



MINUTES OF THE MEETING OF EAST LoTHIAN COUNCIL

TUESDAY 25 OCTOBER 2022
VIA DIGITAL MEETING FACILITY

Committee Members Present:

Provost J McMillan (Convener)	Councillor C McFarlane
Councillor S Akhtar	Councillor C McGinn
Councillor R Bennett	Councillor G McGuire
Councillor L Bruce	Councillor S McIntosh
Councillor D Collins (from Item 5)	Councillor K McLeod
Councillor F Dugdale	Councillor L-A Menzies
Councillor J Findlay	Councillor B Ritchie
Councillor A Forrest	Councillor T Trotter
Councillor N Hampshire	Councillor C Yorkston

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
Mr D Proudfoot, Executive Director for Place
Ms E Dunnet, Head of Finance
Ms M Ferguson, Head of Corporate Support
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
Dr L Binnie, Principal Educational Psychologist
Mr S Cooper, Team Manager – Communications
Ms R Crichton, Committees Officer
Ms F Currie, Committees Officer
Ms A-M Glancy, Service Manager – Corporate Accounting
Mr C Grilli, Service Manager – Governance
Mr M Kennedy, General Manager – Adult Social Work
Ms L Kerr, General Manager – Planning and Performance (Adult Wellbeing)
Ms C Molloy, Project Manager – Growth and Delivery
Mr R Montgomery, Project Manager
Ms J Morton, Service Manager – Statutory Services (Criminal Justice)
Mr C Price, Project Manager
Ms D Pringle, Corporate Accountant
Mr P Ritchie, Service Manager – People and Council Support
Mr A Stubbs, Service Manager – Roads
Mr P Vestri, Service Manager – Policy, Improvement and Partnerships
Mr T Renouf, Executive Officer

Visitors Present:

Mr J Baxter, Jacobs (Item 5)

Clerk:

Mrs L Gillingwater

Apologies

Councillor E Allan
Councillor C Cassini
Councillor N Gilbert
Councillor L Jardine

Declarations of Interest:

None

The Provost advised that the meeting was being held remotely, as provided for in legislation; 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.

Prior to the commencement of business, the Provost paid tribute to two former employees who had recently died – Graham Duncan, formerly of the Planning Service, and Susan Smith, formerly of the Economic Development Service.

1. MINUTES FOR APPROVAL

The minutes of the following meeting were approved: East Lothian Council, 23 August 2022.

2. MINUTES FOR NOTING

The minutes of the following meeting were noted: Local Review Body (Planning), 18 August 2022.

3. 2022-27 COUNCIL PLAN ACTION PLAN

A report was submitted by the Executive Director for Place, presenting the 2022-27 Council Plan Action Plan to Council for approval.

The Service Manager – Policy, Improvements and Partnerships, Paolo Vestri, presented the report, reminding Members that the Council Plan had been approved by Council at its meeting on 23 August. He drew Members' attention to the 68 actions set out in the Action Plan (Appendix 1 to the report), which would be delivered via various policies and strategies, noting that progress on these actions would be reported to the relevant committees and in the annual 'State of the Council' report. He also highlighted progress made on the 2017-22 50 key performance indicators (set out at Appendix 2 to the report), adding that a new set of indicators would be produced to reflect the priorities of the new Council Plan, including COVID-19

recovery and renewal and climate change; these indicators would be reported to the Policy & Performance Review Committee before being presented to Council for approval.

Councillor Hampshire commented on the current situation with the UK economy and the potential impact on Council funding, and asked if the Action Plan would need to be reviewed in light of this. Mr Vestri assured him that the Council Plan was constantly under review, and that the key priorities would be reviewed as part of the budget-setting process.

In response to questions from Councillor McIntosh on growth and cohesion between various plans/strategies, Mr Vestri explained that sustainability and growth, as well as climate change, featured in the Council Plan, and that Action Plan point 2 focused on the circular economy and wealth-building; the forthcoming revised Economic Development Strategy and Regional Economic Strategy would include 'green economy' measures. On cohesion between plans, Mr Vestri pointed out that Members had oversight for policies and strategies, both on adoption and when reported on, e.g. through the 'State of the Council' Annual Report, annual accounts or Climate Change Strategy Annual Report. Michaela Sullivan, Head of Development, added that the Local Development Plan included policies covering climate change.

Councillor Menzies asked how certain aspects of the Plan, e.g. meaningful employment, happiness and mental health were measured. Mr Vestri advised that the indicators encapsulated these aspects, and that the employment aspect would also feature in the Economic Development Strategy. He invited Members to contribute ideas for performance indicators. The Provost added that he would be happy to discuss economic development-related matters with Councillor Menzies.

Councillor Yorkston asked a question in relation to waste recycling. Tom Reid, Head of Infrastructure, pointed out that data for recycling was collected on a calendar-year basis, and that it would be the end of the year before he could report on a full year's data. He advised that 70% was the national recycling target, and that he did not think the Council would achieve this in Phase 1 of the new recycling system.

On point 27 of the Action Plan, relating to the school curriculum, Councillor Dugdale asked for further details on 'non-academic focused pathways'. Lesley Brown, Executive Director for Education and Children's Services, reported that the curriculum was under review, with a focus on meeting the needs of all young people, including through vocational pathways and apprenticeships in addition to academic qualifications. A report on this would be presented to the next meeting of the Education Committee.

Councillor Menzies opened the debate, welcoming in particular the action in relation to supporting initiatives towards ending violence against women and girls.

Councillor Hampshire commended officers for their work on the report, noting that monitoring was important to ensure that plans did not conflict with other plans. He made reference to pressure on services, as well as the need to work with external partners to ensure that investment programmes were aligned. For example, he noted that infrastructure such as health services would be required to be delivered at the same time as new housing developments.

Councillor Forrest spoke on the investment in Council housing and the modernisation programme, and praised staff for the delivery of energy efficiency measures.

Councillor McGinn praised the efforts of local 'In Bloom' groups following recent successes, and thanked all those involved, including Council officers. He also highlighted the contributions made by volunteers throughout East Lothian, and the positive impact they had made on communities.

Councillor Dugdale commented on the investment in the school estate, and action being taken to raise attainment and achievement. She also welcomed the introduction of trauma-informed practitioners. She echoed Councillor McGinn's comments on the importance of working in partnership with volunteers and other partners.

Councillor Akhtar provided a summary of progress made within health and social care services, with reference to the Integration Joint Board Performance Report. She noted that East Lothian was outperforming other Scottish areas as regards delayed discharge which, she believed, was a result of effective partnership working.

Concluding the debate, the Provost highlighted the challenges facing the Council. He also mentioned the importance of partnership working in relation to economic development, and welcomed the inclusion of manifesto pledges in the Action Plan.

The Provost moved to the roll call vote on the recommendations, which were approved unanimously.

Decision

The Council agreed:

- i. to approve the 2022-27 Council Plan Action Plan (attached at Appendix 1 to the report); and
- ii. that a new set of Top 50 Council Plan indicators would be presented to the Policy & Performance Review Committee for consideration before coming to Council for approval.

4. FINANCE UPDATE

A report was submitted by the Executive Director for Council Resources providing Council with the Quarter 1 financial performance, which was reported to Cabinet on 27 September 2022, and providing an update on the financial position at the end of August 2022, as well as a wider review of the financial outlook and current risks.

The Head of Finance, Ellie Dunnet, presented the report, drawing Members' attention to challenges facing the Council, including the current financial position, high levels of inflation, increasing demands on services, the local government pay settlement (for which partial Scottish Government funding would be provided), and external market conditions. She also advised that the cost of living crisis was creating further pressures, and that the Council would need to use reserves in excess of planned levels. She noted that interest rate volatility created a significant risk for delivery of the capital programme, and this was being closely monitored. Members were advised that the cross-party budget working group had now met twice, and that the development of the 2023/24 budget process was underway.

Councillor Hampshire informed Members that at a Special CoSLA Leaders' meeting earlier in the day, agreement on the pay award and the additional day's annual leave had been reached, with the pay increase to be partially funded by the Scottish Government. On inflation, he asked about the impact on the Council budget agreed in April 2022, and if additional funding from the UK Government would be provided to mitigate the impact. Ms Dunnet advised that inflation remained a significant risk to the Council and that the current level was in excess of what had been built into the budget. She added that various aspects of Council expenditure was being reviewed in light of this, but that a further drawdown from reserves in the region of £1m was likely to be required. She undertook to highlight unavoidable cost increases within services in future finance reports.

Responding to a question on energy costs from Councillor McLeod, Ms Dunnet advised that measures would be taken to reduce energy consumption, including more effective use of Council buildings, temperature controls, and the heating of primary schools during holiday periods. She stressed that action was required now in order to mitigate the risk. Michaela Sullivan, Head of Development, added that funding had been allocated to councils to recruit a Local Heat and Energy Efficiency Strategy (LHEES) Officer.

Councillor Forrest asked about the impact on inflation on the Council house modernisation programme. Wendy McGuire, Head of Housing, advised that contracts were in place for the modernisation and new-build programmes; however, the contractors were now indicating that they could no longer deliver the contract due to rising costs. She pointed out that the situation was under continual review and that the impact of this would be clearer at the end of Quarter 2.

Sarah Fortune, Executive Director for Council Resources, explained that there were currently many external factors which were impacting on the Council, and that the position was constantly monitored and reviewed. She spoke of the pressure on the Council to deliver more houses, noting that although there were means of estimating future Council Tax yield, this was being impacted by external factors.

In response to a question from Councillor Findlay regarding the underspend within Education and Children's Services, Ms Dunnet reported that there had been a reduction in the 1140 hours grant, and that the underspend would be used to fund the shortfall this year.

In relation to the pay award, Councillor Dugdale asked about using capital funding to support revenue expenditure. Ms Dunnet advised that it was not common but it could be done as a temporary measure and built into the revenue budget for future years.

Opening the debate, Councillor McIntosh remarked that moving to renewables and better insulation was the only way to tackle the impact of rising energy costs.

Councillor Forrest paid tribute to staff in the Property Maintenance Team and Housing Officers for their efforts to turn void properties around quickly, and to the Rent Team for their engagement with tenants.

Councillor Hampshire spoke of the challenge of balancing the budget in the current financial environment. He warned that difficult decisions would need to be made, but he hoped that the cross-party budget working group would work together to protect services. He assured staff that the Council would do everything possible to project jobs and services.

Councillor Menzies hoped that the Scottish Government would be given additional funding to deal with the current challenges. She also suggested that new funding streams should be sought, and she looked forward to working in a progressive way in order to benefit communities.

Concluding the debate, the Provost welcomed cross-party working and the sharing of ideas, but also noted that Members needed to be mindful of the pressure on Council officers.

Decision

The Council agreed:

- i. to note the outcome of the Quarter 1 financial performance, which was reported to Cabinet on 27 September 2022 (continued from 13 September 2022);
- ii. to note the update on key developments since the Quarter 1 report;

- iii. to note that future financial review reports would be presented to Council for scrutiny until the financial position improves; the Quarter 2 position would be reported to Council on 13 December 2022; and
- iv. to note the update on the wider financial environment and current risks.

5. MUSSELBURGH FLOOD PROTECTION SCHEME – UPDATE ON SCHEME DEVELOPMENT

A report was submitted by the Executive Director for Place updating the Council on progress made in a number of key areas in advancing the development of the Musselburgh Flood Protection Scheme (the Scheme) and in respect of specific recommendations at the Council meeting of 23 August 2022, and seeking Council approval and authorisation of key elements of project work.

The Service Manager – Roads, Alan Stubbs, presented the report. Mr Stubbs reminded Members of progress made to date, and went on to highlight a number of key aspects, stressing that the Preferred Scheme remained a concept at this stage; that nature-based solutions would be included in the Scheme; that further consultation with the community would take place; and that the projected costs of the project continued to evolve as the Scheme progresses, with the final costings and funding details to be presented to Council in due course.

In response to questions from Councillor Forrest, Mr Stubbs advised that, in response to the public consultation, there was a commitment to consider nature-based solutions. He confirmed that the Scottish Government would fund 80% of the Scheme, with the Council funding the remaining 20%; however, he noted that the costs would evolve as the Scheme is developed, and that there may be opportunities to access other funding streams. He suggested that measures could be taken to mitigate the risk of graffiti on walls, but pointed out that the design of walls, etc. had not yet been produced. Councillor Forrest indicated that he had a number of additional questions that he would discuss with Mr Stubbs outwith the meeting [post-meeting note: Mr Stubbs has now responded to these questions].

Councillor Bruce asked for reassurance on the flood protection risk model. Jim Baxter of Jacobs responded, advising that prior to carrying out the modelling work, discussions had taken place with officers and strategic stakeholders, and that there was a collective understanding of how the flood model would be set up. A separate team would carry out the modelling, which would then be checked by Jacobs. Further discussions would then take place with stakeholders before the final plans were presented to Council. He noted that local, national and international guidance had been followed, and that indicative temperature rises were based on data from the International Panel on Climate Change (IPCC).

On the cost of implementing the Scheme, Mr Stubbs assured Members that a full update on the total scheme cost would be provided to the Council at the end of the Outline Design. This would include a full report on the available sources of funding required for the Council to deliver the Scheme. Conor Price, Project Manager, accepted that any increase in indicative costs would present a risk to the Council, and it would be for the Council to make a determination, taking account of the risks.

Councillor McIntosh asked when further information on 'Model C' would be available to the public. Mr Price indicated that that the website would be updated with all relevant information. However, he noted that 'Model C' was not yet ready as modelling work was ongoing. Mr Baxter explained that the model itself was not easily accessible due to the high number of files. As regards the Dynamic Coast project, Mr Stubbs reported that officers had agreed to work with experts from the Scottish Government, NatureScotland and the University of Glasgow; he hoped to be able to share information on outputs in due course. He noted that

the inclusion of Inveresk Estate in the Scheme was still to be determined by the Project Board before being brought back to Council.

Councillor Bennett remarked that there was concern among the Musselburgh community as regards communication. Mr Stubbs outlined efforts to improve this and to take account of the views of the public, noting the inclusion of nature-based solutions in the Scheme. He pointed out that as well as information being available on the website, a communications plan would be developed, and a newsletter would be produced. He suggested that Members could also assist through engagement with constituents.

Responding to a question from Councillor Dugdale on preparing for severe flood events, Mr Price advised that local, national and international guidance was monitored and updated on an ongoing basis, and that the development of the Scheme would take account of this up until the point of its approval by Council in 2025. Mr Baxter added that the Scheme would need to be flexible so that higher levels of protection could be provided in future, but that it would not evolve beyond the point of it coming to Council for approval.

Councillor Forrest asked about the consultation with businesses in Musselburgh, and he also questioned whether the Scheme could go ahead without the inclusion of the seawall. Mr Stubbs undertook to provide details of the consultation with businesses. On the seawall, he confirmed that it was integral to the Scheme. He offered to discuss 'Model C' further with Members.

Opening the debate, Councillor Menzies commented that the community wanted to be involved in the development of the Scheme, and that it was important for the public to know what the Scheme would look like. Her views were shared by Councillor Forrest, who expressed concern that the Musselburgh community felt that they weren't sufficiently involved in the process. He stressed the need to give the community a range of options.

Councillor McIntosh reported that she had received a lot of correspondence from members of the public on this matter, who were concerned about the Scheme. She welcomed the changes made since 2019, and also the commitment to scenario planning. She also spoke of the importance of giving the community a say on options for the Scheme.

Councillor Hampshire concluded the debate, remarking that all Members had received communications from the public on this issue. He warned of the impacts of climate change and the flood risk to Musselburgh, asserting that it was important that the Council tries to provide a solution to protect the community, homes and businesses. He assured Members that the community would be consulted, but it would be for the Council to determine the final Scheme. He also highlighted the need for the Scheme to be affordable.

The Provost moved to the roll call vote on the recommendations, which were approved unanimously.

Decision

The Council agreed:

- i. to note the work undertaken to achieve a full and final review of the Scheme's Hydrology, the development of the Hydraulic 'Model C' to ensure the Scheme is applying the best approach to modelling the flood risk to Musselburgh;
- ii. to approve the defined flood risk as the relevant flood risk to the town of Musselburgh, and authorise the Scheme to now go and determine the flood defences, and thereby the standard of protection, through which the flood risk to Musselburgh could be reduced, noting that the appropriate defences would be evolved through consultation;

- iii. to note the work undertaken on the incorporation of the Ash Lagoons Seawall into the Scheme including the options appraisal process and the identification of an emergent 'preferred option' including its range of estimated costs;
- iv. to approve the Scheme timeline for the advancement of the outline design (attached at Appendix D to the report), including the presentation of the prepared outline design for review and approval by a meeting of the Council at the end of that timeline;
- v. to note the revised estimate for the £42.1m Preferred Scheme, as approved by Cabinet in January 2020, to £43.5m – which has been revised due to the loss of time to programme due to the COVID-19 pandemic and inflation between 2020 and 2022;
- vi. to note the inclusion of £122k of 100% grant allocated new budget from the Sustrans-funded Places for Everyone 'Musselburgh Active Toun' project to allow the Scheme's Project Team to work in partnership with that multiple-benefits project;
- vii. to approve the Scheme's Strategic Communications Plan (attached at Appendix E of the report); and
- viii. to approve the Scheme's Consultation Plan for the outline design (attached at Appendix F of the report).

6. CHIEF SOCIAL WORK OFFICER ANNUAL REPORT 2021/22

A report was submitted by the Chief Social Work Officer presenting her Annual Report 2021/22 (attached at Appendix 1 to the report)

The Chief Social Work Officer, Judith Tait, presented the report, advising Members of the statutory requirements of the report. She drew attention to the key aspects of the report, including the key achievements for 2021/22; the challenges and risks facing the service; and forthcoming governance changes in respect of social work services.

In response to questions from Councillor Dugdale on recruitment and retention challenges, and referrals to children's services, Ms Tait highlighted the ongoing recruitment difficulties, noting that some posts had been advertised several times; she added this was a national issue. She referred to incentives being offered by other local authorities to attract applicants, and believed a national response to this matter was required. On referrals to the service, Ms Tait provided examples to demonstrate that there was an increase in demand for services. She noted that schools were reporting an increase in stressed and distressed pupils, and she anticipated that the full impact of COVID-19 was not yet clear. The cost of living crisis was also impacting families. She made reference to the pressure on staff within the service, particularly as training was required for new initiatives which involved a significant time commitment, and to changes in legislation and policy, which put further pressures on the service.

Councillor McLeod requested an update on the new residential facility for young people. Wendy McGuire, Head of Housing, reported that her team was working with Ms Tait's team on this issue, and that a potential site had been identified in Wallyford. It was hoped that the planning application would come forward early in 2023.

Councillor Akhtar asked questions on waiting times for assessments in adult social care, recent service improvements, and the restructuring of some services. Matt Kennedy, General Manager for Adult Social Work, explained that the service had undergone a restructure to allow it to be more responsive, and as a result of this work waiting lists for assessments had now been eradicated. The next phase of this work would focus on delivering positive outcomes for people going through the assessment process. Ms Tait informed Members of

the changes within the community justice service, which would allow for a more holistic view of workstreams, as well as delivering more effective services to deal with violence against women and girls. She also referenced partnership working with other agencies to improve community safety.

Responding to questions from Councillors McIntosh and Menzies on tackling stress-related absence and recruitment and retention issues, Ms Tait advised that it was important that Members understood the role of social work staff and the services provided. She stressed the need to create working conditions for staff to deliver services to the best of their ability, whilst acknowledging that resources were finite. Dr Lynne Binnie urged Members to support forthcoming initiatives to improve recruitment and retention of staff, as vacancies within the services had an impact on staff who were having to deal with increased casework. Ms Tait agreed to consider including testimonies from service users in future annual reports.

Councillor McIntosh welcomed the report, highlighting in particular the ongoing positive relationships between the staff of Lothian Villa and former residents of the facility.

Councillor Akhtar noted that the report demonstrated the ongoing impacts of COVID-19, with demand for services increasing. She highlighted the importance of social work services in tackling poverty and inequality. She voiced her concern about the uncertainty facing the service with the proposed establishment of a National Care Service. Councillor Akhtar thanked Ms Tait and her team for their work in developing and delivering services at a time when East Lothian's population was growing.

Councillor Dugdale drew attention to a number of achievements within Ms Tait's service, in particular the reduction in the number of looked after children, and the improvement in support to families. She paid tribute to the staff in the service for their vision and professionalism. However, she was concerned at the recruitment challenges and pressure on staff, commenting that sufficient funding was required to ensure that staff had capacity.

Welcoming the report, Councillor McGinn concurred with comments made by Councillor McIntosh regarding the staff at Lothian Villa. He also praised the work of social work staff during the pandemic, and emphasised the need for Members to continue to support staff through forthcoming challenges.

Decision

The Council agreed to note the content of the 2021/22 Annual Report of the Chief Social Work Officer and its implications for the provision of social work services in East Lothian and their role in assuring the safety and welfare of vulnerable children and adults across the county.

7. EDINBURGH AND SOUTH EAST SCOTLAND CITY REGION DEAL – ANNUAL REPORT AND INNOVATION HUB

A report was submitted by the Executive Director for Place summarising the key findings of the City Region Deal Annual Report, approved by the City Region Deal Joint Committee on 2 September 2022). The report also provided an update on the date of the Annual Conversation; a summary on progress on the delivery of the Innovation Hub and wider Edinburgh Innovation Park, and an update on the delivery of the grade separated junction at the A1/Queen Margaret University road junction.

Catherine Molloy, Project Manager for Growth and Delivery, presented the report, drawing attention to key aspects, including the summary of progress set out in the Annual Report, key milestones for the year ahead, and an update on the grade separated junction at Queen Margaret University and the Innovation Hub.

Councillor Hampshire welcomed the progress made on delivering City Region Deal projects. He anticipated that the planning application for the Innovation Hub would come forward early in 2023 and, all being well, the construction work could start in the autumn of 2023. He praised the work of the junction contractor as regards maintaining traffic flow during the works, noting that it was hoped the junction would be completed by May 2023. Tom Reid, Head of Infrastructure, advised that although the work on the junction would continue until May, it was anticipated that it would be open to traffic from February/March 2023.

Echoing Councillor Hampshire's comments, Councillor Forrest remarked that he was looking forward to the benefits of the Innovation Hub and new junction to the Musselburgh community.

Decision

The Council agreed:

- i. to note the summary findings of the fourth Annual Report;
- ii. to note the date of the next Annual Conversation;
- iii. to note the summary of progress on the delivery of the Innovation Hub and the wider Edinburgh Innovation Park; and
- iv. to note the update on the delivery of the grade separated junction at the A1/Queen Margaret University road junction.

Sederunt: Councillor Bruce left the meeting.

8. AMENDMENT TO EAST LOTHIAN COUNCIL'S POLLING PLACE SCHEME

A report was submitted by the Executive Director for Council Resources seeking approval to formally amend East Lothian Council's Polling Place Scheme in respect of EL3A polling district.

The Head of Corporate Support, Morag Ferguson, presented the report, explaining that Tranent Town Hall was no longer available to be used as a polling place. She proposed that the Fraser Centre would be a suitable alternative, noting that no objections had been raised by local Members.

Councillor McLeod welcomed the proposed change. However, he suggested that in the long term, a single polling place should be considered, with the Loch Centre providing suitable facilities. He argued that with the increase in postal votes, and to save on energy costs, this would be a good solution. Other local Members also welcomed the change of venue, although Councillor Menzies was not in agreement with Councillor McLeod's views on centralising polling places in the town.

Mrs Ferguson advised that polling places were subject to regular reviews, to take account of population changes, new housing, and postal vote numbers, etc. She noted that the next review would take place in 2023, and that all Members would be consulted on their views as part of the review.

The Provost moved to the roll call vote on the recommendation, which was approved unanimously.

Decision

The Council agreed to approve the permanent amendment to the polling scheme for the East Lothian Constituency for polling district EL3A.

9. LOTHIAN PENSION FUND: VOLUNTARY SCHEME PAYS 2021/22

A report was submitted by the Executive Director for Council Resources seeking determination of whether the Council should exercise its annual discretion to adopt the Lothian Pension Fund Voluntary Scheme Pays mechanism in respect of the tax year 2021/22.

The Service Manager for People and Council Support, Paul Ritchie, presented the report, reminding Members of the annual requirement to determine whether the Voluntary Scheme Pays mechanism should be adopted. He provided a summary of the obligations on the Council in this regard, noting that in recent years Option 1 (as set out in Section 3.3 of the report) had been adopted.

Councillor Hampshire explained that Option 1 had been adopted in previous years as it put the Council in a stronger position when seeking to recruit to chief officer roles. He pointed out that there was currently no risk to the Council, as no employee was paid more than £200,000; even if that were the case, the risk to the Council would be limited.

The Provost moved to the roll call vote on the recommendation as set out in the report:

Option 1 (10): Councillors Akhtar, Bennett, Dugdale, Forrest, Hampshire, McFarlane, McGinn, McMillan, Ritchie, Yorkston

Option 2 (7): Councillors Collins, Findlay, McGuire, McIntosh, McLeod, Menzies, Trotter

Decision

The Council agreed to adopt Option 1, namely to participate in the Voluntary Scheme Pays mechanism (as set out in Section 3.3 of the report), and to authorise officers to communicate that decision to the Lothian Pension Fund.

10. NOTICE OF MOTION: DIVESTMENT OF LOTHIAN PENSION FUND FROM FOSSIL FUEL COMPANIES

A motion was submitted by Councillors McIntosh and Ritchie

It is noted that East Lothian Council unanimously approved the declaration of a Climate Emergency in 2019, and that following this declaration, the then-Leader of the Council, Councillor Willie Innes, wrote to the Lothian Pension Fund on behalf of the Labour administration, making clear that 'as a group, we are of the view that it is time for the Lothian Pension Fund to disinvest from fossil fuel shares'. [A copy of this letter was appended to the motion.],

This motion is intended to build on the good work done under Councillor Innes' leadership and asks the Council to state to Lothian Pension Fund our collective view that public pensions should not be invested in fossil fuel firms. This is in line with the wishes expressed by members though one major trade union, although it is noted that the Pension Fund does not currently have any mechanism for consultation with all members.

The Council therefore instructs the Council Leader, Norman Hampshire, to write to the Lothian Pension Fund

- a) to advise of East Lothian Council's position that LPF should act immediately to divest in Fossil Fuels to meet the aims of the Paris Agreement and keep the extent of global temperature rise to under 1.5C;
- b) to request that LPF, starting in 2023, produces an annual report on the extent and value of fossil fuel investment holdings, together with a clear strategy to divest from the same and annual updates on the progress of this divestment; and
- c) to request that Lothian Pension Fund develop, in conjunction with the trade unions, a meaningful consultation mechanism with Fund members, and that employers, such as East Lothian Council, are consulted on the Fund's investment strategies and divestment policy.

Councillor McIntosh presented the motion, reminding Members of the Council's 2019 declaration of a climate emergency. She made reference to scientific reports on climate change and the potential impacts of fossil fuels on the planet. She noted that the Lothian Pension Fund had published a new responsible investment strategy in 2021, which included a commitment to manage funds in line with the Paris Agreement. However, the strategy also stated that the Fund would not divest for 'purely non-financial reasons'; their holdings in fossil fuel companies increased by 40% between 2020 and 2021, standing at £229m in 2021. Councillor McIntosh illustrated measures which could be taken by the Lothian Pension Fund by way of a transition to the renewables economy. She took the view that the environmental and social impacts of strategy should be considered, and she stated that there was no conflict between fiduciary data and investment. She also pointed out that this was not just a moral and environmental issue, but was also a financial issue, indicating that fossil fuel companies were losing value, while stocks in renewables were growing. She objected to the fossil fuel industry being funded through pension contributions, especially at a time when she believed companies were aggressively pursuing new oil and gas fields, despite the scientific evidence on the impacts of this. Councillor McIntosh disagreed with the argument made by Lothian Pension Fund that as ethical investors, they could use their shares for good, rather than sell them to another party who may not. She also argued that engaging with and lobbying fossil fuel companies was not effective. She urged Members to continue the work of the late Councillor Innes in calling for divestment from fossil fuels by supporting the motion.

Councillor Ritchie seconded the motion, supporting Councillor McIntosh's views on ethical and responsible investment of pension funds. She pointed out that investments were not future-proof if the industry in which they were invested was itself not future-proof. As the Council's Champion for Young People, she claimed that many young people were not investing in pensions as they saw no point in having a pension unless action was taken on climate change. She stressed that the motion was not about the immediate divestment from the fossil fuel industry, but was concerned about starting the divestment process. She urged Members to continue to pressure Lothian Fund on this issue. She made reference to the Council's declaration of a climate emergency and the late Councillor Innes' letter to the Lothian Pension Fund, urging Members to continue this work by supporting the motion.

Councillor McFarlane welcomed the motion, but stressed the importance of protecting the pension funds.

Speaking in support of the motion on behalf of the SNP Group, Councillor Menzies indicated that divestment alone was not a solution to the climate crisis, but as a precursor to increasing investment in renewable energy, it was a starting point. She pointed out that people starting their working lives now would not retire until after 2070, and that it was important to ensure

that they had a comfortable retirement and future, and that people should be prioritised over profit.

Councillor Bennett declared that he would be supporting the motion, believing that responsible divestment from fossil fuels would benefit future generations and lead to a more climate-stable world.

Councillor Hampshire echoed comments made by other Members, but highlighted the need for alternative energy sources. He pointed out that most homes were currently heated by gas, and questioned how this could be replaced; there would need to be investment in alternatives, otherwise the drilling of oil and gas would continue. He called on the government and other agencies to do more to tackle this issue.

Councillor Dugdale commented on recent extreme weather events around the world, and noted the impact of various industries on climate change. She welcomed the call for divestment, but also spoke of the need to consider how funds could be invested ethically to meet the needs of pension fund members and the planet.

Welcoming the contributions by Members, and particularly the calls to continue the work started by the late Councillor Innes in his letter of 2019, the Provost spoke in support of the motion. He agreed that the proposal for a clear strategy and an annual report on the matter, as well as meaningful consultation, should be supported. He noted that the Council Leader would need to be very clear about the Council's views on this matter in his letter to the Lothian Pension Fund, and that it should be considered as the first step in meaningful action on better investment.

Summing up, Councillor McIntosh thanked Members for their support and contributions. She welcomed the opportunity for a cross-party approach on this issue.

The Provost moved to the roll call vote on the motion, which was approved unanimously. The motion was therefore carried.

11. SUBMISSIONS TO THE MEMBERS' LIBRARY SERVICE, 9 AUGUST TO 9 OCTOBER 2022

A report was submitted by the Executive Director for Council Resources noting the reports submitted to the Members' Library since the meeting of the Council in August 2022.

Decision

The Council agreed to note the reports submitted to the Members' Library Service between 9 August and 9 October 2022, as listed in Appendix 1 to the report.

SUMMARY OF PROCEEDINGS – EXEMPT INFORMATION

The Council unanimously agreed to exclude the public from the following business containing exempt information by virtue of Paragraph 6 (information concerning the financial or business affairs of any particular person other than the Authority) of Schedule 7A to the Local Government (Scotland) Act 1973.

Scottish Power Musselburgh Agreement: Seawall

A private verbal update by the Executive Director for Place advising Council of the situation with Musselburgh seawall was noted.