



MINUTES OF THE MEETING OF EAST LOTHIAN COUNCIL

TUESDAY 28 FEBRUARY 2023
VIA DIGITAL MEETING FACILITY

Committee Members Present:

Provost J McMillan (Convener)

Councillor S Akhtar

Councillor E Allan

Councillor R Bennett

Councillor L Bruce

Councillor C Cassini

Councillor D Collins

Councillor F Dugdale

Councillor J Findlay

Councillor A Forrest

Councillor N Gilbert

Councillor N Hampshire

Councillor L Jardine

Councillor C McFarlane

Councillor C McGinn

Councillor G McGuire

Councillor S McIntosh

Councillor K McLeod

Councillor L-A Menzies

Councillor B Ritchie

Councillor T Trotter

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 F Wilson, Director of Health and Social Care

Ms E Dunnet, Head of Finance

Ms M Ferguson, Head of Corporate Support

Ms N McDowell, Head of Education

Ms W McGuire, Head of Housing

Mr T Reid, Head of Infrastructure

Ms S Saunders, Head of Communities and Partnerships

Ms M Sullivan, Head of Development

Ms J Tait, Head of Children's Services

Mr J Baker, Service Manager – Economic Development

Mr S Cooper, Team Manager – Communications

Ms R Crichton, Committees Officer

Ms F Currie, Committees Officer

Mr K Dingwall, Service Manager – Planning

Ms K Duff, Treasury and Banking Officer

Mr C Gilmour, Senior Officer – Regeneration

Ms A-M Glancy, Service Manager – Corporate Accounting

Mr L Grannum, Finance Officer

Mr C Grilli, Service Manager – Governance

Mr D Henderson, Service Manager – Service Accounting

Ms A Hood, Team Manager – Education and Employability

Ms H Lundstrom, Sustainability and Climate Change Officer

Ms A Mackay, Team Leader – Employability
Mr R Montgomery, Project Manager
Ms D Pringle, Corporate Accountant
Mr A Stewart, Project Manager
Mr P Vestri, Service Manager – Policy, Improvement and Partnerships

Visitors Present:

None

Clerk:

Mrs L Gillingwater

Apologies:

None

Prior to the commencement of business, the Provost advised that the meeting was being held remotely, as provided for in terms of the Local Government (Scotland) Act 2003; 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.

1. FINANCE UPDATE

A report was submitted by the Executive Director for Council Resources providing an update on the financial position at the end of December 2022, and a wider review of the financial outlook and current risks.

The Service Manager – Service Accounting, David Henderson, presented the report. He drew Members' attention to the significantly challenging financial situation, reporting an overspend of £16.8m at the end of Quarter 3, much of which would be recurring beyond the end of the financial year. He highlighted the position as regards the use of reserves, as well as mitigation measures in place, and indicated that it was expected that the Council was on target to achieve its target of £393,000 of efficiency savings. Mr Henderson advised that additional funding had been received from the Scottish Government to support existing commitments (set out at Appendix 3 to the report), adding that any pay award in excess of 5% for teachers would be funded by the Scottish Government. He also noted that an overspend was forecast for the Integration Joint Board (IJB), which could be managed through the Scheme of Integration and wider IJB resources. Mr Henderson also highlighted the challenges in delivering the Capital Programme, due mainly to rising costs (as outlined in Appendix 4 to the report), as well as an expected overspend on the Housing Revenue Account (HRA) (with further details at Appendices 5 and 6 to the report). In conclusion, he warned that the scale of future challenges facing the Council should not be underestimated.

Responding to questions from Members, Mr Henderson explained that the overspend was largely due to issues outwith the Council's control, such as inflation, utility bills, higher pay awards, etc. As regards the delivery of the Capital Programme, he noted that the market continued to be challenging, exacerbated by recruitment and retention difficulties and increasing prices. He reminded Members of the desire (as set out in the Financial Strategy) to retain an HRA minimum balance of £1m and a debt/income ratio of 40%. As regards savings delivered through teachers' strike days, he advised that for one day's strike (primary

and secondary) a saving of c. £170,000 would be achieved. On inflation, he indicated that levels remained high, but was reducing in some areas, such as vehicle fuel. The 2023/24 Quarter 1 Finance Report would provide further detail on this.

Councillor Findlay asked for further information on the model for the 1140 Hours' Early Learning and Childcare. Nicola McDowell, Head of Education, reported that the Council was working on this with the Improvement Service, and would report back to Members in due course with further details. She did advise that the model would be delivered within allocated financial resources and would meet the needs of users.

As regards questions from Councillor McIntosh on the Musselburgh Flood Protection Scheme, Mr Henderson advised that the Council had received a capital grant for this work, and that expenditure was in line with the income received. He noted that there would be a clawback of some of the grant funding to reflect the 80% contribution from the Scottish Government.

Mr Henderson also responded to questions from Councillor Menzies. He advised that there was an overspend of c. £250,000 this year on the use of Bed and Breakfast accommodation for homeless people, which related mainly to the cost of the new contract, as well as additional demands on that service. He undertook to provide further details to Members, as well as details on Council Tax exemptions. On voids, Wendy McGuire, Head of Housing, explained that homes were re-let within c. 66 days – this figure was higher than previous years due to construction and other challenges – and she was looking at ways to improve this. Concerning the balances of various services, Mr Henderson advised that elements of some budgets would require to be reallocated before the year-end.

Opening the debate, Councillor Hampshire warned that the financial challenges set out by Mr Henderson would remain for some time to come. On the Chief Officer pay award, he informed Members that at a recent CoSLA meeting, agreement had been reached by Leaders, and that he therefore expected this issue to be resolved soon.

Councillor Menzies accepted that many of the pressures were outwith the control of the Council, such as fuel costs, and that the position was very challenging. She suggested that the cost of energy should be raised with the UK Government.

Councillor Akhtar highlighted that, due to the Council's financial position, the additional funding for the 2022/23 pay award would be retained by the Council with no proportionate transfer of funds to the IJB. She remarked that the Council was not the only local authority to take this position. With reference to Item 3 on the agenda, she advised that the 2023/24 pay increase for Adult Social Care would be transferred to the IJB.

Decision

The Council agreed:

- i. to note the outcome of the Quarter 3 financial performance;
- ii. to note that the additional funding from the Scottish Government for the 2022/23 pay award would be retained in full by the Council, with no proportionate transfer of this funding to the IJB;
- iii. to note the update on key developments since the Quarter 2 report;
- iv. to note that financial review reports would continue to be reported to Council for scrutiny until the financial position improves; and

- v. to note the update on the wider financial environment and current risks.

2. BUSINESS RATES EMPTY PROPERTY RELIEF POLICY

A report was submitted by the Executive Director for Council Resources seeking Council's agreement for the Business Rates Empty Property Relief Policy.

The Head of Finance, Ellie Dunnet, presented the report, recommending that the Council should mirror the Scottish Government's policy on empty property relief pending a review during 2023/24. She drew attention to the key aspects of the policy, noting that the Scottish Government would provide the Council with £882,000 to implement the policy.

Councillor Cassini questioned whether this policy would allow owners of short-term lets/holiday homes to avoid paying business rates on those properties. Ms Dunnet advised that in order to qualify for empty property relief on those properties, the owners would have to cease operating and vacate the property.

Councillor Bruce asked if the funding provided by the Scottish Government was sufficient. Ms Dunnet confirmed that it would cover the costs for 2023/24, but that it was difficult to predict what would happen in future years, hence the proposed review of the policy.

Councillor Collins asked if the Council offered incentives for people looking to take on such properties. Ms Dunnet confirmed that such support could not be provided through this policy, but that there was other support available for retail premises. However, she undertook to look into this matter during the review of the policy.

Councillor Forrest welcomed the report and work done by officers to prevent properties being left vacant.

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

Decision

The Council agreed:

- i. to approve the adoption of the Scottish Government's current Empty Property Relief legislation for Business Rates as the developed East Lothian Council Policy from 1 April 2023; and
- ii. to note the intention to review this policy during 2023/24 as part of the wider budget strategy.

3. BUDGET DEVELOPMENT AND 2023/24 COUNCIL TAX AND RENT LEVELS

A report was submitted by the Executive Director for Council Resources, providing Council with an overview of the national funding settlement for local government and the implications of this for East Lothian; seeking to set the General Services Revenue budget and Council Tax levels for 2023/24, and agreeing strategic level budgets for 2024/25–2027/28; seeking to set the General Services Capital budgets for 2023/24–2027/28; seeking to set the Housing Revenue Account budgets for 2023/24–2027/28; and setting out the next steps towards delivering the Council's Financial Strategy for 2023/24–2027/28.

The Head of Finance, Ellie Dunnet, presented the report, highlighting the challenges facing the Council, many of which were external, such as rising inflation and interest rates, increasing demand for services, and population growth. Taking account of these and other pressures, she warned that the funding gap could reach c. £71m by 2027/28. She set out details of additional funding received from the Scottish Government to deliver various obligations. She also mentioned that the Local Government Finance Order would be finalised soon, which may allow councils a degree of fiscal flexibility. Ms Dunnet outlined the position with the HRA and General Services Capital budgets, noting that officers would be looking for opportunities to decrease borrowing and identify savings. As regards General Services Revenue, she reported that the Council was looking at a deficit of £18.971m for the coming year, stressing that changes to service provision would be required to close the funding gap.

The Provost advised that Members would be asked to approve the first four recommendations set out in the report, with the remaining recommendations to be covered through the HRA and budget proposal items on the agenda.

Councillor Jardine asked if the current distribution formula was fit for purpose, especially at a time of significant population growth in East Lothian. Ms Dunnet commented that the current methodology did not serve the Council particularly well. Sarah Fortune, Executive Director for Council Resources, added that the local government finance settlement was very complex and did not always support effective delivery of outcomes. She noted that the Deputy First Minister had undertaken to look at introducing a new deal for local government, and she hoped that any new arrangement would give the Council powers to consider how to use its resources.

In response to questions from Councillor McIntosh in relation to consideration of the climate impact, Ms Dunnet assured her that the budget proposals reflected the Council Plan priorities and that the Council's commitment to the climate emergency was embedded within it. However, she accepted that additional work was required to produce an in-depth analysis, and that the results of this would be shared with both the Climate Change and Sustainability Forum and the Cross-party Budget Working Group.

The Provost asked if proposed changes to the role, structure and membership of the Cross-party Budget Working Group would have to come back to Council. Ms Fortune confirmed this was the case.

Commenting that the Council's rents were c. 15% below those of neighbouring authorities, Councillor Gilbert questioned if there were plans to bring rent levels into line with other councils, and what the impact of that would be on homelessness, property modernisation and retro-fitting homes to make them more energy efficient. Ms Dunnet advised that there was a commitment to review rents as part of the Financial Strategy, and that the review should not be pre-empted. Wendy McGuire, Head of Housing, commented that the Council was proud to have one of the lowest rent levels in Scotland, and that a 5% increase would be challenging for tenants. She pointed out that there were not enough homes to meet the demand. She also noted that the rent freeze was now impacting on the Council, but that the 5% rent increase would allow the Council to continue delivering the modernisation and new-build programmes. She added that it was for each local authority to set rent levels in order to deliver the obligations set by the Scottish Government.

On reserves, Ms Fortune explained that it was for each local authority to agree its own reserves strategy, but stressed that reserves were not a vehicle to deliver recurrent savings. She advised that the Local Authority Directors of Finance group had written to the Deputy First Minister setting out concerns regarding financial sustainability for local government.

Councillor Hampshire asked officers to provide an explanation as to how local government is financed. Ms Dunnet advised that Council Tax income covered only c. 25% of the funding required to operate Council services, with the Council relying on grant funding from the Scottish Government to cover the majority of the Council's costs. She noted that the Council would have to look at ways to generate additional income.

In response to a question from Councillor Menzies regarding borrowing, Ms Dunnet explained that reductions in net borrowing does not translate to reductions in investment, as the Council would get capital receipts through the disposal of assets. She advised that some investment in the learning estate had been re-profiled but not reduced. She anticipated that interest rates would fall slightly going forward.

Councillor Bruce asked if the Council would still be disproportionately affected by the minimum grant 'floor' calculation, even if the quantum was higher. Ms Fortune indicated that this was a very complicated issue, and that the national settlement contained areas of funding outwith the 'floor'. However, in an area of population growth, such as East Lothian, revenue costs would not be fully funded, nor would Council Tax income cover such costs. She added that the Council did not have the power to change the 'floor' formula as it was set nationally and agreed by CoSLA. She offered to provide further information to Members on this aspect.

Councillor Hampshire indicated that all councils were struggling financially, but he was of the view that the level of growth being delivered by East Lothian Council, and also by Midlothian Council, was not being recognised, and that growth should be funded via a separate mechanism. As regards rent levels, he pointed out that the Council delivered mid-market rental properties as well as social rentals and that the rent freeze had had an impact on the Council's ability to deliver mid-market rental properties. He stated that he was not in favour of a rent freeze, nor was he in favour of increasing rent levels to the Scottish average, as tenants would not be able to afford significant increases.

Councillor Jardine remarked that the impact of austerity on English local authorities had been significant and that they were now only receiving 23% of income from the UK Government. She believed that additional funding streams had to be identified in order for service delivery to continue and that this should be considered as part of the Council Plan. Referring to the 'cost of austerity' crisis, she believed that this had been a political choice by the UK Government, and that the Scottish Government had limited powers and finite resources.

The Provost moved to the roll call vote on points 1-4 of the recommendations which were approved unanimously, noting that points 5-8 of the recommendations would be dealt with in line with Items 4 and 5a-c of the agenda.

Decision

The Council agreed:

- i. to note the content of the Scottish Government 2023/24 budget, local government finance settlement and the funding implications for East Lothian Council;
- ii. to note the challenging context within which budget proposals for 2023/24 onwards had been developed, and the factors which had contributed to the gap between forecast income levels and expenditure demands;
- iii. to approve the recommended approach to the application of fiscal flexibilities in relation to service concessions, outline within paragraphs 3.63 to 3.67 of the report; and

- iv. to note the timeline and next steps for delivering the Financial Strategy, detailed within paragraphs 3.63 to 3.67 of the report.

4. RENT PROPOSALS 2023/24 – 2027/28

Councillor Forrest presented the rent proposals on behalf of the Administration. He pointed out that the housing market in East Lothian was under significant pressure and that there was a shortage of affordable housing, particularly in view of the growing population. He noted that there were currently c. 2,500 people on the Council housing list, and that it was especially difficult for young people to get on the housing ladder. With the increasing costs of construction materials, rising inflation and interest rates, reductions in government funding to tackle homelessness, and the impact of the war in Ukraine, the Council was facing significant financial and resource pressures. He paid tribute to staff working within the Housing Team for their continued efforts to deliver services despite these pressures. Councillor Forrest reported that the Council had delivered 158 new homes for social rent, and an additional eight mid-market rental units, bringing the total mid-market units to 60. In addition, 270 new bathrooms and 400 new kitchens had been installed. He indicated that a rent increase of less than 5% would impact on the Council's ability to continue delivering and investing in this service. He noted that a 5% increase would amount to an average of £3.66 per week extra for tenants, and that the Council continued to have one of the lowest rent levels in Scotland. He urged Members to support the 5% rent rise in order for the Council to continue to invest in housing for future generations.

The rent proposals were seconded by Councillor McFarlane.

Opening the debate, Councillor Menzies made reference to the Right to Buy scheme and the impact that it had had on housing stock. She welcomed the house-building programme in East Lothian, but stressed that more needed to be done to tackle homelessness. She mentioned that East Lothian's rent levels were c. 15% lower than others in Scotland, and believed that a 5% increase following the rent freeze during the pandemic would be manageable for tenants. However, she suggested that the HRA was being underfunded and that additional investment was required to build more homes, especially to allow young families to stay in East Lothian, and to invest in the existing stock. Therefore, Councillor Menzies requested that an urgent review of rent levels be undertaken to bring the HRA up to the level required to deliver the housing needed in East Lothian.

Agreeing with the comments made by Councillor Menzies, Councillor McGuire accepted that any rent increase would impact on tenants. However, he felt the increase was necessary to offset the rising costs facing the Council and declared that he would support the 5% increase for 2023/24.

Councillor Hampshire stated that the Council had ambitious targets to deliver more affordable homes as part of the Local Development Plan, with £100m of investment being funded through rents over the next five years. He remarked that tenants should not be expected to resolve the housing shortage, and that additional funding from the government was required.

Being offered the opportunity to sum up, Councillor Forrest indicated that he had nothing to add to his opening statement.

The Provost then moved to the roll call vote on the rent proposals, which were approved unanimously.

Decision

The Council agreed to approve the amendment to the rent proposals, as presented by the Administration, and to increase rent levels by 5% in 2023/24.

5. BUDGET PROPOSALS ON GENERAL SERVICES

The Provost advised that an amendment had been submitted by the Conservative Group in relation to the General Services Revenue budget, and he set out how this would be dealt with. He then invited Councillor Hampshire to present the budget proposals on behalf of the Administration.

After thanking officers for their support during the budget development process, Councillor Hampshire highlighted the financial challenges facing the Council, noting that the Council would be receiving the third lowest allocation of grant funding in Scotland per head of population, with the shortfall to be made up from efficiency savings, service reductions or the generating of additional income. He indicated that rising inflation and interest rates, increasing energy costs, and population growth, as well as national political decisions, were impacting the Council's finances, and that all services would be required to deliver efficiencies, generate income and work in different ways to achieve the required savings of c. £7m.

Councillor Hampshire then outlined a number of proposed measures included in the proposals, including:

- the move to a 3-weekly residual waste collection to reduce disposal costs and increase recycling levels
- the introduction of a charge for garden waste collection
- the replacement of diesel vehicles with electric or alternative green fuels
- the expansion of green travel routes, and improvements to parks, woodlands and open space
- investment in capital projects for education, economic development, roads, transportation and community facilities

Councillor Hampshire concluded his presentation by proposing a Council Tax increase of 7%, in order to generate additional income of £4.8m to balance the budget, noting that this would equate to a Band D property increase of £1.80 per week. He noted that the Council would continue to do all it could to support people through the cost of living crisis, reminding Members that the Council had a strong record on managing the budget and delivering on its priorities. Moving the budget proposals, he urged all Members to support the budget, which had been developed through the cross-party budget working group, and which would protect staff and services for the community, as well as delivering on infrastructure and investment.

The proposals were seconded by Councillor Ritchie, who commented that, despite the Council being underfunded, the proposed budget would protect services and Council jobs, as well as providing funding to community groups through the Area Partnerships and supporting the voluntary sector, continuing the subsidies to public transport, and keeping recycling centres open. She believed that the proposed increase in Council Tax was necessary, and that it could have been higher if the Council could not deliver efficiency savings. By raising the Council Tax by 7%, support for vulnerable families could continue, libraries and community centres would remain open, and jobs would be protected. She called upon the UK Government to provide fair and adequate funding in order for public services to be sustainable in the future.

The Provost invited Councillor Bruce to present his amendment to the General Services Revenue and budget projection proposals.

Councillor Bruce observed that this was the most challenging budget that he had faced as a councillor, claiming that this was due to the underfunding of local government and ring-fencing of funding by the Scottish Government. He stated that he agreed with much of what was in the Administration's budget proposals, such as the plans for waste services and recycling; however, he felt that it was necessary to limit the financial impact on residents and set out his plans to make additional savings of c. £2m over the next five years by way of the following measures:

- Additional savings of £668,000 from the Integration Joint Board budget
- Savings of £125,000 from the Area Partnership funding
- A review of community funding streams
- A review of staff terms and conditions, including the move to a 7-day working week from a 5-day working week, and consideration of public holiday arrangements

Moving his amendment, Councillor Bruce advised that his Group's proposals would lower Council Tax for 2023/24 and lessen the burden on future budgets regarding efficiency savings.

The amendment was seconded by Councillor Findlay, who voiced his concern that unelected Area Partnerships had control of significant amounts of money without being accountable. He argued that Community Councils should receive an increase in their budgets to reflect the work they do within communities, and that Area Partnership funding should be reduced. He believed that the proposals contained within the Conservative Group's amendment were responsible and would reduce the Council Tax burden at a time when many people were struggling with increased mortgage and energy costs.

The Provost then moved to the debate.

Councillor Jardine opened the debate. She welcomed the additional Scottish Government funding; however, she was concerned that the distribution formula did not take account of the pressures of growth in East Lothian. She also welcomed the opportunity to engage with all political groups during the budget development process, and the focus on ensuring that core services would continue to be funded. She stressed the importance of fiscal flexibility to meet the needs of communities, as well as using reserves, changing how services are delivered, and charging for services as appropriate. Councillor Jardine recognised that an increase in Council Tax would be challenging for some, especially after 13 years of austerity. She was critical of the Conservative Group's proposal to reduce funding to the Integration Joint Board and Area Partnerships, and was also not in agreement with their proposal to reduce staff numbers in Revenues and Benefits. Speaking in support of the Administration's proposals, she reiterated that the 7% increase was necessary to avoid cuts to services, and she looked forward to beginning work on the development of the 2024/25 budget.

Councillor McIntosh shared the concerns raised by other Members as regards the financial challenges facing the Council. She made reference to the limitations that the Scottish Government was working within, and emphasised that the decision to propose a 7% Council Tax increase had not been taken lightly. She welcomed the proposal on waste collections, and hoped that this would encourage a move towards a circular economy, and she voiced her concerns at the Conservative Group proposal to reduce funding to Area Partnerships. Councillor McIntosh suggested that a new approach to local government funding was required in order that councils could tackle climate change and invest in communities, and that the Council Tax system should be based on wealth rather than property value. She was also in favour of councils having more authority regarding how their money is spent. She stressed the importance of investing in renewable energy and suggested that funds could be raised through car parking charges. She spoke in support of the Administration's proposals, commenting that this was the best way forward in the current circumstances.

Paying tribute to community groups for the work they do across East Lothian, Councillor Forrest was critical of the Conservative Group's proposal to reduce funding to Area Partnerships, as those groups provided communities with a great deal of support and were also in a position to attract external funding. He also referred to investment across the county, including the construction of three new schools, and improvements to local amenities.

As spokesperson for Community Wellbeing, Sport, Countryside and Leisure, Councillor McGinn praised the partnership working with community groups and volunteers, who provided a great deal of support to the Council. He welcomed investment in local sports facilities, including 3G pitch replacement in Musselburgh and Tranent and new pump tracks in a number of locations. He paid tribute to staff working in the Council's Contact Centre, libraries, museums and leisure centres, but noted that community services would need adopt new ways of working to address the challenges ahead. He stressed the need to protect core services, noting that the Administration's proposals were crucial to achieving this.

Councillor McFarlane reiterated the difficult choices facing the Council, as commented on by other Members. She was particularly pleased that libraries and community centres would continue to operate, highlighting the work of the Stepping Out group at North Berwick Community Centre, which provided support to adults experiencing mental health problems. She commended the Administration's proposals and urged all Members to support them.

Councillor Dugdale highlighted the key role played by local authorities in delivering the Scottish Government's priorities, including tackling poverty, reducing the attainment gap, and working to achieve net zero, but pointed out that it was difficult for the Council to deliver these priorities with reduced funding. On population growth, she advised that the number of children in East Lothian was expected to increase by a third by 2037, but this had not been acknowledged in levels of funding to the Council. She drew attention to investment in the school estate, particularly the delivery of the new Wallyford Learning Campus and capital expenditure of £95m over the next two years. She also reported that 96% of East Lothian's young people went on to positive destinations, noting the positive work of East Lothian Works and the Council's partners, as well as the success of Foundation Apprenticeships. She thanked all those involved in Education and Children's Services for their work and commitment to children and young people. She believed that the Administration's proposals would protect services and deliver the Council's ambitions for its communities.

Speaking in support of the Conservative Group amendment, Councillor McGuire referred to the challenges facing people as regards increases in the cost of living, noting that the amendment was intended to keep any Council Tax rise to a minimum.

Councillor Yorkston expressed his frustration at the difficult decisions facing the Councillors, especially given that the funding allocation for East Lothian was the third lowest in Scotland per head of population, at £222 less per head than the Scottish average. However, he welcomed the proposed investment in his ward, especially as regards youth work, new housing, and school improvements.

Councillor Bennett commented that had it not been for the fiscal responsibility of the previous Council Administration, the decisions to be taken for 2023/24 would be even more challenging. He welcomed the economic development opportunities to be delivered in partnership with Queen Margaret University, and the work done to make East Lothian Scotland's leading food and drink destination.

The Provost spoke of Members' desire to focus on prosperity, and to add value to services provided by the Council. He welcomed the funding secured by the Council to develop Cockenzie, and the opportunities at Blindwells and Queen Margaret University. He also pointed out that the Council was committed to supporting high streets, tourism and leisure,

as well as coastal and rural areas, and green spaces. He believed that the Administration's budget would allow the Council to put East Lothian first and to deliver on local priorities, whilst lobbying for fairer funding from the government.

As spokesperson for Health and Social Care, Councillor Akhtar paid tribute to the work of carers and day centre staff, as well as those who had delivered the COVID-19 vaccination programme. She also mentioned that East Lothian had the lowest delayed discharge figures in Scotland. Councillor Akhtar highlighted achievements in a number of areas, including the work of Area Partnerships, house building and high quality green spaces. Like others, she expressed concern at the Council's funding settlement, particularly as East Lothian had a growing proportion of older people. She criticised the Conservative Group's amendment, stating that she could not support their proposed level of funding cuts to the Adult Wellbeing budget, which she described as 'a disaster', and that there would be an impact on the valuable work done by community and voluntary groups should the One Partnership budget be reduced. She called on Members to support the Administration's proposals.

Councillor Hampshire summed up. He believed that the Conservative Group's proposed funding reduction for the Integration Joint Board would be difficult to deliver. He commented that the Council had a strong record of providing services for older and vulnerable people, and that he could not support such a reduction to that budget. On Area Partnerships, he reminded Members of the cross-party agreement to establish those groups, with the aim of giving residents a greater voice as regards how money is spent within their communities. As regards reviewing staff terms and conditions, he pointed out that it would be the staff who would be delivering services in challenging circumstances, and that any proposed changes would require negotiations with the trades unions. He called on Members to support the Administration's budget proposals in order to protect services.

The Provost then moved to the roll call vote on the General Services Capital budget proposals which was approved unanimously.

The Provost then moved to the roll call vote on the amendment to the General Services Revenue budget proposals and budget projections, as submitted by the Conservative Group:

For:	4
Against:	18
Abstentions:	0

The Provost then moved to the roll call vote on the General Services Revenue budget proposals and budget projections, as presented by the Administration:

For:	18
Against:	4
Abstentions:	0

The Provost announced that in approving the budget proposals, as presented by the Administration, the Council was agreeing to increase Council Tax levels in 2023/24 by 7%, with a Band D level of £1,453.62, and with indicative increases of 5% for the years 2024/25 to 2027/28.

Decision

The Council agreed to approve the budget proposals as presented by the Administration and to increase Council Tax by 7% for 2023/24 (Band D level of £1,453.62).

6. TREASURY MANAGEMENT STRATEGY 2023/24 – 2027/28

A report was submitted by the Executive Director for Council Resources seeking approval of the Treasury Management and Investment Strategies for 2023/24 to 2027/28.

The Service Manager – Corporate Accounting, Ann-Marie Glancy, presented the report. She confirmed that the Strategy was aligned to the Capital and Financial Strategies approved by Council in December 2022. She advised that the purpose of the treasury management function was to ensure that the Council had sufficient funds to meet its spending obligations, and that approving a Treasury Management Strategy was a requirement of CIPFA. She drew attention to the key aspects of the report, including actual and planned capital expenditure, the positions with the General Services and Housing Revenue Account, and authorised limits and operational boundaries for external debt levels. Ms Glancy advised that a mid-year report on treasury management activity would be produced and that a year-end report would be presented to the Audit and Governance Committee.

In response to a question from Councillor McLeod, Ms Glancy confirmed that the Council had not borrowed funds from any other local authority during this financial year. She added that any such borrowing would be done on a short-term basis, and that the Council always used its broker for advice when borrowing.

Councillor Menzies questioned if the Council was being too risk averse. Ms Glancy made reference to the approved Finance and Capital Strategies, advising that officers always followed the rules set by Council, which included taking account of risk. Sarah Fortune, Executive Director for Council Resources, added that the Council's financial strategies had to be aligned with the financial parameters and took a long-term view; reviewing risk was a key aspect of this.

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

Decision

The Council agreed:

- i. to approve the Treasury Management Strategy, referenced within Sections 3.6 to 3.19 of the report;
- ii. to approve the Investment Strategy, referenced within Sections 3.20 to 3.22 of the report;
- iii. to approve the repayment of loans fund advances using the methodology detailed in Section 3.7 of the report;
- iv. to approve the operational boundaries for external debt, as detailed in Section 3.15 of the report;
- v. to approve the authorised limits for external debt, as detailed in Section 3.16 of the report;
- vi. to approve the delegation of authority to the Chief Finance Officer in conjunction with the Head of Finance to effect movement between external borrowing and other long-term liabilities, as detailed in Section 3.19 of the report; and

- vii. to note the detailed Treasury Management Strategy Statement, available in the Members' Library (Ref: 18/23, February 2023 Bulletin).

7. MINUTES FOR APPROVAL

The minutes of the following meeting were approved:

- a. Special East Lothian Council, 22 November 2022
- b. East Lothian Council, 13 December 2022

8. MINUTES FOR NOTING

The minutes of the following meeting were noted:

- a. Local Review Body (Planning), 17 November 2022
- b. Local Review Body (Planning), 15 December 2022

9. 2022-2027 'TOP 50' COUNCIL PLAN INDICATORS

A report was submitted by the Executive Director for Place presenting the 2022-27 'Top 50' Council Plan Indicators to Council for approval.

Paolo Vestri, Service Manager – Policy, Improvement and Partnerships, presented the report, advising that the 'Top 50' indicators had been approved by the Policy and Performance Review Committee in December. He noted that five indicators had been removed since the PPRC report had been prepared, that 29 indicators had been carried over from the previous 'Top 50', and that 21 indicators were new (set out in Section 3.6 of the report). He added that several of the new indicators were still under development, with targets yet to be determined, and that some were dependent on the new Economic Development Strategy. He undertook to submit a report on the 'Top 50' indicators to PPRC in June of each year, and to Council as part of the State of the Council report in December of each year.

Councillor Trotter asked questions in relation to how the final 'Top 50' indicators had been determined, and also the terminology used as regards attainment/achievement. Mr Vestri advised that officers from across the Council were asked to review the previous 'Top 50', which had resulted in 55 indicators being presented to PPRC. Five were subsequently removed due to reasons such as measures that were outwith the Council's control, or where there was little activity at this time. Nicola McDowell, Head of Education advised that indicators 16-20 encompassed both attainment and achievement. The targets relating to closing the attainment gap would be reviewed after one year, with revised targets being set for subsequent years.

In response to a question from Councillor Jardine regarding indicator 30, Mr Vestri explained that this indicator had been suggested by the Health and Social Care Partnership in conjunction with the Integration Joint Board, and the target set was an initial target which would be reviewed annually.

On the indicators relating to the 'Growing Our Capacity' objective, Mr Vestri advised that, as part of the Transformation Programme, it was a Council priority to increase transactions through the online customer portal. He added that there were now c. 70 forms available on the Council's website, with others due to be added, and that there were now c. 16,000 users

registered. He stressed that a key aspect of the new Customer Strategy would be to ensure that people could still access Council services by telephone or face to face.

Councillor Menzies asked how the performance of the Equally Safe Strategy would be reported. Mr Vestri assured her that there were other performance reports submitted to the PPRC and the East Lothian Partnership, and that the Violence Against Women Delivery Plan was led by the Public Protection Committee and included the aspects she had raised. Judith Tait, Head of Children's Services, pointed out that a sub-group of the Community Safety and Justice Partnership was about to be launched and that this group would prioritise delivering the Equally Safe Strategy.

Councillor Gilbert asked what was being done to promote self-directed support (SDS). Fiona Wilson, Director of Health and Social Care, confirmed that this facility was being promoted, but that there was a challenge related to the range of options available. Mr Vestri further advised that the baseline for this indicator and others that were still to be established should be finalised in time for the report being submitted to the PPRC in June.

The Provost asked how much new data would need to be collected, and how much additional work would be required. Mr Vestri assured him that the vast number of indicators were already subject to data collection, and that there were very few that would require additional work.

Councillor Hampshire welcomed the report, commenting that the Council performed well for an authority of its size, and he welcomed the new indicators, particularly in relation to tackling poverty. He remarked that not all authorities measured performance in the same way, but he was confident that the figures provided by the Council were accurate.

Referring to the financial situation, Councillor Jardine suggested that there should be a focus on 'upstreaming' to avoid or delay the need for people to become reliant on services and to safeguard services for longer term. She agreed that the 'Top 50' indicators were critical and encouraged the Council to measure outcomes as regards preventative spend and maximising people's health and wellbeing.

Concluding the debate, Councillor Akhtar spoke of the need to ensure accountability when working with partner agencies, so that it was not always the Council that was taking responsibility, for example children's mental health and the workplans of the Police and Fire & Rescue Services.

The Provost pointed out that this was Judith Tait's final Council meeting. He thanked her for her contribution to the work of the Council.

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

Decision

The Council agreed to approve the 2022-27 'Top 50' Council Plan Indicators, set out at Appendix 1 to the report.

10. REGIONAL PROSPERITY FRAMEWORK DELIVERY PLAN AND PROSPECTUS

A report was submitted by the Executive Director for Place seeking Council approval for the Regional Prosperity Framework Delivery Plan and Prospectus (as set out in Appendix 1 to the report), prior to it being considered by the Edinburgh and South East Scotland City Region (ESESCR) Joint Committee on 3 March 2023.

Andrew Stewart, Project Manager, presented the report, advising that the Delivery Plan and Prospectus had been developed by regional partners to provide a vision for regional economic recovery following the COVID-19 pandemic, resilience through the ongoing cost of living crisis, and to support inclusive green growth and a just transition to net zero.

He outlined the key programmes included in the Delivery Plan, as well as the priorities for Years 1-3, as set out in Sections 3.7-3.10 of the report. He emphasised that the document was also a longer-term prospectus, setting ambitions for which resources would need to be identified by working with both governments, as well as with others. He noted that the Delivery Plan and Prospectus were also being considered by the other five constituent authorities in advance of the meeting of the Edinburgh and South East Scotland City Region Joint Committee meeting on 3 March, and that it would be reviewed annually thereafter so that actions or ambitions may be added or deleted to reflect shared priorities.

Mr Stewart and Mr Proudfoot responded to questions from Members on shared regional projects, advising that the private sector would also have involvement in delivering the Plan, and that work would continue with stakeholders to develop projects that could be properly resourced. The Innovation Hub at Queen Margaret University was cited as an example of effective partnership working. Mr Stewart stressed the importance of business case development to ensure projects were viable, affordable and sustainable, noting that the support of both governments would be key to the delivery of the required infrastructure, facilities and services; specifically, he pointed to the importance of finding place-based capital as well as revenue solutions for these projects to ensure they can be built and that their revenue implications could be addressed and made sustainable over the long term.

In response to questions from Councillor McIntosh, Mr Stewart referred to projects taking place or planned within East Lothian, e.g. the Climate Evolution Zone, Blindwells, the future of the Torness site, and the Innovation Hub. On the Forth Green Free Port, he noted that the Scottish Government has committed to hold those proposals to the highest environmental standards, and that the approval of a business case would be required before coming forward for consideration. He added that the Forth Green Free Port is expected to provide significant employment opportunities across the region, and he assured her that sound regulatory regimes are in place to ensure any such development is delivered in a sustainable way through consenting. In terms of the regional energy masterplan and regional transport masterplan, and their relationship to net zero, Mr Stewart advised there was a requirement to look for alternative sources of energy and to reduce emissions from transport, and that this would require regional masterplans to be developed, as such solutions are best found by delivering projects across local authority boundaries.

Councillor Trotter asked for further detail on data-driven innovation economy. Mr Stewart explained that East Lothian was currently benefitting from data-driven innovation opportunities run by the University of Edinburgh, and that a report by it was due soon. This report would inform of other opportunities available to the Council.

As regards the decision-making process and opportunities outwith Edinburgh, Mr Stewart advised that although projects were being devised regionally, there were also local opportunities for East Lothian, and that spreading the benefits was an aim of the Delivery Plan and Prospectus. He reiterated that the Delivery Plan would be submitted to the Joint Committee for approval on 3 March, and reviewed annually thereafter, and that the Oversight Committee, including Elected Members from East Lothian, would be involved in this process.

Councillor Hampshire welcomed the report and praised the proposed model to deliver projects working in partnership with other authorities and bodies, as well as with the Scottish and UK Governments. He stressed the importance of identifying and delivering the required

infrastructure, for which both governments would need to provide funding, and also securing both capital and revenue funding for projects.

Councillor Jardine welcomed the reference in the model to the wellbeing economy. She commented that the focus should not just be on economic growth, and that there should be a greater focus on wellbeing at a regional and national level. She also highlighted the need for all involved to understand the opportunities and challenges so as to manage resources effectively.

Echoing the comments made by Councillor Jardine, Councillor Menzies also observed that the Joint Committee lacked diversity and suggested that this should be considered when electing individuals to that committee in the future.

Councillor McIntosh spoke in support of a number of projects and of the principle of collaborative working across the region. However, she felt that the prospectus did not go far enough to deliver climate change and achieve net zero, and in turn did not align with the wellbeing economy. She declared that she would not be supporting the recommendations.

The Provost moved to the roll call vote on the recommendations:

For:	21
Against:	1
Abstentions:	0

Decision

The Council agreed:

- i. to approve the Regional Prosperity Framework Delivery Plan and Prospectus; and
- ii. to note that the Delivery Plan and Prospectus would be considered by the other five constituent local authorities in the Edinburgh and South East Scotland City Region (ESESCR) ahead of the ESESCR Joint Committee meeting on 3 March 2023, noting that minor editorial/presentation amendments may arise following consideration of the papers.

11. UK SHARED PROSPERITY FUND (UKSPF) INVESTMENT PLAN 2022-25

A report was submitted by the Executive Director for Place providing an overview of the UK Shared Prosperity Fund (UKSPF) allocation process; providing a summary update of the status of supported projects in Year 1 (Core and Multiply); providing an update on the development of projects for the proposed regional contribution in Years 2 and 3; and securing agreement of proposed projects and budget allocations in Years 2 and 3 (Multiply).

Colin Gilmour, Senior Officer – Regeneration, presented the report, reminding Members of the UKSPF investment priorities, and the allocations for Years 1-3 (as set out in Sections 3.5-3.7 of the report). He also drew attention to the Investment Plan and associated projects (as set out in Sections 3.15-3.19 of the report), providing an update on Year 1 activities. He anticipated that there would be additional funding made available for Years 4-6.

Councillor Jardine asked for an update on the SOLE project, noting that she would have reservations about committing to the continuation of this project without an evaluation having taken place. Michaela Sullivan, Head of Development, advised that an evaluation of that project would be undertaken, as per the terms of the funding, and that she would advise Members on the timing of the evaluation.

Councillor Gilbert asked how this funding compared with previous funding provided by the EU. Mr Gilmour noted that the funding largely reflected that of previous EU funding streams, and agreed to provide further information to Members on this.

In response to questions from Councillor Menzies on the continuation of funding beyond Year 3 and Supporting Local Business Projects, Mr Gilmour advised that the projects were structured based on funding that had already been committed, but that these projects could be further developed or continued should additional funding be secured. He aimed to work with as many partners as possible on the Supporting Local Business Projects.

On a question from Councillor Bruce regarding the criteria for the identification and funding of regeneration projects, Mr Gilmour explained that there was a development fund for community groups to access, which would be promoted as an open application fund to encourage applications for future funding. On the Regeneration Project Fund, various funding streams would be collated in order to develop both targeted and open access funding opportunities.

Welcoming the Multiply Programme, Councillor McIntosh asked what was being done to promote this and ensure that people could access it. Alex Mackay advised that East Lothian Works had significant experience in delivering adult literacy and numeracy programmes, and that Multiply would build on this. Additional staff would be recruited to work with communities and businesses to reach potential learners and ensure that everyone would have an opportunity to participate in the various programmes offered.

Councillor Hampshire welcomed the new investment in East Lothian, but expressed his concern that the funding may not continue in the longer term, which made it difficult to plan for the future. He was of the view that it would have been beneficial for this funding to be added to the Council's budget on an ongoing basis.

Councillor Akhtar commented that the report demonstrated that the Council was ambitious for its communities and what could be achieved when funding was made available. She welcomed in particular the NOEL project and Young Person's Guarantee, as well as other opportunities for people returning to learning.

On behalf of the Council, the Provost paid tribute to the work of Michaela Sullivan, Head of Development, who would be leaving the Council in April. He thanked her for her support in the fields of Planning and Economic Development.

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

During the vote on the recommendations, Councillors Jardine, Menzies and Trotter commented that they had reservations as regards the provision of further funding for the SOLE project pending evaluation of that project.

Decision

The Council agreed:

- i. to approve the approach that officers intend to take to iteratively develop the Council's detailed UKSPF Investment Plan (Years 1-3), noting specifically that the initial submission (now approved by the UK Government) was approved through summer recess arrangements for Year 1 only;

- ii. to approve provisional sums of £100k from the Year 2 allocation and £1,180k from the Year 3 allocation to pool regionally to progress priority regional activities that could be delivered in the short term; and
- iii. to note the summary of the UKSPF prospectus and the engagement process with the additional assurance provided from the UK Government to work with the Council and its partners at local and regional levels in a practical and supportive way to ensure that Investment Plan outcomes are optimised for East Lothian citizens.

12. CLIMATE CHANGE STRATEGY ANNUAL UPDATE

A report was submitted by the Executive Director for Place, providing the third annual update to the Council on the progress of delivering the actions and commitments in East Lothian's Climate Change Strategy 2020-2025.

Hanna Lundstrom, Sustainability and Climate Change Officer, presented the report. She highlighted the key aspects of the report, which set out the 170 actions in the Strategy; proposed two additional actions; provided a summary of national and international climate reports published in 2022; provided an update on the Council's carbon footprint; set out the 2021/22 achievements to address climate change; and highlighted the risks associated with delivering actions going forward.

On carbon literacy training for Council staff, Ms Lundstrom accepted that the target was ambitious. She advised that 36 employees are currently undergoing the training and expected to complete it successfully. More training opportunities will be provided to enable the target to be achieved.

Responding to questions from Members, Ms Lundstrom advised that there had been a significant decrease in Council staff commuting to work compared to pre-pandemic levels; and that work was ongoing as regards active travel; and that there had been a notable decline in the use of paper documents within the Council due to people adopting new ways of working.

On meeting the Scottish Housing Quality Standard, Wendy McGuire, Head of Housing, undertook to provide further information to Members on compliance. She noted that there had been an increase in concerns about damp and mould reported to the Council, and that a short-term working group had been established to review the Council's processes. She offered to provide more detail by way of a briefing to Members.

Councillor McIntosh asked if the Council had sufficient resources to deliver the action plan and ensure that the Council was on track to achieve net zero. Ms Lundstrom advised that resources were stretched, but progress was being made through carbon literacy training, which supports staff to take action within their service areas, the Climate Change Planning and Monitoring Group, and the Cross-party Sustainability Forum. Douglas Proudfoot, Executive Director for Place, added that work was taking place at a regional level and with university partners to avoid duplication, but accepted that additional resources would be needed to achieve net zero. In addition, a funding application for a Net Zero Innovation Officer had been made. If successful, this post would sit within Road Services.

Councillor Jardine asked if consideration had been given to shared working spaces. Jamie Baker, Service Manager – Economic Development, used Block B at Brewery Park, Haddington, as an example of this, adding that other such opportunities would be explored.

Councillor Dugdale suggested that a Scotland-wide strategy and funding was key to tackling the climate emergency. Ms Lundstrom accepted that achieving net zero would be hugely

challenging, especially in areas of significant population growth, such as East Lothian. She noted that the Sustainable Scotland Network provided support to public sector organisations.

Councillor Menzies questioned whether the Council was doing enough to encourage residents to change their behaviour. Ms Lundstrom explained that societal and behavioural changes accounted for c. 60% of the changes needed to achieve net zero according to the UK Climate Change Committee, and that it was therefore vital that the Council worked with communities to drive the required behavioural change. Michaela Sullivan, Head of Development, cautioned that the Council could only do so much with its limited resources and that societal change would need to be driven by government.

In response to questions regarding the Council's vehicles, Mr Proudfoot undertook to provide an update to Members.

Councillor Akhtar commended officers for their efforts to tackle the climate emergency, noting that despite progress made by local authorities across Scotland to meet their targets, it was unlikely that Scotland would achieve net zero without additional funding and other resources.

Councillor Ritchie welcomed the cross-service work on delivering the actions set out in the Strategy.

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

Decision

The Council agreed:

- i. to note the progress made in decarbonising the Council's services and operations and contributing to a low carbon East Lothian;
- ii. to approve the update to the Climate Change Strategy Action Plan (as set out in Appendix 3 to the report) and the new actions suggested in Sections 3.29-3.30 of the report (and set out in Appendix 4 to the report); and
- iii. to note the key projects and achievements and key risks set out in the report, delivered by members of the Climate Change Planning and Monitoring Group.

13. SUBMISSIONS TO THE MEMBERS' LIBRARY SERVICE, 28 NOVEMBER 2022 – 10 FEBRUARY 2023

A report was submitted by the Executive Director for Council Resources noting the reports submitted to the Members' Library Service since the last meeting of the Council, as set out in Appendix 1 to the report.

Decision

The Council agreed to note the report submitted to the Members' Library Service between 28 November 2022 and 10 February 2023, as set out 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.

Cockenzie Power Station Site: Update

A private report submitted by the Executive Director for Place updating the Council on the current position with the former Cockenzie Power Station site was noted.

Musselburgh Sea Wall: Update

A private report submitted by the Executive Director for Place updating the Council on the current position with the Musselburgh Sea Wall site was approved.

DRAFT