-off £1,500 grants
East Lothian Discretionary Support Grant	618,000	Total 309 x £2k grants paid, (from 2 tranches). Further 70+ to be considered from final Tranche 3
Contingency Fund Plus (Breweries/Travel Agents & Indoor Football Centres)	60,000	Breweries and Travel Agents
Accommodation Support Grant	216,000	17x Small Accommodation 25x Large Self Catering Accommodation 6x Exclusive Use Businesses
TOTAL	£28,565,490	

Appendix 2: Summary of the Council's COVID-19 Performance Indicators (as at week 79, week ending, 29th October 2021)

Indicator	Summary of Council's Performance
Number of Test and Protect calls	<p>East Lothian has had lower than the Scottish average number of calls from people who have been asked to self-isolate through Test and Protect and very few requests for support. Inbound calls have averaged only 1 per week</p> <p>The number of outbound calls and texts to people peaked at around 160 in early September 2021, when COVID cases spiked in East Lothian, but has since fallen back to around 60 per week.</p> <p>Very few calls, and much lower than the Scottish average, have resulted in requests for support.</p>
Environmental Health & Trading Standards Business Advice and Enforcement Activity	<p>The significant impact on EH&TS services in the first period of lockdown is shown clearly by the fact that from May 2020 through to the end of the year the service had carried out a total of 2219 business advice and enforcement activities (247 per month) compared to 637 from January through to October 2021 (64 per month)</p> <p>Whilst the number of interventions per 1000 population in East Lothian was at or above the Scottish average for most of 2020 and early 2021 it has been slightly below the Scottish average since February 2021.</p>
Business Start Ups	<p>The number of business start-ups has been affected by the pandemic and economic downturn. The total number of business start ups fell from 179 in 2019/20 to 62 in 2021/22 and only 13 in the first six months of 2021/22.</p> <p>The number of business start ups per 1,000 population in East Lothian was around the Scottish average through 2019 and through 2020 until around October. However, it has remained below the Scottish and Family Group averages over the last year.</p>
Retail and recreation activity	<p>East Lothian has followed the national trend – a massive fall in activity in March and April 2020 followed by some recovery through to November, before another significant fall in December and a slow recovery</p>

	<p>from January 2021 to just above pre-pandemic levels in June, July and August before falling slightly in September 2021.</p>
Unemployment Claimant Count	<p>The number of people claiming Jobseeker's Allowance plus those who claim Universal Credit and are required to seek work more than doubled in the first few months of the pandemic from 1720 (2.6% of working age population) in March 2020 to 3680 (5.6%) in May 2020. The claimant count varied slightly from that level to 3425 (5.2%) until April 2021 and then fell down to 2261 (3.5%) by October 2021.</p> <p>The Scottish average per working age population increased from 3.2% in March 2020 to a high of 6.2% in August 2020 before falling back to 4% in September 2021.</p>
Scottish Welfare Fund – Community Care Grants	<p>The monthly average number of applications for Community Care Grants increased from 110 in 2019/20 to 131 in 2020/21, and in the first six months of 2021/22 averaged 164 per month.</p> <p>Total spend in 2019/20 was £387,228 and rose to £582,506 in 2020/21. In the first six months of 2021/22 total spend was £284,957. This is an average of £47,492 per month and £289 per applicant, compared to £48,542 per month and £370 per applicant in 2020/21 and £32,269 per month and £292 per applicant in 2019/20.</p> <p>Spend on Community Care Grants per head of population has been at or just above the Scottish average but below the average of councils in the deprivation family group.</p>
Scottish Welfare Fund – Crisis Grants	<p>The monthly average number of applications for Crisis Grants has remained fairly constant rising slightly from 316 per month in 2019/20 to 318 in 2020/21 and 322 per month in the first six months of 2021/22</p> <p>However, spend increased from £196,155 (£16,263 per month) in 2019/2020, to £269,961 (£22,497 per month) in 2020/2. In the first six months of 2021/22 total spend has been £105,173 which equates to £17,629 per month. Crisis grant per applicant was £51.52 in 2019/20, £70.76 in 2020/21 and £54.43 in the first six months of 2021/22.</p> <p>Spend on Crisis Grants per head of population has been below the Scottish average but above the average of councils in the deprivation family group.</p>
Discretionary Housing Payments	<p>The number of DHP applications rose from 1240 in 2019/20 to 1384 in 2020/21 and was at 1296 in the first six months of 2021/22. However, annual spend increased from £754,377 in 2019/20 to £882,155 in</p>

	<p>2020/21 and is projected at £884,447 at the end of June 2021. DHP payment per applicant has also increased from £608 in 2019/20 to £634 in 2020/21 and £682 in the first six months of 2021/22.</p> <p>Both applications for, and spend on, Discretionary Housing Payments has been lower than the Scottish and Family Group averages. The majority of claims for DHP is for under occupancy costs and the figure reflects the lower rents charged by East Lothian Council.</p>
Rent arrears	<p>Rent arrears increased from £1.467m in May 2020 (4.6% of rent due) to £1.575m (4.95%) in June 2020 and stayed roughly at that level until January 2021 before falling to a low of £1.117m (3.5%) in July 2021 before rising slightly to £1.334m (4.1%) in October 2021.</p> <p>This compares very favourably with the Scottish average rent arrears as % of rent due which has risen from 5.9% to 6.7%.</p>
Homelessness applications	<p>The number of homelessness applications per month rose from 41 in May 2020 to a high of 69 in August 2020. The average per month in the 18 months from May 2020 to October 2021 was 52.5 per month – 0.48 per 1000 population.</p>
Delayed Discharges	<p>In the 85 weeks for which the IS dashboard has provided delayed discharge data since May 2020, East Lothian has had 0 delayed discharge in 30 weeks, 1 delayed discharge in 33 weeks, 2 delayed discharges in 20 weeks and 4 in 1 week. So apart from that one week the proportion of population aged 65+ (per 1000) never rose above 0.1%.</p> <p>In comparison the number of delayed discharges across Scotland doubled between May and October 2020 and increased by over 50% from October 2020 to October 2021. So the average delayed discharges per 1000 population aged 65+ tripled from 0.45% to around 1.5%.</p>
Local Authority staff absence	<p>East Lothian Council's staff absence (% of days staff absent on sick or special leave) fell below 5% in September 2020 and fell to 3.3% in August 2021. It has risen since then partly as a result of the increase in COVID cases and rose above 5% in September before falling back slightly to just under 5% at the end of October.</p> <p>The council's staff absence rate has been below the Scottish average since September 2020. At October 2021 the Scottish average was 6.0%.</p>

Pupil Attendance	<p>Pupil attendance has been at around (just below or just above) the Scottish average for most of the pandemic.</p> <p>The percentage pupil attendance was above 90% on 100 days, between 80% and 85% on 53 days and only fell below 85% on 14 days – on three of these days in late June 2021 attendance was below 80%.</p>
Domestic abuse incidents	<p>The number of reported domestic abuse incidents reported to the police averaged 87 per month between June and December 2019. There was a slight fall in reported incidents in 2020 to 81 and a further fall in the first 10 months of 2021 to 77.</p> <p>The number of incidents reported per 1,000 population in East Lothian is fairly similar to the average across Scotland.</p>
Child protection registrations and face to face contact with Social Worker	<p>The number of new registrations of children in the Child Protection Register has been below the Scottish average for most of the pandemic. An average of around 35 children on the Child Protection Register have face-to-face contact with a social worker each week</p>
Adult protection investigations	<p>The number of adult support and protection investigations started each week per 1000 people aged 65+ (which averaged about 2 per week) has been below the Scottish and family group averages through most of the pandemic</p>
Adults at risk and adult wellbeing referrals	<p>Adults at risk referrals has been above the Scottish and family group averages whereas Adult wellbeing referrals have been below the Scottish and family group averages</p>
COVID related deaths	<p>Apart from brief periods in April 2020, April 2021 and late summer 2021 the number of COVID related deaths in East Lothian per head of population has been slightly lower than the Scottish average.</p>



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East Lothian Council
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REPORT TO: East Lothian Council

MEETING DATE: 14 December 2021

BY: Executive Director for Council Resources

SUBJECT: Financial Update Report (including Financial & Capital Strategy)

4

1 PURPOSE

- 1.1 This report sets out the current position relating to 2022 budget development, and seeks Council approval to consider an updated Financial and Capital Strategy for the Council covering the five-year period from 2022 to 27.

2 RECOMMENDATIONS

- 2.1 The Council is recommended to:
- Note the current update relating to 2022 budget development;
 - Note the statutory requirement to undertake a rent consultation should any rent increase be considered, and the timescale for political groups to notify officers of any proposal to increase rent levels from April 2022;
 - Approve the overarching Financial Strategy set out in **Appendix 1** noting the main changes highlighted in section 3.9 of the report;
 - Approve the Capital Strategy set out in **Appendix 2** noting the main changes highlighted in section 3.11 of this report, and note that a significant refresh of the Capital Strategy will be undertaken during 2022 and will inform the development of future capital investment plans from 2023 onwards.

3 BACKGROUND

2022 Budget Development

- 3.1 In November, the Council received an update report setting out the financial prospects for the Council for 2022 and beyond. This report set out the very challenging and complex financial environment and the wide range of risks and variables which the Council is currently trying to manage. Collectively the scale of the risks and uncertainties facing the Council remain at an unprecedented level, and it remains clear that the Council must do more to deliver its wide range of services and obligations within extremely challenging financial resource limits.
- 3.2 As highlighted previously, a large proportion of the Council's current running costs is met by national funding, and the financial settlement for Local Government will become clearer when the Scottish Government publishes its draft settlement for 2022-23 on 9 December, with individual local authority allocations not known until 20 December 2021. Officers are currently working through developing draft budget plans aligned to the approved budget process, with a reminder of the process set out below:
- A 3-year General Services revenue budget will be prepared covering 2022-23 to 2024-25, initially based upon a roll forward of existing budget plans.
 - A medium term General Services capital budget will be prepared covering the 5-year period 2022-23 to 2026-27, but this will be underpinned by a longer term capital infrastructure plan.
 - The base budget will be developed and issued to all political groups as early as possible. This will subsequently be updated with information following presentation of the Scottish Government's Draft Budget to Parliament and Local Government Finance settlement which is scheduled for 20 December 2021.
 - A budget briefing for members will be held early in December on the development of the baseline budget and key assumptions.
 - DRAFT budget proposals (covering both General Services and HRA) will be developed by the Administration and initially considered by Cabinet in January 2022 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 (date now confirmed as 1 March 2022), when the Council budget for both General Services, HRA and Council Tax setting will be approved.
- 3.3 Members may be aware that there remains a statutory requirement to consult on any proposed rent increase. During 2021-22, Council approved a 0% rent increase in recognition of challenging circumstances being faced by tenants as a result of COVID-19. Should any political group wish

to consider an increase to rent levels from April 2022, this must be declared to the Executive Director for Council Resources no later than **Friday 14 January 2022** in order that this can inform a decision to undertake a public consultation. The outcome of this will inform the decision to undertake a public rent consultation, which in turn will inform the decision relating to setting of rent level for 2022-23.

Financial Strategy and Capital Strategy

- 3.4 The current approved Financial Strategy was approved by Council in December 2020. The strategy covers a five-year financial planning period but remains subject to an annual refresh to ensure that it remains appropriate and relevant to any change in the financial planning landscape.
- 3.5 The Council continues to operate within a very uncertain financial and economic environment. The continued and ongoing management of COVID-19 interventions and recovery has continued to add to the complexity and scale of challenges, but may also create opportunities to change the way in which we support and deliver services going forward.
- 3.6 The continuing uncertainty surrounding future public sector funding alongside challenging economic conditions will be significant influential factors in managing future cost commitments, all of which must be considered against a backdrop of increasing demand for services, and a growing population. This means that it is inevitable the Council will need to find ways of ensuring that it can balance these competing pressures in the most sustainable way possible.
- 3.7 Despite the very difficult and complex financial environment, it is recommended that the current strategy remains appropriate for the organisation at this time. The strategy includes the need to prioritise and deliver an enhanced transformational change programme, and support an enhanced focus of reviewing the Council's asset base, both of which remain critical to supporting the wide range of risks and financial challenges in the years ahead, as well as capitalising on opportunities to change the way in which services are delivered going forward.
- 3.8 For ease of reference, the main elements within the Financial Strategy are set out in the following paragraphs:
- Section 6.3 sets out the General Services Financial strategy incorporating both revenue and capital;
 - Section 6.4 sets out the proposed Reserves strategy relating to management of General Service reserves;
 - Section 7.7 sets out the HRA Financial strategy incorporating both revenue and capital and wider application of reserves.
- 3.9 As part of the annual refresh, some contextual changes are reflected within the wider strategy document and a summary of the main changes are summarised below:

- Section 1 – updated context relating to publishing of UK Government Spending review and publication of draft Scottish Government budget for 2022-23;
 - Section 2 – updated economic and national context;
 - Section 4 – updated figures and narrative based on 2021-22 approved financial plans, and future financial risks and prospects set out in more detail to Council in November 2021;
 - Section 5 – updated reserves position aligned to the approved 2020-21 accounts, and re-emphasis of reserves strategy set out in paragraphs 5.5 - 5.8 of the report.
- 3.10 In addition, as highlighted in previous years, the Prudential Code requires all local authorities to produce a specific Capital Strategy, with the main elements incorporated within the overarching Financial Strategy. The Council’s Capital Strategy was approved in December 2020, and it is recommended that the specific elements of the strategy set out in paragraph 7.2 within the report remains appropriate to support capital investment decisions within the 2022 budget development period.
- 3.11 The annual refresh of the wider Capital Strategy narrative has been limited to include the updated figures set out within the 2021 approved financial plans in recognition that there has been limited change to the wider governance, capital funding requirements, and treasury management strategy.
- 3.12 It is recognised however that there is a need for this to be revised and significantly refreshed to support future capital investment decisions from 2023 onwards. The wider management of risk within the capital investment plans, challenging external market conditions, ambitious growth portfolio, potential opportunity to change future service delivery models, and future learning estate investment plan, collectively means that managing future capital investment priorities within very challenging financial resource limits will be difficult. These challenges, alongside a current review being undertaken of the Prudential Code, will require the current strategy to be refreshed and there will be a need to review the approach to capital financial planning to support and prioritise future capital investment decisions. The refreshed strategy will need to consider managing future priorities and will require the Council to review current governance arrangements to ensure that can meet changing obligations within affordable resource limits.
- 3.13 For reassurance, the current strategy and context continues to support decisions around borrowing in the context of the longer-term financial position of the authority and provides linkages between the revenue and capital budgets. It is, however, recognised that the changing landscape provides an opportunity for refinement and refresh and this be important to context in supporting the recovery post COVID-19 and prioritisation of capital investment decisions in the years ahead.

- 3.14 The overarching Financial Strategy sets a clear direction for future budget development, and it is important that in developing future budget proposals and related amendments, all councillors have due regard to the direction set within this strategy.

4 POLICY IMPLICATIONS

- 4.1 There are no specific policy implications associated with this report although clearly, the report provides a strategic context and direction within which all future financial plans should be considered. Ongoing monitoring and reporting of the Council's financial performance is a key part of the approved Financial Strategy.

5 INTEGRATED IMPACT ASSESSMENT

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

6 RESOURCE IMPLICATIONS

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

7 BACKGROUND PAPERS

- 7.1 Council – 15 December 2020 – Item 4 Financial Update, including Financial and Capital Strategy 2021-26
- 7.2 Council 16 November 2021 – Item 3 – Financial Update

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DESIGNATION	Executive Director for Council Resources
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DATE	2 December 2021



Financial Strategy

2022-23 to 2026-27

Financial Strategy 2022-23 to 2026-27

1 Introduction

- 1.1 The Council continues to operate in a very uncertain and extremely challenging financial environment. The financial implications and consequences arising from COVID remains very live with the economic impact likely to be felt for the foreseeable future. Alongside this, the continuing political and economic uncertainty surrounding future public sector funding, the UK's 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 an increased demand for vital services to the public against a backdrop of reducing levels of like for like government grant support.
- 1.2 The Council continues to receive a significant proportion of its funding from the Scottish Government. The UK Government has recently published its Spending Review, and the draft Scottish Government budget covering 2022-23 only will be published on 9 December and related Local Government finance settlement to be published 20 December 2021. Similar to previous years, the national funding settlement will remain in draft until it passes through the Parliamentary scrutiny process in the Scottish Parliament, with the final position unlikely to be confirmed until early March 2022. In addition, it is likely 2023-24 and 2024-25 funding settlements will be announced in May 2022. This creates further significant uncertainty both in the short and medium term. Current forecasts by independent commentators continue to indicate pressures on the Local Government core national settlement, and this alongside the growing demand for services, suggests that more must be done to reduce our cost base or alternatively to expand our income streams such that the Council can meet its priorities within the finite resources which are available.
- 1.3 A key purpose of the Financial Strategy is to provide clear direction on how the Council will best manage its financial resources over the forthcoming years to ensure they are deployed effectively to achieve agreed Council plans and associated outcomes. It provides a critically important financial context for effective decision-making helping to ensure the future financial sustainability of the Council. It also provides a framework for financial management arrangements that support the proper financial stewardship of public funds as well as providing appropriate financial resilience ensuring that the Council has the ability to respond and adapt to changing operating environments and significant unforeseen events. The principal objectives of the proposed Financial Strategy are to:
- Outline the Council's high level financial position over the years 2022-27 based on a range of assumptions.
 - Highlight the key financial drivers and other relevant issues that have been considered in developing the strategy.
 - Ensure that limited available resources are focused on delivery of the Council's approved key priorities and plans and their associated key outcomes.

- Provide a solid financial planning platform for the development of a sustainable revenue budget and capital investment programme which will support the Council's key priorities.
- Ensure that the Council is fully aware of the financial challenges and uncertainties that it faces and is in the strongest possible position to deliver the best possible quality and range of services within available resources.
- Increase both organisational awareness and wider community understanding of the Council's financial position and the challenges it is facing over the medium term in balancing and delivering against its budget.

1.4 The Strategy also sets out the proposed policy for the effective utilisation of reserves, including a clear rationale between holding fund balances for specified purposes and making decisions on the extent to which reserves can be applied when actually setting the formal budget.

1.5 The Strategy covers the financial planning period until 2027 and includes revenue and capital budgets for both General Services and the Housing Revenue Account (HRA).

2 Current Economic Context

2.1 The economic outlook and financial prospects for the strategy period were considered by Council in November 2021. The report set out the financial context within which the Council is currently operating and also many of the key pressures and variables that may impact on the way in which the Council spends its financial resources, and the funding it receives.

2.2 With so many exceptional and unpredictable external influences currently impacting on the wider economy, future forecasting with any degree of credible certainty is very difficult.

2.3 In Scotland, as well as any limitations imposed through resource decisions taken within the UK Budget, the spending available to Scottish Local Government is further dependent on the Scottish Government's own budget priorities. Recent years' settlements have seen reductions in core revenue funding, with associated cash terms increases largely ring-fenced to support the delivery of new national policy commitments and other statutory burdens such as early learning and childcare.

2.4 The Scottish Government does now have at its discretion a range of new fiscal powers over taxation and welfare, and this makes determination of the Scottish Budget significantly more complex than it has been in the past.

2.5 The recently announced Programme for Government in Scotland indicated significant policy commitments, including an increased investment in social care by 25% over the lifetime of the Parliament, providing over £800 million additional funding by 2026-27. It currently remains unclear as to how this commitment will

be funded, which may place further pressure for funding the remainder of the Scottish public sector, including Local Government.

- 2.6 Furthermore, the outcome of the National Care Service consultation on the recommendations set out within the Feeley report may have a significant impact on the Council, and the services it delivers.
- 2.7 In addition, the November Council report highlighted the wide range of variables and financial pressures facing the Council, one of which related to the pressure in resourcing current and future pay awards. The nationally agreed 2021-22 pay award for LG staff (excluding Teachers) has recently been approved which is significantly in excess of the Council's budgeted position for pay. Whilst £30m additional national funding has been identified, this is non-recurring, and there remains a funding gap nationally of circa £70 million for Councils to meet. For East Lothian this is likely to equate to a recurring pressure in excess of £1.6 million with further uncertainty on nationally agreed pay awards from 2022-23 onwards.
- 2.8 The recently announced UK Spending Review (27 October 2021) suggested that Scotland will receive an extra £3.9bn of funding in 2022-23. Of this, £3.4bn relates to revenue, and an increase in capital funding of £0.4bn. Independent commentators suggest that after accounting for fiscal reductions and commitments relating to Health, around a quarter of this will be available to support the remainder of the Scottish public sector.
- 2.9 The implications for the Council as a result of the national settlement will become clearer when the draft Local Government settlement is announced on 20 December 2021. The national funding currently makes up about 2/3rds of the Council's overall revenue funding and given the significance in scale alongside the wide range of cost variables, increasing demand and pressures, unless significant additional core funding is provided this will present the Council with some very difficult decisions to balance obligations within resources available.

3 Local Context

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

Council Plan

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

Local Development Plan (LDP) & City Deal

- 3.3 The Council has an approved Local Development Plan (ELLDP 2018). This will continue to see a rapid expansion in population across the area, with an estimated population increase to 120,000 by 2037. This will continue to impact on the wider demography within the area, with significant growth in particular in the number of school-age children and the number of pensioners.
- 3.4 This will create opportunities for the Council but will also provide significant financial challenges in terms of the provision of necessary services to meet these growing demographic changes such as; the increased number of school children, care packages, households requiring waste collection etc. and there will need to ensure that the Council has the appropriate infrastructure in place to support these growing demands.
- 3.5 The Council is also part of a wider Edinburgh and South East of Scotland City Deal. This will see significant investment across the region, including through UK and Scottish Government, and will include the development of an Innovation Hub, which working in partnership with Queen Margaret University will facilitate the expansion of a new Scottish Centre for Food Development and Innovation and will therefore support the wider food and drink sector.
- 3.6 The impact of growth associated with high levels of development across the County will continue to have a significant impact in future years.

Climate Change

- 3.7 The global implications from climate change has resulted in the Council declaring a climate emergency in August 2019. To support this, a climate change strategy has been developed which sets out the commitment, vision and overall aims for a 'net zero Council' and a 'carbon neutral East Lothian' by working in partnership with the community to deliver specific outcomes to improve sustainability, encourage a low carbon lifestyle and look after our environment.
- 3.8 The Council will need to consider how this ambition can be realised, and this may require a change to what we are doing, and how we are using our resources.

Changing Public Sector Landscape

- 3.9 The public sector landscape continues to evolve as public bodies continue to explore ways to work together to achieve shared outcomes. Some of these changes are driven from legislative requirements, others are driven by local community planning and other collaborative arrangements. The development of new public sector provision presents new challenges and indeed opportunities for the Council as it seeks to ensure that shared outcomes are achieved and that resources are deployed efficiently and effectively.
- 3.10 These include:
- The East Lothian Integrated Joint Board (IJB) which supports the wider integration of health and social care services.

- The Community Empowerment (Scotland) Act places duties on the Council and its partners to provide new rights for community bodies and on the way the Council interacts with the Community.
- The Scottish Government has established a National Participatory Budgeting Strategic Group which is supported by a framework agreement which supports a wider resource allocation to determine local decision making. This will strengthen the requirement for active community engagement in local decision making, and resource allocation.
- The Scottish Government review on Education Governance has established Regional Improvement Collaboratives, with East Lothian forming part of the South East Regional Improvement Collaborative alongside Edinburgh, Fife, Midlothian and Scottish Borders. The main focus of the South East Collaborative is on Quality Improvement and Raising Attainment, and this will place new and revised duties on Local Authorities to work within the Collaborative arrangement to drive forward increased improvements within all educational settings.
- COSLA in partnership with the Scottish Government has embarked on a review of Local Governance, which will consider how powers, responsibilities and resources are shared across national and local spheres of government, and also with communities.
- As previously referenced, the outcome of the National Care Service consultation on the recommendations set out within the Feeley report may have in future years a very significant impact on the Council and the services it delivers.

4 General Services Revenue Budget – Medium Term Outlook

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

4.2 The current General Services revenue budget extends over a 3 year planning horizon with a high level summary of the spending plans approved in March 2021 set out below.

<u>General Fund – Revenue</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Approved Expenditure	268,283	277,579	282,116
<u>Financed by:</u>			
RSG (including NDR)	(181,210)	(182,792)	(184,537)

Other Government Grants	(20,982)	(20,982)	(20,982)
Council Tax	(65,751)	(70,870)	(76,507)
Other	(90)	(90)	(90)
Transfer (from) / to Reserves	(250)	(2,845)	
TOTAL	(268,283)	(277,579)	(282,116)
Delivery of Planned Efficiencies (contained in above)	(930)	(4,360)	(3,940)

4.3 The November 2021 financial update report considered by Council, set out the key variables which will have the most significant implications for future budgets. A summary of these key variables is set out below;

- The level of future Scottish Government grant funding;
- The level of Council Tax income, influenced both in terms of any annual increase in the rate and also any additional properties that will increase the overall yield;
- Future contractual commitments including pay and pensions;
- Inflationary pressures;
- Capital commitments and demand growth;
- Ability to deliver planned efficiencies;
- Non-COVID budgetary pressures;
- COVID related pressures.

4.4 The most significant of these relates to the level and make up of future Scottish Government grant funding, which makes up the largest proportion of the funding available to the Council. The complexity of the finance settlement, uncertainty relating to future funding levels coupled with a very complex financial environment makes this very difficult to forecast with any accuracy. Relatively modest percentage variations in grant funding result in financially material consequences. For illustration; a 1% reduction in core revenue funding equates to an annual impact of £1.8m or cumulative £5.4m over a 3 years planning horizon.

4.5 The Council is a very large organisation and employs a significant number of staff, who support the delivery of services in accordance with the Council plan and associated outcomes. The Workforce Development Plan will assist in planning and shaping the workforce to ensure it can effectively meet our obligations. The contractual costs relating to pay and pensions must be contained within the overall resources available to the Council, and collectively these can have a material

impact on the Council's overall cost base. By way of illustration, a 0.5% increase for both pay and pensions amounts to just under £1 million on our annual pay bill (£3m across the 3 years), and prevailing rates are subject to the outcome of both national pay settlements and actuarial pension valuations.

4.6 As previously highlighted to Council, current year forecasts suggest that the Council continues to face significant additional costs arising from COVID interventions and support, with current projections estimating this to be around £12 million for this year. Whilst current projections indicate that the Council can manage the 2021-22 General Services revenue commitments within wider available resources particularly given the large majority of COVID pressures are met by in part non-recurring national funding, the financial environment remains extremely complex with a wide range of uncertainties and variables. It remains clear that without significant additional recurring funding, the Council will be faced with some very difficult choices about what and how services are delivered going forward.

4.7 Whilst COVID has unquestionably created significant additional financial challenges many of which may have a long lasting economic impact both for the Council and the communities we serve, there may also be some opportunities to consider alternative ways in which we operate going forward. Reset and renewal and building back better are key concepts within the Council's Recovery and Renewal Strategy and it is likely that the way in which the Council delivers many of its services will change, with increased numbers of staff working remotely supported by digital technologies, and the way in which we provide services to our communities also under constant review.

General Services Capital Budget – Medium Term Outlook

4.8 The Capital Strategy sets out the how future capital investment plans will be determined and supported, and this is set out in more detail in **Appendix 2** of this report. In March 2021, the Council approved an ambitious, growth driven 5 year General Services capital budget, a summary of which is set out in the table below.

	2021-22 £000 *	2022-23 £000	2023-24 £000	2024-25 £'000	2025-26 £'000	TOTAL £'000
General Services Gross Expenditure	91,506	77,439	97,699	57,300	42,844	366,788
General Services Income	(40,586)	(37,215)	(64,293)	(46,214)	(28,479)	(216,788)
Net General Services	50,920	40,224	33,406	11,086	14,365	150,000

*Note * 2021-22 budget reflected in financial update reports has been updated to include 2020-21 outturn*

- 4.9 Funding for the capital plan comes from a range of sources including; Scottish Government (General Capital Grant and Specific Ring-Fenced Capital Grants), developer's contributions, capital receipts from asset disposals, other income such as grant funding from other bodies, with the balance made up from borrowing funded through loan charges to the revenue budget.
- 4.10 The current capital investment plans recognise the growth and ambition of the Council, with current plans designed to support the future infrastructure requirements across the Council area. These plans are aligned to the delivery of the approved Local Development Plan (ELLDP 2018) and ambition relating to the commitment from the Council relating to the Edinburgh and South East of Scotland City Deal. The related investments will create significant economic long term benefits for the East Lothian economy, but will place a significant financial burden upon council finances, and affordability remains a key consideration both in terms of the short and longer term.
- 4.11 Whilst much of the current LDP commitment falls within the 5 year capital investment plan, there will also be significant impact on future years and the emergence of a subsequent successor LDP.
- 4.12 The Council has an extensive operational asset portfolio to support service delivery needs. The Corporate Asset Strategy provides the framework for the efficient management of the Council's core assets, with significant and future investment requirements, it aims to provide a modern, efficient and sustainable asset base that meets the needs of its existing and future service users and employees. Since March 2020, COVID has created many challenges but also some opportunity to review the way in which we deliver and support services, including what assets we hold, and how they are used. The Council has embarked on an ambitious programme to review and rationalise the Council's office estate, in order to support the delivery of approved budget saving, and to support continued flexible approach to working which has been successful since March 2020. Going forward there may be further scope to rationalise assets, which would be critical to support the affordability of future capital investment plans, and support future service delivery.
- 4.13 The Council has agreed to undertake a Learning Estate Review to formally assess the condition and suitability of our education and early learning assets. This review is on-going and will inform the establishment of a Learning Estate Investment Plan which will help inform future capital investment plans for the Council.
- 4.14 As highlighted in previous Council reports, there remains significant external market challenges with wider supply and cost pressures as well as implications from on-going management of COVID and wider external risks. This has continued to add significant additional financial challenges on the current approved capital programme and borrowing levels. Whilst current indications suggest the wider market conditions may stabilise in due course, the financial impact and risk on future capital projects will remain a key area of focus.
- 4.15 Affordability is a key consideration within effective capital planning with the capital investment programme generating significant revenue consequences for the Council, such as staffing, rates, utility costs, cleaning etc, which must be met from within the revenue resource levels available to the Council. At a time where

revenue budgets remain under significant pressure, it is essential that capital investment decisions take into consideration the full cost implications facing the Council.

4.16 In addition, the borrowing for capital infrastructure is funded through annual loans fund payments which are charged to the revenue budget and repaid over the lifetime of the asset. Despite current low interest rates, indications suggest this will start to increase and put further pressure on new borrowing. It is important to remember that any new borrowing is in addition to existing borrowing which at end of March 2022 is estimated to be just under £280 million for the General Fund. All borrowing will need to be repaid in the future and capital investment decisions which are taken now must be taken within the context of longer term projections. The capital investment decisions are supported by the Capital Strategy and Treasury Management and Investment Strategy to assess and better understand the implications for both current and future Council Tax payers and to ensure that investment plans remain affordable and sustainable.

4.17 The economic consequences of COVID will have an impact both directly on the Council and also upon its community in the years to come. It is essential that the capital investment plan is targeted to ensure it provides essential investment aligned to Council priorities and where possible, to stimulate and support economic growth. To help get this delicate balance right, this will require enhanced affordability criteria to be applied to the capital investment programme to protect both current and future Council Tax payers. Within this context, the Strategy will:

- Focus on a comprehensive review of the Council's asset base, with a view to maximising capital receipts where possible. In turn, this will help maintain ambitious levels of future capital investment and will support transformation of council services that will help minimise on-going revenue costs.
- Introduce an upper limit on net borrowing is now required to be introduced over the strategy period. This limit will ensure that over the next 5 years, net additional borrowing does not exceed £150 million. This will retain a significant capital investment programme over this period which remains vital to support the Council's plans and ambition as well as support local economic stimulus, but importantly recognises the financial challenges facing the Council, minimising future revenue costs.

4.18 Managing the consequences of Covid has introduced a further requirement for enhanced flexibility in how we best manage the capital investment plan. Much of the programme is underpinned by prevailing economic conditions, including the realisation of developer contributions dependent upon wider housebuilding that are critical to support the delivery of many of the related capital infrastructure projects. Should there be any further national or local restrictions imposed adversely affecting the construction sector, the ability to be flexible and adaptive with our capital planning will prove critical.

5 Reserves

5.1 Holding an adequate level of reserves to meet unexpected costs is a key management tool for delivering the Financial Strategy. It remains the responsibility of the Chief Financial Officer (Section 95 Officer) to advise the Council on the level of reserves which it should hold and ensure that there are clear protocols for their establishment and use.

5.2 In determining medium term financial plans and preparing budgets, the Council needs to consider the establishment and maintenance of reserves in accordance with its statutory powers. Reserves can be held for three main purposes:

- Working balances to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of General Reserves.
- A contingency to cushion the impact of unexpected events or emergencies – this also forms part of General Reserves.
- A means of building up funds often referred to as Earmarked Reserves, to meet known or predicted liabilities.

5.3 In accordance with the now audited annual accounts, the General Services reserves (excluding HRA reserves) available as at 31 March 2021 was £35.089 million. Detail setting out the reserve position has already been reported to Council in June 2021 as part of the 2020-21 year end review, with the final audited position set out below. It should be noted that many of these reserves already have post 31 March commitments against them and will be spent during this year.

Reserves	2019/20	2020/21
	£'000	£'000
Earmarked Reserves		
Required to support future budgets	1,716	3,095
Civil Emergency	2,000	2,000
Cost Reduction Fund	3,445	3,445
DSM	21	1,071
MELDAP	303	36
Other	485	440
General Services Capital	2,282	2,282
Council Tax 2 nd Homes	1,962	2,064
COVID Fund	0	8,900
Earmarked Sub-Total	12,214	23,333
Other Committed Reserves		
Other Ring-fenced funds	0	932
Insurance Fund	2,009	2,306
Capital Receipts Reserve	713	2,201
Capital Grants & Receipts Unapplied	245	245
Other Committed Reserves	2,967	5,684
Balance to support min level	798	918
Balance	3,142	3,145
TOTAL	19,121	33,080
HRA Reserves	2,009	2,009
TOTAL Reserves	21,130	35,089

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

Earmarked Reserves

1. **Requirement to support future budgets**: This balance has already been committed to support the budget in 2021-22 and 2022-23 as per approved budget plans in March 2021.
2. **Civil Emergency**: This fund should act as a cushion against the costs of any emergency or other unforeseen event should it arise. This is currently retained at a level of £2 million, however the level of this remains under constant review as to the adequacy of this.
3. **Cost Reduction Fund**: This fund is used to support delivery of change which will realise a financial saving and/or service efficiency going forward. The Chief Executive and Chief Financial Officer have responsibility to consider projects which supports these objectives. The fund already has a number of earmarked forward commitments in place.
4. **Specific Earmarked Reserves**: These funds are earmarked for specific purposes and include: Midlothian Drug and Alcohol Partnership (MELDAP), balances established from both Primary and Secondary Devolved School Management (DSM) schemes as well as a reserve earmarked to support some of the wider growth development plans.
5. **General Services Capital**: The Fund was established in recent years from flexibility arising from year end underspends, in order to mitigate the impact of the growing capital infrastructure commitments. Unlike the Capital Receipts reserve this Fund does have the flexibility to be transferred to other General Reserves.
6. **Council Tax 2nd Homes**: An earmarked fund established by reducing the second home or empty property Council Tax discount for the development of affordable housing. Under Scottish Government direction within certain criteria, Local Authorities can now use this income to support the development of affordable housing, including the disbursement of funds to other organisations or individuals, as well as RSLs.
7. **COVID Fund**: This fund was established as part of the 2020-21 accounts closure and was referenced in the financial strategy approved in March 2021. This fund has been established from late national funding to support COVID interventions and remains aligned to the Council's recovery and renewal strategy.
8. **Other Ring Fenced Funds**: This earmarked reserve has been established during 2020-21 year end accounts and is used to support specific funding commitments within service areas relating to previously committed expenditure obligations which have not materialised and remains aligned to national funding received in 2020-21. This fund cannot be used for general purposes.

9. **Insurance Fund**: The insurance fund is used to insure against a risk, or pay premiums on a policy to insure against a risk. The level of fund retained remains subject to ongoing fund valuations.
10. **Capital Receipts Reserve**: This fund has been established from Capital Receipt income which has not yet been applied in year. This Fund can be used meet future capital investment costs either reducing loans fund advances or providing funds to cover the principal repayments of the loans fund. This fund cannot be used to support General Revenue budgets.
11. **Capital Grants and Receipts Unapplied**: Allows capital receipts to be used to transform service delivery to reduce costs and / or reduce demand. This flexibility is only available to Councils until 2021-22. If this is not used for the intended purposes by March 2022 the balance must be transferred back to the Capital Receipts Reserve.
12. **Uncommitted Balance to support minimum level**: In line with the previous approved Financial Strategy, these specific reserves collectively support the minimum level of uncommitted reserves with more detail set out in paragraph 5.7 below.
13. **Uncommitted Balance**: Current level of general reserves with no specific earmarked commitments.

Reserves Strategy

- 5.5 The use of reserves should not be used in place of developing a sustainable budget. Given that, the final year of the three year budget must demonstrate sustainability and show a balanced income and expenditure without the use of reserves.
- 5.6 The Council's Chief Financial Officer should be delegated authority to approve any specific commitment of funds for both the Cost Reduction Fund and the Council Tax 2nd Homes within the policy intent described in Section 5.4 above. Any such commitments made during the year, will be reported to Members Library Service.
- 5.7 Despite an increase in reserves during 2020-21, most of this has been earmarked to support specific commitments, and general unallocated reserves continue to remain at a very low level. The financial environment is now even more challenging and there remains a significant risk that the Council will be unable to support all future commitments and effectively mitigate against future financial risks. The level of general uncommitted reserves should remain at a minimum of 2% of the Council's annual running costs (previously £5.2m), but it should be noted that given the significance in many of these uncertainties, the Council should consider options to increase this level of uncommitted reserves in future years, aligned to an annual increased running costs each year. The level of 'uncommitted reserves' per the strategy includes a number of specified reserves which would need to be repurposed if they are required to be used to support unforeseen commitments. These include:

• Civil Emergency Fund	£2.000 million;
• General Services Capital Fund	£2.282 million;
• Uncommitted balance (per previous min level)	£0.918 million;
• Uncommitted balance	£3.145 million
TOTAL	£8.345 million

5.8 Should the projected level of uncommitted reserves fall below the 2% minimum level, Members must have a clear route for bringing reserves back up to the minimum level over the subsequent three financial years.

6 General Services Financial Strategy

6.1 The Council continues to operate in a very uncertain and challenging financial environment, and this predominant feature of uncertainty is likely to continue at least in the immediate short to medium term. It remains clear that the potential impact of a wide range of variables facing the Council is very significant and it is unlikely that the total resource available to the Council will be able to support all of the requirements that we have. COVID has unquestionably created significant financial challenges, but there may also be opportunities to consider how services are delivered in future years. This must act as a solid foundation to support how we support our communities, and interact with our customers in the future.

6.2 As a consequence, the Council must now re-focus our efforts and consider an extensive programme of transformational change that will look at a range of options including alternative service delivery models and identification of significant new income streams. Only by doing so, will it be possible to protect and preserve what are deemed to be essential priority services whilst supporting the Council in realising its ambition and plans, but at all times, ensuring future financial sustainability.

6.3 The General Services Financial Strategy for the next 5 years will focus on the following:

- Delivering essential sustainable services within approved budget levels which support the Council Plan and outcomes;
- Delivering a refreshed and extensive change programme designed to transform services that will help protect essential services aligned to core objectives and priorities within Council plans;
- Maximising the income generation opportunities available to the Council in order to protect vital services;
- In support of a changed approach post COVID, as to how we support and use our assets, focus on a comprehensive review of the Council's asset base which will support the way in which we deliver and support services, minimise future revenue costs, and maximise where appropriate capital receipts which in turn can be used to support future capital investment plans;

- Enhanced focus on procurement and contract monitoring of goods and services, ensuring good financial control by managers and delivery of best value;
- Continue to explore options for the Council to become more entrepreneurial;
- Continue to progress opportunities for partnership and collaborative working where there are proven efficiency and/or service gains;
- Continue to constrain cost growth – through effective demand management, continuous review of all expenditure commitments, sound financial control by managers and through effective negotiation with suppliers;
- Consider greater focus on prevention and early intervention, which is designed to reduce future demand for council services by stopping problems arising or by addressing them early on, and supports the Council's overarching priority to reduce inequalities;
- Continue to support a Capital Investment Programme, which will provide essential investment aligned to Council priorities, stimulate and support economic growth and critically, remain affordable based on a clear understanding of both capital and future revenue costs;
- In support of ensuring affordability for current and future tax payers, the Council should work to minimise the additional net borrowing over the next 5 years, by ensuring it does not exceed £150 million;
- The Council should continue to manage and review the General Services Loans Fund balance ensuring prudence, maximising the use and application of capital receipts, capital grant, and any flexibility arising from revenue balances, in order to minimise the future impact of debt charges;
- In recognition of the continued uncertainty arising from COVID, continue to seek assurance from national governments that full and appropriate funding is provided to meet the cost implications from COVID. Within this context, continue to explore options to apply fiscal flexibilities in line with national guidance.

6.4 Taking these specific areas of attention into consideration, alongside the Reserves Strategy outlined in Section 5 above, it is also recommended that budgets are developed annually in accordance with the following approach:

- Develop a sustainable three year General Services budget avoiding the use of reserves in Year three (2024-25).
- Develop a five year General Services Capital Plan aligned to the new Capital Strategy, which seeks to ensure capital investment decisions remain affordable.

7 Housing Revenue Account

- 7.1 In recent years there has been a significant increase in HRA capital spend as both the modernisation and Council house building programmes have been expanded, and as a consequence, the share of revenue spending on debt charges has also increased.
- 7.2 The Local Housing Strategy continues to set the strategic approach of the local authority and its partners to delivering high quality housing and housing related services across all tenures, to meet identified need. The Strategy has been prepared within the context of a highly pressured housing market, and significant demand for social rented housing. A high level of homelessness applications persist and the economic climate continues to impact on the ability of households to meet their housing needs.
- 7.3 Against this backdrop, increasing the supply of affordable housing continues to be a high priority for East Lothian Council ensuring that it meets the needs and aspirations of local people that they live in good quality homes which are located in strong, safe communities.
- 7.4 The Strategic Housing Investment Plan (SHIP) sets out the priorities for affordable housing investment in East Lothian over the next five years and will be dependent upon a combination of affordable housing providers, which includes Registered Social Landlords (RSLs), East Lothian Council and the private sector. It will also be dependent on complex funding models delivering different tenures.
- 7.5 East Lothian Mid Market Homes LLP is now in operation and supports the provision of mid-market rent, and is a partnership between East Lothian Council and Scottish Futures Trust. The establishment of this vehicle will allow further opportunities to support the delivery of affordable housing across East Lothian in the future years ahead.
- 7.6 The Housing Revenue Account is a balancing act between the income raised through rent, the revenue expenditure to support the tenants, and necessary capital investment to support and modernise existing council housing stock and deliver new Council homes. To support this ambition, the financial strategy must ensure that financial plans remain affordable and sustainable both for existing and future tenants.
- 7.7 Given this ambition, the financial strategy for the HRA will continue to focus upon the following;
- Review the existing rental levels, to ensure consistency across the housing stock where relevant, and ensure rental income and any future rental increase remains affordable for tenants whilst benchmarked against national average;
 - Continue to constrain cost growth – through effective demand management continuous review of all expenditure commitments, good financial control by managers and by effective negotiation with suppliers and focusing spend in line with agreed priorities whilst maintaining high quality service delivery for Council House tenants;

- Ensure that the HRA can sustainably support the ambition set out in the Strategic Housing Investment Plan, working with RSL partners to deliver the affordable housing needs across East Lothian, and maximise subsidy opportunities to support capital investment;
- Ensure capital investment is prioritised to support statutory requirements;
- Recognise the challenges faced by the global health pandemic, aligning targeted intervention which best supports tenants in the immediate short term, whilst supporting the longer term ambitions;
- Reduce rent arrears, ensuring targeted and flexible support is provided to tenants to who are experiencing financial difficulties;
- Delivering a new housing management system, which will provide an integrated management system designed to support and improve forward planning and customer service;
- Ensure that the Council stays within the recommended upper limit for the ratio of debt charges to income of 40%, maximising the in-year use and application of capital receipts, available capital grants, and any flexibility arising from revenue balances, in order to minimise the future impact of debt charges. This limit maintains an appropriate long term balance between the various elements of the HRA budget;
- Support contingency planning, ensuring that the reserve or balance left on the HRA should not fall below £1.0 million. This will allow the Council to maintain a cushion against any unexpected increase in costs or loss of income. Given the uncertainty that exists over the timing and scale of capital investment in new affordable housing, there is no upper limit on reserves.

8 Financial Management

8.1 The Council's current external operating environment is very dynamic and subject to constant change. The continuing impact of COVID has required the Council to support and deliver significant change and has created significant financial challenges for the Council to manage. The financial performance relative to approved financial plans is kept under constant review, and this is supported by regular financial monitoring and scrutiny reports provided to Council.

8.2 As part of our normal financial management support service, monthly and quarterly performance reports are issued to managers with budget responsibility and in addition to that, the overall finances of the Council are subject to detailed annual independent audit review.

8.3 The need for continued application of enhanced cost control measures remains a vital discipline that all managers should continue to operate, demonstrating effective stewardship and application of council funds at all times.

8.4 It is vitally important that through the Council Management Team (CMT), the Council maintains a disciplined approach to the implementation of its change

programme and does everything possible to deliver the financial efficiencies planned in accordance with that programme and the supporting budgets. Heads of Service will be required to manage expenditure commitments within approved budgets and if at any time spending pressures are not containable within the Business Group, the relevant Service Manager should report this to their Head of Service and Executive Director who has the flexibility to manage budgets across various business groups.

- 8.5 Should this not prove possible, the Chief Financial Officer can ask Heads of Service to prepare a cost recovery plan, which will seek to demonstrate actions, designed to bring the budgets back into financial balance. Cabinet/Council may be asked to reconsider the policies applying within that Group with a view to reducing services and costs or increasing charges and income. If this cannot be achieved, then the Council may be asked to approve policy changes elsewhere that will yield the necessary savings through service reductions or increased charges.
- 8.6 Although the Financial Strategy quite properly covers the 5 year period until 2026-27, the Strategy will be continue to be subject to an annual refresh to ensure that it remains relevant and enables the Council to respond to any future financial challenges to ensure its on-going sustainability.

9 Summary

- 9.1 Unquestionably the Council is continuing to operate with a very uncertain financial and economic environment. In support of the continuing global health crisis caused by COVID, the Council has experienced unprecedented levels of need amongst the communities we serve. This in turn has created significant financial challenges in the immediate short term for the Council to manage, but will also create a degree of opportunities to change the way in which we support and deliver services going forward.
- 9.2 The strategy must find a way of bridging the immediate financial imperatives and continuing to support the approved future direction of the Council. The Council plan has the ambition to reduce inequalities and create a more prosperous, safe and sustainable East Lothian. To achieve this, the Council must continue to embrace inclusive growth and both the benefits and challenges it brings, but it must also ensure that it can continue to deliver essential core statutory services against the backdrop of significant economic uncertainty.
- 9.3 It is recognised that there are a wide range of risks and variables facing the Council, and there is a need to ensure that the Council has sufficient financial resilience to satisfy delivery of approved outcomes whilst ensuring future financial sustainability. It is now clear that the level of future resources available to the Council will not be sufficient to meet future demand and pressures, and as such, the way in which we deliver services to the community must change.
- 9.4 To achieve this, the Council must embark on an enhanced programme of transformational change, which embraces digital technology and continues to support Council plans. To protect the delivery of vital essential services, the

Council must do all that it can to maximise revenue income streams available, and to support economic growth and achieving wider aims and outcomes, the Council must accelerate a review of all Council assets, which will seek to minimise future revenue costs, and maximise future capital investment.

- 9.5 The financial strategy set out will assist the Council in meeting the future financial challenges ahead. It is recognised that the wider economic uncertainty and potential scale and significance may mean that the Council must prioritise its resources to deliver and support essential services, and this may in turn require some difficult decisions and choices ahead.



Capital Strategy

Capital Strategy

1. Introduction

1.1 The Capital Investment Strategy provides an overview of how capital expenditure plans, capital financing and treasury management activity contribute to the necessary infrastructure supporting the provision of services for the benefit of East Lothian communities and citizens. Its purpose is to firmly place decisions around borrowing in the context of the overall longer-term financial position of the Council and to provide improved links between the revenue and capital budgets.

1.2 The Capital Strategy supports the wider Financial Strategy for the Council. It is recognised that there are many plans and strategies which impact on capital investment plans, and the strategy seeks to ensure:

- Capital Plans are aligned to the strategic priorities of the Council;
- Capital investment plans are affordable, prudent and sustainable;
- Financing decisions are taken in accordance with good professional practice and a full understanding of the risks involved.
- Robust governance arrangements to support its capital planning activities.

1.3 In doing so, the strategy effectively sets the framework within which capital financing decisions are considered and provides background to the funding sources available to meet the costs of capital projects.

1.4 The Capital Strategy is subject to an annual review and has a key role in supporting the delivery of the Council's corporate priorities.

1.5 The basic elements of the Strategy therefore include:

- An investment programme expressed over the medium term;
- A framework that prioritises the use of capital resources;
- A consideration of the need to pursue external financing such as grants and contributions, which reconcile external funding opportunities with the Council's priorities and organisational objectives.
- A direct relationship with the Treasury Management Strategy and the limitations on activity through the treasury management Prudential Indicators.

2. Current Operating Environment

2.1 The Financial Strategy sets out the financial context within which the Council is operating and highlights many of the key pressures that may impact upon the way in which the Council spends its limited resources.

- 2.2 Unquestionably, the Council is continuing to operate with a very uncertain financial and economic environment, and the continuing implications faced by the global health crisis caused by COVID, has created significant financial challenges in the immediate short term for the Council to manage, but will also create opportunities to change the way in which we support and deliver services going forward.
- 2.3 Despite this, the Council must balance the immediacy of the short term financial challenges and the future direction which supports the journey towards realising the Council's vision for an even more prosperous, safe and sustainable East Lothian, with a dynamic and thriving economy that enables our people and communities to flourish. The future capital investment stems across a 10 year planning horizon, and will be aligned to the approved Local Development Plan (ELLDP 2018) and commitment to the Edinburgh and South East of Scotland City Deal. The related investments will create significant economic long term benefits for the East Lothian economy, but will place a significant financial burden upon council finances, and affordability remains a key consideration both in terms of the short and longer term.
- 2.4 The Council is also faced with significant external factors which may influence future capital strategies. Examples include: the Community Empowerment (Scotland) Act 2015 that enables community bodies to request to: purchase, lease or occupy land or buildings owned by the Council. This places significant additional duties on the Council and can inform future asset strategies and capital planning. In addition, there may be wider implications arising from a judicial review involving Common Good assets which may impact on future capital strategies.
- 2.5 The primary purpose of the Capital Investment Strategy is to provide an overarching view of how various plans and strategies depend upon capital investment and to demonstrate that this is both affordable and sustainable. The associated plans and strategies focus on specific priority areas and, through appropriate governance structures, ultimately shape and influence the investment plans delivered through the Capital Investment Programme.
- 2.6 Underpinning the Capital Investment Programme is the Treasury Management and Investment Strategy which considers the delivery of the capital programme within the context of affordability and risk and apply a measurement of what this means against key prudential and treasury indicators. The aim being to demonstrate affordability and sustainability over the long term.

3. Key Resource Plans

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

Council Plan 2017-2022

- The Council Plan sets out a vision to create an even more prosperous, safe and sustainable East Lothian with a dynamic and thriving economy that allows

our people to flourish. It's overarching priority is "To reduce inequalities across and within our communities" and has four key objectives:

- *Grow our Economy*
 - To increase sustainable and inclusive economic growth as the basis for a more prosperous East Lothian
- *Grow our People*
 - To give our children the best start in life and protect vulnerable and older people
- *Grow our Communities*
 - To give people a real say in the decisions that matter most and provide communities with the housing, transport links, community facilities and environment that will allow them to flourish
- *Grow our Capacity*
 - To deliver excellent services as effectively and efficiently as possible within our limited resources
- All capital investment decisions must demonstrate alignment with the Council's strategic priorities.

Community Planning Partnerships and Local Outcomes Improvement Plans

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

- A strategic 'one council' approach to capital investment decisions must be adopted, ensuring a joined up approach to investment in community priorities.

Council Asset Strategy and Management Plan

- The Council Asset Strategy and Management Plan is a high-level document, which sets out how asset management is delivered for the Council to meet our long term goals and objectives. East Lothian Council's vision is to ensure that the assets that the Council holds are fit for purpose supporting the delivery of the strategic goals set out in the Council Plan, provide value for money and are efficient and sustainable.
- The Council manages its assets as a corporate resource to support the wider objectives and for the benefit of local communities. Management of the Council's asset base is particularly important in the light of financial pressures to ensure that investment in assets results in the greatest positive impact for the people and communities of East Lothian.
- The purpose of the Council Asset Strategy and Management Plan is:
 - To align how the Council manages its assets with the Council's key objectives to reduce inequalities across East Lothian;
 - To maximise the use of those assets to provide best value for our services;
 - To target limited resources to those assets to ensure they are maintained in satisfactory condition and in compliance with statutory obligations;
 - To provide a clear framework within which decisions relating to the planning and management of assets are made.
- In support of this, the Council has in place a number of Asset Management Plans which are used to support decisions to ensure that the Council holds the right assets and that they remain fit for purpose in terms of condition, suitability and accessibility. Many of these plans are currently being updated and reviewed, and will inform future capital strategies and associated investment plans.
- These plans include an on-going review of the Council's operational asset portfolio with an immediate focus on the provision of office accommodation, which will support service delivery and maximise new ways of working.
- In addition, the Council has agreed to undertake a Learning Estate Review to assess the condition and suitability of our assets. This review will inform the establishment of a Learning Estate Investment Plan which will inform future capital investment plans for the Council.
- Much of this is informed by the condition of the existing asset base, future investment required to support service delivery including on-going repairs and

maintenance and wider lifecycle investment, and wider affordability of both capital and associated revenue costs both in the short and longer term.

Local Housing Strategy and Strategic Housing Investment Plans

- The key strategic outcomes for the Local Housing Strategy for East Lothian include increasing the supply of housing, ensuring it meets the needs and aspirations of local people providing good quality homes which are located in strong, safe communities. The Strategic Housing Investment Plan (SHIP) sets out the priorities for affordable housing investment in East Lothian over the next five years.
- The SHIP is currently being updated but will seek to provide sustainable, affordable and accessible high quality homes, and will seek to work with its partners to deliver the requirements and allocate Scottish Government resources in the best way to maximise delivery and funding.
- The Council continues to have ambitious capital investment in modernising existing housing stock and investment in new homes. The wider capital investment strategy must ensure that plans remain affordable working with partners to improved outcomes in supporting future programmes.

Financial Strategy

- The purpose of the Financial Strategy is to provide clear direction on how the Council will manage its financial resources over the forthcoming years to ensure they are deployed effectively to achieve Council plans and outcomes. It plays a vital part of decision-making and forms the basis of the Council's stewardship over taxpayers' funds, and sets the overarching framework for managing both revenue and capital investment decisions over a 5 year financial planning period, and is updated on an annual basis.

Treasury Management and Investment Strategy

- The Treasury Management and Investment Strategy recognises that the Council is required to operate a balanced budget, which broadly means the charges made against the General Fund should not exceed the taxation and grant funding available. Part of the treasury management operation is to ensure that the Council's cash flow is adequately planned to support expenditure, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or financial instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- The second main function of the treasury management service is the funding of the Council's capital investment programme. The programme will provide an

indication of the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or making best use of longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet prevailing Council risk or cost objectives.

4. Governance Arrangements

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

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

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

- The **Corporate Asset Management Group (CAMG)** is the strategic body for asset management and capital investment decisions and projects. It is responsible for effective and efficient asset management at a corporate level. The CAMG is chaired by the Chief Executive, sets the direction, and provides leadership in relation to how the Council manages and develops its assets. The CAMG includes all CMT members and informs capital investment recommendations to Council.
- The **Capital Investment and Asset Management Group (CIAMG)** provides operational and professional oversight to the coordination of Council asset management projects and initiatives. The membership of the CIAMG includes all Asset Lead Officers and representatives from a range of council services.
- Furthermore there are a wide number of additional groups which support these groups including:
 - Learning Estate Managers Group which is designed to provide strategic oversight of the Council's learning estate;
 - The transformational work streams are directed by the Executive Team. These projects are aligned the Council plan and priorities.

- A Section 75 Group has been established with representation from across Council services. The purpose of this group is to provide guidance and direction to support the realisation and delivery of developers obligations.
- The **Council's Chief Finance Officer (CFO)** has statutory responsibility to manage the Council's financial affairs and safeguarding public monies, ensuring immediate and longer term implications, opportunities and risks are fully considered and aligned within the financial strategy.
- The Council has in place a contract with **external Treasury Advisors** who provide professional treasury management and investment/cash flow management advice. This arrangement enables an external and expert validation to the Council's approach to managing its treasury and investment decisions.
- **East Lothian Council** consists of all elected members and approves both the Finance and Capital Strategy and capital investment plans. The Cabinet is delegated to receive in-year financial performance reports, but most recently these have been reported to Council.
- The **Audit & Governance committee** provide the scrutiny arrangements including: Risk and Internal Controls; financial matters including review of the financial performance as contained within the annual accounts, review of annual report to Members from External Audit, and Treasury Management reviews including a mid-year Treasury report and final Treasury report; and review of corporate governance.

5. Approved Capital Investment Plans

- 5.1 The Council's capital investment plans are updated annually (General Services and Housing Revenue Account (HRA)) and extend beyond the approved 5 year programme, covering a 10 year planning horizon.
- 5.2 The 5 year capital investment plans approved in February and March 2021 totalled over £551 million (General Services - £367 million and HRA £185 million), and are set out in the table below.

	2021-22 £000 *	2022-23 £000	2023-24 £000	2024-25 £'000	2025-26 £'000	TOTAL £'000
General Services Gross Exp	91,506	77,439	97,699	57,300	42,844	366,788
HRA Gross Exp	29,676	45,340	37,468	36,877	35,698	185,059
TOTAL Gross Exp	121,182	122,779	135,167	94,177	78,542	551,847
General Services Income	(40,586)	(37,215)	(64,293)	(46,214)	(28,479)	(216,787)
HRA Income	(6,696)	(7,196)	(7,896)	(9,696)	(11,196)	(42,680)
TOTAL Income	(47,282)	(44,411)	(72,189)	(55,910)	(39,675)	(259,467)
Net General Services	50,920	40,224	33,406	11,086	14,365	150,000
Net HRA	22,980	38,144	29,572	27,181	24,502	142,379
TOTAL Net Borrowing	73,900	78,368	62,978	38,267	38,867	292,380

*Note * 2021-22 budget reflected in financial update reports has been updated to include 2020-21 outturn*

Capital Funding

- 5.3 Key to the capital investment decisions are the affordability requirements. It is recognised that our financial operating environment is both complex and challenging and also that any capital investment decisions must consider both current and future financial implications.
- 5.4 The Council's capital investments are made in accordance with the Prudential Code which aims to ensure that the capital investment plans of the Local Authority are affordable, prudent and sustainable. The prioritisation of capital investment is directly linked to the Financial Strategy and/or in-year budget amendment processes which are undertaken in an open and transparent manner.
- 5.5 Funding for the capital plans comes from a range of sources including; Scottish Government (General Capital Grant and Specific Ring-Fenced Capital Grants and

Housing Specific Grants), developers contributions, capital receipts from asset disposals, other income such as grant funding from other bodies, with the balance made up from borrowing funded through loan charges to the revenue budget. The cost of borrowing is included within the Council's revenue budgets through Loans Fund Charges (for the principal element of borrowing) and annual interest charges relating to the Council's debt. The impact of borrowing is included as part of the Council's Treasury Management and Investment Plans.

5.6 As part of the Council's reserves balance and in line with the reserves strategy, the Council has in place the following reserves that can be applied to offset the cost of future borrowing. These funds are not currently reflected to finance existing approved capital investment plans, but remain within the wider Council's General Fund reserves.

- Capital Fund & Capital Receipts - established from Capital Receipt income which has not yet been applied in year. This Fund can be used to either reduce loans fund advances or providing funds to cover the principal repayments of the loans fund. Generally capital receipts will be treated as a corporate resource. There is no equivalent fund balance within the HRA account principally due to the cessation of the Right to Buy.
- General Services Capital - established in recent years from flexibility from year end underspends, in order to mitigate against the future impact of growing capital infrastructure commitments.
- Council Tax 2nd Homes - An earmarked fund established by reducing the second home or empty property Council Tax discount for the development of affordable housing. Under Scottish Government direction, Local Authorities can now use this income to support the development of affordable housing, including the disbursement of funds to other organisations or individuals, as well as RSLs.

5.7 In addition, the Scottish Government have allowed a number of permissible 'fiscal flexibilities' to support in the management of the unmet funding pressures being experienced from COVID. These include; the application of capital receipts to finance COVID revenue expenditure; flexibility to review the accounting treatment for debt relating to credit arrangement charges; and a loans fund principal repayment holiday. Some flexibility has already been applied relating to loans fund repayment holiday during 2021-22, with national discussions on-going seeking clarity on the application of these flexibilities. The application of any wider fiscal flexibilities going forward may be considered depending on further national clarity, the impact of which may have future implications for both future capital investment and revenue plans as well as borrowing requirements.

Treasury Management and Investment Strategy

5.8 The Prudential Code for Capital Finance in Local Authorities enables councils to set their own borrowing limits with a requirement to ensure that investment plans are affordable, prudent and sustainable. The Council can borrow over a number

of years to supplement its capital income, provided the resultant annual debt repayments can be accommodated within future years' revenue budgets. The Council's annual Treasury Management and Investment Strategy sets out the prudential indicators and parameters over the medium to long term, with mid-year reporting to Council members during the year.

5.9 The key prudential and treasury indicators include:

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

5.10 Whilst current prudential limits remain within the overall Authorised Limit these must be considered within the wider financial environment facing the Council. Despite current low interest rates, any borrowing will need to be repaid in the future, and it remains essential that current capital investment decisions are made taking into consideration the implications for current and future Council tax payers.

5.11 Furthermore, the capital investment programme has significant revenue consequences for the Council, such as staffing, rates, utility costs, cleaning etc, which must be met from within the revenue available to the Council.

6. Management of Risk

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

6.2 There remains significant uncertainty in current economic conditions faced by the continuing implications from the global health pandemic, as well as the UK's departure from the European Union.

6.3 As such there are a number of significant risks and variables which can impact on the affordability and realisation of capital investment plans and these include:

- Increased infrastructure costs due to current economic conditions, which are being evidenced through external market and supply conditions.
- Ability to realise developer contributions payment in line with approved plans which are essential to support the funding of capital projects. Delays in developer house building programmes may impact on the payment of associated developer contributions. This in turn may impact on the delivery and funding of planned projects, and may have a corresponding impact on cash flow projections for the Council.
- Future interest rate rises, which can substantially increase the cost of future borrowing.

- Significantly enhanced pressure on revenue budgets as a result of capital infrastructure investment. The ability to plan when projects are required taking full cognisance of capital and revenue costs remains critical to forward capital financial planning. Whilst the distribution of many of the funding streams within the national settlement are population linked, the impact of this has not been reflected by means of an increase within local funding settlements for the Council, largely given the minimal increase in core funding alongside the national agreement to protect the stability of funding changes across the wider national funding settlement. The on-going pressure within the revenue resource limits, may require reprioritisation of capital investment decisions in order to minimise future revenue costs.

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

- The Treasury Management Strategy specifically sets out the prudential indicators and operational boundaries which the Council should operate including effective management of the Capital Financing Requirement, and future investment decisions.
- Furthermore the Treasury Strategy sets out the Council's approach to treasury management investment decisions and ensures that surplus monies are providing adequate liquidity before considering any potential investment and related return. This is consistent with the Council's adopted prudent approach to managing investment risk and return.

7. Capital Strategy

7.1 The economic impact from COVID will have an impact both on the Council and its community in the years to come. It is essential that the capital investment plan is targeted to ensure it provides essential investment aligned to Council priorities and stimulate and support economic growth. Nevertheless, the on-going financial challenges requires enhanced affordability criteria to be applied to the capital investment programme to protect both current and future Council Tax payers. Within this context, the Strategy focuses on an enhanced review of the Council's asset base, with a view of maximising capital receipts in order to support transformation of council services and maintain a level of future capital investment, and minimising on-going revenue costs.

7.2 With this in mind, the Capital Strategy will focus on:

- Continuing to support a Capital Investment Programme, which will provide essential investment aligned to Council priorities both in the short and medium term, stimulate and support economic growth and critically, remain affordable based on a clear understanding of both capital and future revenue costs.

- Maximising the capital income available to the Council.
- In support of ensuring affordability for current and future tax payers, the Council should work to minimise the additional net borrowing by ensuring that over the next 5 years, net additional borrowing for the General Fund does not exceed £150 million;
- The Council should continue to manage and review the General Services Loans Fund balance ensuring prudence, maximising the use and application of capital receipts, capital grant, and any flexibility arising from revenue balances, in order to minimise the future impact of debt charges;
- Develop an approved five year Capital Plan (for both General Services and HRA) underpinned by longer term models which seeks to minimise net borrowing requirements and is considered affordable both in terms of prudential limits and within the constraints of the three year revenue budget.
- Continuing to manage and review the General Services Loans Fund balance, maximising the use and application of capital receipts, capital grant, and any flexibility arising from revenue balances, in order to minimise the future impact of debt charges.
- Delivering an enhanced review of the Council's assets, which will support the way in which we deliver and support services, minimise future revenue costs, and maximise where appropriate capital receipts which can be used to support future capital investment plans;
- For HRA, ensuring that the Council stays within the recommended upper limit for the ratio of debt charges to income of 40%, maximising the use and application of capital receipts, capital grant, and any flexibility arising from revenue balances, in order to minimise the future impact of debt charges. This limit maintains an appropriate long term balance between the various elements of the HRA budget.
- To support contingency planning, ensuring that the reserve or balance left on the HRA should not fall below £1.0 million. This will allow the Council to maintain a cushion against any unexpected increase in costs or loss of income. Given the uncertainty that exists over the timing and scale of capital investment in new affordable housing, there is no upper limit on reserves.

8. Summary

8.1 Unquestionably the Council is continuing to operate with a very uncertain financial and economic environment, and the implications arising from the current global health crisis has created significant financial challenges in the immediate short term for the Council to manage.

8.2 The Council must ensure it finds a balance of bridging the immediate financial challenges and supporting future plans and ambitions. Given the current and

future financial challenges, it remains absolutely critical to ensure capital investment decisions remain affordable to both current and future residents of East Lothian.

REPORT TO: East Lothian Council
MEETING DATE: 14 December 2021
BY: Chief Executive
SUBJECT: Corporate Risk Register 2021-22

5

1 PURPOSE

- 1.1 As a result of a number of current Corporate and COVID-19 related work streams, together with associated increasing risk levels in some areas, it was deemed appropriate to present to Council at this time a live update on the Corporate Risk Register for awareness and approval. This report would normally be presented to Cabinet annually in May.
- 1.2 In providing this update, Council can review the refreshed Corporate Risk Register and the significant challenges facing the Council at this time.

2 RECOMMENDATIONS

- 2.1 It is recommended that Council approves the Corporate Risk Register and in doing so, the Council is asked to approve that:
- this is a live document which will be reviewed by the CMT, SMT, Risk Owners and the Corporate Risk Management Group on a regular basis and reported back to Council if required;
 - agree that the relevant risks have been identified;
 - agree that the significance of each risk is appropriate to the current nature of the risk;
 - agree that the total profile of Corporate Risk can be borne by the Council at this time in relation to the Council's appetite for risk but in the context of the planned mitigations; and,
 - recognise that, although while Corporate Risks require close monitoring and scrutiny over the next year, many are long term risks for the Council that are likely to be a feature of the risk register over a number of years.

3 BACKGROUND

- 3.1 In keeping with the Council's risk management strategy and reflecting upon the concurrent nature of risks managed by the Council, the Corporate Risk Register has again been refreshed, acknowledging the national and local impacts of the

- continuing Business Continuity arrangements deployed across Council services in response to the pandemic. The opportunity has also been taken to review and update all corporate risks as at 03 December 2021. The report will be augmented by live verbal update by officers as applicable.
- 3.2 The Scottish Government's Strategic Framework and current response to the developing new COVID-19 variant, Omicron, continue to have significant impact on public services and community life. Critically, workforce capacity is being impacted due to COVID-19 self-isolation and or absence and also due to wider employment marketplace pressures impacted by post-lockdown economic upturn and scarcity of certain skill sets in the post-Brexit employment marketplace. These risk factors have been reflected in Corporate Risks ELC CR 1 – COVID-19, ELC CR 2 – Staffing Issues and ELC CR 3 – Duty of Care to Public and Public Protection which have been updated to reflect the current risk assessment and mitigations.
- 3.3 Critically, concurrent challenges and risks in delivering public services at this time focus capacity and resources in the delivery of core statutory services such as social care services and education services, and the support services essential to their delivery such as facilities management services and customer contact services. Managing these risks effectively generates consequential impacts on wider Council and partnership services for example, reduction in capacity to maintain non-statutory service at their optimum operating levels. Through ongoing deployment of Business Continuity Plans, services continue to prioritise business critical activity enabling capacity release to support essential statutory services.
- 3.4 In presenting the refreshed Corporate Risk Register 2021-22 to Council for approval, the Council Management Team would wish to draw the Committee's attention to the fact that all risks have been evaluated using the standard (5x5) risk matrix which involves multiplying the likelihood of occurrence of a risk (scored 1-5) by its potential impact (scored 1-5). This produces an evaluation of risk as either 'low (1-4)', 'medium' (5-9), 'high' (10-19) or 'very high' (20-25).
- 3.5 The Council's response in relation to adverse risk or its risk appetite is such that:
- Very High risk is unacceptable and measures should be taken to reduce, transfer or treat the risk to a more tolerable position
 - High risk may be tolerable providing the Council is assured that adequate and effective control measures are in place
 - Medium risk is tolerable with control measures that are cost effective
 - Low risk is broadly acceptable without any further action to prevent/mitigate risk.
- 3.6 The refreshed 2021-22 Corporate Risk Register includes 4 Very High Risk, 7 High risks, 10 Medium risks and 1 Low Risk.
- 3.7 Three new corporate risks, on Staffing, Supply/Cost of Materials and Ash Dieback, are now incorporated within the Corporate Risk Register, rather than being within individual Service Risk Registers.
- 3.8 The corporate Brexit and COVID-19 risks continue to be reviewed by CMT on a monthly basis and are overseen by the COVID-19 and Concurrent Risks Oversight Group.

- 3.9 In accordance with the Risk Management Strategy ‘Very High’ and ‘High Risks’ identified in the Corporate Risk Register will be subject to closer scrutiny by the Council Management Team, Cabinet and the Audit and Governance Committee.

4 POLICY IMPLICATIONS

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

5 INTEGRATED IMPACT ASSESSMENT

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

6 RESOURCE IMPLICATIONS

- 6.1 Financial – It is the consideration of the Council Management Team that recurring costs associated with the measures in place for each risk are proportionate to the level of risk. The financial requirements to support the Register for 2021-22 should be met within agreed budget allocations, including the COVID Fund Reserve and any further grant allocations from Scottish Government. Any unplanned and unbudgeted costs that arise in relation to any of the corporate risks identified will be subject to review by the Council Management Team and if required will be reported to Council.
- 6.2 Personnel – There are no immediate implications, however, given the current significant staffing challenges this area is under constant review.
- 6.3 Other – Effective implementation of this register will require the support and commitment of the Risk Owners identified within the register.

7 BACKGROUND PAPERS

- 7.1 Appendix 1 – Corporate Risk Register 2021-22

AUTHOR’S NAME	Scott Kennedy	
DESIGNATION	Emergency Planning, Risk and Resilience Officer	
CONTACT INFO	skennedy@eastlothian.gov.uk	01620 827900
DATE	06 December 2021	

Risk Ref.	Risk Description	Existing Risk Control Measures	Assessment of Current Risk			Planned Risk Control Measures	Assessment of Residual Risk [With proposed control measures]			Risk Owner	Timescale for Completion / Review Frequency	Evidence held of Regular Review
			Likelihood	Impact	Total		Likelihood	Impact	Total			
			L	I	L x I		L	I	L x I			
ELC CR 1	<p>COVID 19</p> <p>If East Lothian Council does not have the appropriate plans/contingency in place to ensure continued delivery of business critical service during the COVID 19 outbreak there is a risk to our ability to provide an effective critical and emergency service to East Lothian's residents, communities and businesses.</p> <p>The current novel coronavirus (COVID-19) outbreak, which began in China in December 2019, presents a significant challenge for the entire world. The UK government and the devolved administrations, including the health and social care systems, have planned extensively over the years for an event like this, and the UK is prepared to respond. East Lothian Council is also well prepared to respond in a way that offers substantial protection to the public.</p> <p>Scottish Government implemented a wide range of strategy, legislation, policy and funding arrangements intent on supporting the containment of the spread of the virus across the country, whilst supporting communities and the economy sustain throughout the various stages of lockdown and easing of restrictions, resulting in a risk that the Council may not be able to flex and respond quickly enough to meet the developing situation and expectations set within these national strategies etc., particularly given the impacts of the virus on the Council's operating arrangements and staffing capacity .</p> <p>During the summer of 2021 there has been a real impact and increased risk in relation to Council employees having to self-isolate as close contacts of a positive case. At a time of increased annual leave and combined with sick leave and Brexit staff recruitment impacts on key sectors e.g. Facilities Management and the H&SCP etc. this has had a cumulative impact on services.</p> <p>Significant pressures are being faced within critical service areas as we have entered Winter 2021 particularly within the H&SCP and within FM services. Continued high levels of infection and service pressures would indicate a challenging winter ahead in respect of ongoing capacity and resilience.</p>	<p>Proactively communicating, and encouraging compliance with all government and public health authorities' advice and reducing the impact and spread of misinformation by relying on information from trusted sources e.g. NHS, Public Health Scotland and Scottish Government.</p> <p>Scottish Government Coronavirus Strategy, Legislation and Guidance is followed in responding to the impacts of COVID-19 within East Lothian. Council Management Team (Critical Incident Response Team) meets weekly to oversee and direct the Council's COVID-19 response. Emergency Co-ordination Centre stood ready for Crises Response if required.</p> <p>Services produce a Commonly Recognised Information Picture (CRIP) of local issues.</p> <p>COVID-19 and Concurrent Risks Oversight Group oversees the cross service COVID-19 response planning and operational service delivery ,considering implications of any relaxation of lockdown on ongoing service response, responding to Scotland's Strategic Framework and overseeing the work of a number of sub-groups which are covered in more detail within the full COVID Risk Register: COVID 19 Recovery and Renewal Coordination Group is deployed overseeing planning for recovery and renewal across East Lothian, overseeing a number of sub-groups:</p> <ul style="list-style-type: none"> • Environment and Infrastructure Recovery and Renewal Group • Education Recovery Group • Connected Economy Group • Communities Recovery & Renewal Group • Health & Social care Recovery & renewal Group <p>Resilience Direct is being used to share information on a multi-agency basis.</p> <p>Business Continuity Plans deployed in all services leading to ELC staff working from home unless it is essential for them to be in their place of work.</p> <p>Protective Services (Environmental Health and Trading Standards) support local businesses to ensure Covid-compliant business operations for their staff and customers.</p> <p>Protective Services are working in partnership with NHS Lothian in relation to the investigation of local Covid-19 cases/clusters and will, if required, attend PAG/IMT's, in support of Track and Trace national procedures to constrain the spread of the virus across communities..</p>	5	4	20	<p>Continued planning and implementation action across Services re-ongoing COVID19 response to national circumstances and Scottish Government guidance.</p> <p>Ongoing deployment of JCVI vaccine and booster programme and monitoring of Covid case prevalence across East Lothian to inform service interventions and timely community information and updates re service delivery and ongoing safety measures. Work is underway to identify and introduce a new mass vaccination centre to supplement East Lothian Community Hospital.</p>	5	4	20	<p>Council Management Team (Crisis Response Team)</p> <p>Council COVID 19 Oversight Group</p>	<p>All measures are live and monitored on a weekly basis.</p>	<p>Risk fully reviewed and refreshed by Executive Director of Place, CMT and Risk Owners December 2021.</p> <p>Corporate Risk created 18th March 2020 in response to COVID 19 by Risk Officer in collaboration with Head of Communities & Partnerships.</p> <p>Refreshed on a regular basis and reviewed at CMT meetings.</p>

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			L	I	L x I		L	I	L x I			
	<p>There is an ongoing risk as regards the Capacity and Resilience of the Council's workforce in responding to the pandemic alongside management and delivery of the Council and its services. This is being exacerbated by concurrent risks including weather emergency, COVID impact and winter related absence (ELC CR 2).</p> <p>There is an additional strain on all staff from anxiety on individuals who have family members who are suffering and additional work caused by large numbers of absences.</p> <p>Additional infection risks are being highlighted through the new variant of concern (Omicron).</p>	<p>Joint working with Police Scotland across all aspects of community life to constrain the spread of the virus and support local residents, business and visitors' community safety,</p> <p>Extensive Elected Member Briefings, Staff Briefings and Manager Guidance issued.</p> <p>Mass Fatality Plan refreshed while a remote registration of deaths is now in place with new procedures issued by National Registers of Scotland.</p> <p>Resilient Communities Groups exist in each Community Council area and Groups are ready to stand-up when required.</p> <p>Volunteer Centre East Lothian collaboration over support for local Third and Voluntary sector organisations responding to COVID-19 consequences across communities.</p> <p>The Council provides a prime source of local EL public information, constantly updated, in the Council Website as well as regular updates on Social Media platforms.</p> <p>Testing for all key workers is in place and readily available in the H&SCP.</p> <p>Cockenzie operates as a part-time Symptomatic testing site, operated by the Scottish Ambulance Service.</p> <p>National Mobile Testing Units, operated by Scottish Ambulance Service, operate as Asymptomatic Testing provision within targeted communities, in response to Covid case prevalence and are promoted county wide.</p> <p>Static Asymptomatic Testing operates out of the previous Stoneyhill Community Centre, Musselburgh. Mobile Asymptomatic Testing Units, Home delivery and Collect Asymptomatic testing provision also available and funded by Scottish Government but operated by East Lothian Council. This provision and locations are communicated to the public.</p> <p>Local promotion of Scottish Government's on-line asymptomatic Universal Testing Offer effective 26 April 2021.</p> <p>Wellbeing implications for our workforce have been addressed re-mental health risks, health & safety risks, home working risks via employee and line manager briefings and guidance on wellbeing, health & safety, homeworking checklists. Guidance for managers and the employee wellbeing programme are available online.</p> <p>NHS Lothian Gold meetings have been reinstated to a daily occurrence.</p>							Heads of Service and Service Managers	Ongoing		

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			L	I	L x I		L	I	L x I			
	<p>Increased Financial Hardship</p> <p>The financial implications from COVID have continued to impact on the financial position of local business, local households and the Council. Some welfare benefits have changed in response to this in order to help alleviate financial hardship, and some additional national funding has been made available to support those in need.</p> <p>Some mitigations to relax planning control to support businesses and services to diversify and continue to operate through the pandemic. This relaxation finishes at the end of September 2022, by which time businesses will have to either get planning permission or remove their temporary developments.</p> <p>As targeted interventions come to an end, there remains a risk that businesses and households will continue to face substantial financial hardship and there will be an increased risk that the Council and key support services e.g. Social Work, Revenues etc., may face greater demands for financial support from local residents and business.</p> <p>Council income streams could also be more severely impacted. Higher levels of unemployment or debt could result in more personal insolvency which would have a detrimental effect on the Council's ability to collect money owed.</p>	<p>Re-Commencement of Statutory Debt Recovery Work</p> <p>Statutory debt recovery work is back on track across Revenues teams. The Revenues Service is tackling debt recovery for Business Rates with sensitivity and in conjunction with the Economic Development team, recognising the fragility of the business sector at this time.</p> <p>Support for Local Business</p> <p>The new Retail, Hospitality & Leisure relief has been extended into 2021/22, however all eligible business owners must re-apply. The Service is contacting all potentially eligible businesses which have yet to apply.</p> <p>Support for Residents</p> <p>All teams are continuing to provide support and advice for EL residents and businesses struggling financially at this time and are continuing to encourage those who can continue to pay to do so.</p> <p>The Service is continuing to administer Self-Isolation Support Grants via the Scottish Welfare Fund framework.</p> <p>Low Income Pandemic Payments have been made to those meeting certain criteria, linked to Council Tax Reduction eligibility and certain Council Tax exemptions – 2119 payments. Work is still ongoing to manage the consequential issues which have been created as a result of crediting 5168 Council Tax accounts.</p> <p>The Service has refreshed the Coronavirus help/support leaflet and this is being promoted by a number of services and shared via the Comms team.</p>				<p>Review of Suspension of Statutory Debt Recovery Work</p> <p>Future debt recovery activity is being reviewed on a regular basis and in line with future national restrictions.</p> <p>Business Ventilation Grant Support Scheme</p> <p>New business ventilation support grants announced by SG to be administered by local government. Intervention support arrangements being developed by Economic Development alongside Protective Services, Planning & Building Standards.</p> <p>Financial Insecurity Funding</p> <p>During 2021/22 the Service is planning to spend its allocation of carried forward Scottish Government Financial Insecurity Funding:</p> <ul style="list-style-type: none"> £100k for SWF/Fuel Poverty £150k for Discretionary Housing Payments <p>Tenant Grant Fund</p> <p>The Revenues Service have a key role in identifying those who are potentially eligible for a payment towards their rent arrears via the Scottish Government's Tenant Grant Fund – this project is being led by the Housing Service.</p> <p>Winter Fund</p> <p>The Scottish Government has set aside £25 million flexible funding to support households experiencing financial insecurity over the Winter. It is likely that some of the allocation ELC receives will be disbursed via the Scottish Welfare Fund. Still to be advised of allocated amount.</p> <p>Financial Inclusion Service</p> <p>Recruitment to fill a vacant Financial Inclusion Adviser position has been carried out. Appointment pending.</p> <p>Council Tax</p> <p>Recruitment to fill one additional, temporary (12 month) Council Tax Officer has been carried out. Appointment pending.</p>				<p>Exec Director of Council Resources</p> <p>Head of Finance</p> <p>Service Manager - Revenues</p>	<p>Monthly reviews in place.</p>	<p>Service performance monitoring.</p>
	<p>Education</p> <p>The ongoing impact of the COVID-19 pandemic continues to present risks and uncertainty to the continuing education for learners. There is a risk that positive COVID cases continue to increase over the winter which will impact on both staffing and on continuity of learning. Staffing shortages in school staff and in facilities management continues to present a challenge to the sustained safe operation of schools.</p>	<p>Education follows Scottish Government and Public Health Guidance in developing service delivery plans. All Schools have Business Continuity contingency plans in place in the event that schools have to close. Ongoing communication to pupils, parents and staff of safe operating arrangements.</p> <p>Mass asymptomatic testing continues for all school staff and for secondary school pupils with LFT test kits</p>				<p>Ongoing review and evaluation of implementation of guidance and impact on school operation. Ongoing focus on asymptomatic testing and supporting the NHS in communicating about vaccinations.</p> <p>Continued recruitment of supply staff and FM staff.</p>				<p>Executive Director for Education and Children's Services</p> <p>Head of Education</p>		

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	While SQA have confirmed the plans for SQA Awards in 2022, there is a risk that these plans may change again as a result of increased COVID cases.	<p>Cleaning and risk assessments are an ongoing priority. Additional fogging is taking place as required and where there is a significant increase in number of positive cases.</p> <p>Implementation of remote learning when infection levels present a health and safety risk in particular schools. Daily consideration and risk assessment of available resource (including FM) and ability to maintain face to face learning across all schools.</p> <p>Education Recovery Group continues to meet regularly. Work streams continue to review and update guidance for schools and they continue to reflect any revised guidance from Scottish Government</p> <p>Face coverings are now mandatory on transport contract or public transport as per Scottish Government guidance while secondary students are required to wear them in public areas around the school and staff are also encouraged to wear them.</p>				Ongoing communication to parents, carers, pupils and staff.				Education Management Team		
	<p>IT and Digital Resilience</p> <p>We face an increased Information Security risk as spam and hacking attempts continue to rise.</p> <p>Some ELC staff working from home may find their IT use slower due to the speed of their own broadband connection which can be variable and is dependent on factors such as other devices are being used in the home and the number of other connections at the telephone exchange.</p> <p>Network usage has increased significantly due to the reliance on digital technologies.</p> <p>The rapid increase of remote working increases the likelihood and impact of cyber-attack against organisations as attackers exploit the situation. Also cyber security good practice for the office does not necessarily transfer to the home working environment – for example, staff may be working in an area shared with family meaning confidentiality of data on screens/during voice and video calls may be compromised.</p> <p>IT Supply Chain Issues have come to the fore in March 2021. The lead time for laptops, Chromebooks and iPads have now stretched to 6 months. This is causing problems for services, especially those with new starts requiring equipment. Scottish Procurement have indicated that this is a World Wide problem due to the shortage of semiconductors and is unlikely to change until 2023.</p> <p>The number of Service Desk calls have risen sharply during the COVID response. This is resulting in longer times to resolve staff problems which can result in staff being unproductive until their issue is fixed.</p>	<p>IT have purchased and deployed more than 2000 laptops to staff and 1800 Chromebooks to students well as supporting services to bring many others already issued into service.</p> <p>IT are now providing home based working support across the Council to more than 2,000 staff from an initial base of 12 contracted home workers.</p> <p>Maximising ELC staff mobile working technology e.g. introducing 5 video and voice conferencing platforms – Skype for Business, MS Teams, Connect Remote, Near Me and Google classroom (for schools use) and allowing controlled access to others used by other organisations via browsers.</p> <p>The Council's wide area network has been upgraded to increase capacity with a 10Gbps core now in place.</p> <p>New corporate Internet pipe in place and corporate and schools internet traffic now separated each with its own 1Gbps dedicated pipe.</p> <p>Local Area Networks have been upgraded in 5 of the 6 Secondary Schools.</p> <p>Email alerts have been used to remind staff of our security policies and good security practice whilst working from home.</p> <p>IT staff provide guidance on security issues as and when they arise while increased security monitoring is now in place on the infrastructure.</p> <p>Phase 2 of IT Service Review almost complete and additional temporary staffing resource secured for Service Desk activities.</p> <p>Call management system introduced to provide a better customer experience for those requiring support.</p>				<p>Information Security Officer working with Data Protection Officer and Corporate Comms to campaign for all staff with updated advice on safe working practice during current crisis. This will continue to be issued in various formats every 2 months.</p> <p>Ensure security systems are improved as and when required in line with advice from NCSC & other UK government security agencies.</p> <p>Have secured funding to replace the existing Wi-Fi networks in the main Council premises with a higher capacity system in preparation for staff returning to the workplace.</p> <p>Continue to implement parts of the M365 suite. The next two elements are Always On VPN and Intune which will enable us to phase out Direct Access and are on schedule to be live in mid-December.</p> <p>Replacement of Squirrel, the Councils main adhoc file store is underway. The new hardware is undergoing testing at present.</p>				<p>Head of Corporate Support</p> <p>Service Manager – I.T.</p>		

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		Managed to purchase approx. 500 laptops outwith Scottish Government contracts to fulfil backlog of orders. Schools Internet upgraded during October mid-term break from 1Gbps to 2Gbps.										
	Recovery and Renewal The Council has had to adapt its delivery of services through the course of the pandemic and has continued to prepare for recovery in the context of the Civil Contingencies Act 2004. ELC will continue to lead recovery supported by our partner agencies.	The Multi Agency Recovery & Renewal Co-ordinating Group was stood up in June 2020 and has met monthly since.				Continue to ensure the preparedness for formal recovery and renewal. East Lothian Recovery & Renewal Plan (approved by Council 16 November'21) sets out 8 priority key priority areas, direct supporting actions and an articulation of when recovery will have occurred and the plan worked. The plan will remain dynamic and flexible and will be kept under constant review.				Executive Director - Place		
ELC CR 2	Staffing Issues Increased risk in relation to Council employees having to self-isolate as close contacts of a positive COVID case, coinciding with a time of increased annual leave as a result of staff having delayed leave to manage COVID pressure combined with sick leave exacerbated by Brexit related staff recruitment impacts on key sectors. Staff have also been dealing with the pandemic for over 18 months which is generating fatigue and mental health issues, which are also impacting on staff absences. At the same time the Council are competing with other employers when trying to recruit staff and face challenges in this as the private sector has more flexibility regarding terms, conditions and salaries. This has made it particularly difficult to respond to Scottish Governments short term COVID response funding/staffing initiatives. A lack of staff for the above reasons has resulted in a reduced ability to provide a full range of services to the public and to provide internal support services, with only critical activities being provided in many areas. In some services this could result in risk to life and severe reputational damage to the Council. Insufficient staff can also lead to an inability to open establishments and maintain the services provided. The impacts are widespread across Council services, these challenges have had a cumulative and significant impacts on the following services in particular: <ul style="list-style-type: none"> • Facilities Management • Health & Social Care Partnership - • HR & Payroll • Registration • Burials Team • Waste Services • Transport Services • Housing • Connected Communities • Community Centres & Libraries • Contact Centre & Community Response Team 	Daily assessment of staffing capacity within services leading to resource challenges and essential redeployment of available resources to maintain frontline service delivery, reducing service provision when essential in non-statutory services. Currently we are undertaking high levels of recruitment. Over recent weeks ELC have had amongst the largest volume of adverts on MJS out of the 32 LA's (which in itself creates resource issues for our HR team in dealing with these volumes) which is significant for an authority of our size. Services Council wide are regularly required to ask staff to work additional hours and overtime to deal with the staffing issues. Making full use of our Agency frameworks. Though agencies are facing similar issue in sourcing key staff, many are now unable to supply. Managers continue to apply the Managing Attendance Policy. The Council has updated its COVID and Self Isolation Guidance allowing those self-isolating to return to work sooner than the current ten days. Some Council services are reducing the delivery of the service they provide to combat the issue e.g. facilities and community centres & libraries. Scottish Government is providing assistance and funding, particularly to the H&SCP although this can have a consequential impact on support services e.g. HR, Payroll. The Council is now fast-tracking Disclosure checks for H&SCP employees.	5	4	20	Contingency planning and identification of non-business critical activities and staff who may be trained to deploy to essential activities when required; including consideration of closing service areas if required. The Council has agreed to utilise the COVID Recovery Fund to recruit to temporary posts to alleviate pressures. These posts are still to be recruited to. H&SCP are in discussion with partner organisations to investigate whether locum staff can be recruited. The First Minister has agreed that Local Authorities can recruit permanently to temporary posts, where this is possible. This is something ELC will look at for high risk areas. The HR service is reviewing community based advertising methodologies e.g. poster campaigns, pro-active social media campaigns and recruitment fairs. The Council could investigate the use of the Market Supplement Policy in difficult to recruit areas, where it can be demonstrated that the market rate makes the Council no longer competitive. This does come with a number of other risks to the Council so should only be used in very exceptional circumstances as an allowance and as an absolute last resort. Develop graduate intern opportunities to meet service professional requirements. Consideration of expanding the apprenticeship programme.	5	4	20	Head of Corporate Support CMT	All measures are live and monitored on a weekly basis.	The Staffing Risk has been reviewed in December 2021 by CMT and the decision was taken to increase the residual risk score from 16 to 20 as even with all measures in place a period of review will be required to measure whether or not the situation has improved and the risk has reduced. New Corporate Risk created October 2021.
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	<ul style="list-style-type: none"> Customer Services Skilled Trades within Property Maintenance Key Finance and Banking Staff Legal Roads – At this moment in time have sufficient resources to deliver winter maintenance operations, although monitoring due to national shortage of LGV drivers. Roads require 54 staff to deliver the winter maintenance service (45 LGV drivers, 3 loaders, 2 duty clerks and 4 duty officers). <p>Substantial resilience issues are presenting in the management of concurrent risks e.g. Weather emergency - Storm Arwen.</p>	<p>Support is provided by Amenity services to supplement the winter emergency response team. Training up of some staff to gain LGV licence in order to be able to drive gritters is being progressed.</p> <p>CMT Emergency Planning Training</p>				<p>Service Reviews involving inputs from HR and Finance to ensure appropriate role and grading definitions within the service and broader corporate context.</p> <p>A debrief will be carried out on Storm Arwen noting lessons learned and promptly implementing subsequent actions.</p> <p>Review and broaden-out leadership resilience and service capacity within all ELC Contingency Plans.</p>						
ELC CR 3	<p>Duty of Care to Public and Public Protection</p> <p>The Council has a responsibility to provide care and support for the people of East Lothian and East Lothian's environment. Any breach of this duty of care may compromise legislative duties, health, safety and wellbeing, impacting on, for example, the protection of children and adults.</p> <p>Failure to fulfil the duty of care could also result in serious harm/death to an individual/s, prosecution, having to pay compensation and have a negative impact on the reputation of the Council.</p> <p>A failure to secure efficient and effective Public Protection arrangements, covering Child Protection, Adult Support and Protection, Offender Management, Violence against Women and Girls (VAWG) and Substance Misuse services, may see the Council being unable to fulfil its statutory duties/duty of care which could contribute to a service user suffering harm/death or detriment. This would in turn result in reputational damage to and increased scrutiny of the Social Work services.</p> <p>The duty of care is at the heart of the Council's approach to risk management. The likelihood of this risk occurring is influenced by a range of factors including:</p> <p>1) The medium to longer term impact of the Covid-19 pandemic, on the mental and emotional wellbeing, and coping mechanisms of children, young people and adults, and their access to supports, where their needs are not reaching the threshold for statutory intervention. Access to and availability of earlier intervention supports and services are likely to continue to impact on vulnerable children and families.</p> <p>(2) Complexity of service delivery, infrastructure, environment and partnership arrangements across the Council services;</p> <p>(3) Increasing population and the number of vulnerable people in East Lothian;</p>	<p>Strategic Structure</p> <p>The East and Midlothian Public Protection Committee (EMPPC) The East Lothian and Midlothian Public Protection Committee (EMPPC) is the local strategic partnership responsible for the overview of policy and practice in relation to Adult Protection, Child Protection, Offender Management and Violence Against Women and Girls. The primary aim of the Committee is to provide leadership and strategic oversight of Public Protection activity and performance across East Lothian and Midlothian. It discharges its functions through four sub-groups which meet quarterly:</p> <ul style="list-style-type: none"> Performance and Quality Improvement sub-group maintains overview of work through the door and performance in relation to CP and ASP work Learning and Practice Development sub-group takes forward our 2021-23 strategy for Multi-agency training, and oversees our training programme VAWG delivery group keeps oversight of services for gender based violence Offender Management Group oversees MAPPA arrangements. <p>Critical Services Oversight Group (CSOG), Provides governance and leadership of EMPPC on a quarterly basis</p> <p>Marac (Multi-agency risk assessment conferences) continues to operate on a four weekly basis, by Microsoft Teams, with additional meetings scheduled to respond to increase in demand, ensuring that the needs of and supports to highest risk victims of domestic abuse are planned for on a multi-agency basis</p> <p>A Joint Strategic Needs Assessment for Public Protection has being developed and is being reviewed by CSOG. This projects increased demand for services and makes a number of recommendations for the future delivery of Public Protection services.</p> <p>ASP preparation for inspection work:</p> <ul style="list-style-type: none"> A self-evaluation of Adult Protection in East Lothian has commenced 	5	4	20	<p>Work is underway to prepare for Adult Protection inspection (no date identified/inspections resumed in June 2021) – programme of audit and self-evaluation is underway. A multi-agency strategic planning group has been established with key personnel from East Lothian HSCP, NHS Lothian, Police and Public Protection Office. This group will plan and oversee preparation activity.</p> <p>Public Protection Manager will review the 0.5 Learning and Development Co-ordinator post with senior managers across the EMPPC partnership, and will consider the most appropriate way of using this resource.</p> <p>Critical Services Oversight Group to review the Joint Strategic Needs Assessment and consider the recommendations and actions arising from such. Timescale Jan – Mar 2022.</p> <p>The Public Protection Manager is liaising with communications professionals in East Lothian to explore options for the development a new website for the EMPPC or a satellite website hosted within the East Lothian Council website. This is not likely to be in place before 2023.</p> <p>Training needs analysis is underway within the HSCP (being led by the Workforce Development Officer) Learning and Development Sub-group. This will identify training requirements and an indication of unmet need.</p> <p>Child Protection Lead Officer will evaluate pilot of new approach to supporting Safe and Together training – with a view to rolling this out further if evaluated positively.</p>	5	4	20	<p>Chief Executive</p> <p>Critical Service Oversight Group</p> <p>Executive Directors</p> <p>Director of East Lothian Health and Social Care Partnership</p> <p>Chief Social Work Officer</p> <p>Public Protection Team Manager</p> <p>Health and Safety Team</p>	<p>June 2022</p> <p>March 2022</p> <p>January 2022</p> <p>December 2022</p> <p>February 2022</p> <p>January 2022</p>	<p>The Risk has been reviewed in December 2021 by CMT and the decision was taken to increase the current risk score from 12 to 20 and the residual risk score from 8 to 20 due to the current nature of the risk and the fact that, even with all measures in place a period of review will be required to measure whether or not the situation has improved and the risk has reduced.</p>

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	<p>(4) Increased population and more complex service demands presented by an increasing number of service users whilst resources have reduced</p> <p>(5) Levels of deprivation in East Lothian;</p> <p>6) Capacity in partnership and purchased services. In particular, there are risks in relation to staffing shortages and capacity challenges of care at home providers in East Lothian, which leaves vulnerable adults at risk of not receiving their care at home support. EL H&SCP have not instigated Large Scale Investigations in respect of two providers where otherwise the local procedures would indicate that these should be considered. Instead daily operational meetings and weekly oversight groups are taking place with the support of the Adult Protection Lead for East Lothian.</p> <p>The EMPPC website is not fit for purpose and does not meet the accessibility requirements.</p> <p>There is a risk that staff who require refresher training in Child Protection and Adult Protection do not receive this within a two year timescale – the current focus is on delivering training for staff who have not done any of the core courses. There is a risk that children and families staff do not manage to complete the core Safe and Together training (4 days) which is designed to be completed on a self-learning basis.</p>	<ul style="list-style-type: none"> Other quality assurance activities and audits are undertaken by the lead officers for Adult Protection and Child Protection, in partnership with HSCP and children's services managers. There is an ASP inspection preparation group in place which meets regularly to plan self-evaluation and preparation for inspection activities. <p>ELC H&SCP Management attend NHS Gold meetings where the capacity gap is detailed and set in the context of the wider system risk caused by challenges facing NHS Lothian acute sites</p> <p>ELC H&SCP have established a weekly Care at Home Oversight Group rather than progressing Large Scale Investigations. This multi-agency group maintains close monitoring and risk management of the current Care at Home Crisis. The council's Chief Social Work Officer attends this meeting as one means of discharging the statutory duty of assuring the quality of care provided by social work and social care services.</p> <p>A risk management tool has been developed to provide consistency in how the providers are assessing their capacity to respond and deliver their required level of service.</p> <p>Policies, Protocols, Procedures and Guidance are in place, subject to ongoing review and update and available on Public Protection website: www.emppc.org.uk.</p> <p>Chief Social Work Officer (CSWO) fulfils statutory role and responsibilities, overseeing and reporting on Public Protection issues to Chief Executive and Elected Members, reporting annually to Council giving oversight of Public Protection performance including assessment of risks and pressures.</p> <p>The Council continues to work towards delivering the UK Government's Counter Terrorism strategy, known as CONTEST, of which Prevent is a key element. EMPPC has a Prevent referral pathway which has been reviewed.</p> <p>Re-alignment of service areas and responsibilities across the HSCP has resulted in the creation of a dedicated team manager post in statutory services. This post holder has responsibility for supporting the link between strategic and operational activities. The Lead Officer for Adult Protection now leads the Council Officer forum, to support learning and practice and process consistency in Adult Protection.</p> <p>All Regulated Services e.g. Care homes for older people, residential units for young people, Schools are inspected by Care Inspectorate and Education Scotland. Improvement plans are implemented following all Regulated Services inspections. A weekly Care at Home Oversight Group has been established to oversee and manage risks in relation to staffing</p> <p>Both the Lead Officer for Child Protection and Adult Protection participate in the Inter-agency Referral</p>										

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		Discussion Overview Group, which reviews and provides quality assurance of the decisions taken to manage vulnerable children and adults risks.										
ELC CR 4	<p>Supply/Cost of Materials and Labour</p> <p>The construction materials market is currently volatile due to a number of factors including Brexit and the Pandemic impact upon the production and supply chain. Scotland Excel have confirmed a 23% increase in framework prices for timber and sheet materials. Current challenges include:</p> <ul style="list-style-type: none"> • Significant / unexpected upturn in worldwide workload • Covid-19 recovery & logistical constraints • Supply from the European Union • Hedging and bulk ordering • Increase in cost of raw materials – due to Covid-19, post-Brexit trading rules and rising oil prices • Shortage of drivers of Heavy Goods Vehicles <p>These challenges have had significant impacts on construction, including:</p> <ul style="list-style-type: none"> • Massive increase in demand is resulting in shortages on key products and placing strain on labour availability. • During the pandemic manufacturing facilities were closed and the world's distribution network was impacted and is still recovering. • Although there is now a trade agreement, the borders and customs processes add administration, time and cost. • Materials suppliers, main contractors and major UK projects (e.g. HS2) have stockpiled or bulk secured manufacturing and supply slots. • High percentage increases in the cost of particular materials e.g. copper, steel, timber, concrete. • The lead-in times for delivery of materials have increased. • Shortages in components e.g. for mechanical, electrical and IT <p>The main impacts are live project delays, delays to future projects, cost increases, contractors unable to submit fixed-price Tenders, higher risks for Contractors.</p> <p>The risks apply to capital and revenue-funded works for</p> <ul style="list-style-type: none"> • Property • Roads • Housebuilding generally • Affordable housing programme • Maintenance and lifecycle works in the operational / non-operational and learning estate and PPP Project. • Maintenance and repairs • Domestic compliance programmes • Energy efficiency programmes • The majority of all other procurement related purchasing is being impacted 	<p>Regular contact with our suppliers who have contact with their suppliers</p> <p>Also looking at alternative specifications with our suppliers for cladding etc.</p> <p>Updates from Scotland Excel</p> <p>Prioritisation – deciding which works are essential, balancing time, cost and risk, possibly delaying works until the market settles</p> <p>Planning – assessing project programmes and possible procurement options</p> <p>Reporting – providing information to funding bodies, Council management and other services</p> <p>Monitoring – Continuing to liaise with industry bodies, working groups, other local authorities, the Scottish Government, suppliers and contractors to keep the Council informed.</p> <p>The Council is aiming to pre-order and provide enhanced stock management on certain materials where appropriate.</p> <p>Regular discussions are taking place on the Capital and Revenue Investment Plans.</p> <p>Continue to apply BCIS increases, monitor acceptance of offers and continue to maintain dialogues with framework contractors.</p> <p>Continue further engagement with Scottish Government, Government Agencies and Professional bodies.</p>	5	4	20	<p>Enhanced value engineering and prioritisation of specification and design parameters.</p> <p>Reviewing the opportunity to phase planned works rather than deliver wholesale projects.</p> <p>Consideration to delaying capital and revenue projects where appropriate and possible.</p> <p>Enhanced partnership working with HUB and major suppliers to enable pre ordering and project budget caps to be set - whilst this carries risk of increased front loaded costs used correctly it can cap risk and enable controlled project delivery.</p> <p>Consideration of enhanced contract payments to transfer risk to the private sector – by paying upfront to cap project risks of escalating costs from Covid and material increases project caps can be set to limit overall risk to the Council.</p> <p>Capital Plan review and prioritisation - using what we have differently to deliver essential projects at the expense of less essential.</p>	4	4	16	Head of Infrastructure CMT	All planned measures are to be reviewed/progressed over the coming weeks.	New Corporate Risk created October 2021 and reviewed & refreshed during November and December 2021.

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	<p>Risks have both financial and programme implications.</p> <p>Higher material and labour costs are not necessarily being reflected in the building cost indices (BCIS) used to vary building framework prices in line with Procurement rules. This could result in ranked framework contractors declining offers of work. Note the BCIS All-in Tender Price Index for quarter 3 2021 has an increase of 1.9% from the previous quarter of 0.8% to 2.7% and a continual rise on this is predicted over the next five years.</p> <p>Housing service delivery The impact over the short and medium term on voids / relets and in turn impact on allocations and homeless households.</p>	<p>Corporate Procurement have indicated that we cannot adjust Framework pricing mid-term. However agreement has been reached that larger projects can be issued for mini-competition amongst all ranked framework contractors.</p>										
ELC CR 5	<p>Climate Emergency</p> <p>East Lothian Council has had statutory climate change duties since 2011. The Scottish Government's Climate Change Act (2009) section 44 requires us to mitigate emissions and adapt to climate change to support the delivery of Scotland's national net zero target and adaptation programme.</p> <p>The risks associated with the responsibilities are:</p> <ul style="list-style-type: none"> Failure to meet our statutory duty in Scotland's Climate Change Act (2009) Lack of financial and staff resources to mitigate emissions and deliver the net zero target by 2045 Unknown costs of the transformational change needed to adapt and build resilience to climate change impacts Risk aversion, particularly in relation to new technologies that could support mitigation and adaptation Reputational damage and failure in corporate social responsibility if climate action is not mainstreamed and embedded across the Council Lack of/unclear funding and unbudgeted costs to reduce carbon emissions, e.g. for the transformational changes needed in Fleet¹ and Asset² Management <p>The Council are making progress on the Climate Emergency risks. However, there is an urgent need to secure the funding, resources, tools and powers to enable us to deliver net zero. Until then, our capability of transformational change to reduce these risks is uncertain.</p> <p>¹Fleet Management: We need to replace public sector fleet vehicles with ULEV by 2025. However, funding from the Scottish Government is limited and focused on smaller vehicles. Shifting ELC's heavy commercial fleet to a UNLEV platform will require additional unbudgeted funding. Currently, the cost of an EV refuse collection vehicle is 2.5 times more expensive than a fossil-fuelled equivalent. Another cost implication is the</p>	<p>Existing measures in place by the Council to handle the climate emergency and address associated risks are:</p> <ul style="list-style-type: none"> Annual reports to the Scottish Government, keeping track of the Council's progress to mitigate greenhouse gas emissions and adapt to climate change. The Council's Climate Change Strategy (2020-2025) and Action Plan to achieve net zero by 2045 at the latest. Annual reports are sent to Cabinet to track progress and action updates. The Council's Climate Change Planning and Monitoring Group, meeting every fourth month to ensure Council-wide commitment to the Climate Change Strategy and Action Plan. The group is chaired by the Executive Director of Place and members include Heads of Service, Service Managers and Officers. The Council's Energy Transformation Board, meeting every second month to improve energy efficiency and energy supply from renewable sources. The Board is also generating income from installing low carbon technologies across the Council's estate. The Council's COVID Recovery and Renewable Framework, in which a Green Recovery from COVID is a key principle. The Resilient Communities initiative, which prepares our communities for emergencies and severe weather events in partnership with the Council. The Corporate Risk Register, in which impacts of climate change (e.g. extreme weather, sea level change, business continuity plans) and coping strategies are covered. <p>External partners supporting in addressing these risks are:</p> <ul style="list-style-type: none"> Sustainable Scotland Network (SSN) and the Scottish Government, guiding public authorities to implement the National Climate Change Plan Update (Dec 2020). 	4	4	16	<p>Planned actions to support existing risk measures are:</p> <ol style="list-style-type: none"> Identify budget and funding streams to continue delivering transformational change to Fleet and Asset Management (e.g. staff resources to chase funding opportunities and support services to access them). Identify the implications of the Scottish Government's Climate Change Plan Update (Dec 2020) on the Council's Climate Change Strategy and Action Plan, Continue securing the tools, powers and resources to enable the delivery of a 'Net Zero Council'. Identify interim emission reduction targets across Council Services and implement a monitoring & evaluation framework in response to this. Produce a Climate Change Communications & Engagement Plan to continue mainstreaming climate action across Council Services. Continue engagement with local partners to set carbon emissions reduction targets and take climate action Engage East Lothian Partnerships to include carbon emissions reduction targets in review and update of the East Lothian Plan Set up a Citizens Assembly /Climate Change Forum. 	3	4	12	<p>Chief Executive</p> <p>Head of Development</p> <p>Sustainability and Climate Change Officer</p>	<p>a) Ongoing with annual review</p> <p>b) 2025 / reviewed annually</p> <p>c) Ongoing with annual review</p> <p>d) Ongoing with annual review</p> <p>e) March 2022</p> <p>f) January 2022 depending on COVID and opportunities for engagement</p> <p>g) March 2022 depending on COVID and opportunities for engagement</p> <p>h) April 2022 depending on COVID and opportunities</p>	<p>Risk refreshed by Sustainable Energy and Climate Change Officer November 2021 with no change to risk scores.</p> <p>'Carbon Management' Risk refreshed revised and renamed Climate Emergency Risk in relation to the Council's Climate Emergency Response.</p> <p>Current and Predictive Risk scores increased from 9 and 6 to 16 due to the declaration of a Climate Emergency.</p>

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			L	I	L x I		L	I	L x I			
	<p>charging infrastructure needed to support these vehicles.</p> <p>²Asset management: We anticipate the costs of transformational change for our built assets to reach net zero to be substantial. To achieve net zero, we need to ensure that capital is available (e.g. capital for asset reconfiguration, energy efficiency measures, energy generation, etc.). It is key to manage Council assets in line with the climate change agenda.</p>	<ul style="list-style-type: none"> Adaptation Scotland and SSN, ensuring consistency and collaboration between public bodies in the response to the climate emergency. Transport Scotland, funding ELC's ULEV public sector fleet objective (2025). NB, funding options are limited to be either lease of part funded purchases. Thus, the opportunities to fully utilise ULEVs are limited. <p>The Sustainable Transport Officers Group, which coordinates a multi-departmental response to increase active and sustainable travel.</p>								for engagement		
ELC CR 6	<p>Brexit</p> <p>The Trade Co-operation Agreement (TCA) was agreed on Christmas Eve 2020 and ratified by UK Parliament on 30th December 2020 via the European Union (future relationship) Act 2020. The TCA is wider in scope than most free trade agreements and also covers the most urgent matters, however, remaining provisions such as rules on state aid are in preparation. The agreement has reduced a number of trade barriers in relation to cross-border services. The UK Subsidy Control Bill 2021 is currently at Committee Stage in the House of Commons, this will establish an ongoing framework for the giving of subsidies out of public resources.</p> <p>This agreement will have an impact on the local economy, local funding and the delivery and funding of council services. With a fast-changing political environment, the wider ramifications of the decision to leave the European Union are yet to be fully identified. Whilst there may be some opportunities, there is also considerable uncertainty that affects areas of the economy, financial markets, interest and exchange rates, construction, grants from the EU, Investment and other non-financial aspects.</p> <p>While we remain in a period of uncertainty we continue to see and anticipate a gradual slow down and potential council impact (+/-) on:</p> <ul style="list-style-type: none"> Inward investment and positive awareness of the UK; EU funding for council-led business and training projects is known with the timescale permitted for delivery, however the university, farm businesses and other players will be accessing funding from EU sources which will be stopped at some point. There has been an announcement on a replacement funding model on which the detail of this is being assessed. It has been announced that UK Government will be leading on the UK Prosperity Fund and have confirmed that this will not be within the jurisdiction of the UK Devolved Administrations. Management of State Aid – COVID Business Support Grants currently administered by ELC constitute State Aid (now known as Subsidy Control under UK legislation). The UK Government held a consultation on Subsidy Control, the results of which were published in June 2021 at the same time as the Subsidy 	<p>The wider ramifications of the decision to leave the European Union are yet to be fully realised and felt in national and local economy. Whilst there will be some opportunities there is also uncertainty that may affect areas of the economy, financial markets, interest and exchange rates, construction, grants from the EU, Investment and other non-financial aspects.</p> <p>The CMT appointed a strategic and tactical level Lead Officer to keep an oversight on ongoing EU Exit developments and "EU-exit" has been acknowledged and remains a Corporate Risk.</p> <p>ELC remains aware of the subsidy control situation and continues to monitor the progress of the Bill and any potential impacts on LA Grants. Measures are currently in place to ensure Special Drawing Rights / De minimis levels are not exceeded by east Lothian Council.</p> <p>"EU-exit" contingency planning is a standing item on the CMT agendas.</p> <p>COSLA published a paper in January 2021 on "UK EU Post Transition" providing Council leaders with an update on the TCA and potential issues for local government. COSLA then published an "EU Exit Local Impacts Review" in August 2021 which was circulated to Council leaders.</p> <p>CMT established an appropriately represented corporate level "D20 EU-Exit Working Group" chaired by the appointed Strategic Lead Officer. This group has been stood down as there are no immediate issues for it to deal with. Any service level risks are being monitored at that level.</p> <p>The Council has also established a Connected Economies Group (CEG) which has a multi-agency membership, providing the Council with a forum to communicate and link with Elected Members, Local Trade Agencies and Organisations, Tourism representatives, the DWP and Scottish Enterprise.</p> <p>Council Officer representatives have attended EU-Exit related meetings, national Brexit preparedness sessions and training run by COSLA, RRP, LARGS and Scottish Government and have contributed to Resilience Partnership Planning for Reasonable</p>	4	4	16	We continue to seek clarity over how the Government plans to address the potential EU funding gap, retain highly skilled migrants and support trade.	3	4	12	Council Management Team	All actions ongoing and dependant on decisions taken by UK Government	<p>The risk continues to be reviewed on a monthly basis throughout 2021.</p> <p>Following the TCA being in place the current risk was reduced from 25 to 16 and the residual risk from 25 to 12 in February 2021.</p> <p>The risk score was increased from 16 to 25 during December 2020.</p> <p>New risk created and evolved by CMT and Brexit Working Group during 2019/20.</p>

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	<p>Control Bill 2021 was introduced. There remains an uncertainty regarding risk ownership between Local Authorities and Scottish Government until this bill is passed.</p> <ul style="list-style-type: none"> Increased import and export costs for local businesses due to increased administration overhead and introduction of tariffs in accordance with the UK Governments border operating model. Trade and Co-operation Agreement makes most trade tariff free, however, there are still administration costs. Council and local business workforce pressures Procurement Supply Issues remain for IT Hardware and are unlikely to change until 2023. Inflationary pressures. Which could reduce and could in turn impact on the council, the university, housing market, capital costs resulting from increased cost of labour which could slow business rates growth (Inflation risk based on latest OBR predictions), workforce pressures e.g. regulatory services, social care providers, procurement costs, inflationary pressures caused by fluctuations in sterling value and potentially a loss of EU grants funding. Price increases related to Services, Materials and in particular fresh food supplies. <p>Key potential causes are:</p> <ul style="list-style-type: none"> Gradual slow down during period of uncertainty. Border disruption Workforce pressures e.g. regulatory (food imports/export), social care providers. Inflationary pressures caused by fluctuations in sterling value. Loss of EU grant funding <p>From 1st January 2021 UK introduced a points-based immigration system treating EU and Non-EU citizens equally. Priority is given to skilled workers with a job offer from an approved sponsor. Applicants also need to be able to speak, read and write English and meet a salary threshold of £25,600 or have an offer for a job in shortage occupation.</p> <p>In the medium to long term, a national skill/ recruitment gap is evident, particularly for occupations that are not highly skilled e.g. care work, agricultural labouring, food manufacturing etc.</p> <p>Overall national and local economic impact in relation to:</p> <ul style="list-style-type: none"> RPI, cost of goods, services, supplies Overall employment Cost of borrowing Availability of goods on import and cost if available <p>Data Protection –It is possible that future changes to UK Data Protection laws could diverge from the EU regulatory regime, affecting the EU's 'adequacy</p>	<p>Worst-Case outcomes and the layering of multiple scenarios and outcomes.</p> <p>Specific HR Actions for EU National Employees:</p> <ul style="list-style-type: none"> Project plan created to capture major milestones and actions from November 2018 to June 2021 Reviewed and amended job adverts to signpost EU nationals to sponsorship arrangements and thresholds. Communications issued to managers to advise of new requirements necessary to employ an EU national. The Council has renewed and increased its Certificate of Sponsorship allocation. Created additional capacity within HR Payroll System to easily capture and report on nationality and right to work. <p>The settlement scheme application date has now passed. There are some very few exceptions to this and the details are available here: Apply to the EU Settlement Scheme (settled and pre-settled status) - GOV.UK (www.gov.uk).</p> <p>A Lothian & Borders Local Resilience Forum is in place, including the ELC EP, Risk & Resilience Manager, engaging and liaising with partner agencies through the East Regional Resilience Partnership (RRP) and Lothian & Borders Local Resilience Partnership (LRP). This ensures partnership working processes are in place and understood, should such processes be invoked.</p> <p>Economic Development are continually reviewing and updating website business pages and its' Business Gateway (webinar offerings).</p> <p>The Council has engaged in business continuity collaboration arrangements with local partners and neighbouring Local Authorities: via LRP/RRP.</p> <p>The Council has assessed internal essential services business continuity arrangements.</p> <p>The Council has employed horizon-scanning activities to identify and communicate emerging risks.</p> <p>Seeking guidance at early stage from COSLA, SG and other sources around emerging thinking on Shared Prosperity Fund and Rural Development Fund as replacement support for ESF/ERDF and LEADER/Fisheries.</p> <p>There are 3 new funding schemes taking us beyond EU funding including one which serves as the Shared Prosperity Fund (SPF) pilot:</p> <ul style="list-style-type: none"> Shared Prosperity Fund Levelling Up Fund – 21/22 – 24/25 Community Ownership Fund <p>The council is considering project(s) for submission to the Levelling Up Fund and will provide advice and support for community organisations considering</p>										

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	agreement for the UK and risking impediments to data sharing with EU countries. We are currently awaiting the outcome of a UK Government public consultation via DCMS on a new Data Protection regime, with no immediate action indicated.	submitting applications to the Community Ownership Fund.										
ELC CR 7	<p>Managing the Financial Environment</p> <p>The Council may not be able to manage its obligations within the resources available.</p> <p>The Council is operating in an increasingly complex financial environment which has become further complicated due to managing the financial implications from COVID. Reducing levels of core national funding relative to rising demand, increased ring fenced and short term funding settlements, and rising demand for services, creates significant challenges to ensure that the Council remains financially resilient and services can be delivered sustainably.</p> <p>The Council is managing a multitude of pressures, and these have been increased significantly in recent months due to the financial implications arising from COVID 19. If these pressures are not successfully planned for and managed effectively over the short, medium and longer term there would be a serious risk of unplanned / reactive budget realignments with significant adverse impact on availability and quality of both front-line services and necessary investment in the Council's infrastructure and asset base. This includes the requirement to successfully plan and deliver recurrently identified savings proposals.</p> <p>Over the medium term it is highly likely that the Council's grant from Scottish Government will, at best, remain static and may even reduce. At the same time the Council continues to face significant cost and demand pressures. These pressures include:</p> <ol style="list-style-type: none"> (1) Supporting the resource requirements associated with the delivery of the growth agenda resulting from the Local Development Plan; (2) Associated demographic change and social-economic pressures; (3) Growing inflationary pressures and contractual commitments including pay and pensions; (4) Potential financial costs associated with a wide range of new obligations or legislative changes. (5) Managing the financial implications from COVID interventions and recovery. (6) Enhanced risks relating to receipt of S75 contributions which will impact on capital and revenue financial planning. <p>Given that the scale of the additional financial pressures and challenges, there remains a risk that</p>	<p>The Council has well developed medium term financial planning arrangements. These include:</p> <ul style="list-style-type: none"> • Five year financial strategy; • Three year General Services revenue budgets; • Five year General Services capital plan budgets; • Five year Housing Revenue Account revenue and capital budgets. <p>The Council approves a Financial Strategy, Capital Strategy and Treasury Management Strategy which governs the financial planning for the organisation.</p> <p>The Financial Strategy contains an enhanced reserves strategy which sets out the current level of reserves and associated commitments, including a requirement to maintain a minimum level of uncommitted reserves to support any unforeseen event.</p> <p>The Council has an enhanced range of cost control and financial management arrangements to manage in year budget performance and delivery of planned efficiencies. This includes monthly management information to CMT and wider Council management, and quarterly financial information to Council. This provides mitigating controls in terms of the immediate financial risk and pressures the Council is faced with.</p> <p>A Financial Monitoring Risk Assessment is in place where services are assessed and provided within a risk rating. Any service areas which are classified as High Risk are asked to prepare financial recovery plans, and enhanced financial controls are in place.</p> <p>Continue to closely monitor information arising from both UK and Scottish financial settlements through intelligence gathered from COSLA, professional bodies such as CIPFA Directors of Finance and also credible professional commentators.</p> <p>Quarterly financial reviews are reported formally to Council for wider scrutiny setting out the in-year financial performance against approved budgets.</p> <p>The Council has enhanced the in-year financial monitoring to include the financial support received to date and implications faced by COVID-19.</p> <p>Payment processes have been amended to accommodate remote working, ensuring creditors obligations can continue to be paid and allow use of direct banking faster payments.</p>	4	4	16	<p>Enhanced in year monitoring and review of expenditure commitments against approved budgets.</p> <p>Support the delivery of a Council budget, and medium term spending plans aligned to Council priorities and medium term financial planning assumptions.</p> <p>Continued development of longer term scenario based financial planning to inform future decisions and longer term financial strategies and financial plans.</p> <p>Continued scrutiny and challenge of planned efficiency measures to ensure they can be delivered and achieved within agreed timescales.</p> <p>Development of a refreshed Transformational Programme to support the transformation of services and deliver enhanced efficiencies.</p> <p>Undertake a review of budget development framework.</p> <p>Development of a refreshed Capital and Treasury Strategy supporting the future capital programme and treasury management and investment requirements.</p> <p>Ensure the financial strategy sets a clear financial framework for the Council to operate within and that it is appropriately implemented and monitored.</p> <p>Enhanced financial scrutiny and monitoring in place, which assess financial impacts of COVID against all approved council budgets and the Financial Strategy.</p> <p>Enhanced financial update and reviews provided as part of quarterly financial reports.</p>	3	4	12	<p>Chief Executive</p> <p>Executive Director of Council Resources</p> <p>Council Management Team</p> <p>Head of Finance</p>	<p>Actions ongoing and under continuous review while monitoring arrangements will continue to be applied.</p>	<p>Risk reviewed by Executive Director of Council Resources December 2021 with no change to assessment of scores.</p>

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	current resources are not sufficient to meet on-going statutory requirements and services due to additional unbudgeted spend and increased costs with reduced income.	<p>Monitoring and clear reconciliation arrangements are in place to track all funding announcements and allocations made by UK and Scottish Government and regular returns on financial pressures are now being made to COSLA.</p> <p>Ongoing engagement with COSLA, to monitor national financial implications and support political lobbying.</p> <p>Detailed monitoring of S75 obligations to support financial planning and cash flow monitoring.</p> <p>Annual treasury indicators approved as part of Treasury Strategy and mid-year review against indicators reported through political governance structures of A&G Committee.</p>										
ELC CR 8	<p>Information Security and Data Protection</p> <p>Information Security Failure to have comprehensive council wide Information Security Management (ISM) measures in place will put at risk the availability, integrity and confidentiality of the councils information and may cause a Council wide failure of central I.T. systems (incl. Telephony) caused by a malicious attack by hackers, virus, trojan, disclosure of information or Fire/Flood event.</p> <p>Attacks via spam emails containing infected ransomware attachments are on the increase amongst local authorities, should these emails manage to break through Firewalls and Intrusion Detection Systems there is a high possibility of file encryption at both a local and network wide levels. During 2020/21 high profile attacks against supply chain and other Scottish public bodies has shown this risk has not decreased.</p> <p>An increase in the use of Cloud facilities means our security risk from external influences has increased and our security posture needs to change to meet these new challenges</p> <p>The Cabinet Office has introduced zero tolerance for all LA's connected to the Public Sector Network (PSN). Scottish LA's use the PSN to register Births, Marriages & Deaths and connection to DWP for benefit provision. We have to re-accredit to this network every year and must meet stringent requirements. Failure to do so would mean disconnection from the PSN. The PSN network is being redeveloped over the next 2 years</p> <p>In 2017 the Scottish Government introduced the Cyber - Public Sector Action Plan which sets out the minimum security standards for all public bodies</p> <p>New ways of working and shared buildings including the proposed Collaborative Hub between the Council, Police and other parties present new risks and challenges to maintaining IT Security and Data Privacy. Procedures, appropriate design of workspaces and staff training are needed to mitigate risks.</p>	<p>Information Security The Council complies with the international standard ISO 27001:2017 as the framework for its ISM system.</p> <p>As part ISO27001:2017 a number of control areas are set out : IS policy; IS organisation; Human resources security; Asset management; Access controls and managing user access; Physical & Environmental security of all sites/equipment, Secure communications, Data handling and Data Protection (including paper documents); Secure acquisition, development, and support of information systems; Security for suppliers and third parties; Information Security Incident management; Business continuity/disaster recovery (to the extent that it affects information security);</p> <p>Annual IT health checks on the existing infrastructure.</p> <p>New systems introduced are risk assessed and security checked to ensure they meet the criteria.</p> <p>Council Information Governance and Security (IGS) Forum co-hosted by the IT Team Manager – Infrastructure and Security and the Team Manager – Information Governance / Data Protection Officer.</p> <p>The Team Manger – IT Infrastructure & Security sits on the Scottish Governments Digital Assurance group</p> <p>The DPO/Team Manager-Information Governance & Team Manager – Infrastructure & Security (CISO) are members of the Collaborative Hub Working Group and the JMH User Group and provide advice and support re: compliance & Info Security.</p>	4	4	16	<p>Information Security Upgrade of external facing systems taking place to increase security of our internet facing gateways. Due to increased use of cloud systems at ELC, we need to review our security posture & systems to ensure we are covering this area. We are reviewing all security systems to ensure protection</p> <p>Acceptable use policy for all ELC employees is to be refreshed during 2021 with an online version introduced to enable easier review and signing by all employees.</p> <p>New Information Security/DP Awareness Campaign being launched in Dec 21, this will send scheduled 'hot topic' awareness updates</p>	3	4	12	<p>Executive Director – for Council Resources</p> <p>Head of Corporate Support</p> <p>Data Protection Officer</p>	<p>December 2021</p> <p>January 2022</p> <p>December 2021</p>	<p>Risk updated November 2021 by Team Managers – IT Security and Information Governance with on change to scores.</p>

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	<p>compensation payments but the cases may place [considerable] strain on internal resources within the legal, social work and records management teams for which there is no additional budget.</p> <p>The Child Abuse Inquiry continues to extend its investigations into other areas which may affect the Council. The most recent of which is in relation to Foster Carers and at present no claims have come forward in relation to this area.</p> <p>Notwithstanding Scottish Government Schemes any legitimate claimant may still raise action against ELC in lieu of these schemes as the court award may be significant in excess of the £10,000 available under the above schemes.</p> <p>Note that there remains a period from 2004 to present which is not covered by Scottish Government proposals/legislation for compensation schemes and as such any legitimate claim arising would need to be taken forward through ELC and/or Insurers.</p>	<p>management etc. Accurate records post 1996 relating to East Lothian Council clients.</p> <p>Council Financial Reserve – may reduce the impact to service provision if claims extend beyond budget.</p> <p>Scottish Government redress schemes available for potential claimants to pursue. The maximum amount of redress available from this scheme is £10,000.</p> <p>[Note: The Council has received intimation of 20 claims for compensation (as of 9th November 2021) of which 5 have been withdrawn, 5 presently do not have sufficient evidence and 10 are live claims. The introduction of the legislation generated the majority of the claims with two additional claims being received since June 2020.]</p>										
ELC CR 10	<p>Flooding and Coastal Erosion</p> <p>As the incidence of flooding and coastal erosion increases as an impact of Climate Change, there is an increased risk of disruption to road and path networks, impact on public safety, damage to roads, property, harbours and natural heritage sites and an associated increase in claims against the Council.</p>	<p>Flooding and drainage issues are considered when processing planning applications. Inspection regimes and good housekeeping measures in place.</p> <p>The Severe Weather Response Plan has been developed and ensures a co-ordinated and consistent multi-agency response across the county. Emergency surface water, coastal and river flood procedures in place and have proven effective.</p> <p>Shoreline Management Plan has been produced. A National Flood Risk Management Strategy has been produced and a Local Flood Risk Management Plan for the Forth Area has also been published to meet the requirements of the Flood Risk Management (Scotland) Act 2009 which includes specific actions to be discharged by the Council.</p> <p>Flooding advice is on the Council website and directs people to the relevant pages on the SEPA website.</p> <p>The Council is working with various organisations to promote and progress "Resilient Communities" as per the Scottish Government initiative "Ready Scotland".</p> <p>Communication with vulnerable groups regarding access and assistance during severe weather events.</p>	4	4	16	<p>ELC have commissioned Flood Studies for Haddington and Musselburgh and are progressing a Flood Protection Scheme on the River Esk through Musselburgh.</p> <p>Further studies are proposed (subject to funding allocation) for Dunbar & West Barns to include North Berwick Coastal; and Cockenzie & Port Seton, Longniddry and Prestonpans.</p> <p>Flood Protection Schemes for Musselburgh and Haddington have been included in the List of Prioritised Actions in the Local Flood Risk Management Plan for the Forth Estuary Local Plan District. Implementation of Flood Protection Works is reliant on available funding. These two schemes are being funded 80% by Scottish Government and 20% by East Lothian Council.</p> <p>The Musselburgh Flood Protection Scheme is a fully established project. It has completed three of its nine stages, and is currently processing Stage 4 (Outline Design) of the Scheme Design in accordance with the project's PRINCE2 Project Management System. It is currently proposed that the scheme will start construction and have scheme in place by October 2024 (Subject to change as we move to next stage).</p> <p>The Council's Severe Weather Response will be tested in an Emergency Planning exercise during 2022 which will incorporate Flooding.</p>	3	3	9	Executive Director for Place	2024 2016-2022 2016-2022 2024 August 2022	Risk further reviewed and updated November 2021 with no change to assessment of current scores.

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CR 11	<p>Ash Dieback</p> <p>Failure to adequately plan for and manage the implications and effects of Ash Dieback tree disease across East Lothian, and particularly in high risk areas including alongside roads, paths/core paths, and in parks, woodlands, open spaces and housing areas.</p> <p>The risks to the Council associated with Ash Dieback are:</p> <ul style="list-style-type: none"> Health & Safety impacts – the potential for death or injury as a result of Ash Dieback related accidents, both to professionals working on trees, and to the general public; risks to statutory functions or service delivery such as retaining safe schools, public open spaces or roads; risks from falling ash to infrastructure such as houses, buildings, structures; Economic impacts – the cost implications for local authorities (financial / resource / staff capacity; direct and indirect costs; increased liabilities and insurance premiums) are anticipated to be significant, and the costs escalate the longer the problem is left unresolved; Reputational damage – political and reputational risks as a result of negative press over Ash Dieback management and public outrage and/or anxiety, particularly in light of Climate Emergency declaration and Climate Forest tree planting initiative; potential for disruption as a result of Ash Dieback management e.g. widespread road closures to deal with potentially dangerous trees; potentially strained relationships with land owners and managers as Ash Dieback spreads, particularly in relation to costs; Environmental impacts – landscape changes with impacts on tourism and recreational opportunities; losses to ecosystem services such as reductions in air quality, potential for increased flooding, loss of shade; risks to Protected Species/ sites (e.g. bats); losses of carbon storage and sequestration; loss of biodiversity. 	<p>Briefing and awareness raising internally. Liaison with national agencies who are leading on the national response to Ash Dieback in Scotland, including Scottish Forestry and The Tree Council who have provided us with the Scottish Toolkit for Ash Dieback Action Plans, and who can pass on learning from the experiences of local authorities in England. Ongoing liaison with other local authorities on best practice and monitoring frameworks, including potential for regional collaboration.</p> <p>An internal Ash Dieback risk management group has been set up and includes the Head of Infrastructure, Service Managers for Sport, Countryside & Leisure and Roads Service, and the Tree Officer.</p> <p>An ELC Ash Dieback Action Plan (ADAP) is currently being drafted, following national guidance, with an options appraisal identifying priority actions to reduce the risk.</p> <p>Budget options for resourcing this work are being considered by CMT (2nd December 2021 meeting).</p> <p>In August 2021 we purchased hand-held digital GPS devices to enable surveying and recording of ash trees on Council land, which includes an improved record keeping system.</p> <p>An initial survey of ash trees in high amenity areas of the Council's estate, i.e. school grounds and some adjacent play parks, was undertaken during summer / early autumn 2021. This has identified a number of priority ash trees that require work, to be undertaken over this coming winter period (2021-22).</p> <p>Communication & publicity: information on Ash Dieback has been placed on the Council's website (aimed at the general public, land owners, home owners) and an article on Ash Dieback was published in the Council's 'Living' magazine (Winter 2021).</p>	3	5	15	<p>Undertake detailed surveys of ash trees for which the Council has responsibility, i.e. alongside the roads network and on Council land, to determine the extent and scale of Ash Dieback across East Lothian, to enable further prioritisation, resourcing and undertaking of work, following national best practice guidelines.</p> <p>Action Plan and monitoring framework put in place based around national best practice guidelines. Liaison with national agencies.</p> <p>Ensure forestry staff have appropriate qualifications, training and experience for dealing with diseased ash trees.</p> <p>Risk Assessments and SOPs to be put in place and regularly updated for all arboriculture and forestry work relevant to dealing with infected trees.</p> <p>Monitoring for supply chain issues (availability of skilled arboriculturalists who can undertake the works needed), particularly as the disease becomes more prevalent across Scotland, through liaison at national level and with national agencies.</p> <p>Linking with national communications / publicity around Ash Dieback. Communication, collaboration and active engagement with communities.</p>	2	3	6	<p>Team Manager – Strategy, Policy & Development (Amenity Services)</p> <p>Tree Officer</p>	<p>October 2023</p> <p>March 2022</p> <p>September 2022</p> <p>September 2022</p> <p>Ongoing</p> <p>Ongoing</p>	<p>New risk added by Team Manager – Strategy, Policy & Development (Amenity Services), June 2021 and refreshed by CMT November 2021.</p>
ELC CR 12	<p>Failure to maintain a Highly Skilled Workforce</p> <p>The Council's salary and grading structure may not be competitive compared to other employers making it more difficult to recruit qualified staff to certain posts.</p> <p>The high number of specialist roles/skills within the Council means that service reviews, budget restrictions, long-term absence, cessation of contract etc. could compromise service delivery.</p> <p>Reduction in skilled, qualified and experienced workforce would result in an inability to provide good quality services, increased pressure on existing staff and increased likelihood of poor operational performance.</p> <p>During the COVID pandemic workplace practice segments have not been able to be fulfilled resulting in an inability to enhance the experience of staff before fulfilling a post.</p>	<p>The Council has an approved Workforce Plan 2018-2022 which addresses the issues relating to this risk.</p> <p>The Plan contains 38 actions which are being brought together into a detailed Implementation Plan seven workstreams which are being taken forward by lead officers.</p> <p>Actions, such as developing a Management and Leadership Programme, reviewing the Managing Attendance Policy, renewed focus on Healthy Working Lives and implementing the Early Learning and Childcare Workforce Plan are already underway.</p> <p>The Workforce Plan 2018-2022 is being reviewed and updated to take account of the impact of COVID 19 on the council and its workforce, including the development of new Homeworking and Worksmart policies and actions being taken to support staff who</p>	3	3	9	<p>The Workforce Plan is to be reviewed in 2021 and a new Workforce Plan will be adopted in early 2022.</p>	3	3	9	<p>Service Manager Corporate Policy & Improvement</p> <p>Service Manager – People and Governance</p>	<p>June 2022</p>	<p>Risk reviewed November 2021 and updated to reflect review of Workforce Plan and implications of COVID. No change to assessment of current scores.</p>
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			L	I	L x I		L	I	L x I			
	The Council recognises that a large proportion of the workforce is aged over 55 years and many staff with significant knowledge and experience could leave the Council leaving the Council at risk in key areas.	<p>have been working differently as a result of the pandemic. New training and development programmes are being developed to take account of staff who are working from home and to prepare staff and managers to working remotely and differently.</p> <p>Healthy Working Lives and OD have been issuing regular briefings to staff on techniques etc. to support staff to maintain mental health and wellbeing.</p> <p>Managers have been issued with advice on inducting new members of staff during lockdown.</p>										
ELC CR 13	<p>Severe Weather</p> <p>There is a risk that severe winter weather will lead to an increase in demand for gritting and snow clearing of roads/footpaths which exceeds normal capacity and supplies of salt.</p> <p>This could result in travel disruption, difficulties for people in accessing services, failure to maintain refuse collection timetable and school closures at short notice as well as a possible increase in insurance claims related to pothole damage.</p> <p>Communities may become isolated, particularly in rural areas, due to heavy and prolonged snow. In such cases communication with residents within these isolated areas may become difficult as they become cut off, possibly aligned to power failure caused by strong winds and/or the weight of snow on the lines.</p> <p>There are limitations to the service the council can offer. The Council Roads team focus on treatment and snow clearing of the main priority road network, made up of the major routes where the majority of vehicle movements take place and also includes accesses to hospitals, ambulance stations, fire stations, other emergency service establishments, railway stations and schools. Primary Routes are treated and cleared of ice and snow first and then the Roads team move onto Secondary Routes and finally tertiary and minor routes which include residential areas, cul-de-sacs. During periods of extreme weather and heavy snowfall when roads and footways are affected by significant levels of lying snow, priority will be given to primary carriageway routes and primary footpath routes with resources deployed on these specified routes continuously until satisfactory snow clearance has been achieved before resources are deployed to any secondary routes and tertiary routes, so it maybe some time before we can attend to these areas.</p>	<p>East Lothian Councils Winter Maintenance Plan has been in place for some time and ensures that the main transport routes are treated as priority.</p> <p>The Council has a Severe Weather and Adverse Events Policy in place for all staff while the Council has its own mitigating measures for its own estates/property during severe weather.</p> <p>During Severe Weather events our Contact Centre becomes the first point of contact for any issues to be raised and responded to whilst our Communications team shares warnings and other relevant information with the public as this becomes available.</p> <p>The ELC Severe Weather Response Plan has been developed over many years and ensures a co-ordinated and consistent multi-agency response across the county. This plan is reviewed annually in conjunction with support from partner agencies.</p> <p>The ELC Severe Weather Response plan includes reference to and improvements learned from the 'Beast from the East' incident in 2018 when many parts of East Lothian become isolated because of the heavy and prolonged snow falls.</p> <p>The Council's Salt Barn has a capacity of 8,000 tonnes to meet demand arising from severe cold weather.</p> <p>Snow clearing equipment has been supplied to Primary Schools. Community Councils through Resilient Communities are able to request winter response equipment from the Council. These requests are considered as per their need. A number of grit bins are provided to enable self-help gritting of adopted roads and footways. Resilient Communities are encouraged to survey the grit bins in their area and report back to the Council if new bins or grit is required.</p> <p>Winter Maintenance operatives are trained to SVQ or equivalent in winter gritting and snow clearing. Winter Maintenance Duty officers trained as Winter Service Supervisors to City and Guilds level.</p> <p>The majority of Community Councils have Resilient Community Groups who have created their own emergency response plans or asset registers of volunteers/skills available at a time of crises. Each Resilient Community has its own Single Point of</p>	3	3	9				Executive Director of Place		Risk refreshed November 2021 with no change to assessment of current scores.	

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		<p>Contact (SPOC) and deputy for resilient matters including severe weather. Communication and good working relationships have been created and maintained with these SPoCs/deputies throughout the year by ELC Emergency Planning staff.</p> <p>Work continues with the Resilient Communities and also involves other voluntary groups such as Tenants and Residents Groups. ELC organises an annual workshop for Resilient Communities which allows lessons learned and best practice to be discussed and progressed. It also allows for the public to meet responder agency staff such as the 'blue lights', SEPA and the utility companies.</p> <p>ELC finances all 20 Community Councils annual insurance premiums ensuring that Insurance is not perceived as a barrier to invoking such plans.</p> <p>Training and awareness sessions, related to the activation of the ELC Severe Weather response plan, are completed on a regular basis. Partner agencies are often involved.</p>										
ELC CR 14	<p>Contest</p> <p>Deliver the UK Governments Counter Terrorism (CT) strategy, known as CONTEST (Prevent, Protect, Prepare and Pursue).</p> <p>All Local Authorities in Scotland are required to comply with the statutory legislation issued under section 24 of the Counter Terrorism and Security Act 2015 that relates to Prevent.</p> <p>Failure to discharge this duty could mean sufficient steps are not taken to prevent an incident taking place, under Prevent, and could result in the Secretary of State issuing a direction to the Council via the powers within the act and would also result in a loss of reputation and negative publicity.</p> <p>Our capacity to monitor and respond if we are concerned about children with these lines of thinking is severely compromised as schools are closed and older teenagers are less likely to engage.</p>	<p>Multi agency 'J' Division CONTEST Meeting attended by East Lothian Council representatives.</p> <p>ELC has established a CT WG chaired by the Head of Communities with members consisting of CMT, key senior managers, Police Scotland and a QMU representative.</p> <p>ELC has appointed senior members of staff as SPoC (Head of Children's Services) and Deputy SPoC (Executive Director Education and Children's Services) for Prevent as per statutory guidelines.</p> <p>A SPoC for Prepare and Protect although not a statutory requirement, has also been appointed (Emergency Planning, Risk and Resilience Manager).</p> <p>Under Protect the CMT are prepared should the Government raise the Security Level to Critical. Service Business Continuity plans take this into account. This includes staff working from home as a result of council facilities being closed.</p> <p>ELC follows and contributes towards the 'J' Division Contest group implementation plan.</p> <p>The SPOC Prevent Group in the East of Scotland is attended by the ELC SPoC.</p> <p>Prevent Multi-Agency Panels Chair (SPoC) and Depute (Iain Gorman) identified to chair multi-agency meetings established to discuss any referrals.</p> <p>Regular internal and external communication of any national counter-terrorism updates. Information regarding Protect and Prepare is received from the National Counter Terrorism Security Office. This information is then circulated to appropriate key ELC staff and local businesses.</p>	3	3	9	<p>A refreshed Prevent Delivery Plan has been completed and will be approved by the ELC Contest group.</p> <p>Progress of the Prevent delivery plan will be monitored through quarterly Prevent working group meetings and reporting to EL Contest group.</p> <p>Within the new statutory guidance for Prevent and PMAP (Feb 2021), the Scottish Government will request an annual assurance statement of compliance with Prevent duties.</p> <p>Elected Members will be briefed in January 2022.</p>	2	3	6	<p>Chief Executive</p> <p>Executive Directors</p> <p>Council Management Team</p> <p>EL Contest Chair (Head of Communities)</p> <p>Contest SPoC (Emergency Planning, Risk & Resilience Manager)</p> <p>Prevent SPoC (Head of Children's Services)</p>	<p>December 2021</p> <p>December 2021</p> <p>December 2021</p> <p>January 2022</p>	<p>Risk refreshed and reviewed November 2021 by Contest SPoC with no change to assessment of scores.</p> <p>Risk reviewed August 2018 by Board of Directors with Current Score reduced from 12 to 9.</p>

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		<p>A Prevent working group, chaired by the Head of Children's Services, has been established and meets regularly and a Prevent reporting process has been established.</p> <p>Education personnel are fully engaged with Prevent and appropriate filters have been installed on the Education infrastructure.</p> <p>Updated Prevent referral pathway has been agreed with EMPPC and communicated on the intranet, including the new national Prevent referral form.</p> <p>Whilst ELC Managers have received Prevent training through LearnPro previously, since November 2020 interim arrangements have been in place for all staff via Home Office resources pending the roll-out of new Scottish Government training materials. Ongoing exploration of other arrangements including toolbox sessions.</p> <p>The ELC Prepare and Protect SPoC liaises with Police Scotland and in particular the CT team to ensure current information on these areas is circulated to appropriate ELC key staff and staff in general if required. The SPoC also ensures important information is uploaded onto the ELC Intranet.</p>										
ELC CR 15	<p>Public Sector Reform</p> <p>Major elements of public sector reform have been or are being implemented including:</p> <ul style="list-style-type: none"> Integration of Health and Social Care and creation of a new H&SC Partnership; Implementation of the Community Empowerment (Scotland) Act 2015; New legislative duties in procurement, regulation, and children and young people; Reform of Education <p>Following the May 2021 Scottish Parliament elections the new Scottish Government may introduce a proposal for further public sector reform which means is continuing uncertainty about the future governance of Scotland, the future structure and governance of local government and the public sector and continuing pressure on public finances.</p> <p>The Scottish Government is carrying out a Review of Local Governance which may result in further public sector reform with impact on local government.</p> <p>The cost of implementing changes arising from legislation is not always fully reflected in Scottish Government funding. In addition, the Scottish Government's commitment to protect and increase funding in priorities such as health and education run the risk of further eroding Scottish Government funding for other local government services.</p> <p>Existing public sector reforms and new reforms create uncertainty, additional workload, requirement to restructure services and new accountability, governance, scrutiny and partnership arrangements.</p>	<p>CMT and elected members work together to ensure that the Council is prepared for future public sector reform and differing scenarios for future governance, financial, operational and performance management arrangements are explored in order to minimise risk.</p> <p>Responses to the Scottish Government on consultations around public sector reform are prepared and submitted as required. Financial and resource scoping is carried out as required.</p> <p>The Integration Joint Board has been established along with appropriate governance and scrutiny arrangements.</p> <p>Continue to monitor developments in the Public Sector Reform agenda and Scottish Government's legislative programme and develop responses to exploit potential benefits from, or mitigate potential negative impacts of, different future scenarios.</p> <p>East Lothian Partnership has a 2020-2027 East Lothian Plan that will meet the requirements set out in the Community Empowerment (Scotland) Act 2015 to have a Local Outcome Improvement Plan. The structure of the Partnership has been revised to provide a more focused approach to implementation of the Plan and addressing issues arising from the public sector reform agenda.</p> <p>Effective working relations with key partners including Police Scotland, Scottish Fire and Rescue Service, NHS Lothian and the voluntary sector are being further developed through East Lothian Partnership and bi-</p>	3	3	9	<p>Reports will be submitted to Council on the implications of the reform proposals and on the Council's preparations, as appropriate which are led by the Chief Executive and senior officers.</p> <p>A self-evaluation of the ELP including its governance structure is to be carried out in spring 2022.</p>	2	3	6	Chief Executive	October 2022	<p>Risk reviewed November 2021 by Service Manager – Improvement, Policy & Communications and current risk score increased from 6 to 9.</p> <p>Risk reviewed by Board of Directors August 2018 and Assessment of Current and Residual Scores reduced from 12 and 9 to 6 and 6.</p> <p>Risk reviewed and refreshed July 2018 with Current Risk Score reduced from 16 to 12 and residual score from 12 to 9.</p>

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	The Scottish Government has published a consultation paper proposing establishing a National Care Service which will have significant detrimental impacts on the council and adult and children's care services	<p>lateral meetings and arrangements to prepare for public sector reform.</p> <p>The Council submitted a response critical of the proposals to create a National Care Service as proposed in the Scottish Government's consultation paper</p> <p>Area Partnerships now established and will be supported to enhance local service delivery and fulfilment of Local Outcome Improvement Plans.</p> <p>The Council has put in place processes to deal with its new duties and responsibilities arising from the Community Empowerment (Scotland) Act 2015 such as responding to Participation Requests and Community Asset Transfer requests.</p> <p>The Council maintains regular communication with employees to manage any uncertainty in times of change.</p> <p>The Council's Improvement programme will provide resilience to assist to respond to public sector reform.</p>				The council will continue to monitor the proposal to create a National Care Service to try to minimise any negative impact on social work services provided by the Council.				October 2022		
ELC CR 16	<p>Duty of Care to Council Staff (Health & Safety)</p> <p>East Lothian Council has a duty of care and has existing Health and Safety Policies to look after the care of staff to all its employees across the full range of services and those who can be affected by the Council's activities.</p> <p>Any breach of this duty of care may affect the health, safety and wellbeing of the Council's employees leading to increased sickness absence, pressures on service delivery with the added potential for claims against the Council for incidents involving employees or non-employees or enforcement action by the Health & Safety Executive.</p> <p>The Council also has a duty of care to our staff delivering services in an environment where the COVID pandemic is a huge risk.</p> <p>Areas which have been identified as posing a particularly high level of risk are</p> <ul style="list-style-type: none"> • COVID19 • Manual Handling • Stress • Lone Working • Unacceptable Behaviour • Risks from Public Monuments • Safe Driving at work • School Trips 	<p>Health, Safety and Wellbeing Strategy 2018 – 2021 in place.</p> <p>All employees receive an induction including Health & Safety information, have job outlines and follow the PRD process ensuring all are capable and trained to perform safely in their roles.</p> <p>Consultation with employees and Unions in place with Joint Health & Safety Committee and Joint Consultative Committee</p> <p>Management Arrangements in place for a range of topics outlining the responsibilities of each level of management and employees. A rolling programme of review of topic specific management arrangements is being undertaken.</p> <p>Risk assessments carried out to identify significant workplace hazards and to establish suitable workplace controls e.g. safe systems of work. Services carry out a rolling programme of reviewing risk assessments to ensure they are suitable and sufficient and reflect current practice and organisational structures. As part of this training and health surveillance requirements are identified.</p> <p>Health Surveillance is carried out on employees where they are exposed to specific hazards.</p> <p>Safety Management System supported by audit and inspection programme across the Council.</p> <p>Health and Safety Training needs are identified from project plans and Risk Assessment findings. An annual programme of training is developed including a number of Institute of Occupational Health accredited courses.</p>	2	4	8	<p>Service review underway to address the short staffing. This will allow the full programme of inspections and audits to be undertaken.</p> <p>The Council's overarching Health & Safety Policy and Arrangements are under review. As part of this the role of the Head of Establishment is being reviewed</p> <p>Priority topics for updated Management Arrangements are</p> <ul style="list-style-type: none"> • Legionella Management • Fire Safety • First Aid <p>Procedure for ensuring safe management of monuments on ELC land is being developed</p>	2	4	8	<p>Executive Director for Place</p> <p>SDAW Group</p> <p>Health and Safety Team</p> <p>Human Resources</p>	<p>December 2021</p> <p>June 2022</p> <p>June 2022</p> <p>June 2022</p>	<p>Risk reviewed and updated November 2021 with no changes to risk scores.</p> <p>Risk reviewed and updated March 2020 with Current score reduced from 12 to 8.</p>
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			L	I	L x I		L	I	L x I			
		<p>For all of the risks identified as high risk</p> <ul style="list-style-type: none"> • Management Arrangement or guidance is in place • Training is available • Risk Assessments are undertaken <p>COVID19 The Council has a duty of care to staff delivering a service in a COVID world and have heightened risk assessments and ensure that all services have updated their risk assessments for work settings and external visits. A programme of workplace inspections focusing on COVID take place.</p> <p>Manual Handling Manual Handling is avoided where possible. Where this is not possible mechanical aid's and staff training is provided in accordance with the Management Arrangements. Physiotherapy is available to staff through the Occupational Health Contract.</p> <p>Stress As part of the sickness absence policy employees off work with Stress are referred to Occupational Health. Initiatives are in place to help employees manage their own stress, including Employee Assistance Programme, Listening Ears, Healthy Working Lives</p> <p>Lone Working Specific procedures are in place in services with a high level of lone working where required lone workers have access to lone worker devices</p> <p>A 'Potentially Violent Client' Register is in place to ensure information is shared between services</p> <p>Safe Driving at Work Council vehicles used in the course of Council activities are properly maintained and fit-for-purpose. All Council vehicles over 3.5t are maintained in accordance with VOSA publication "Guide to Maintaining Roadworthiness".</p> <p>The E Davis system used by East Lothian Council records and monitors grey fleet users driver details including insurance, RFL and driving licence. This ensures that the registered drivers have the correct credentials to drive on behalf on the Council.</p> <p>Fire Safety Fire Safety Risk Assessments are carried out on our operational buildings where employees work with a process in place to ensure prioritisation of any remedial actions.</p> <p>School Trips All trips must be approved by HT or Delegate and Residential Trips and Adventurous Activities must also be approved by LA.</p> <p>Residential School Trips are on hold until at least 2022.</p>										

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ELC CR 17	<p>Expansion of Early Learning and Childcare (ELCC) to 1140 hours.</p> <p>Scottish Government confirmed the implementation date for the expansion of ELCC to 1140 hours as August 2021.</p> <p>There is a risk that Capital costs exceed budget availability. The ongoing impact of COVID could risk the completion date of the programme.</p> <p>The impacts of the COVID19 pandemic are still playing a part in terms of staff absence and challenges over cover. Senior leadership teams in schools are being used to address this situation which is impacting on the broader school leadership and management activities.</p> <p>A number of Early Years practitioners are requiring support in adjusting to the transition from sessional to full year working. Collaboration between central department officers and school leadership teams is in place alongside engagement with trade unions.</p>	<p>Scottish Government recently commended East Lothian on its full implementation of the 1140 hours policy intent.</p> <p>Ongoing work with council departments to ensure key priorities are met.</p> <p>A county wide recruitment campaign took place in early 2020 along with a recruitment fair to attract new and returning staff to the profession. Further recruitment campaigns have been undertaken and a full staff compliment is now in place. Further recruitment will take place on an as and when required basis in line with service needs and staff movement.</p> <p>Ongoing support to Early Years staff to assist in the transition to full year working through regular liaison with Head Teachers, central department officers and collaboration with Trade Unions on a regular basis</p> <p>Continued work on new pathways in to the profession to be developed including our Foundation Apprenticeship and work in Tots and Teens in 5 of our 6 secondary schools.</p> <p>A comprehensive programme of reviews of settings is underway to monitor and enhance quality of Early Learning and Childcare delivery within COVID restrictions.</p> <p>Baseline established and updated on quality across all provisions and ELCC across all settings is being supported and monitored by the Early Years' team.</p> <p>Scottish Government National Standard and associated guidance in place and ongoing discussion/collaboration with partners.</p> <p>Relationships are well established with neighbouring authorities as is learning from other approaches.</p> <p>Positive engagement with partner providers of early learning and childcare to ensure planning meets the SG brief regarding parental choice, flexibility, quality and accessibility.</p> <p>Ongoing work to determine the full costs of the current model for Early Learning and Childcare.</p>	2	4	8	<p>Development of a dual qualification in Care in partnership with Edinburgh College.</p> <p>Planned review of provision of Early Learning and Childcare in 2022.</p>	2	3	6	<p>Executive Director for Education and Children's Services</p> <p>Head of Education</p> <p>Executive Director for Council Resources</p> <p>Head of Finance</p>	<p>August 2022</p> <p>August 2022</p>	<p>Current risk score reduced from 12 to 8 and Residual Score from 8 to 6 by Head of Education in November 2021 due to delivering 1140hrs from August 2021 with ongoing monitoring and review being put in place.</p> <p>Risk reviewed and refreshed at a Risk Session with managers 11 December 2020 and further refreshed April 21 with no changes to risk scores.</p> <p>Current risk score reduced by Chief Operating Officer (Education) from 16 to 12 in November 2018 due to ongoing work with stakeholders and a continued focus on quality. Residual score also reduced from 12 to 8.</p>

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ELC CR 18	<p>Business Continuity</p> <p>Failure to ensure currency of Business Continuity Plans could lead to services not having a robust response to an incident affecting their service area or critical services may not be maintained, while critical services for the public could be affected and statutory requirements not completed.</p> <p>Non availability of:</p> <ul style="list-style-type: none"> premises, through fire, flood or other unexpected incident; key staff or significant numbers of front-line staff for any reason e.g. a Pandemic; systems (IT, telephony, power failure etc.); any form of transportation due to a fuel shortage. <p>The occurrence of any of these may have an adverse effect on the Council to function fully and to complete critical services and statutory requirements.</p>	<p>Business Continuity Framework Plan in place and regularly reviewed.</p> <p>Business Continuity Plans are maintained for all service areas, giving details of minimum levels of staff, alternate locations, exercise and review dates and version control.</p> <p>The Chief Executive has a statutory responsibility for the ELC BC process. The Heads of Service remain responsible for ensuring the BC process is completed within their area of work.</p> <p>Each service area now has a Single Point of Contact (SPoC) and deputy who are responsible for, their services BC Plan, exercising this plan and ensuring it is maintained. All BC Plans are managed through Continuity² Software.</p> <p>The Council carried out a Council Wide Business Continuity Exercise in November 2019 which successfully tested the BC capabilities of the Council.</p> <p>ELC staff have access to an e-learning package on Business Continuity which was reviewed and refreshed during March 2021.</p> <p>An IT Disaster Recovery Plan is in place and will be regularly updated when any changes take place in the main data centres. For single server failure - there are over 100 systems now running on virtual servers which automatically fall over to another server if there are hardware issues. Specific disaster recovery arrangements are in place for the critical systems of telephony, e-mail and social care.</p> <p>Controls that are in place to prevent and limit the effects of IT system unavailability including firewalls, anti-virus software, system/ data backup routines, and resilience in the form of a back-up generator for the main data centre at JMH.</p>	2	4	8	Progress Business Continuity Plans with Education and H&SCP in order that each School and Care Home has a plan.	2	3	6	Emergency Planning, Risk and Resilience Manager Emergency Planning, Risk and Resilience Officer	March 2023	Risk refreshed November 2021 with no change to assessment of current scores.

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ELC CR 19	<p>Corporate Events Management</p> <p>Effective preparation and co-ordination across a number of services, for all events held in East Lothian, is essential and failure to achieve this could result in a risk of adverse reputational impact for the Council on a national/international level as well as possible legal procedures at fatal accident enquiries accounting for our action or non-action.</p> <p>COSLA, Police Scotland and the Health & Safety Executive (HSE) recommend that Local Authorities form a core group, led by a senior (strategic) officer, who will meet to discuss all events taking place within their area over a pre-determined period of time. This group includes category 1 responders and other appropriate organisations and decide if each individual event should be organised through a separate, specific Safety Advisory Group (SAG) or if the event can carry on without interference, other than appropriate safety advice.</p> <p>The following criteria would be considered by the SAG:</p> <ul style="list-style-type: none"> • Status of the principal e.g. HM Queen • Status of the event organiser e.g. Scottish Defence League • The size of the crowd or the number of spectators • The profile of the event e.g. North Berwick Highland games. • The requirement for a TTRO • At the request of one of the partner agencies • At the request of an event organiser <p>ELC is involved in events as they tend to take place in Council parks or on Council roads. The Council issues licenses and permits for events. The Council also has a statutory role in enforcement /inspection (building control, food hygiene etc.) and will help the organisers with traffic management, through TTRO's.</p> <p>If the event organisers fail to have the correct licences or safety processes in place it is the organisers who face the risk of possible criminal prosecution.</p> <p>East Lothian Council is itself responsible for organising several events on an annual basis. For each event an event organiser will be identified from within the Council.</p> <p>All event organisers will attend a SAG meeting if required to do so.</p>	<p>East Lothian Council has a SAG policy in place which is currently under review.</p> <p>The East Lothian Safety Advisory Group (ELSAG) strategy comprises two main elements:</p> <ul style="list-style-type: none"> • Strategic Event Safety Committee (SESC) • Safety Advisory Group (SAG) <p>The SESC will hold SAG process overview meetings (at least annually) to prescribe criteria for which event organisers are invited to participate in the Safety Advisory Group process and to confirm which events require to attend SAG, based on the risk profile. The SESC will be Chaired by an East Lothian Council Head of Service.</p> <p>The Service Manager, Protective Services or, whilst the current ELC SAG process is under review the Emergency Planning, Risk and Resilience Manager, will Chair the ELC multi-agency SAG, except for any specific events where the SESC determines otherwise.</p> <p>Events that require to be put through the SAG are managed through a risk profile process which grades each event as having a Red, Amber or Yellow (RAG) risk. Events graded as Yellow are not required to attend a SAG meeting. Those graded Red and Amber are required to attend a SAG meeting.</p> <p>The SAG process co-ordinates preparation for various events as per the risk profile, with representation from relevant Services areas and Multi-Agency Partners.</p> <p>Event guidance for organisers of events is published on the Council website.</p> <p>Where the SAG group is set up, for a specific event, it has no statutory power to stop it taking place. However, the SAG group can withdraw its support and co-operation, for any event, which means that the event cannot proceed. In these circumstances the event organiser will be required to notify their insurance provider. Police Scotland will always provide the final advice on public safety.</p> <p>Events information and documentation accessed through the ELC website will be reviewed by the ELC Event Safety & Resilience Officer. This staff member will also review processes linked with the SAG, through his/her line manager, to continually improve the overall system.</p>	2	3	6		2	3	6	<p>Executive Director for Place</p> <p>Head of Development</p> <p>Service Manager – Protective Services</p> <p>Team Manager, Economic Development</p>	<p>Risk reviewed November 2021 with no changes to assessment of risk scores.</p> <p>New risk created May 2016 and updated April 2017 with current score reduced from 12 to 6 and residual score from 8 to 6 due to implemented measures, chiefly new Senior Officer – Events Co-ordination and SAG process in place.</p>	

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			Likelihood	Impact	Total		Likelihood	Impact	Total			
			L	I	L x I		L	I	L x I			
ELC CR 20	<p>Equality</p> <p>Failure to meet duties and legislative requirements of the Single Equality Act 2010.</p> <p>The Single Equality Act 2010 and related guidance places a general duty on public authorities to be active in promoting equality, eliminating unlawful conduct and fostering good relations. It also places specific duties on public authorities to</p> <ul style="list-style-type: none"> report on mainstreaming the equality duty; publish equality outcomes and report progress; assess and review policies and practices; gather and use employee information; publish gender pay gap information; publish statements on equal pay; consider award criteria and conditions in relation to public procurement; publish in a manner that is accessible. <p>The Scottish Government has introduced the Fairer Scotland (socio- economic) duty. This will require the Council to consider the impact of our work on those living in poverty. The Council will need to respond to the full requirements of this new duty and raise awareness of the requirements on the Council.</p> <p>There is a risk that the Council may not be able to meet its general or specific duties and in particular at a time when difficult budget decisions are having to be made that there will be cuts in services or increases in charges that have a disproportionate impact on people who may need those services most because of their equality background.</p> <p>The Council would be open to legal challenge of not meeting its duties and in particular of not carrying out adequate assessment of impact of policies and budget decisions.</p>	<p>ELC Equality Plan 2021-2025 was adopted in November 2025. This includes the commitments made by East Lothian Council as a Licensing Board and as an Education Authority. The plan outlines our commitments:</p> <ul style="list-style-type: none"> Continue to lead a culture where respect, choice and understanding is fostered and diversity positively valued; Maintain a working environment where unlawful discrimination, harassment, victimisation or bullying is not tolerated; Continue to develop our understanding of the needs of different individuals and communities in a time of rapid change; Continue to embed the equality agenda in all our work, and contribute to the early intervention and prevention approach adopted by the Council and its Partners; Improve understanding of the impact of poverty and inequality on people's lives; and Ensure that we plan and deliver services which meet modern standards of delivery and that are inclusive of a wide range of different needs from digital services to face to face interactions <p>The Integrated Impact Assessment Process is embedded and is now widely used. This includes consideration of poverty which should allow us to meet the requirements of the new socio economic duty. A programme of support, including training on the new IIA process is ongoing.</p> <p>The Health & Social Care IJBs (East & Midlothian and City of Edinburgh) along with NHS Lothian will use the 'checklist and IIA form' package, with East and Midlothian Councils using the IIA form only package.</p> <p>As per our statutory obligation, HR is annually capturing the Employment Monitoring information required under the Act. This is reported publically alongside the requirement to publish an annual Equal Pay Report.</p> <p>ELearning equalities modules are available on Learn Pro and 'Get in on the Act' guides to the Council's legal responsibilities are available for all employees and Elected members. A new e learning package 'Understanding Poverty' has been added to support employees to understand about taking poverty into account when designing services and will be updated once details of the Socio Economic duty are known.</p>	2	3	6	<p>The Poverty Plan 2021-2023 (49 actions) will be implemented. Delivery will be monitored by the Poverty Working Group and a new East Lothian Poverty Partnership.</p> <p>The new Equality Plan 2021-2025 (28 actions) will be implemented</p>	2	3	6	Executive Director for Place	<p>November 2022</p> <p>November 2022</p>	<p>Risk reviewed and updated November 2021 with no change to assessment of current scores.</p> <p>Risk reviewed and refreshed May 2016 with both current and predictive scores reduced from 8 to 6 due to implementation of additional measures.</p>
ELC CR 21	<p>Development Plan</p> <p>Failure to maintain an up-to-date Development Plan could result in an out of date planning strategy and policy context for planning decisions in East Lothian; it could:</p> <ul style="list-style-type: none"> contribute towards the Council not being able to achieve Council Plan objectives – Growing our Economy and Growing our Communities 	<p>Maintenance of the Local Development Plan Scheme with timescales (last reviewed June 2021).</p> <p>Interim Regional Spatial Strategy has been prepared, informing draft NPF4. The Regional Prosperity Framework has been ratified by the SE Scotland authorities.</p>	3	2	6	<p>There is currently consultation on NPF4, which when approved will be a Statutory Development Plan. The Council has until 31st March to respond to the published draft.</p>	1	2	2	Head of Development	March 2022	Risk Refreshed by Head of Service & Service Manager November 2021 with no change to risk scores.

Risk Ref.	Risk Description	Existing Risk Control Measures	Assessment of Current Risk			Planned Risk Control Measures	Assessment of Residual Risk [With proposed control measures]			Risk Owner	Timescale for Completion / Review Frequency	Evidence held of Regular Review
			Likelihood	Impact	Total		Likelihood	Impact	Total			
			L	I	L x I		L	I	L x I			
	<ul style="list-style-type: none"> – and related Single Outcome Agreement objectives; • lead to failure to accord with more recent higher level plans and legislation; • undermine our ability to defend local planning decisions leading to 'planning by appeal'. This could result in unplanned development at odds with the planning strategy for East Lothian, and consequent reputational damage; • undermine our ability to secure S75 contributions towards essential infrastructure with consequent impact on corporate capital and revenue planning. 	<p>SG and SPG all approved/adopted, including Developer Contributions Framework.</p> <p>Impact of SDP2 rejection by Scottish Government is mitigated by having an approved housing land audit, up to date LDP and a greater than 5 years effective housing land supply.</p> <p>Preliminary work for LDP2 being prepared at present. Public engagement being planned.</p>				Work on LDP2 will increase as NPF4 is finalised by the Scottish Government.				October 2022	<p>Risk Refreshed by Service Manager March 2021 with Current Score reduced from 8 to 6.</p> <p>Risk Refreshed by Service Manager August 2019 with Current and risk score increased from 2 to 8.</p>	
ELC CR 22	<p>Standards in Public Life</p> <p>Failure of corporate governance or to meet standards in public life.</p> <p>Failure of the Council's corporate governance or of officials or members to meet standards in public life could result in reputational damage.</p>	<p>Standing Orders (the Schemes of Administration and Scheme of Delegation) were extensively revised, approved by Council in October 2019 and published on the ELC website and are revised on a regular basis, with the Scheme of Delegation being updated in August 2021.</p> <p>Councillors, officials and employees conduct is governed by Codes of Conduct. The Standards Commission is responsible for encouraging high standards of behavior by Councillors and will adjudicate where there are allegations that Councillors have breached the Code of Conduct. The Council adopted a Code of Conduct for its employees in February 2020 giving all employees greater clarity around the standards of behaviour expected of them. The Code incorporated some other existing policies such as the one governing Gifts and Hospitality. Breach of the Code may amount to a disciplinary offence.</p> <p>The Council's Monitoring Officer and Depute Monitoring Officers provide advice as required.</p> <p>Training of Councillors continues to take place as required to ensure understanding of the importance of standards in public life. Councillors have been provided with a copy of the Code and the accompanying guidance and are provided with copies of any updates, guidance and advice notes as those are issued</p> <p>A survey of all Councillors was carried out in May 2019 establishing their views as to the training and development provided and to identify future needs.</p> <p>Councillors have an ongoing opportunity to participate in a CPD programme, which has been developed in conjunction with the Council's Organisational Development Team. This is based on the offering available from the Improvement Service and the IS have offered to input into the final product. Councillors have an ongoing opportunity to attend Master classes run by the Improvement Service.</p> <p>A 100-day review took place with our Elected Members between August and November 2017. This was carried out by way of face-to-face meetings with Elected Members and covered the Elected Member</p>	2	2	4	<p>The Council's Standing Orders will be reviewed in advance of the implementation of Hybrid Committee meetings to ensure they are suitable for this format. The Scheme of Administration is likely to be reviewed following the Local Government Elections in May 2022 to reflect any changes required by the incoming Administration.</p> <p>A new, revised Councillors' Code of Conduct is to be introduced in December 2021 and training will be offered to all Members.</p> <p>An induction programme for new Councillors has been prepared and will be taken to Council for approval prior to the Local Government Elections in May 2022. This includes training on standards in public life and, specifically, on compliance with the requirements of the Councillors' Code of Conduct.</p> <p>Training on the Code of Conduct will be offered to Members periodically with regular updates from the Standards Commission circulated to Members.</p>	2	2	4	<p>Service manager – People and Governance</p> <p>Service Manager – Corporate Policy</p>	<p>June 2022</p> <p>January 2022</p> <p>June 2022</p> <p>Ongoing</p>	<p>Risk reviewed by Monitoring Officer November 2021 with no change to risk scores</p> <p>Risk reviewed April 2020 by Service Manager – People and Governance with both scores reduced from 6 to 4 due to Cllrs familiarity with the Code and the new Code of Conduct from Employees.</p>

Risk Ref.	Risk Description	Existing Risk Control Measures	Assessment of Current Risk			Planned Risk Control Measures	Assessment of Residual Risk [With proposed control measures]			Risk Owner	Timescale for Completion / Review Frequency	Evidence held of Regular Review
			Likelihood	Impact	Total		Likelihood	Impact	Total			
			L	I	L x I		L	I	L x I			
		Induction Programme, the Councillors' Code of Conduct, PA support, office accommodation, Access to Council officers, committee papers, surgeries, and further training and development.										

Original date produced (Version 1)	13 April 2011		
File Name	East Lothian Council Corporate Risk Register		
Original Author(s)	Scott Kennedy, Risk Officer		
Current Revision Author(s)	Scott Kennedy, Risk Officer		
Version	Date	Author(s)	Notes on Revisions
24	June-August 2018	S Kennedy	All risks reviewed and updated by Risk Owners and Heads of Service. Risk added from Education Risk Register on Expansion of Early Learning and Childcare to 1140 hours.
25	29 August 2018	S Kennedy	Register fully reviewed and updated by Board of Directors
26	29 November 2018	S Kennedy	Expansion of Early Learning and Childcare to 1140 hours reviewed and updated.
27	12 December 2018	S Kennedy	Welfare Reform Risk Update by Risk Owners.
28	April-May 2019	S Kennedy	All risks updated by Risk Owners.
29	May 2019	S Kennedy	All risks reviewed by CMT and Corporate Risk Group and risk on Stability of the Council Plan removed.
30	August 2019	S Kennedy	All risks reviewed and refreshed by Risk Owners.
31	November 2019	S Kennedy	IS & DS and Standards in Public Life refreshed
32	April 2020	S Kennedy	Register updated to include risk on COVID 19 and Climate Emergency Risk Renamed, Updated and Scored
33	May 2020	S Kennedy	All other risks refreshed.
34	June 2020	S Kennedy	Flooding and Coastal Erosion Risk updated
35	July 2020	S Kennedy	COVID19 Risk on Finance incorporated into Financial Environment Risk
36	August 2020	S Kennedy	COVID 19 Risk brought into this document.
37	December 2020	S Kennedy	COVID and Brexit Risks Updated alongside Failure to maintain a Highly Skilled Workforce
38	January 2021	S Kennedy	COVID, Brexit, Contest, Public Protection, Severe Weather, and Business Continuity Risks updated.
39	February 2021	S Kennedy	COVID, Brexit, Highly Skilled Workforce, Corporate Events Management, Duty of Care to Council Staff (H&S) and 1140hrs risks updated
40	March 2021	S Kennedy	IT & DP, Climate Emergency, Public Sector Reform, Equality Development Plan, Flooding & Coastal Erosion and Finance risks updated.
41	April 2021	S Kennedy	Welfare Reform risk removed.
42	May 2021	S Kennedy	Full Risk Register reviewed and updated by Risk Owners with COVID Risk reduced to a summary and separate COVID Risk Register created.
43	July 2021	S Kennedy	New risk on Ash Dieback added to the Register
44	October 2021	S Kennedy	Brexit Risk Updated
45	October 2021	S Kennedy	New risks on Staffing AND Supply/Cost of Materials and Labour added to Register.
46	November 2021	S Kennedy	Full Review carried out by all risk owners and CMT.
47	December 2021	S Kennedy	Further review and updated carried out by CMT to capture the current challenges the Council is facing.

Risk Score	Overall Rating
20-25	Very High
10-19	High
5-9	Medium
1-4	Low

REPORT TO: East Lothian Council
MEETING DATE: 14 December 2021
BY: Executive Director for Place
SUBJECT: East Linton Primary School

6

1 PURPOSE

- 1.1 The Administration has asked officers to investigate an option of a replacement East Linton Primary School as an alternative to the currently approved policy position to extend the school to accommodate an increased school roll as a result of planned development.
- 1.2 The Administration is concerned that the proposed investment in the extension and refurbishment of the existing school of circa £5M would not deliver a high quality teaching and learning environment and would not provide a school that was future proofed. To ensure the delivery of best value alongside a modern, quality teaching and learning environment for East Linton, the Administration promote the need to pursue an alternative proposal and build a replacement primary school.

2 RECOMMENDATIONS

- 2.1 That Council considers the following options and decides which of these to adopt:
 - Option 1: that the existing policy position, to extend and refurbish the school, should be delivered; or
 - Option 2: subject to public consultation and clarity on technical and financial feasibility, that an alternative position to deliver a replacement school is preferred and should be pursued.

3 BACKGROUND

- 3.1 The existing school was built in 1881 and extensions were completed in 1987 and 2004. These were as a result of rising school rolls related to development. Housing development in the mid-1990's led to the school

roll increasing from 153 students in 1992, to a high of 207 students in 2002, before falling to 160 students in 2005.

- 3.2 East Linton Primary School is currently identified as having a category C condition (poor) and a category C suitability (poor)¹ both being described as showing major defects and/or not operating adequately.

Current Condition

- 3.3 Through the Property Renewals budget, administered by the Engineering Services team, the Council has invested in the school over the past few years (to a level of circa £1M) to address some of the condition issues. The existing school buildings however retain inherent condition issues that will require significant investment to improve its condition rating. The following areas are requiring full replacement or significant upgrades and repairs:

- Ventilation
- Heating
- Lighting
- Roof
- External fabric e.g. stonework
- External hard surfacing
- Mechanical and electrical plant
- Classroom decoration upgrades

- 3.4 The full extent and detail of issues are contained within Condition Survey Reports and data held by the Engineering Services team.

Suitability

- 3.5 Suitability (taken from the Scottish Government's Core Fact Guidance) is a measure of whether a school is fit for the purpose of delivering the education curriculum. That is whether its design and layout enhance its function and use, whether there is space and scope to accommodate all the pre-school, day school and after-school demands and services, whether it is 'inclusive' and accessible to those with disabilities, how capable it is of adjustment or adaptation, how able to 'flex' in response to future, sometimes unforeseen changes in the scale and nature of demand and usage, to changes in climate and to changes in ICT and other technology and the ways in which education may be delivered. The school has been assessed as having a C rating for suitability. An A rating is considered 'Good – Performing well and operating efficiently' and a D rating 'Bad – Economic life expired and/or risk of failure'.

- 3.6 Suitability issues within East Linton Primary School include:

¹ D suitability rating for PE provision but C overall suitability

- Physical Education (PE) - due to the existing multipurpose hall/dining space being of insufficient size, with unsatisfactory lighting and ventilation, the school currently cannot provide its statutory PE requirement on-site, and pupils therefore have to be taken off-site and use the village hall. This rates this element of suitability as a D. The existing hall also has poor acoustics;
- Accessibility – Works would be required to improve disabled access. A full access audit of the school would be required with actions funded and implemented; and
- Early Learning and Childcare - There are currently no staff toilets in the nursery area. Nursery staff have to walk through the school to the main entrance area.

Site

- 3.7 The school is positioned at the end of School Road, a cul de sac with narrow pedestrian footways. However, there are good safe walking routes to school and the school site is well positioned in an accessible location in the centre of the village. The whole of East Linton can access the site by foot within the 20 minutes as promoted through emerging national policy. There is no designated staff, visitor and disabled parking and access for delivery and maintenance vehicles is restricted. The on-street parking is very limited, given that School Road and the surrounding area is residential.
- 3.8 The site is bordered by residential properties on its northern and eastern boundaries. To the west and south is the park, a predominantly green space, part of which is set out as a sports pitch. The land is owned by East Lothian Council and part of that land historically sits on the education account as shown in blue in Appendix 1. This land was added to the education account prior to the dissolution of the Regional Council because it may be required for future education expansion. The East Lothian Local Development Plan 2018 (ELLDP2018) identifies this land as safeguarded for education and community facilities.
- 3.9 The site is within the East Linton Conservation Area and although the school building is not listed, the Victorian part of the school is recognised as making a positive contribution to the conservation area.

Local Development Plan and Pupil Projections

- 3.10 The site at Pencraig Hill, to the west of the village was allocated for residential development in the ELLDP2018. School roll projections in 2016 indicated that with an increasing roll the school would breach its seven class capacity and that an additional classroom would be required. Additional early learning and childcare places would also be required as well as a dedicated games hall rather than the current shared dining and hall space. Paragraph 3.101 of the ELLDP2018 and the accompanying Developer Contributions Framework Supplementary Guidance that accompanied the ELLDP set out the requirement to extend the school.

This remains the approved policy position to meet the rising pupil roll and need for additional early learning and childcare places.

- 3.11 A planning application for 113 homes was permitted at Pencraighill at appeal on 13 July 2018. Through the appeal process it was determined that the Council could only secure a developers contribution of £497K for this extension as the Council could not seek the recovery of the full cost of the new sports hall from the developer due to existing detriment. With current indexation levels, this contribution is now forecast to increase to £526K with payments due in 2021 and 2022. That sum is identified in the Council's current approved General Services Capital budget.
- 3.12 The most recent roll projections for the school catchment were undertaken in November 2021 and are shown in the table below.

	P1- P7 Roll	No of Classes
2021	162	8
2022	176	8
2023	196	8
2024	206	9
2025	194	7 or 8
2026	193	8
2027	192	8 or 9

- 3.13 Until three years ago, the max capacity of the school was 175 pupils (seven classes), but due to roll pressures arising generally, the Council had to arrange to take over the visiting specialist room in order to make an eighth classroom to accommodate a roll of up to 205 pupils. This has temporarily reduced the General Purpose (GP) provision and further reduces the school's suitability and is not a long term solution for an eight class requirement. The GP provision could be re-provided if the new games hall was built. The November 2021 roll projections indicate that the roll will further increase to a peak of 206 (9 classes) in 2024 and then reduce slowly from there to around circa 190 pupils and eight classes into the 2030s. However, an additional class space will have to be provided for the start of the 2024 school year.

Proposed Extension – Current Policy Position

- 3.14 The initial plans for the extension required by the LDP have been reviewed and designed by HUB South East. It totals 405m² and is comprised of:
- New games hall and changing area;
 - Additional classroom;
 - 10 additional place capacity added to nursery, including staff toilets and kitchen; and

- Ancillary space, including games hall storage and covered outdoor space.
- 3.15 This would result in a total capacity of 213 pupils across nine classes and 30 early learning & childcare places. The building could not be extended again due to the constrained site and therefore nine classes would be the final capacity of the school. Education would not be able to support any further housing development in the catchment that would result in the nine class capacity being breached.
- 3.16 Whilst the proposed extension would resolve the nursery toilets issue, provide additional classroom space and address PE hall deficiency with a new hall, the current ventilation and acoustics issues together with the replacement, upgrade and outstanding repair works listed above and the accessibility issues would require to be addressed to improve both condition and suitability.
- 3.17 Improvements can be made to address these issues. If an accessibility audit were also undertaken then solutions could also be found to provide improved disabled access. In combination with the extension, with these works the school would no longer be in condition C for suitability or condition.
- 3.18 Construction costs are currently very high with COVID-19 and Brexit-related supply chain pressures. The cost of the construction of the extension is currently estimated at circa £3M. In addition the refurbishment, upgrade, repair and access costs are estimated at a minimum of £1M to £2M. An updated assessment of repair and refurbishment costs would be required before costs could be finalised.

Replacement School – Alternative Policy Position

- 3.19 An alternative to extending the existing school would be to build a replacement 9 or 10 class school on a range of locations in the adjoining park. Three layouts for the location of the school are considered possible under this alternative:
- Layout A shown on Appendix 2 would be built on land for the most part held under the education account (as shown on Appendix 1), which is to the west of the existing school.
 - Layout B shown on Appendix 3 would locate the school in a south central location of the Memorial Park.
 - Layout C shown on Appendix 4 would be built in the south of Memorial Park, approximately where the tennis courts are located to the south of the existing school.
- 3.20 Please note that the diagrams of each layout are broadly indicative and are focused on the location and potential orientation of the replacement school and where it could be accommodated within the park so that statutory school requirements are met. These have been worked up through officer discussion and are in no way final layouts. The locations of

the re-located community facilities are not final but instead show how they could be re-provided within the park. All layouts would of course be subject to public consultation and further technical and financial feasibility work.

- 3.21 All layouts would result in the loss of elements of parkland and individual layouts would result in possible loss of current facilities. However, the reconfiguration of the park and existing school site would be required to provide replacement sites for any facilities displaced by the replacement school. All layouts propose the demolition of the extension elements of the existing school with the Victorian original element of the building being retained. The parts of the existing school building that are not retained and the school campus would be provided as park space.
- 3.22 The broad scale of the school building would be similar to what the Council will be delivering at Whitecraig and would be two storey compared to the existing one-storey school. The school could also be designed to be expandable, should further classes be required in the future.
- 3.23 The principle advantages of the replacement school proposal over the extension and refurbishment proposal are:
- Teaching and learning facilities that underpin the delivery of Curriculum for Excellence in its widest form, including the four capacities and six entitlements, are future proofed and provide more space with a layout that facilitates class, group and individual activity;
 - Improved and designed spaces to allow children with Additional Support Needs to fully access the curriculum and to support a nurturing approach;
 - Improved capacity for break out, social and dining spaces, including to meet capacity required for SG initiative of free school meals;
 - Expandable capacity if required;
 - Better building flow and storage;
 - A more energy efficient building however this could be offset by the embodied energy lost in demolishing the existing building and materials required for the new building;
 - Modern ventilation and lighting;
 - The capacity for improved digital provision as new Scottish Government policy intent is delivered, such as use of 1-1 devices; and
 - Possibility of community use of modern sports hall and multi-use pitch outside school hours.
- 3.24 The following is a list of factors that will need to be given further consideration that apply to all three of the layouts:
- Access will still be off School Road as the other potential accesses of Langside and Bank Road are private and not adopted. The Council could not force residents to agree to the roads becoming adopted;

- Additional parking at the new school will be minimal to reduce impact on land take within the park. Given the central accessible location of the school and the policy position of promoting walking and cycling to school for pupils and staff, the Council would not wish to provide significant parking levels. Echelon parking spaces could be providing as part of a re-profiled turning head at the end of School Road. Although the proposed on-street parking is not designated as school parking, measures to prohibit all day rail halt parking may be necessary, and unsolicited drop off during school travel times. Consideration thereof of a school street order restricting access during may be appropriate;
- Construction access is likely from the north of the park from Langside. Whilst this is not adopted, amenity services have access rights here for park maintenance. Alongside access would not be optimal for a replacement school on the south side of the park and as it would require vehicles traversing the full length of the park and would lead to disruption of park facilities. Further investigation would be required to investigate suitability and alternatives. The majority of construction of the new station will be accessed from School Road;
- As the school would be located adjacent to the East Coast Main Line, additional sound insulation measures would be required. These could be minimised by having the classrooms located on the north east side of the school away from the railway but greater sound insulation would still be required than normal and would be in addition to the estimated costs set out below;
- Whilst the existing building is not listed despite architectural heritage features, it is located within East Linton Conservation Area and therefore consent is required to demolish the building. Local Development Plan policy states that demolition of an unlisted building that makes a positive contribution to a conservation area requires to be justified in the same manner as if it were listed. Given the character of the Victorian element of the existing school, subject to the review, it is likely that this part shall have to be retained. If that is the case, options will have to be considered for a replacement use or sale;
- Whichever layout is preferred any replacement school will be required to be sensitive to the character of the conservation area within which it would be located;
- The tennis courts, on which the school would be built under layout B or C, or on which the pitch would be re-provided under layout A, have a lease until 2029. The Council would have to negotiate terms to break the lease and examine in detail the timing of replacement delivery within the park;
- The war memorial would remain unaffected in any of the three layouts;
- The skate park, pavilion and public toilets will have to be re-located for any of the layouts. Consideration could be given to locating the pavilion and public toilets within the new school building;

- Use of the football pitch will be lost during construction. It will be replaced as part of all of layouts, as per Council policy but in different locations;
- Consideration will need to be given to minimising tree loss in any of the layouts particularly of mature trees. Any loss would have to be compensated;
- All layouts factor in the new path across the park that provide access to the station that is due to open in 2022; and
- The park is not just used for general recreation and the specific sporting facilities within it but also for holding village wide events such as the Gala Day. Therefore consideration will need to be given so that sufficient area within the park is provided so that these events can continue to be successfully hosted.

3.25 The following are features and issues that relate to Layout A:

- Proximity of school building to rail station and consideration would need to be given to pupils being close to an open station access to railway line at the new station to be delivered in 2022;
- The new school would be constructed to the highest energy efficiency standards possible on all layouts. However, layout A allows for the building to be orientation to be maximised for solar gain and thus would allow for the highest Passivhaus energy efficiency standard and configuration to be achieved, resulting in lowest energy costs;
- This layout results in the park space being concentrated together in the east and south rather than strung out through the site; and
- Proposed layout results in majority of school site being located on land held on the education account - see Appendix 1.

3.26 The following are features and issues that relate to Layout B:

- Proximity to rail station (as Layout A);
- Passivhaus standard cannot be achieved; and
- Proposed layout results in majority of school site being located on land identified as open space and park - see Appendix 1.

3.27 The following are features and issues that relate to Layout C:

- School building would be sited slightly further away from station entrance;
- Further away from possible construction access point from Langside;
- Passivehaus standard cannot be achieved;
- Need to consider impact on mature trees in-between building and railway line; and
- Proposed layout results in majority of school site being located on land identified as open space and park - see Appendix 1.

- 3.28 In progressing any further work on the design of the school, we would seek to explore the potential of partnership working, community engagement and the aspiration for the new school to become a hub for the community. Developing the new build as a practical resource for the diversity of community needs and aspirations would also involve considering the provision and location of existing council and partnership services from other buildings within the settlement and looking to optimise our asset rationalisation opportunities and carbon reduction ambition.

Other Alternative Locations

- 3.29 It would be possible to build a replacement school on the existing school site, possibly utilising part of the original school building. However this is not a preferred educational solution because the Council has no nearby alternative space to accommodate the primary school pupils for the likely 18-month to 2-year period for which the existing school would have to be closed for the demolition, refurbishment and building works to take place. If provision were to be made using Temporary Units (TU), the Council would have to acquire a 9-class TU, as well as a hall TU and provide foundations in the park on which these could be sited. This would not be a positive learning environment and would have significant revenue costs from rental of the TUs. The Council has no other land ownerships within the village where the school could be provided.

Design Status

- 3.30 As set out, no design works have been undertaken for a replacement school at this stage. Assuming the resolution of issues, the earliest a new school could be opened would be August 2025. Whilst the existing school could operate in the interim, it would still require a TU to cope with breaching capacity in 2024. Subject to the necessary planning permission, this would be located on land immediately north of the existing school.

Estimated Costs & Potential Funding Support

- 3.31 The outline high level cost of replacing the school, subject to the above and further investigation would be circa £11M. This is broken down as follows:
- Construction Cost = £9,612K²
 - Additional Allowances = £100K
 - Partial Demolition of Existing School = £200K
 - Furniture & IT = £228K
 - Multi-purpose pitch = £200K
 - Works to School Road and Access = £235K
 - Statutory Fees = £56K

² Based Scottish Futures Trust cost metric as of Q4 2021 and on circa 2,400m² gross floor area – floor space subject to finalisation

- Contingency = £347K
 - **Total = £10,978K**
- 3.32 Options and costs for re-providing the existing facilities in the park (tennis courts, pavilion, football pitch, skate-park and toilets) will also have to be investigated and are not included above. If the school is designed to Passivehaus standards, that may have additional costs over the SFT cost metric.
- 3.33 In 2019, the Council was successful in bidding for revenue grant support from Scottish Futures Trust (SFT) for the new Wallyford Learning Campus and a replacement primary school for Whitecraig. As Wallyford is a new facility and not replacing any existing school, revenue funding is equivalent to 50% of the total capital costs of the new facility. For Whitecraig, a replacement school, funding was awarded to the equivalent of 50% of the costs of the existing five class capacity school and not 50% of the cost of an eight class school (expandable to ten) that the Council intends to replace the school with. Both grants are paid in instalments over a 25 year period.
- 3.34 A condition of an SFT funding award is that the Council has a plan for the category C schools within our Learning Estate Investment Plan. This will continue to be developed through the Learning Estate Review consultation process.
- 3.35 A further SFT funding bid was submitted in 2020 for a range of projects. Whilst the Council was unsuccessful, SFT did not rule out future revenue grant awards if a greater level of supporting information and commitment was provided. Since then, Council officers have engaged with SFT further on potential funding bid for a replacement school at East Linton and have been advised that bids with a greater chance of success would have a site selected, an agreed process for the Council owning that site and capital funding identified.
- 3.36 Any new bid for SFT funding would also be for revenue support and the sum awarded would be based on 50% cost of replacing the existing school and nursery and would be based on SFTs construction metric costs, which are currently lower than the Council is experiencing in tender submissions for education projects. Therefore, even if successful in its bid, the Council would may not be awarded 50% of the actual cost of the new school.

Learning Estate Review and Consultation

- 3.37 The parent council has previously raised matters regarding the condition of the existing school with particular concern over the lack of playground space, including for outdoor learning. They also requested that East Lothian Council consider a replacement school as an alternative to the proposed extension.
- 3.38 The Council is currently undertaking Phase 2 of the Learning Estate Review which will gather consultation responses on the condition and use of our education buildings and how they support learning. Once the

consultation stage of the review is complete, a Learning Estate Investment Plan setting out the Council's priorities for the estate will be prepared, proposals for East Linton Primary School will need to be part of that plan.

- 3.39 The phase 1 pre-consultation of the Learning Estate Review was undertaken earlier this year. Whilst a full analysis of this regarding East Linton has not yet been completed, it is reasonable to say that a majority of responses raise issues regarding the capacity, suitability and condition of the school and seek improvement to it. Some explicitly call for the building of a replacement school.
- 3.40 If Council decides to support a replacement school, a critical next step will be public consultation, including in person events (COVID-19 restrictions permitting) on the layouts early in the new-year. This should seek to reach as much of the East Linton community as possible given the impact of the proposal will be felt village wide. Officers will work up a programme of consultation. Feedback will also be critical from park facilities user groups, such as the tennis and football clubs. Any final designs and layouts will then be informed by these consultations as well as ongoing technical and financial feasibility work.

4 POLICY IMPLICATIONS

- 4.1 As set out within para 3.10 above, the approved education strategy, as set out in the ELLDP2018 and the accompanying Developer Contributions Framework Supplementary Guidance, is for an extension to East Linton Primary School. This remains the approved policy position of Council in order to meet the requirements of the rising pupil roll.
- 4.2 Any extension to the existing school, or any new school, would require planning permission. Any such application would require to be assessed against relevant policies of the ELLDP2018, including on the consideration of possible loss of open space.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 It is not possible to undertake an integrated impact assessment on an alternative proposal until the feasibility and technical work have been completed. An assessment will be made available at that stage should that be required.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – Costs for the projects are set out above. In the current budget only £508K of developer contributions is allocated against East Linton and therefore additional resources require to be identified. Any future decision taken in this context will require to be aligned with the Council's financial

strategy. Note that SFT funding is revenue support and is paid over a 25 year period. It is not capital grant and any additional costs above the developer contributions of £526K would have an impact on Council borrowing.

- 6.2 Personnel – As with the Integrated Impact Assessment, this will not be possible to estimate until the technical and feasibility work has been completed should that be required and appropriate procurement and delivery arrangements evaluated. Strategic Asset and Capital Management staff are already stretched delivering the current capital programme. The wider impacts of the Learning Estate Review will be a significant consideration.



7 BACKGROUND PAPERS

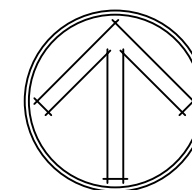
- 7.1 [Adopted ELLDP2018](#)
- 7.2 [Supplementary Guidance Developer Contributions Framework](#)
- 7.3 [Learning Estate Review](#)
- 7.4 Appendix 1 – Existing School and Park Diagram
- 7.5 Appendix 2 – Replacement School Layout A
- 7.6 Appendix 3 – Replacement School Layout B
- 7.7 Appendix 4 – Replacement School Layout C

AUTHOR'S NAME	Douglas Proudfoot
DESIGNATION	Executive Director for Place
CONTACT INFO	dproudfoot@eastlothian.gov.uk
DATE	1 December 2021

APPENDIX 1

LEGEND:-

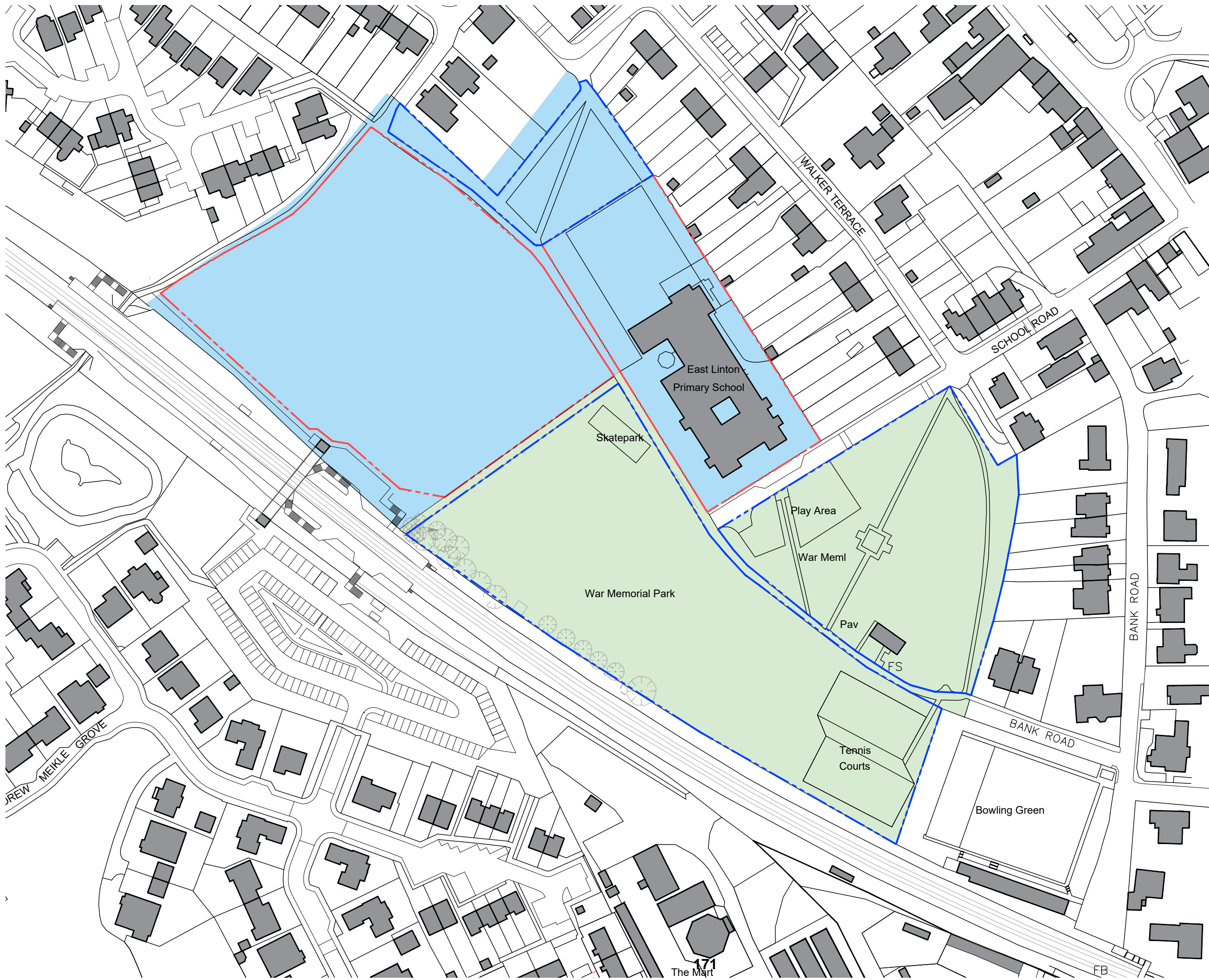
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-  DESIGNATED ELC COMMUNITY PARK LAND



North



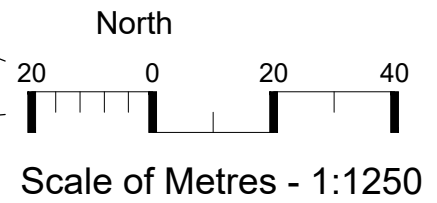
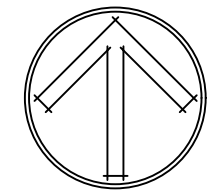
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APPENDIX 2



LEGEND:-

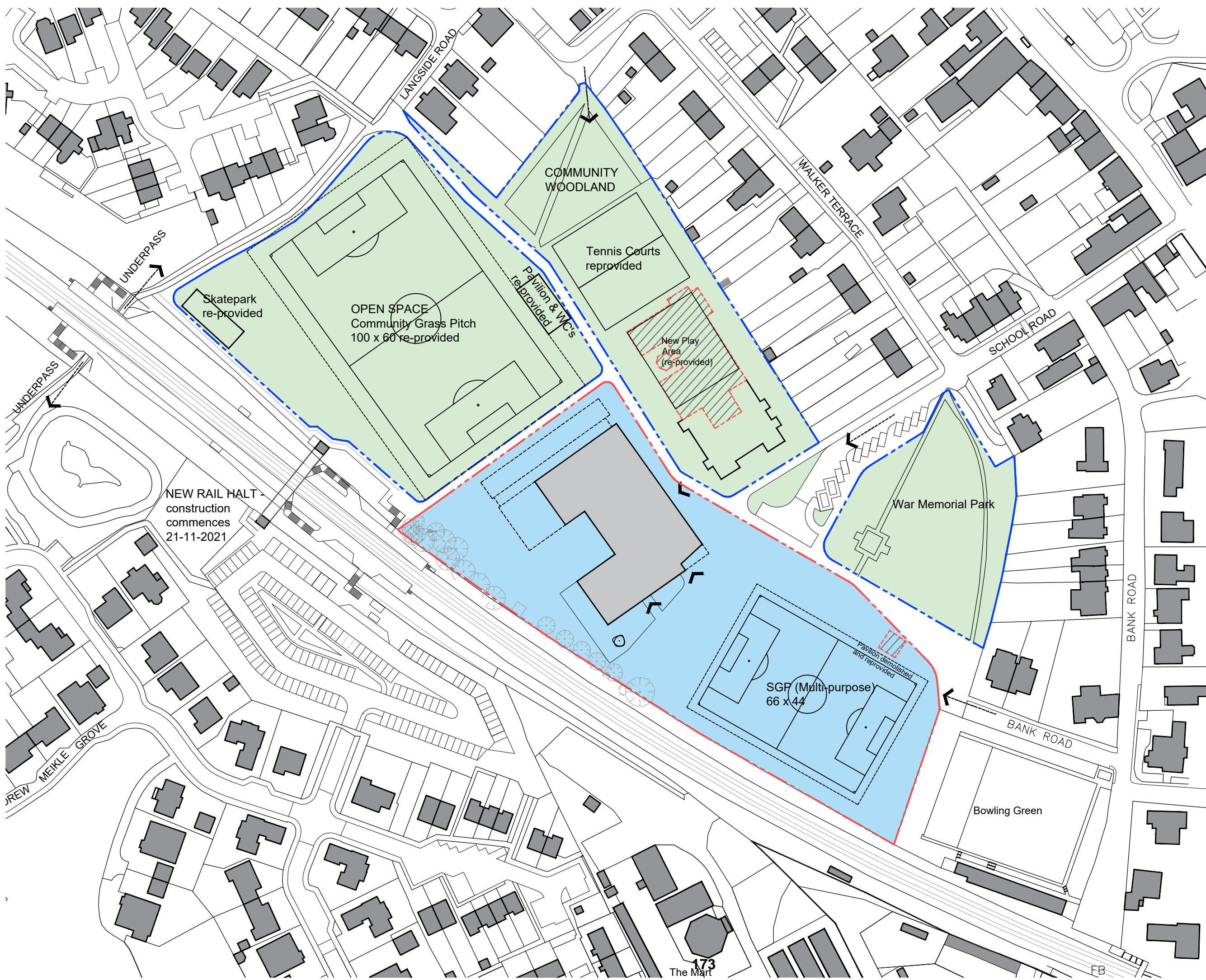
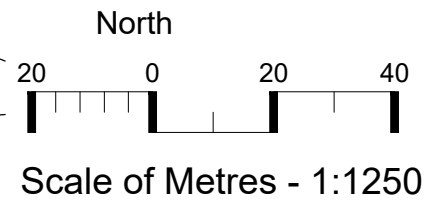
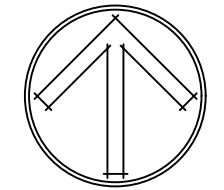
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-  DESIGNATED ELC COMMUNITY PARK LAND
-  DEMOLITION
-  NEW SCHOOL



APPENDIX 3

LEGEND:-

-  DESIGNATED ELC EDUCATION LAND
-  DESIGNATED ELC COMMUNITY PARK LAND
-  DEMOLITION
-  NEW SCHOOL





APPENDIX 4

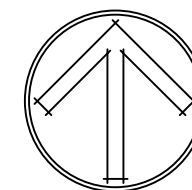
LEGEND:-

 DESIGNATED ELC EDUCATION LAND

 DESIGNATED ELC COMMUNITY PARK LAND

 DEMOLITION

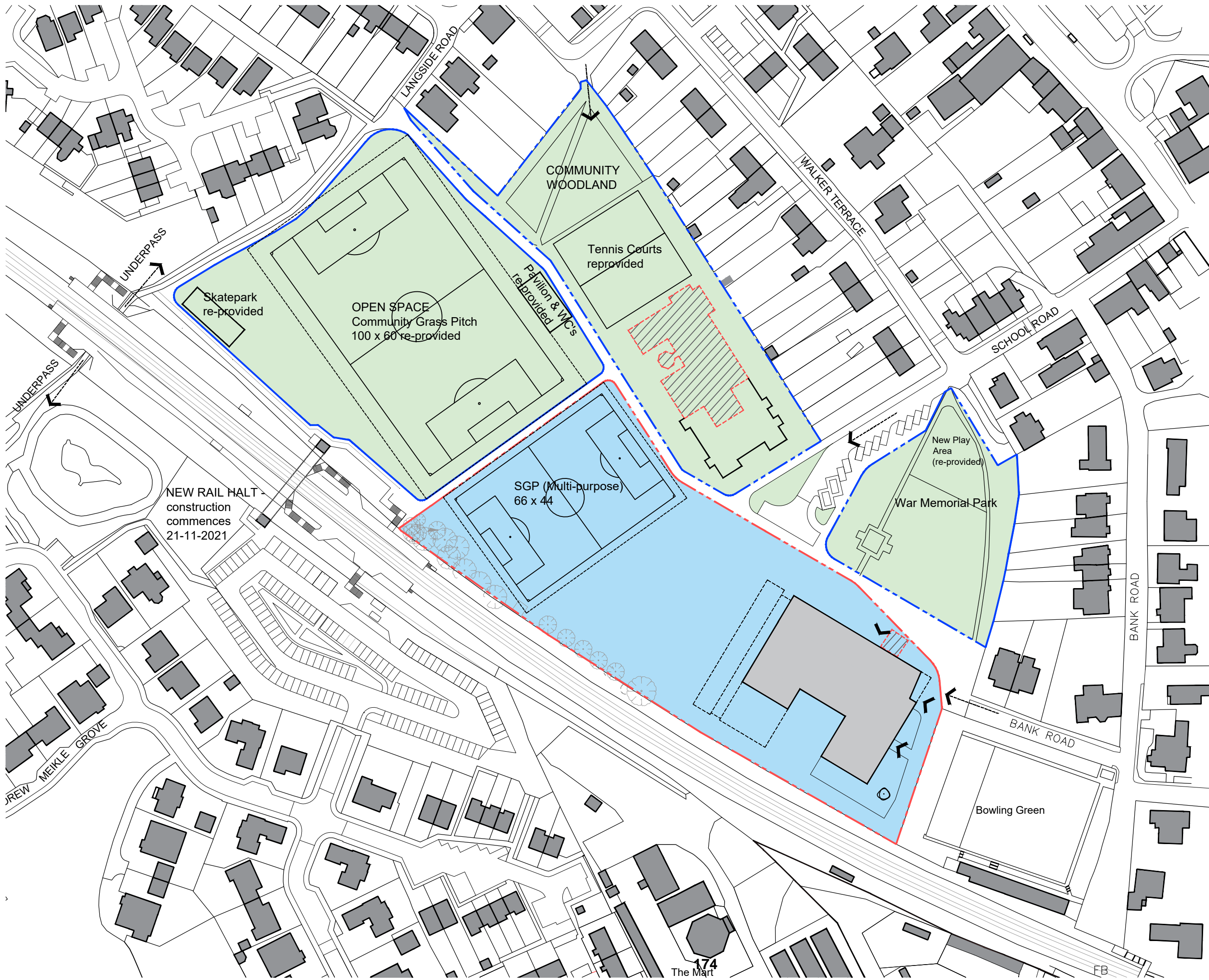
 NEW SCHOOL



North



Scale of Metres - 1:1250



NEW RAIL HALT - construction commences 21-11-2021

REPORT TO: East Lothian Council

MEETING DATE: 14 December 2021

BY: Executive Director for Place

SUBJECT: Edinburgh and South East Scotland City Region Deal –
Annual Report and Queen Margaret University Update

7

1 PURPOSE

- 1.1 To summarise the key findings on the City Region Deal Annual Report (available in the Members' Library, Ref: 105/21, October 2021 Bulletin) (approved by the City Region Deal Joint Committee on 3 September 2021);
- 1.2 To update on the date for the next Annual Conversation;
- 1.3 To provide a summary on progress to date on the delivery of the Food and Drink Innovation Hub and the wider Edinburgh Innovation Hub; and
- 1.4 To update on the delivery of the Grade Separated Junction at the A1/Queen Margaret University road junction.

2 RECOMMENDATIONS

- 2.1 To note the summary findings of the third Annual Report
- 2.2 To note the date for the next Annual Conversation.
- 2.3 To note the summary of progress on the delivery of the Food and Drink Innovation Hub and the wider Edinburgh Innovation Park.
- 2.4 To note the update on the delivery of the Grade Separated Junction at the A1/Queen Margaret University road junction.

3 BACKGROUND

Annual Report

- 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.
- 3.3 The second Annual Report was approved by the City Region Deal Joint Committee on 4 September 2020.
- 3.4 The third Annual Report was approved by the City Region Deal Joint Committee on 3 September 2021.

Annual Report – Overview

- 3.5 The Annual Report 2020/2021 (“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, reference to the Regional Prosperity Framework and a look to the year ahead.
- 3.7 The Report notes that three years into the City Region Deal and, despite challenging circumstances, partners have continued to make great progress on its delivery.
- 3.8 The Report notes the key milestones achieved in 2020/2021 including that the Joint Committee approved four new business cases this year: the Fife Industrial Innovation Phase 2 investment in infrastructure and modern business premises to support economic development; Easter Bush to become a global location of Agritech excellence; Dunfermline Housing (one of seven key strategic areas of change and growth) and the Queen Margaret University Innovation Hub for Food, Drink and Health Sciences. Eighteen projects and programmes, accounting for 90% of the overall Deal, have now been had their business cases approved for implementation.
- 3.9 Last year, the City Deal successfully secured £3 million from the Bus Partnership Fund (phase 1), £1.8 million for the Bus Priority Rapid Deployment Fund and £410,000 from the Regional Recovery Fund to support Community Wealth Building, regional tourism, the development of a Regional Prosperity Framework and a feasibility study for a data platform to assess outcomes and impacts of City Region Deals.

Annual Report - Summary Of Progress

3.10 As of 1 August 2021:

- 6 projects are in Stage 1: Define, which means that the project's business case is yet to be completed (8 in August 2020).
- 13 are in Stage 2: Implement, which means that the project's business case has been approved by Joint Committee and is in the process of being implemented (13 in August 2020).
- 5 are in Stage 3: Deliver, which means that the project has been implemented and is working towards delivering its objectives (3 in August 2020).

3.11 Last year's annual report showed that COVID-19 had affected the delivery of some of the projects, but all were within acceptable time and budget parameters. This year, despite the pandemic continuing to affect delivery, further progress has been made in implementing the programme.

- 14 projects are considered to be on target to be completed on time (green score) or have been completed on time (6 in August 2020).
- 10 projects are delayed, but considered to be within an acceptable range, with management action in place to address the issue (amber score). (18 in August 2020).
- 19 projects are considered to be on target to be completed within the specified budget (green score) or have been completed within the specified budget (15 in August 2020).
- 2 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) (6 in August 2020).

Annual Report – Benefits Realisation

3.12 In taking forward the Benefits Realisation Plan (approved by the Joint Committee in September 2020) each City Region Deal theme has been examining how best to monitor and evaluate future impacts. Individually, themes have identified a range of approaches (including bespoke surveys, refining existing data and customer relationship management monitoring systems, creating new data sets and adopting the measures used in the Scottish Government's National Performance Framework and other similar indices).

3.13 In reviewing these approaches, the Programme Management Office and Theme leads identified opportunities to enhance the efficiency and quality of future impact measurement. Examples are (1) co-ordinating partners' existing data sets and approaches to monitoring and evaluation within the City Region Deal and with other City Region Deals, and (2) accessing information from both Scottish and UK Governments that is not available on an "open basis"; engaging with existing or emerging (Government)

initiatives that might support better Monitoring & Evaluation (M&E) outcomes and benchmarking “best practice” approaches.

- 3.14 In March 2021 the Programme Management Office successfully applied for funding from the Scottish Government to undertake a: “feasibility study for a public/private sector data platform to assess the outcomes and impacts of the City Region Deal.”
- 3.15 The focus of this study has been to assess the potential, and recommend approaches, to accelerate the co-ordination of data, and the M&E of this data, in a consistent and more efficient way to support the management of benefits realisation for the City Region and potentially other Deal areas. The study recommends three approaches to enhance M&E:
- Support for the newly formed CRD Data Intelligence Group to examine co-ordination of M&E across linked impacts (such as Community Benefits, Environment and Fair Work) as well as the wider co-ordination of M&E and potentially “self-assessment” protocols with other CRDs;
 - A cross-CRD approach reflecting the broader opportunity to collaborating and integrating Benefits Realisation Planning and M&E efforts across all the City Region Deals in Scotland (and potentially other home countries); and,
 - From positive discussions to date with the Scottish Government, there may be longer term opportunities to both access data for the purposes of testing net impacts and co-developing M&E practices/reporting.

Annual Report – Financial Statement

- 3.16 A summary of the City Region Deal total over a fifteen-year period is shown in Table 2 of the Annual Report.
- 3.17 The City Region Deal Financial Summary for the period of April 2020 to March 2021 is set out in Table 3 of the Annual Report.

Annual Report – The Year Ahead

- 3.18 Key milestones that are expected in the next 12 months:

Date	Milestone
September 2021	Joint Committee meeting where the following items will be considered: <ul style="list-style-type: none"> • Transport Appraisal Board Consideration of A720 Sheriffhall Technical Information • Edinburgh and South East Scotland City Region Deal Bus Partnership Fund Award: Funding Announcement and Next Steps • Regional Prosperity Framework – final report

	<ul style="list-style-type: none"> • Edinburgh and South East Scotland City Region Deal Annual Report
October 2021	<ul style="list-style-type: none"> • Official opening of first office building at Borders Innovation Park (Phase 1).
November 2021	<ul style="list-style-type: none"> • Commencement of junction works at Queen Margaret University for Food and Drink Innovation Hub. • Engage over 200 young people across the region in designing their ideas for a sustainable human habitat to be displayed at the UN Climate Change Conference,
December 2021	<p>Joint Committee meeting where the following items will be considered:</p> <ul style="list-style-type: none"> • A720 (Sheriffhall roundabout) progress update • Submission of revised Full Business Case for Phases 2 and 3 of Borders Innovation Park • Integrated Regional Employability and Skills Programme progress update • Launch of Community Benefits Wishlist Portal (ESESCommunities.org). • Granton Waterfront Housing Business Case complete.
March 2022	<ul style="list-style-type: none"> • Joint Committee meeting where the following items will be considered: • Dunard Centre Revised Business Case • West Edinburgh Transport Improvement Plan Business Case • National Robotarium fully operational.
April 2022	<p>Implementation of Tranche 2 of the Fife i3 Programme commences.</p>
June 2022	<p>Joint Committee meeting where the following items will be considered:</p> <ul style="list-style-type: none"> • A720 (Sheriffhall roundabout) progress update

July 2022	Full DataLoch launch. Regional Data Haven launch.
August 2022	Launch skills portal to signpost learners to data skills opportunities across the region

Annual Conversation - Update

- 3.19 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 has not yet taken place at the time of writing this report – albeit the Annual Conversation is scheduled for November. Council shall be updated on the Annual Conversation in the December Council Report.

Summary of Progress – Delivery of the Food and Drink Innovation Hub and the Wider Edinburgh Innovation Park

Next Milestones

Date	Milestone
October 2021	Award of Contract for the Junction Works
January 2022	Commencement of the Junction Works scheduled
January 2023	Completion of the construction of the Junction works
April 2023	Commencement of construction of the Food and Drink Innovation Hub
April 2025	Food and Drink Innovation Hub operational

Delivery of the Grade Separated Junction at the A1/Queen Margaret University Road Junction

- 3.20 As noted above ELC awarded the contract for the junction works in October 2021. Whilst ELC have estimated 12 months for construction, the above time line, including the commencement and the completion date is subject to further discussions with the contractor. Whilst there will inevitably be some disruption and delays there are a variety of mitigating measures in place. For example, the contractor shall, at all times maintain full and free access to all business, premises and land within, adjacent to or adjoining the site which are affected by the works. Vehicular access to and from the A1 via existing southbound slip-roads is required to be maintained at all times for Queen Margaret University access. The contractor is also to provide and maintain at all times two traffic lanes in both directions on the A1 road and proposals requiring closure of a lane

or lanes or complete closure to the A1 or for any temporary diversion routes will be subject to consultation and approval by City of Edinburgh Council and East Lothian Council as local roads authority and Transport Scotland as Trunk Roads Authority.

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 Annual Report and Annual Conversation for East Lothian Council.

6.2 Personnel – None

6.3 Other – None

7 BACKGROUND PAPERS

7.1 Edinburgh and South East Scotland City Region Deal – Report to East Lothian Council, 11 August 2017

7.2 Heads of Terms Agreement signed by UK/Scottish Governments and Partner Authorities on 20 July 2017

7.3 East Lothian Council Summer Recess Arrangements – Standing Order 15.5 Members Library Report – Edinburgh and South East Scotland Region - City Deal Proposition, 19 July 2017

7.4 Edinburgh and South East Scotland City Region Deal – Report to East Lothian Council, 28 June 2016

7.5 City Region Deal Document (August 2018)

7.6 Edinburgh and South East Scotland City Region Deal (ESES CRD) – Annual Report, Annual Conversation and Regional Growth Framework Update, 29 October 2019.

7.7 Edinburgh and South East Scotland City Region Deal – Annual Report, Benefits Realisation Plan, and Food and Drink Innovation Update, 27 October 2020.

7.8 Ratification of City Deal Governance Arrangements, 27 October 2020

7.9 Report to Members' Library Service: Edinburgh and South East Scotland
City Region Deal Annual Report – 2020/2021 (October 2021 Bulletin)

AUTHOR'S NAME	Michaela Sullivan
DESIGNATION	Head of Development
CONTACT INFO	01620827222
DATE	October 2021

REPORT TO: East Lothian Council

MEETING DATE: 14 December 2021

BY: Executive Director for Council Resources

SUBJECT: Response to Boundary Commission Review

8

1 PURPOSE

- 1.1 To advise Council of the ongoing review of UK Parliamentary boundaries and seek approval of a response to be submitted as part of the consultation exercise.

2 RECOMMENDATIONS

- 2.1 To note the Boundary Commission for Scotland consultation on the proposed new UK Parliamentary Constituencies.
- 2.2 To approve the response to the Boundary Commission for Scotland as detailed in Appendix 1 to this report

3 BACKGROUND

- 3.1 The Boundary Commission for Scotland has published initial proposals for a new map of UK Parliamentary constituencies in Scotland. Scotland has been allocated 57 constituencies for the 2023 Review, two fewer than the present number of 59. The overarching intent is to equalise the electorate of each constituency in order that there is consistency in the number of votes required to elect a Member of Parliament. This aim is set out in the statutory remit given to the Boundary Commission by the UK.
- 3.2 An electoral quota was calculated by dividing the total UK electorate by the number of constituencies with the two island constituencies excluded. Other than the two island constituencies, the electorate for each constituency must be within 5% of the UK electoral quota of 73,392, therefore within the range 69,724 and 77,062. The electorate for the

current East Lothian UK Parliamentary constituency is 82,479, calculated from the data from March 2020, as used by the Boundary Commission.

3.3 In addition to the legal requirement to equalise electorate numbers, the Boundary Commission have developed their constituency design proposals with reference to their own policy principles which include:

- recognising community ties that might be broken by changes in constituencies
- special geographic considerations, including the size, shape and accessibility of a constituency and transport links
- other electoral and administrative boundaries, including Council boundaries

However, these principles are secondary to the statutory requirement to equalise electorate numbers.

3.4 The proposal from the Boundary Commission would see the western part of Musselburgh removed from the East Lothian constituency and joined with part of eastern Edinburgh to form a constituency called Edinburgh Eastern, with an electorate of 73,187. The remainder of East Lothian would form a constituency called East Lothian Coast, with an electorate of 73,939. The proposed change is shown on the map forming Appendix 2 to this report.

3.5 While this proposal would undoubtedly meet the electorate number requirements, it would also be contrary to a number of the policy principles set out in para 3.3 above. Whilst geographically close to eastern Edinburgh, Musselburgh is a distinct and separate town with its own identity and history. It is one of East Lothian's main towns and has a cohesive community across the town as a whole and a significant place within the county. There is no history of a split within the town, as is now proposed and there is no rationale for such a division, other than the need to meet the electorate quota. If this proposal is adopted, a number of residents of Musselburgh will be in different electoral areas for UK Parliamentary, Scottish Parliamentary and Local Government elections, which may lead to voter confusion and inconvenience. If this proposal was to be adopted, it is considered that the name of the new constituency should clearly reflect the inclusion of part of Musselburgh. In addition, there seems little justification for renaming the East Lothian constituency, given that a significant part of the area is not coastal in nature.

3.6 The Boundary Commission states that it welcomes any comments or representations on its proposals by 8 December 2021. Given the date of this meeting, it agreed that the Council could submit a draft response before the deadline and confirm, change or withdraw this immediately following the meeting. Accordingly, a draft response in the terms set out in Appendix 1 to this report has been submitted as a holding response. The Boundary Commission requires that any comments on the proposals

should state whether they approve of, or object to, the proposals and to give reasons for approval or objection. Objectors should state what they propose in place of the Commission's recommendations, taking account of the statutory requirements, i.e. the electorate numbers, and the impact on surrounding constituencies and the wider area. They also welcome alternatives for constituency names.

- 3.7 Given these parameters, it is difficult to construct a robust alternative proposal on electorate numbers. As such the draft response has focused on the matters of principle and the constituency names. Members are asked to consider the draft response, adding any further comments if required and confirm whether they wish this to be formally submitted or withdrawn.
- 3.8 In early 2022 there will be a secondary six-week consultation period, including up to 5 Public Hearings, which will include publication of all comments received up to the 8 December. Following consideration of any evidence received, any revised proposals would be offered for public consultation in late 2022 with final recommendations submitted to the Speaker by 1 July 2023. The next UK Parliamentary Election is scheduled to take place in May 2024 and the new constituencies will be in place for this election.

4 POLICY IMPLICATIONS

- 4.1 If these proposals are accepted, the change in electoral boundaries will have impacts for representation of voters, delivery of elections and for residents, staff and Elected Members engaging with Members of Parliament.

5 INTEGRATED IMPACT ASSESSMENT

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

6 RESOURCE IMPLICATIONS

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

7 BACKGROUND PAPERS

- 7.1 Appendix 1 – draft response to the Boundary Commission

7.2 Appendix 2 - Map showing proposed new boundary for East Lothian UK Parliamentary Constituency

AUTHOR'S NAME	Morag Ferguson
DESIGNATION	Head of Corporate Support
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DATE	26 th November 2021

Appendix 1

DRAFT RESPONSE TO BOUNDARY COMMISSION FOR SCOTLAND

2023 REVIEW OF UK PARLIAMENT CONSTITUENCIES PUBLIC CONSULTATION INITIAL PROPOSALS: CONSULTATION RESPONSE

I refer to your letter of 13 October 2021 regarding the current consultation on the Commission's initial proposals as a result of the 2023 Review of UK Parliament Constituencies.

Your letter and enclosures provided the background to the review, its timeline, the basis on which the electoral quota had been identified and proposals for the boundaries of the new 57 UK constituencies in Scotland. I should be grateful if you could treat this letter as East Lothian Council's draft response to the Commission's initial proposals. As agreed with your office, this response will be confirmed, amended or withdrawn following our Council meeting on 14th December 2021. I am grateful to you for your indulgence on this matter.

I note that the proposals represent a significant change for the East Lothian constituency. The proposal that the existing constituency should be reduced in size, with the western half of Musselburgh moved to the Edinburgh East constituency is clearly of some concern to the Members of the Council.

Given the applicable legislation and, specifically, the requirement to equalise the electorate across constituencies, it is difficult to argue with the numbers behind this change. However, it is the view of East Lothian Council that that any changes to Parliamentary boundaries should not be driven entirely by numbers and that the Commission's own principles should carry some weight.

The Commission's proposal for East Lothian breaks strong community ties, splits a community between two constituencies across two local authority areas, disregards the geographic, transport, business and community links between the two parts of community it proposes to split between two constituencies and existing electoral and administrative boundaries.

There is a strong historic and community connection between Musselburgh, as a whole, and the wider East Lothian area. In recent years, the Council has undertaken extensive work with community groups within Musselburgh to build a sense of place in the town as a whole and this proposal draws an arbitrary line down the middle of that town, and the community. Musselburgh is a town with a distinct and separate identity and to simply split it in half and 'add a part of it on' to an existing Edinburgh constituency in a different local authority seems to entirely disregard that sense of place.

From an administrative perspective, it would be the preference for the East Lothian constituency to be wholly within the Council area allowing a more accurate route to data analysis, a simpler alignment of political representation and avoid any cross-boundary issues in electoral administration.

However, given the population changes and the electoral quota, it is appreciated that the scope for alternative boundaries is limited. That said, the Council would like to make a strong representation in respect of the suggested names for the two constituencies. Firstly, if western Musselburgh is to be added to eastern Edinburgh, its place in that constituency should be reflected in the name. We would suggest 'East Edinburgh and West Musselburgh'. Secondly, there seems to be no rationale for renaming the remaining area of East Lothian as East Lothian Coastal. A significant part of the constituency is rural or inland towns with no immediate link to the coast. As such, we would propose that the current name of 'East Lothian' be retained.

This Council looks forward to any revised proposals that may result from this consultation and will again consider those when they are published.

2023 Review of UK Parliament Constituencies - Initial Proposals

East Lothian Coast County Constituency - Electorate 73,939

Appendix 2

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REPORT TO: East Lothian Council

MEETING DATE: 14 December 2021

BY: Executive Director for Council Resources

SUBJECT: Amendment to East Lothian Council's Polling Place Scheme

9

1 PURPOSE

- 1.1 To seek Council support to formally amend East Lothian Council's Polling Place Scheme in respect of EL5G polling district.

2 RECOMMENDATIONS

- 2.1 Members are asked to approve the permanent amendment to the polling scheme for the East Lothian Constituency for polling district EL5G.

3 BACKGROUND

- 3.1 Feedback from voters, poll staff and polling place inspectors indicated accessibility concerns with Gifford Village Hall. This was emphasised in May 2021 when the additional Covid-19 measures were in place. As such, an alternative polling place was sought to serve the electorate in this polling district.
- 3.2 It is proposed that Gifford Bowling Club be used as the permanent polling place. The property is in a central location, has good facilities and voter access.
- 3.3 Local Councillors have been advised in relation to the proposal and none expressed any reservation.

4 POLICY IMPLICATIONS

- 4.1 There are no direct policy obligations associated with this report.

5 INTEGRATED IMPACT ASSESSMENT

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

6 RESOURCE IMPLICATIONS

- 6.1 Financial - None
6.2 Personnel - None
6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 The existing Polling Scheme was approved at Council meeting on 11 December 2018 following the Statutory Review of Polling Districts and Polling Places.

AUTHOR'S NAME	Morag Ferguson
DESIGNATION	Head of Corporate Support
CONTACT INFO	01620 827274
DATE	

REPORT TO: East Lothian Council
MEETING DATE: 14 December 2021
BY: Executive Director for Council Resources
SUBJECT: Appointment to the Post of Head of Finance

10

1 PURPOSE

- 1.1 To advise Council of the decision of the Chief Officer and Head Teacher Appointments Sub-Committee to appoint Ellie Dunnet to the post of Head of Finance.

2 RECOMMENDATIONS

- 2.1 To note the decision of the Chief Officer and Head Teacher Appointments Sub-Committee to appoint Ellie Dunnet as Head of Finance.
- 2.2 To advise Council that following receipt of satisfactory pre-employment checks Ellie Dunnet was offered the post and has subsequently confirmed her acceptance. Ms Dunnet's commencement date has still to be agreed with her current employer.
- 2.3 To note the minute of the Chief Officer and Head Teacher Appointments Sub-Committee held on 8 October 2021 for the appointment of the Head of Finance (Appendix 1).

3 BACKGROUND

- 3.1 An external recruitment campaign to recruit to the vacant post of Head of Finance post ran from Friday 23 August until Monday 20 September 2021. Eight applications were received.
- 3.2 A cross-party Chief Officer and Head Teacher Appointments Sub-Committee was established in accordance with Council's Standing Orders and charged with making an appointment to the permanent post of Head of Finance. The Sub-Committee comprised:

Cllr Norman Hampshire (Convenor)
Cllr Shamin Akhtar
Cllr Lachlan Bruce
Cllr Stuart Currie

- 3.3 The Sub-Committee was advised throughout by Council officials Monica Patterson, Chief Executive; Sarah Fortune, Executive Director – Council Resources; Kirstie MacNeill, Service Manager – People and Governance; and Zoe McFadzean – HR Business Partner. Evelyn Docherty from Solace in Business provided independent advice. Solace in Business provided additional independent advice throughout the recruitment campaign, candidate selection and the candidate interview process.
- 3.4 The Sub-Committee met on 28 September 2021 to consider applications received and the shortlisting recommendations that had been made by Solace in Business. Six candidates were selected for shortlisting and an Assessment Day was arranged for Wednesday 6 October 2021. One candidate withdrew their application prior to the Assessment Day and another withdrew in the course of the Assessment Day itself.
- 3.5 The candidates completed a series of online psychometric tests and during the Assessment Day they undertook a technical interview with the Executive Director for Council Resources accompanied by an officer from Solace in Business and they separately completed a written exercise. An outcome-based report on the candidates' overall performance was prepared by Solace in Business. The report was shared with and discussed by the Sub-Committee prior to the formal interviews on 8 October 2021 to help inform its decision making.
- 3.6 The final competency based interviews took place on 8 October 2021. The candidates were required to present a pre-prepared presentation to the Sub-Committee at the beginning of their formal interviews. Thereafter, the candidates were asked a number of pre-set competency-based interview questions.
- 3.7 Following the interviews, taking full account of the candidates' individual performances in relation to the competency based interview and presentation along with the feedback from the Assessment Day, the Sub-Committee unanimously determined that Ellie Dunnet was the preferred candidate for the post of Head of Finance.
- 3.8 The relevant pre-employment checks were carried out and found to be satisfactory, following which a formal offer was made to Ellie Dunnet which she has formally accepted. Ms Dunnet will take up the post at a date to be agreed with her current employer. A minute of the meeting of the Sub-Committee which conducted the interviews for the post on 8 October 2021 (Appendix 1) is presented for noting.

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 None

AUTHOR'S NAME	Kirstie MacNeill
DESIGNATION	Service Manager – People and Governance
CONTACT INFO	
DATE	11 October 2021

**MINUTES OF THE MEETING OF THE
CHIEF OFFICER AND HEAD TEACHER APPOINTMENTS SUB-COMMITTEE
For the Post of
HEAD OF FINANCE**

Held on 8 October 2021

Via Microsoft Teams

Chief Officer and Head Teacher Appointments Sub-Committee:

Councillor Norman Hampshire (Convenor)
Councillor Shamin Akhtar
Councillor Lachlan Bruce
Councillor Stuart Currie

In Attendance:

Evelyn Docherty, Solace in Business, External Independent HR Adviser

Council Officials:

Monica Patterson, Chief Executive
Sarah Fortune, Executive Director – Council Resources
Kirstie MacNeill, Service Manager – People and Governance
Zoe McFadzean, HR Business Partner

Candidates began their interview by giving a ten minute presentation to the Sub-Committee. The topic was 'As Head of Finance for East Lothian Council, what are your key priorities over the next 12 months in supporting the Council's COVID-19 recovery programme taking cognisance of any lessons learned during this unique period?' This was followed by a series of set competency based questions from Sub-Committee members.

At the end of the formal interviews the Sub-Committee discussed the relative merits of the candidates with assistance from Evelyn Docherty and the officers present. The Sub-Committee scored the candidates. Ellie Dunnet scored highest in both the presentation topic and in all of the competency questions posed and was accordingly declared to be the preferred candidate.

The Service Manager – People and Governance explained that the usual pre-employment checks on the preferred candidate would be carried out prior to formal appointment.

REPORT TO: East Lothian Council

MEETING DATE: 14 December 2021

BY: Executive Director for Council Resources

SUBJECT: Submissions to the Members' Library Service,
12 October – 29 November 2021

11

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 12 October and 29 November 2021, 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	29 November 2021

**MEMBERS' LIBRARY SERVICE RECORD FOR THE PERIOD
12 October – 29 November 2021**

Reference	Originator	Document Title	Access
104/21	Executive Director for Place	Building Warrants issued under Delegated Powers for September 2021	Public
105/21	Executive Director for Place	Edinburgh and South East Scotland City Region Deal – Annual Report	Public
106/21	Head of Infrastructure	Major External Repairs & Internal Works to Haddington Town House	Private
107/21	Head of Infrastructure	Assignment of the Ground Lease, Belhaven Bay Holiday Chalet Park, Dunbar	Private
108/21	Head of Infrastructure	Lease extension for Doocot Flag Heritage Centre, Athelstaneford	Private
109/21	Executive Director for Place	Report on the Consultation on the Draft Poverty Plan 2021-2023	Public
110/21	Executive Director for Place	Asset Review: Feasibility of Office Accommodation Rationalisation including the Termination of the Lease for Randall House	Private
111/21	Executive Director for Council Resources	HR Establishment Changes for October 2021	Private
112/21	Head of Corporate Support	Q2 Customer Feedback Reporting	Public
113/21	Executive Director for Place	East Lothian Advice Consortium Annual Report 2020/21	Public
114/21	Chief Executive	National Care Service for Scotland Consultation – East Lothian Council Response	Public
115/21	Executive Director for Council Resources	Finance Service Review – Phase 3	Private
116/21	Executive Director for Council Resources	Staffing Report for the Creation of a School & Family Support Worker within Meadowpark CP (Knox Academy)	Public
117/21	Service Manager – Internal Audit	CIPFA Internal Audit Engagement Opinions: Setting Common Definitions	Public
118/21	Head of Infrastructure	Building Warrants Issued Under Delegated Powers – October 2021	Public
119/21	Executive Director for Council Resources	Common Good Consultation – Update	Public
120/21	Executive Director – Place	East Lothian Council COVID 19 Recovery and Renewal Framework Document, Version 1.10	Public
121/21	Head of Infrastructure	Sale of 59.5sqm of Land, North Berwick	Private

29 November 2021

