

**REPORT TO:** East Lothian Council

**MEETING DATE:** 28 June 2022

**BY:** Executive Director for Council Resources

**SUBJECT:** Financial Review 2021/22

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## **1 PURPOSE**

- 1.1 To provide an update on the **DRAFT** financial position for the Council for the year ending 31 March 2022.

## **2 RECOMMENDATIONS**

2.1 The Council is recommended to:

- Note the update on the draft unaudited accounts as set out in Appendix 1 of the report, including the impact on the Council's reserves position relevant to the approve Reserves Strategy.
- Note the 2021/22 financial performance against approved budgets.
- Note the significance of the COVID-19 costs and the impact of non-recurring funding provided for 2021/22.
- Agree the use of the £245,000 Capital Grants Unapplied reserve to fund Council transformational activities.
- Note the progress in delivering the approved 2021/22 budget reductions.
- Note the additional funding received from the Scottish Government in the 2021/22 financial year.
- Approve the deferral of the Loans Fund repayment holiday in 2021/22, noting the extension of this flexibility through updated Scottish Government guidance to 2022/23.

- Agree to provide a 'letter of guarantee' to support Council relevant group partners, aligned to previous years assurance.
- Note the breach of the Treasury Management approved indicators and the update required to the Treasury Management Strategy.

### **3 BACKGROUND**

- 3.1 At its meeting on 2 March 2021, the Council approved a budget for 2021/22 for the General Services revenue and capital budget. The Council had earlier, at its meeting on 23 February 2021 approved the HRA revenue and capital budgets. Both meetings also approved outline budgets for subsequent years.
- 3.2 The Council received a number of financial management update reports during 2021/22 setting out the financial position against approved budgets with the most recent report setting out the position at Quarter 3 presented on 22 February 2022. That report noted that subject to successful management of identified risks, the Council projected it would deliver expenditure commitments within available resources made available during the year.
- 3.3 The Council has continued to operate within an extremely challenging financial environment and is balancing an increasing and wide range of risks and pressures. These include: the continuing impact of the recovery from COVID-19, an increasing range of external pressures from areas such as rising interest rates, cost of living pressures, humanitarian commitments arising from the conflict in Ukraine, significant and growing inflationary costs and demand pressures, alongside and a very challenging labour and recruitment market. The potential impact and concurrency of these risks are now at an unprecedented scale, all of which must be balanced against very difficult funding constraints. These areas will have a significant impact on the Councils spending plans going forward and will remain key areas of budget monitoring work.
- 3.4 This report sets out the financial results for the 2021/22 financial year across all service areas. These results remain in **DRAFT** pending the finalisation of the 2021/22 audit.

#### **Unaudited Accounts and Reserves Position 2021/22**

- 3.5 Given enhanced business continuity arrangements have been in operation across the Finance Service in recent months, the draft accounts covering the financial year 2021/22 are still in the process of being finalised. **Appendix 1** sets out the work undertaken to complete the accounts including relevant governance assurance, alongside the key financial results including impact on usable reserves. The Chief Financial Officer will be responsible to ensure that the accounts are submitted for audit prior to the statutory deadline of 30 June 2022.

## General Services Revenue Summary – 31 March 2022

- 3.6 An analysis of the financial position across service groups is set out in **Appendix 2** with further details set out in the paragraphs below.
- 3.7 A number of budgets have changed to reflect necessary accounting adjustments to ensure that the surplus or deficit on service areas reflects only costs that are chargeable direct to the taxpayer. The most significant of these adjustments relates to IAS19 pension requirements.
- 3.8 In summary, there the financial position at the end of 31 March 2022 has delivered a £1.489 million surplus (0.6%). This has largely been delivered through a combination of additional non-recurring national funding much of which was received late in the financial year, and a number of non-recurring financial variances including an underspend on staffing budgets, largely caused by the challenging external recruitment market. These collectively are unlikely to continue into 2022/23. This position includes:
- Additional General Revenue Grant funding of £20.371 million received from the Scottish Government during 2021/22. From this funding: £9.476 million was made available on a one-off/non-recurring basis to support the costs of COVID-19, with the balance of £10.895 million to meet a number of Scottish Government initiatives including Health & Social Care, Teachers Induction and the Scottish Governments 100 day's commitments. £2.513 million of the additional funding is for 2022/23 as directed by the Scottish Government for Business Support, Low Income Household Funding and Employability.
  - Council delegated IJB budgets delivered a surplus of £947,000 and aligned to the approved Scheme of Integration this will increase the IJB reserves in 2021/22.
  - COVID-19 costs to the Council of £14.418 million as set out in **Appendix 3** mostly met by additional resources provided by Scottish Government during 2021/22.
  - £2.066 million of additional COVID-19 costs incurred by the Council on Health & Social Care Services has been met through national funding aligned to Local Mobilisation Plans
  - The Council delivered a surplus of £3.733 million in Early Learning & Childcare revenue specific grant funding in 2021/22. Aligned to national guidance, flexibility has been applied, with £1.983 million diverted to support future capital costs related to the Early Learning and Childcare Programme and £1.750 million carried forward to support the future rollout of the programme in 2022/23. It is anticipated that this will be used to support and mitigate the impact of the £1.2 million reduction in the specific grant funding received from the Scottish Government in 2022/23. There will be close monitoring of the on-going impact of this.

- The charging of applicable fixed costs within the Property Maintenance Trading Account of £2.1 million to the Housing Revenue Account in line with Scottish Government guidance. This reflected the reduced productivity due to service restrictions during the pandemic.
- 3.9 The financial position set out also includes the following application of earmarked reserves, more detail of the wider reserves is set out in Appendix 1 of this report:

#### Devolved School Management Balance

Primary and Secondary schools have been able to increase their DSM balance by £77,000, with most schools now operating at their maximum carry-forward limit.

#### Insurance Fund Balance

The Insurance Fund has increased by £378,000 to meet the latest assessment of ongoing obligations. The wider fund valuation review in 2022/23 will determine the future level of balance required.

#### Second Home Council Tax Reserve

The provision balance increased by £45,000 in 2021/22. In line with previous Council approval, there was an allocation of £1.077 million in 2021/22 to support East Lothian Mid-Market Homes to purchase properties.

#### COVID Action Fund

The COVID fund balance reduced by £3.421 million and was used to offset COVID costs incurred during 2021/22 as set out in Appendix 4.

#### Capital Grants Unapplied

The fund balance of £245,000 must be utilised by the end of 2021/22 for the purpose of transformational activity delivering financial benefits to the Council. Appendix 5 sets out details of the proposed activities. In line with national guidance, the application of this fund is subject to Council approval.

#### Other Ring-Fenced Funds

During 2021/22, the fund has reduced by £423,000 due to expenditure on the Rapid Re-housing programme and Windygoul Education project. A further £1.924 million has been carried forward into 2022/23 to support a range of initiatives including Employability and Scottish Welfare.

#### Cost Reduction Fund / Transformation Fund

In line with previous years, there was no drawdown from the fund and the balance remains at £3.445 million.

- 3.10 When setting budgets for 2021/22, the Council approved total planned savings of £930,000. **Appendix 6** sets out the progress in achieving the planned savings. Aligned to previous reports, income targets of £10,000 were not achieved. In addition, the Council's budget includes £2 million of Corporate savings, that has been achieved from underspends across staffing budgets. As previously noted, there remains a risk in delivering these savings on a recurring basis. The staffing position across all sectors remains challenging and this will remain under monitoring and review with further updates provided to Members during 2022/23.
- 3.11 The summary below sets out the key pressures across each of the Directorates and the key variables of change from the previously reported position.
- 3.12 The full year underspend in the **Education and Children's Directorate** is £2.507 million (1.8%). As summary of the key variables and risks are set out below

#### **Children's Services, £864,000 over (4.9%)**

- The year-end position is slightly improved from the previously forecast deficit of £1 million at Period 9. This is largely due to additional Scottish Government funding that will not be fully utilised until 2022/23.
- The most significant pressures remain in External Residential Care, Secure Placements and External Fostering. Despite this, there remains evidence that targeted interventions are having a positive impact on controlling demand for external placements with more packages of support to keep young people within East Lothian at significantly lower cost. Despite this, there is a risk that demand for services could increase and this will remain an area of close review during 2022/23.
- Management remain focussed on a range of options designed to minimise future spend commitments whilst ensuring that services provided to children are undertaken in a way that best supports and protects them. A holistic review of services provided to children across the Council is underway to consider a whole-council approach to reducing vulnerability including enhanced family support measures.

#### **Education Services, £3.371 million under (2.7%)**

- The year-end position reflects the £1.75 million carry forward of Early Learning & Childcare funding and the £996,000 carry forward of Employability funding in line with Scottish Government guidance as noted in section 3.8 above.
- The policy commitment to implement the expansion of Early Learning and Childcare to 1140 hours remains subject to post implementation review. As noted in the Period 9 report and in line with 2020/21, there remain significant pressures on available capital funding to deliver the infrastructure required to support this policy. As such, there has been

a transfer of £1.983 million of funding from revenue to capital in line with national flexibility and guidance.

3.13 The year-end underspend in **Council Resources Directorate** is £1.002 million (7.3%). A summary of the key variables and risks are set out below:

**Finance, £833,000 under (14.5%)**

- The year-end position reflects the £378,000 transfer to reserves from the Insurance Fund surplus to meet ongoing obligations as noted in section 3.8 above and increased staffing underspends due to delays in recruiting linked to the challenging labour market.

**Corporate, £169,000 under (7.3%)**

- The year-end position reflections additional Legal and Statutory fee income, increased staffing savings and reduced spend on supplies.

3.14 The year-end overspend in the **Health & Social Care Directorate** is £295,000 (0.5%). Despite significant additional national resources there remains challenges in meeting the level of demand for commissioned services such as care homes and care at home with the overspend largely relating to a deficit in the non-IJB delegated services. As highlighted in the Period 9 report, the service experienced significant additional COVID-19 related costs. This totalled £2.066 million including the sustainability costs, loss of income and additional PPE costs with these costs met through national funding aligned to Local Mobilisation Plans.

3.15 The IJB has delegated authority over the majority of this budget along with a small number of other budgets within Community Housing, the Housing Revenue Account and Housing Capital. The management of these resources remains in line with the scheme of integration and wider overall IJB resources. There are significant underspends in these areas of £947,000 and this transfers to the IJB reserves.

3.16 In 2021/22 the Health & Social Care IJB services received additional funding of £3.277 million, £2.510 million which was recurring, and in line with national guidance this was passed on to the IJB in full.

3.17 The year-end underspend in the **Place Directorate** is £456,000 (0.9%). A summary of the key variable is set out below:

- **Development, £802,000 over (28%)** – As noted in the Period 9 report, the main reason for the overspend is the payment of £1.35 million of grants paid to local businesses through the nationally directed business support schemes, the funding for which was received in 2020/21 and drawn down within the COVID-19 fund. The year-end position also reflects the carry forward of £368,000 from Business Recovery funding to 2022/23, as well as additional planning fee income received in the year.
- **Housing, £401,000 over (13.3%)** – As noted in the Period 9 report the main reason for the overspend is due to the Property Maintenance

Trading Account not achieving the full surplus due to the COVID-19 construction industry restrictions at various points during the financial year. In line with Scottish Government guidance, HRA incurred fixed costs of £2.1 million as noted in section 3.8 above.

- **Infrastructure, £1.055 million under (3.5%)** – The year-end position is slightly improved than the position reported at Period 9 and reflects additional income in coastal car parking and building warrants, higher than anticipated capital work by Roads Trading, and lower than anticipated utility costs for street lighting. There remains significant staffing challenges across a number of Infrastructure Services including Facilities Management. This will remain a close area of review in 2022/23.
- **Communities & Partnerships, £604,000 under (4.7%)** – The year-end position is slightly improved from the position reported at Period 9 reflects increased staff savings, reduced cleaning costs and increased income.

3.18 The Corporate Management budgets include most of the key resource streams and corporate commitments for the Council, the most notable of which include Scottish Government grant funding, debt charges and Council Tax income. The main points to note are:

- Council Tax Budgets delivered a surplus against budget of £354,000.
- Revenue Collection Rates - despite significant challenges arising from COVID, Council staff have worked pragmatically with those in financial difficulty, and have collectively managed to protect revenue income and maintain collection rates at a very high level. This will continue to be an area closely monitored as we move into 2022/23 and beyond.
- As noted in section 3.10, the current budget assumes the recurring delivery of £2 million of corporate efficiencies relating to management of staffing budgets. There remain risks as to the ability to deliver this level of saving on a recurring basis.
- Corporate Management includes £1.517 million of funding for Business Support and Low Income Household funding. There is an equal split of funding between Businesses and Low Income households, with the allocation of the business element already approved by Council on 1 March 2022. The proposed use of the Low Income funding is as follows:
  - £15,000 – Enhanced campaign to support Benefit and Advice take-up,
  - £240,000 – Contingency to Support Fuel Crisis Fund, and
  - £500,000 – Cost of Living Assistance to support those in need wither through an enhanced £100 Scottish Welfare Fund payments or £100 prepaid shopping cards.

- The Council approved budget for 2021/22 included the decision to apply a loans fund repayment holiday in line with permissible fiscal flexibilities and national guidance. Officers have continued to monitor the need to apply this flexibility, ensuring prudence can continue to be demonstrated in any decision. Despite the financial challenges facing the Council, expenditure commitments relating to COVID recovery during 2021/22 can be delivered within available resources. This, alongside very challenging current economic conditions relating to interest rate increases and wider inflationary costs of capital projects, places further risks and challenges on demonstration of prudence and as such, officers are recommending that this decision is not applied during 2021/22.
- There has been a significant increase in the Bad Debt provision in 2021/22. This increase follows a review of outstanding debts relating to Common Housing Repairs and Homelessness previously allocated against HRA.
- Aligned to national guidance, the Scottish Government has extended the period to apply any loans fund repayment holiday for a further year. As such, officers are recommending that this flexibility remain under review during 2022/23, with any final decision taken by Council at the end of this financial year.
- The reported overspend on collective corporate management budgets of £1.149 million largely reflects the proposal to defer the Loans Fund holiday without which there would have been a significant surplus partly due to a proportion of the additional Scottish Government funding being retained within the corporate management.

### **Scottish Government Funding**

- 3.19 The additional funding received from the Scottish Government in 2021/22 is set out in **Appendix 7**. As noted previously, most of this funding has been received on a non-recurring basis, with a large proportion targeted to deliver specific policy interventions.
- 3.20 Alongside this, the Council has applied flexibility in the use of existing funding streams aligned to national flexibility. This includes funding previously made available to support the expansion of Early Learning and Childcare to 1140 hours, as well as the recharge of fixed costs within Property Maintenance as referenced earlier.

### **Council's Group Components**

- 3.21 From the outset of COVID-19, the Council has engaged constructively with its group account partners to consider the financial implications of each of the organisations during this pandemic. In previous years, a 'letter of guarantee' was provided to both Enjoy and Brunton Theatre Trust in closing off their annual accounts. The 'guarantee' whilst not prescriptive in respect of quantum, gave both organisations positive assurance that the Council would work proactively with them to manage cash flow and fulfil



their inescapable obligations should the need arise. It is recommended that a similar 'letter of guarantee' is supported during 2021/22 accounts closedown.

### **General Services Revenue Conclusion**

- 3.22 The Council continues to operate within an extremely challenging and complex financial environment, with an increasing range of demands and pressures. Despite the positive outturn for 2021/22, this has been largely due to significant levels of non-recurring national funding and non-recurring financial variances, which are unlikely to continue into 2022/23.
- 3.23 Going forward, the Council is facing an increasing level of financial risk, the scale of which remains at an unprecedented high level. There remains a growing number of significant concurrent risks, which are likely to place increased demand on council services and collectively will be extremely difficult to manage within available resources.

### **General Services Capital Summary**

- 3.24 General Service's gross capital expenditure at the end of 2021/22 was £65.038 million against an updated budget of £97.735 million (Quarter 3 forecast of £71.121 million). A significant proportion of this underspend has already been re-profiled as part of the work on the 2022/23 capital plan and will be utilised in future years. Where appropriate, this is matched against anticipated income in line with individual project requirements.
- 3.25 Capital Income applied during 2021/22 was £27.720 million with the most significant element being developer contributions totalling £7.462 million. More details setting out the specific project spend relative to approved budgets is set out in **Appendix 8**.
- 3.26 A summary of the key movements and associated risks are shown below:
- Community Projects – delays in the construction start for Gateside West units has resulted in reduced expenditure during 2021/22 with a carry forward now shown in future budgets. Town Centre Regeneration is now in progress with a re-profiled budget.
  - Fleet – significant delays in the receiving procured goods, with any underspend carried forward into future years.
  - Open Space – a cemeteries land purchase could not be progressed during 2021/22 with options currently being explored. Musselburgh Flood Scheme is being progressed, with on-going discussions relating to national funding of wider flood risk management schemes.
  - Roads, Lighting & related assets – Some delays in project expenditure commitments, with a large proportion to be reprofiled into 2022/23.
  - Education – Contracts for Pinkie St Peters Primary, West Barns Primary and St Gabriel's Primary schools are progressing and on-site with expenditure commitments to be carried forward. Planning delays

affected Law Primary school construction start and North Berwick and Ross High schools are both due to be completed during summer 2022.

- Other property assets
  - Work is progressing on Innovation Park with unspent budget in 2021/22 carried forward into future years.
  - A1/QMU junction is now in progress and should be completed this calendar year.
  - Several other projects have already been re-profiled to future years including New Ways of Working and Replacement Children's House.

3.27 The current capital programme remains aligned to City Deal and Local Development Plan requirements and remains ambitious. A number of projects have moved from the design and planning stage to construction over the last 12 months.

3.28 Whilst recognising the ambitious plan, there remains significant external challenges in the supply of both labour and materials in the current market, and wider inflationary pressures are collectively placing significant and increased financial risk to the deliverability and affordability of the current capital plan. The impact of this remains under close review, with further updates provided during this year.

### **Housing Revenue Account Summary – 31 March 2022**

3.29 The Housing Revenue Account delivered a surplus of £4.003 million against a budget of £2.239 million. Income was slightly under budget due to the timing of new build completions. This was offset by lower than budget interest charges and a lower than budgeted provision for Bad Debt following a full review of the provision that was in place. This position takes account of the fixed costs charges from the Property Maintenance Trading Account.

3.30 In line with the financial strategy, the CFCR exceeded the budgeted level by £1.764 million to help minimise the future debt charges. The debt to income ratio for 2021/22 was 32%, within the 40% level set out in the financial strategy.

3.31 In terms of the HRA General Reserve as at 31 March 2021, there was a reduction of £261,000 in the HRA balance and it is now £1.748 million. The Council did however receive a further £106,000 in Housing capital receipts during the year from various land sales and one legacy right to buy, increasing the balance to £733,000.

3.32 Details of the Housing Revenue Account capital budgets and expenditure incurred to date are set out in **Appendix 9** of this report. The total capital budget approved for HRA was £29.676 million. The actual spend to 31 March 2022 was £31.839 million. This overspend reflects accelerated new build council house sites and these costs have been partially offset by

additional grant funding above the budgeted figure. This is partly mitigated by underspends in the Modernisation Programme due to delays in planned work arising from COVID-19. Future year Modernisation plans factor in these delays.

### **Breach of Treasury Management Strategy**

- 3.33 Audit and Governance members recently received a report setting out the 2021/22 Treasury Management activity. The report set out that during March 2022, there was a breach in one of the Council's approved Treasury indicators relating to level of fixed interest rate borrowing, which was set that no more than 75% of total fixed interest borrowing should have a maturity of greater than ten years.
- 3.34 Given wider market challenges, longer term fixed rate borrowing was undertaken during 2021/22 following discussions with Treasury advisers in order to achieve the best interest rates available at a time when rates are volatile and subject to increases at very short notice. In practice, this has resulted in the Council borrowing being above the approved indicator and 75% rate. An update to the Treasury Management Strategy will reflect the current economic climate and potential changes in market conditions. Including an update of the time-periods and limits within this indicator.

### **Summary**

- 3.35 In summary, during 2021/22 the Council has continued to face very significant challenges both in terms of supporting the ongoing COVID-19 crisis response and recovery, alongside the increasing range of concurrent risks and pressures. Management of the Council's finances during the year has continued to be extremely challenging, and whilst significant additional national funding and flexibility has been made available, much of this was not been confirmed until very late in the year and has been ring-fenced to support specific policy response and provided on a non-recurring basis. This created a requirement for a complex and dynamic approach to effectively managing the wider financial position during 2021/22.
- 3.36 Despite better than anticipated in-year results, this has been largely due to significant levels of non-recurring national funding and non-recurring financial variances, which are unlikely to continue into 2022/23. The scale of financial risks and challenges facing the Council going forward is at an unprecedented high level and the management of these risks alongside delivery of service obligations within available resources will be very difficult to manage in the years ahead.
- 3.37 The Council will continue to harness all opportunities arising from the current environment and how it can sustain the delivery of vital services to the community, and more effectively manage wider assets. Nevertheless, the number of concurrent risks, and associated financial impact remains at a significantly heightened scale and will require some difficult decisions in the months and years ahead.

#### **4 POLICY IMPLICATIONS**

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

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

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

#### **6 RESOURCE IMPLICATIONS**

- 6.1 Financial – as described above and in the supporting appendices
- 6.2 Personnel - none
- 6.3 Other – none

#### **7 BACKGROUND PAPERS**

- 7.1 Council – 15 December 2020 – Item 4 Financial Update, including Financial and Capital Strategy 2021-26
- 7.2 Council – 23 February 2021 – Item 3 – Budget Development including setting of Rent Levels 2021-26
- 7.3 Council – 2 March 2021 – Item 2a – Budget Proposals on General Service – Amendment Submitted by the Administration
- 7.4 Council – 24 August 2021 – Item 4 – 2021/22 Financial Review Quarter 1
- 7.5 Council – 16 November 2021 – Item 3 – Financial Update Report
- 7.6 Council – 22 February 2022 – Item 4 – 2021/22 Quarter 3 Financial Review

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## **Appendix 1 – Draft Unaudited Accounts 2021/22**

### **1 BACKGROUND**

- 1.1 The Council must prepare annual accounts in line with the Local Authority (Accounts) Scotland Regulations 2014 and in accordance with proper accounting practice as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting. Given enhanced business continuity have and continue to be in place across the Finance service, the draft accounts covering the financial year 2021/22 are still in the process of being finalised. These accounts summarise the financial transactions made during 2021/22, and the Council's overall financial position as at 31 March 2022. They also include the consolidated group accounts for a number of entities where the Council has a controlling interest.
- 1.2 Previous practice has allowed draft accounts to be presented to Council in June prior to submission for audit. Whilst recognising the current drafting remains, the accounts will be available and submitted for audit by the statutory deadline of 30 June 2022. The Finance team have worked extensively and collectively with services to support the timely production of the year-end accounts as set out for consideration. Alongside this, the Finance team have continued to engage constructively with external audit during this period.
- 1.3 To fully satisfy the governance requirements to scrutinise the accounts prior to submission for audit, certain critical components relating to governance and internal control will be considered formally by Audit and Governance on 21 June 2022 and included within the Annual Governance statement.
- 1.4 A number of further steps will be undertaken to support scrutiny and governance requirements of the accounts. These include:
  - New elected members have only recently concluded an extensive member induction programme, which has included a session on Finance, Internal and External Audit. To support effective scrutiny, it is recommended that a briefing session will be scheduled in August which will provide members with information to help support the proper scrutiny and interpretation of year end accounts, including the key results and movements.
  - All elected members will have access to draft accounts through Members Library Service and will have had the opportunity to raise any significant questions or lines of enquiry to provide further clarity and understanding.
  - In line with statutory guidance, the draft accounts must be scrutinised by those charged with governance by 31 August in each year, and as such the draft accounts will be considered by Council in August. This will include any emerging findings from the statutory audit process.
  - The finalisation of the external audit process has now been extended until the end of November. External Audit have adopted a pragmatic and flexible approach, which takes account of local circumstances, and aims to have the

audit finalised and reported by end of October 2022. Should this not prove possible Members will be kept fully informed.

- 1.5 Whilst recognising the accounts document remains in draft pending completion, this report summarises the key financial results for the Council. As a reminder the Council has overall stewardship responsibilities for Common Good Funds, Trust Funds and effective control of other entities. These are included as subsidiaries in the Group Accounts, and more details on results from these entities will be provided at the members briefing.
- 1.6 Alongside this, external audit have responsibility to audit Dr Bruce Accounts which is a charity administered by the Council. The accounts for 2021/22 will be considered by the trustees (Musselburgh Councillors).
- 1.7 The key financial results set out within the accounts are summarised below with further details included within the 2021/22 Financial Review provided in **Appendix 2**.
  - The Council's usable reserve has increased by £3.629 million to £38.719 million. This includes:
    - Increase in wider General Fund reserves by £1.489 million to £32.368 million.
    - Decrease in HRA reserves by £0.261 million to £1.748 million which remains consistent with the Council's approved financial strategy.
    - Increase in Capital Receipts Reserve by £2.401 million to £4.602 million (note this includes General Fund £3.868 million and £0.734 million HRA)
  - Relating to General Services, the Council had planned to utilise £0.250 million of reserves to balance expenditure commitments in 2021/22 and this has not been necessary.
  - Relating to HRA, the level of reserves has been maintained at a level consistent with the approved financial strategy and 2022/23 budget, 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.

### **General Services Reserves**

- 1.8 More detail setting out the draft position as at 31 March 2022 is set out in the table below and supporting narrative. Further details are also provided within the 2021/22 Financial Review in **Appendix 2**.

	<u>2020/21</u>	<u>Movement</u>	<u>2021/22</u> <u>Balance</u>
<b>GENERAL FUND RESERVE</b>			
<b>EARMARKED</b>			
Requirement to support future budgets	3,095	5,612	8,707
Cost Reduction / Transformation	3,445	0	3,445
DSM	1,071	77	1,148
MELDAP	36	0	36
Other	440	0	440
Council Tax 2nd Homes	2,064	-1,032	1,032
Other Ring Fenced funds	932	1,501	2,433
COVID Fund	8,900	-3,421	5,479
Civil Emergency*	2,000	0	2,000
General Services Capital*	2,282	0	2,282
	<b>24,265</b>	<b>2,737</b>	<b>27,002</b>
<b>CONTINGENCY</b>			
Balance – uncommitted*	4,063	-1,381	2,682
	<b>4,063</b>	<b>-1,381</b>	<b>2,682</b>
<b>Total General Fund Reserves</b>	<b>28,328</b>	<b>1,356</b>	<b>29,684</b>
<b>OTHER RESERVES</b>			
Insurance Fund	2,306	378	2,684
Capital Grants Unapplied	245	-245	0
<b>Total</b>	<b>2,551</b>	<b>133</b>	<b>2,684</b>
<b>Total General Fund / Other Reserves</b>	<b>30,879</b>	<b>1,489</b>	<b>32,368</b>
HRA	2,009	-261	1,748
Capital Receipts Reserve (incl. HRA)	2,201	2,401	4,602
<b>Total Other Reserves</b>	<b>4,210</b>	<b>2,140</b>	<b>6,350</b>
<b>TOTAL RESERVES</b>	<b>35,089</b>	<b>3,629</b>	<b>38,718</b>

\* 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. The minimum level is updated annually, and reflected within the revised financial strategy which sets the context for approving budgets. For 2022/23, the approved minimum level of uncommitted reserves was stated to be £5.2 million, but reference highlighted the increased running cost of the Council alongside the significant risks facing the Council, and as such consideration should be given to increase this level of

uncommitted reserves. The minimum level of reserves includes the following balances:

• Civil Emergency	£2.000 million
• General Services Capital	£2.282 million
• Uncommitted Balance* (note below)	£2.682 million
<b>TOTAL</b>	<b>£6.964 million</b>

1.9 More details to support the general services reserves is set out below:

### **Earmarked Reserves**

1. Balance held to support future budget plans, aligned to the approved General Service budget for 2022-2025. Note this includes updated funding made available in 2021/22 to support Business and Low Income Households (LACER funding) amounting to £1.517 million.
2. The Cost Reduction / Transformational Fund reflects the position as at 31 March 2022. There are a number of approved commitments allocated against this fund for potential draw down in 2022/23 and beyond. Aligned to the Budget Development Framework report, it is recommended that the Cost Reduction Fund is to be renamed the Transformation Fund given it will be used to unlock future transformation initiatives that will lead to the delivery of wider efficiencies.
3. More details setting out the specific movements within both Primary and Secondary DSM balances are provided in the 2021/22 Financial Review with most schools now sitting at their maximum carry forward in line with current DSM guidance.
4. The Council continues to hold a MELDAP reserve that will be used to support targeted interventions, relating to Drug and Alcohol Services.
5. The 'Other' earmarked reserve relates to a previous Council commitment to retain balances to support the wider Accelerating Growth Plans.
6. Council Tax 2<sup>nd</sup> Homes is earmarked to support the development of affordable housing. This is supplemented each year with Council Tax received from 2<sup>nd</sup> Homes and offset by any commitments drawn down during the year. The draw down during the year supports commitments previously approved by Council to support East Lothian Mid Market Homes.
7. The Other ring-fenced fund was established during 2020/21 and used to carry forward funding to support the delivery of a number of wider policies. During 2021/22 the fund has reduced by £423,000 due to expenditure on the Rapid Re-housing programme and Windygoul Education project. A further £1.924 million has been carried forward into 2022/23 to support a range of initiatives including; Employability and Scottish Welfare.



8. The COVID fund balance was established during 2020/21, and has been used to support on-going interventions to support both intervention and recovery. During the year, £3.421 million was used to offset COVID costs incurred during 2021/22, as set out in more detail in the 2021/22 financial review. The fund balance remains at £5.479 million. Aligned to the Budget Development Framework Review, it is recommended that the COVID Fund requirement is expanded to support the broad range of financial risks which the Council is experiencing. This will be subject to on-going review with more detail considered at a future meeting.

### **Other Committed Reserves**

9. The Council's insurance fund has increased in line with the latest assessment of on-going obligations. The future obligations for the Council will be further reviewed during 2022/23 in line with the next valuation.
10. This fund must be utilised by 2021/22 for the purpose of transformational activity delivering financial benefits to the Council. Details of the proposed activities are set out in more detail in 2021/22 financial review. In line with national guidance the application of this fund is subject to Council approval.
11. The balances held include capital receipts received in year, as well as earmarked balances retained specifically against the HRA and will be used to defray future debt charges.
12. HRA reserves has decreased in 2021/22 by £0.261 million to £1.748 million. The application of HRA reserves remains consistent with the Council's approved financial strategy.

### **Uncommitted Balance**

13. The Council has an uncommitted balance of £2.682 million. Per narrative above, this must be considered aligned to the Council's minimum level of reserves.

### **Reserves Summary**

- 1.10 In respect of the Council's General Services reserves, despite an overall increase of £1.489 million, a large proportion of this is already earmarked to deliver specific commitments. The 2021/22 financial review alongside the Budget Development Framework review collectively sets out the growing range of financial risks facing the authority, the scale of which sits at an unprecedented high level. Should all of these risks materialise, the level of uncommitted reserves remains very low and only marginally above the minimum level specified in the Council's approved Financial Strategy.
- 1.11 The scale of these challenges must be set within the context of a very difficult external operating environment, with inflationary pressures now reaching record levels, all of which must be met within what appears to be a further challenging Local Government funding settlement. The Council will continue to do all that it can to minimise and mitigate the on-going financial impacts but there remains a very real possibility that the Council may not be able to operate within approved budget levels without implementing further efficiency

measures. Effective management and application of our reserves continues to be a critically important factor in the financial strategy and future sustainability of the Council and care must always be taken to balance short terms flexibility against recurring pressures and commitments.

- 1.12 Noting that these reserve levels are still in draft pending the finalisation of the annual audit, and taking into account increasing range of financial risks currently facing the Council, it is recommended that the current 'uncommitted' balance be retained to bolster the minimum level of reserves held by the Council. This will provide the Council with some limited but much needed capacity to manage future uncertainties.
- 1.13 The Council's wider HRA reserves will continue to support the wider requirements set out within the financial strategy, in particular using flexibility in HRA revenue balances to minimise the impact of future debt charges.

### **Next Steps**

- 1.14 The draft accounts will be formally submitted to Audit Scotland before 30 June, with the current working assumption that the audit will be completed by the end of October 2022. During this period, the accounts and under-pinning financial results remain draft until the audit has concluded. Upon completion of the audit, the final audited accounts will be reported to Audit & Governance Committee, setting out any key changes arising during the course of the audit, alongside the draft External Audit report.
- 1.15 In accordance with statutory requirements, the draft accounts will be made available for public inspection between 1 July 2022 and 21 July 2022.

Appendix 2  
 East Lothian Council  
 End of Year Financial Review Budget Monitoring 2021/22 General Fund - 31 March 2022

Service	Head of Service	Business Unit	2021/22 Budget	2021/22 Actual	2021/22 (Surplus) / Deficit	2021/22 Budget Variance to Date %
			£'000	£'000	£'000	
Education & Children's	Children's	Performance & Service Delivery	1,106	1,035	-71	-6.4%
Education & Children's	Children's	Management	4,724	5,838	1,114	23.6%
Education & Children's	Children's	Assessment HUB and Early Interventions	2,006	1,968	-38	-1.9%
Education & Children's	Children's	Long Term Social Work Supervisory Groups	3,326	3,197	-129	-3.9%
Education & Children's	Children's	TAC, Disability & Resources	5,702	5,705	3	0.1%
Education & Children's	Children's	Disability Short Breaks	707	692	-15	-2.1%
<b>EDUCATION &amp; CHILDREN'S</b>	<b>CHILDREN'S TOTAL</b>		<b>17,571</b>	<b>18,435</b>	<b>864</b>	<b>4.9%</b>
Education & Children's	Education	Inclusion & Wellbeing	10,644	10,395	-249	-2.3%
Education & Children's	Education	Pre-school Education & Childcare	15,850	15,349	-501	-3.2%
Education & Children's	Education	Schools - Primary	46,344	45,256	-1,088	-2.3%
Education & Children's	Education	Schools - Secondary	42,628	42,722	94	0.2%
Education & Children's	Education	Schools - Support Services	6,775	6,289	-486	-7.2%
Education & Children's	Education	East Lothian Works	2,379	1,238	-1,141	-48.0%
<b>EDUCATION &amp; CHILDREN'S</b>	<b>EDUCATION TOTAL</b>		<b>124,620</b>	<b>121,249</b>	<b>-3,371</b>	<b>-2.7%</b>
<b>EDUCATION &amp; CHILDREN'S TOTAL</b>			<b>142,191</b>	<b>139,684</b>	<b>-2,507</b>	<b>-1.8%</b>
Council Resources	Finance	Financial Services	1,791	1,075	-716	-40.0%
Council Resources	Finance	Revenues & Benefits	3,710	3,490	-220	-5.9%
Council Resources	Finance	Procurement	256	359	103	40.2%
<b>COUNCIL RESOURCES</b>	<b>FINANCE TOTAL</b>		<b>5,757</b>	<b>4,924</b>	<b>-833</b>	<b>-14.5%</b>
Council Resources	Corporate	IT Services	2,512	2,635	123	4.9%
Council Resources	Corporate	Legal	334	284	-50	-15.0%
Council Resources	Corporate	People & Governance	4,706	4,493	-213	-4.5%
Council Resources	Corporate	Communications	436	407	-29	-6.7%
<b>COUNCIL RESOURCES</b>	<b>CORPORATE TOTAL</b>		<b>7,988</b>	<b>7,819</b>	<b>-169</b>	<b>-2.1%</b>
<b>COUNCIL RESOURCES TOTAL</b>			<b>13,745</b>	<b>12,743</b>	<b>-1,002</b>	<b>-7.3%</b>
Health & Social Care Partnership	Head of Operations	Adult SW	36,056	38,426	2,370	6.6%
Health & Social Care Partnership	Head of Operations	Acute & Ongoing Care	8,268	8,155	-113	-1.4%
Health & Social Care Partnership	Head of Operations	Rehabilitation	1,718	1,874	156	9.1%
Health & Social Care Partnership	Head of Operations	Adult Statutory Services	3,004	2,862	-142	-4.7%
Health & Social Care Partnership	Head of Operations	Statutory Services	1,530	1,465	-65	-4.2%
Health & Social Care Partnership	Head of Operations	Head of Operations	4,884	2,863	-2,021	-41.4%
Health & Social Care Partnership	Head of Operations	Business & Performance IJB	3,032	2,877	-155	-5.1%
<b>HEALTH &amp; SOCIAL CARE PARTNERSHIP</b>	<b>IJB TOTAL</b>		<b>58,492</b>	<b>58,522</b>	<b>30</b>	<b>0.1%</b>
Health & Social Care Partnership	Head of Operations	Business & Performance Non-IJB	540	805	265	49.1%
<b>HEALTH &amp; SOCIAL CARE PARTNERSHIP</b>	<b>Non-IJB TOTAL</b>		<b>540</b>	<b>805</b>	<b>265</b>	<b>49.1%</b>
<b>HEALTH &amp; SOCIAL CARE PARTNERSHIP TOTAL</b>			<b>59,032</b>	<b>59,327</b>	<b>295</b>	<b>0.5%</b>
Place	Development	Planning	1,374	1,284	-90	-6.6%
Place	Development	Economic Development	1,486	2,378	892	60.0%
<b>PLACE</b>	<b>DEVELOPMENT TOTAL</b>		<b>2,860</b>	<b>3,662</b>	<b>802</b>	<b>28.0%</b>
Place	Housing	Housing Strategy & Development	1,324	1,046	-278	-21.0%
Place	Housing	Property Maintenance Trading Account	-863	-426	437	50.6%
Place	Housing	Community Housing	2,543	2,785	242	9.5%
<b>PLACE</b>	<b>HOUSING TOTAL</b>		<b>3,004</b>	<b>3,405</b>	<b>401</b>	<b>13.3%</b>
Place	Infrastructure	Facility Support Services	3,759	3,422	-337	-9.0%
Place	Infrastructure	Facility Trading Activity	-276	-437	-161	-58.3%
Place	Infrastructure	Asset Maintenance & Engineering	3,369	3,215	-154	-4.6%
Place	Infrastructure	Asset Management & Capital Planning	-515	-634	-119	23.1%
Place	Infrastructure	Landscape & Countryside Management	5,458	5,529	71	1.3%
Place	Infrastructure	Roads Network	5,079	4,709	-370	-7.3%
Place	Infrastructure	Roads Trading Activity	-562	-469	93	16.5%
Place	Infrastructure	Transportation	1,227	1,317	90	7.3%
Place	Infrastructure	Waste Services	9,356	9,381	25	0.3%
Place	Infrastructure	Active Business Unit	3,634	3,441	-193	-5.3%
<b>PLACE</b>	<b>INFRASTRUCTURE TOTAL</b>		<b>30,529</b>	<b>29,474</b>	<b>-1,055</b>	<b>-3.5%</b>
Place	Communities & Partnerships	Corporate Policy & Improvement	822	765	-57	-6.9%
Place	Communities & Partnerships	Connected Communities	6,357	6,269	-88	-1.4%
Place	Communities & Partnerships	Protective Services	1,876	1,641	-235	-12.5%
Place	Communities & Partnerships	Customer Services Group	3,726	3,502	-224	-6.0%
<b>PLACE</b>	<b>COMMUNITIES &amp; PARTNERSHIPS TOTAL</b>		<b>12,781</b>	<b>12,177</b>	<b>-604</b>	<b>-4.7%</b>
<b>PLACE TOTAL</b>			<b>49,174</b>	<b>48,718</b>	<b>-456</b>	<b>-0.9%</b>
<b>SERVICE TOTAL</b>			<b>264,142</b>	<b>260,472</b>	<b>-3,670</b>	<b>-1.4%</b>
<b>CORPORATE MANAGEMENT TOTAL</b>			<b>-264,142</b>	<b>-262,993</b>	<b>1,149</b>	<b>0.4%</b>
<b>TOTAL</b>			<b>0</b>	<b>-2,521</b>	<b>-2,521</b>	<b>-1.0%</b>
<b>TOTAL HRA</b>			<b>0</b>	<b>2,260</b>	<b>2,260</b>	<b>0.0%</b>
General Services Adjusted to reflect Movements In Reserves included in the Ledger Position						
Transfer from Second Home Council Tax				1,077		
Transfer to Second Home Council Tax				-45		
<b>Total</b>				<b>1,032</b>		
<b>Revised Final Position</b>					<b>-1,489</b>	<b>-0.6%</b>
Increase in Capital Reserves					-2,401	
<b>Total Movement In Reserves</b>					<b>-3,890</b>	
Reduction in HRA Reserves					261	
<b>Total Movement In Reserves</b>					<b>-3,629</b>	
<b>USABLE RESERVES</b>						
Opening Usable Reserves				-35,089		
Movement in Reserves				-3,629		
<b>Closing Usable Reserves</b>				<b>-38,718</b>		

Appendix 3  
 East Lothian Council  
 End of Year Financial Report - COVID Costs 31 March 2022

Directorate	Head of Service	COVID Costs £'000
EDUCATION & CHILDREN'S	CHILDREN'S TOTAL	796
EDUCATION & CHILDREN'S	EDUCATION TOTAL	4,243
<b>EDUCATION &amp; CHILDREN'S TOTAL</b>		<b>5,039</b>
COUNCIL RESOURCES	FINANCE TOTAL	143
COUNCIL RESOURCES	CORPORATE TOTAL	16
<b>COUNCIL RESOURCES TOTAL</b>		<b>159</b>
HEALTH & SOCIAL CARE PARTNERSHIP	IJB TOTAL	2,066
HEALTH & SOCIAL CARE PARTNERSHIP	Non-IJB TOTAL	0
<b>HEALTH &amp; SOCIAL CARE PARTNERSHIP TOTAL</b>		<b>2,066</b>
PLACE	DEVELOPMENT TOTAL	60
PLACE	HOUSING TOTAL	2,942
PLACE	INFRASTRUCTURE TOTAL	1,986
PLACE	COMMUNITIES & PARTNERSHIPS TOTAL	2,016
<b>PLACE TOTAL</b>		<b>7,004</b>
<b>SERVICE TOTAL</b>		<b>14,268</b>
<b>CORPORATE MANAGEMENT TOTAL</b>		<b>150</b>
<b>TOTAL</b>		<b>14,418</b>

**Appendix 4**  
**East Lothian Council**  
**COVID Action Fund Expenditure & Commitments - 31 March 2022**

<b>Workstream</b>	<b>2021/22 (£000)</b>
Business Grants	1,335
Education	691
Hardship / Poverty	800
Other	98
ALEO Support	0
Recovery & Renewal Workstream Funding	497
<b>TOTAL</b>	<b>3,421</b>

<b>Funding Available</b>	<b>8,900</b>
<b>Balance</b>	<b>5,479</b>

**Appendix 5**  
**East Lothian Council**  
**Capital Grants Unapplied - 31 March 2022**

<b>Workstream</b>	<b>Actual 2021/22</b>	<b>Comments</b>
Assets Review	58	Saving will come from the end of the Lease at Randall House
Transport Officer (Education)	39	Saving from rationalising transport provision for home to school and school to school services.
Energy Transformation	14	New technology will help to reduce utility costs.
Roads	90	Financial benefit will come from developing Decriminalised Parking Enforcement.
Procurement	44	Financial benefit from improved Contract prices.
<b>TOTAL</b>	<b>245</b>	

<b>Funding</b>	<b>245</b>
<b>Balance</b>	<b>0</b>

**Appendix 6**

**East Lothian Council**

**End of Year Financial Report 2020/21 Budget Efficiencies - 31 March 2022**

Service	2021/22			
	Achieved	Amber	High	
	£'000	£'000	£'000	
Education	28	0	0	
Finance	28	0	0	
Corporate Services	0	0	10	
H&SCP	0	250	0	
Housing	8	0	0	
Communities	43	0	0	
Infrastructure	419	144	0	
<b>Total</b>	<b>526</b>	<b>394</b>	<b>10</b>	<b>930</b>

**Savings Currently High - Red**

Service	Proposal	Value	Comments
People & Governance	Uplift on existing income	10	Not achieved at this stage due to COVID 19
<b>Total</b>		<b>10</b>	

Appendix 7

East Lothian Council

End of Year Financial Report - Additional Scottish Government Funding (General Revenue Grant)

	£million
<b>2021/22 GRG (per Finance Circular)</b>	<b>179.979</b>
<b>Additional Funding - GRG</b>	
<b>COVID</b>	
Non Recurring COVID Funding	5.018 Non-Recurring
Recovery of Overpayment of GRG in 2020/21 for FSM Dec/Jan £6.950m recovery	-0.098 Non-Recurring
Education Recovery Funding - £60m Distribution	1.169 Non-Recurring
Low Income Pandemic Payments	1.004 Non-Recurring
Business Support Administration Grant	0.051 Non-Recurring
Extension to Outbound Calling / Local Self isolation Services	0.155 Non-Recurring
Tenant Grant Fund	0.184 Non-Recurring
CO2 Monitors	0.061 Non-Recurring
Financial Insecurity Flexible Funding	0.415 Non-Recurring
Business Support & Low Income Household	1.517 Non-Recurring
<b>TOTAL COVID</b>	<b>9.476</b>
<b>OTHER</b>	
Expansion of Universal Free School Meals and Free School meal Holiday Support - Phase 1	0.294
Free School Meal Holiday Support - £21.75m distribution	
Expansion of Universal Free School Meals and Free School meal Holiday Support - Phase 2 and 3 Primary 4 & 5 - £28m distribution	0.654
Summer of Play: Activities for Children and Young People	0.277 Non-Recurring
Increase in School Clothing Grants (£5.8m)	0.105
Instrumental Music Funding (£6m 21/22, £3m 22/23)	0.071 Non-Recurring
Additional GRG £40m distribution	0.775 Non-Recurring
Real Living Wage Uplift £30.5m distribution	0.582
Removal of core curriculum charges (£7m 21/22, £3m 22/23)	0.085
Additional 1000 Teachers and 500 Pupil Support Workers (100 Day Commitment £50m)	1.042
Scottish Child Payment Bridging Payments	1.128 Non Recurring
Free Child Burials	0.006
Removal of Fees for Instrumental Musical Tuition	0.089 Non-Recurring
National Trauma Training Programme	0.050
Unaccompanied Asylum Seekers	0.011
Scottish Disability Assistance	0.018
Mental Health Recovery & Renewal	0.054
Care at Home Winter Planning	1.188
Interim Care Winter Planning	0.767 Non-Recurring
Funding for Pressures	0.581 Non-Recurring
Social Care Workforce Uplift	0.740
Teacher Induction Scheme	1.137 Non-Recurring
Teacher Induction Scheme Administration Costs	-0.002
Educational Psychology Trainees	0.009
Whole Family Wellbeing	0.049 Non-Recurring
FWES Employability	1.052 Non-Recurring
Telecare Fire Safety	0.019 Non-Recurring
SNCT	0.114
<b>TOTAL OTHER</b>	<b>10.895</b>
<b>Total Additional Funding</b>	<b>20.371</b>
<b>Revised GRG</b>	<b>200.350</b>
Recurring	6.078
Non-Recurring	14.293
<b>Total Additional Funding</b>	<b>20.371</b>



Appendix 8  
 East Lothian Council  
 General Services Capital Budget Monitoring Summary 2021-22 -- 31 March 2022

Expenditure	RAG	Annual (In-Year)			Previously reported Outturn to Council Q3 (P9)	Reprofiled during 22/23 budget process
		Approved Budget 2021/22	Updated Budget 2021/22	Actual 2021/22		
		£'000	£'000	£'000	£'000	
<b>Community Projects</b>						
Community Intervention	G	500	500	388	379	
Bleachingfield Centre Remodelling Works	G	90	90	-	-	90
Dunbar Conservation Area Regeneration Scheme (CARS)	A	90	90	-	90	
Support for Business	A	1,481	1,508	54	288	
CCTV	A	230	230	2	10	
Town Centre Regeneration	G	1,297	1,458	1,026	1,478	
<b>Total Community Projects</b>		<b>3,687</b>	<b>3,876</b>	<b>1,470</b>	<b>2,244</b>	<b>90</b>
Town Centre Regeneration Grant	A	(1,297)	(1,458)	(1,006)	(1,458)	
Other Funding Sources	G	(90)	(90)	-	-	(90)
<b>Total Income: Community Projects</b>		<b>(1,387)</b>	<b>(1,548)</b>	<b>(1,006)</b>	<b>(1,458)</b>	<b>(90)</b>
<b>ICT</b>						
IT Programme (including Education)	G	2,800	2,800	3,529	3,045	
Replacement - CRM Project (Customer Services)	G	-	47	2	47	
<b>Total ICT</b>		<b>2,800</b>	<b>2,847</b>	<b>3,531</b>	<b>3,092</b>	<b>-</b>
Other Funding Sources	G	-	-	(294)	(245)	
<b>Total Income: ICT</b>		<b>-</b>	<b>-</b>	<b>(294)</b>	<b>(245)</b>	<b>-</b>
<b>Fleet</b>						
Amenties - Machinery & Equipment - replacement	G	213	213	211	211	
Vehicles	A	2,325	3,028	2,570	2,535	
Waste Collection Vehicles	G	3,000	3,000	2,747	2,747	
<b>Total Fleet</b>		<b>5,538</b>	<b>6,241</b>	<b>5,528</b>	<b>5,492</b>	<b>-</b>
Other Funding Sources	A	(3,000)	(3,000)	(2,801)	(2,747)	
<b>Total Income: Fleet</b>		<b>(3,000)</b>	<b>(3,000)</b>	<b>(2,801)</b>	<b>(2,747)</b>	<b>-</b>
<b>Open Space</b>						
Cemeteries (Burial Grounds)	A	912	939	-	500	439
Coastal / Flood Protection schemes - Haddington	A	250	325	-	15	300
Coastal / Flood Protection schemes - Musselburgh	A	844	1,031	762	550	
North Berwick - Coastal Erosion	G	-	-	572	-	
Coastal Car Park Toilets	A	246	394	388	456	
Core Path Plan	A	50	80	71	80	
Mains Farm Town Park & Pavilion	A	100	70	81	107	
Nature Restoration	A	-	-	66	109	
Replacement Play Equipment	G	100	100	108	108	
Ormiston Pump Track	G	-	-	103	90	
Sports and Recreation LDP	A	1,227	1,235	216	172	264
Waste - New Bins	G	250	250	201	205	
Waste - Machinery & Equipment - replacement	G	40	40	91	85	
<b>Total Open Space</b>		<b>4,020</b>	<b>4,464</b>	<b>2,658</b>	<b>2,476</b>	<b>1,003</b>
Developer Contribution	A	(1,277)	(1,254)	(105)	(111)	(264)
Other Funding Sources	A	(148)	(148)	(744)	(389)	
<b>Total Income: Open Space</b>		<b>(1,425)</b>	<b>(1,402)</b>	<b>(849)</b>	<b>(499)</b>	<b>(264)</b>
<b>Roads, Lighting and related assets</b>						
Cycling Walking Safer Streets	A	469	544	586	313	
East Linton Rail Stop / Infrastructure	A	1,520	1,520	2	1,520	
Parking Improvements	A	230	230	64	184	46

East Lothian Council  
General Services Capital Budget Monitoring Summary 2021-22 -- 31 March 2022

	RAG	Annual (In-Year)			Previously reported Outturn to Council Q3 (P9)	Reprofiled during 22/23 budget process
		Approved Budget 2021/22	Updated Budget 2021/22	Actual 2021/22		
Expenditure		£'000	£'000	£'000	£'000	
Roads	A	6,854	6,929	6,740	6,851	
Roads - externally funded projects	G	4,077	4,077	511	3,176	
<b>Total Roads, Lighting and related assets</b>		<b>13,150</b>	<b>13,300</b>	<b>7,903</b>	<b>12,044</b>	<b>46</b>
Developer Contribution	G	(377)	(377)	(11)	(400)	
Other Funding Sources	A	(4,169)	(4,244)	(1,044)	(3,090)	
<b>Total Income: Roads, Lighting and related assets</b>		<b>(4,546)</b>	<b>(4,621)</b>	<b>(1,055)</b>	<b>(3,490)</b>	<b>-</b>
<b>Property - Education</b>						
Aberlady Primary - extension	A	932	953	47	100	191
Blindwells Primary - new school	A	-	-	211	200	(200)
Cockenzie Primary - Internal Remodelling	G	31	31	31	31	
Craighall Primary - New School (Phase 1)	A	-	-	206	200	(200)
Dunbar Primary - John Muir Campus - Early Learning and 1140	A	99	101	77	101	
East Linton Primary - extension including Early Learning and 1140	A	200	200	-	-	
Gullane Primary - extension including Early Learning and 1140	A	2,022	2,274	1,646	2,348	
Haddington School (Infants & St. Mary)	A	25	25	(0)	-	
Kingsmeadow Primary	A	25	25	-	-	
Law Primary - extension including Early Learning and 1140	A	3,232	3,202	221	250	2,457
Letham Primary - New School	A	161	374	80	60	
Macmerry Primary - extension	A	-	-	1	-	
Musselburgh Grammar - upgrades	A	888	903	550	678	225
North Berwick High School - Extension	A	5,306	5,788	3,469	3,000	681
Ormiston Primary - extension	A	1,434	1,732	1,120	1,350	26
Pinkie St Peter's Primary - sports hall extension	A	-	-	174	-	807
Pinkie St Peter's Primary - extension including Early Learning and 1140	A	3,312	3,469	425	600	2,419
Ross High School - extension	A	9,139	9,629	8,447	7,500	1,078
School Estate - Curriculum Upgrades	A	330	345	22	22	
School Kitchens - 1140 Upgrades	A	319	317	511	459	
St Gabriel's Primary - extension including Early Learning and 1140	A	940	1,178	691	600	386
Wallyford Primary - New School	A	-	-	6	6	
Wallyford Learning Campus	A	11,310	11,700	16,867	16,500	(6,424)
West Barns Primary - extension including Early Learning and 1140	A	1,997	2,149	746	600	1,199
Whitecraig Primary - new school including Early Learning and 1140	A	297	307	192	315	8
Windygoul Primary - Early learning and 1140 extension	A	900	929	77	24	905
Unallocated 1140 Hours	G	1,000	1,000	-	-	
<b>Total Property - Education</b>		<b>43,899</b>	<b>46,631</b>	<b>35,817</b>	<b>34,943</b>	<b>3,559</b>
Developer Contribution	A	(10,447)	(11,605)	(7,346)	(6,745)	(2,197)
1140 CFCR and Grant Income	A	(8,233)	(8,907)	(3,489)	(2,771)	(5,306)
Other Funding Sources	G			(5)	(5)	
<b>Total Income: Property - Education</b>		<b>(18,680)</b>	<b>(20,513)</b>	<b>(10,840)</b>	<b>(9,521)</b>	<b>(7,503)</b>
<b>Property - Other</b>						
Accelerating Growth		8,275	8,542	1,869	5,200	3,201
- Cockenzie	G	-	-	426	839	
- Blindwells New Town	A	354	364	112	173	
- Innovation Park incl. Innovation Hub	A	921	1,178	31	389	
- A1/QMU Junction	A	7,000	7,000	1,300	3,799	3,201
Brunton Hall - Improved Community Access	G	100	100	-	-	100
Court Accommodation - incl. SPOC	G	1,686	1,776	2	3	1,749
Former Levenhall Nursery	A	-	-	7	5	
Haddington Corn Exchange - upgrades	G	-	-	22	15	
Haddington Town House - Refurbishment and Rewire	A	574	597	83	200	300
Meadowmill - New Depot	A	-	476	382	476	

East Lothian Council  
General Services Capital Budget Monitoring Summary 2021-22 -- 31 March 2022

	RAG	Annual (In-Year)			Previously reported Outturn to Council Q3 (P9)	Reprofiled during 22/23 budget process
		Approved Budget 2021/22	Updated Budget 2021/22	Actual 2021/22		
Expenditure		£'000	£'000	£'000	£'000	
New ways of working Programme	G	773	1,523	19	32	1,515
Port Seton - Community Centre Extension	G	-	15	1	15	
Prestongrange Museum	A	934	971	53	257	713
Property Renewals	G	3,000	3,000	3,153	3,135	
Replacement Of Movable Pool Floors To Sports Centres	G	-	36	-	(0)	
Replacement Childrens House	G	1,549	1,549	-	-	1,549
Sports Centres	A	200	360	188	360	
Tynebank Resource Centre	G	-	-	3	-	
Water meter size reduction	G	-	14	-	-	14
Whitecraig Community Centre	A	-	96	1	50	
<b>Total Property - Other</b>		<b>17,090</b>	<b>19,054</b>	<b>5,783</b>	<b>9,748</b>	<b>9,140</b>
Developer Contribution	G	-	-	-	-	-
Other Funding Sources	A	(3,565)	(3,685)	(1,822)	(4,011)	1,183
<b>Total Income: Property - Other</b>		<b>(3,565)</b>	<b>(3,685)</b>	<b>(1,822)</b>	<b>(4,011)</b>	<b>1,183</b>
<b>Total Property Spend - Education and Other</b>		<b>60,989</b>	<b>65,685</b>	<b>41,600</b>	<b>44,691</b>	<b>12,699</b>
<b>Total Income: Property - Education and Other</b>		<b>(22,245)</b>	<b>(24,198)</b>	<b>(12,662)</b>	<b>(13,532)</b>	<b>(6,320)</b>
Capital Plan Fees	G	1,322	1,322	2,009	2,081	
PPP Projects	G	-	-	339	-	
		<b>1,322</b>	<b>1,322</b>	<b>2,348</b>	<b>2,081</b>	<b>-</b>
1140 Grant Income		-	-	(97)	-	-
PPP CFCR		-	-	(339)	-	-
		<b>-</b>	<b>-</b>	<b>(436)</b>	<b>-</b>	<b>-</b>
<b>Total Gross Expenditure</b>		<b>91,506</b>	<b>97,735</b>	<b>65,038</b>	<b>72,121</b>	<b>13,839</b>
<b>Income</b>						
Developer Contribution		(12,102)	(13,237)	(7,462)	(7,256)	(2,461)
1140 Grant Income		(8,233)	(8,907)	(1,603)	(2,771)	(5,306)
1140 CFCR from Revenue				(1,983)		
PPP CFCR				(339)		
Town Centre Regeneration Grant		(1,297)	(1,458)	(1,006)	(1,458)	
Other Funding Sources		(10,972)	(11,166)	(6,710)	(10,486)	1,093
Scottish Government General Capital Grant		(7,983)	(7,983)	(8,617)	(7,983)	
<b>Total Income</b>		<b>(40,586)</b>	<b>(42,752)</b>	<b>(27,720)</b>	<b>(29,954)</b>	<b>(6,674)</b>
<b>Borrowing Requirement</b>		<b>50,920</b>	<b>54,983</b>	<b>37,318</b>	<b>42,167</b>	<b>7,165</b>

**RAG**

**RED (trouble)** - Project is at risk to miss a scheduled completion date, may be over budget or out of scope. Immediate action required

**AMBER (danger)** - Project may be at risk if issues are not addressed. Attention required

**GREEN (all good)** - Project is on track to meet scheduled parameters

**Appendix 9****East Lothian Council****End of Year Financial Report Budget Monitoring 2021/22 Housing Capital - 31 March 2022**

	<b>2021/22 Budget</b>	<b>2021/22 Actual</b>	<b>2021/22 (Surplus) / Deficit</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Modernisation	15,888	11,812	-4,076
New Council Housing	12,031	17,588	5,557
Fees	1,477	1,262	-215
Mortgage to Rent	280	177	-103
<b>TOTAL</b>	<b>29,676</b>	<b>30,839</b>	<b>1,163</b>

## Funded By:

	<b>2021/22 Budget</b>	<b>2021/22 Actual</b>	<b>2021/22 (Surplus) / Deficit</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Grants	-4,500	-9,147	-4,647
Grants MTR	-196	-111	85
CFCR	-2,500	-4,264	-1,764
Borrowing	-22,480	-17,317	5,163
<b>TOTAL</b>	<b>-29,676</b>	<b>-30,839</b>	<b>-1,163</b>