

**REPORT TO:** East Lothian Council

**MEETING DATE:** 29 August 2023

**BY:** Executive Director for Council Resources

**SUBJECT:** Finance Update

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## **1 PURPOSE**

- 1.1 To provide an update on the current and future financial outlook for the Council.

## **2 RECOMMENDATIONS**

- 2.1 The Council is recommended to:
- Note the significance of the 2023/24 Quarter 1 financial performance against approved budgets and the underlying financial pressures faced by the Council both this year and beyond.
  - Approve the urgent temporary mitigation measures set out in paragraph 3.29, in light of the extreme financial pressures facing the Council.
  - Note the range of discussions which are being undertaken to promote the scale of the challenge facing East Lothian and to seek urgent solutions to support the ongoing provision of vital local services.
  - Note the next steps supporting the budget process in the context of significant financial concerns, including consultation with the public.
  - Note that in response to the significant demands on the Scottish Welfare Fund, awards will be made on a 'highest and most compelling' basis from 1 September, and agree that a letter will be sent to Scottish Government setting out Council's concerns regarding this.

### **3 BACKGROUND**

- 3.1 The Council is now facing the most extreme financial challenge it has ever faced, with significant financial challenges this year and an estimated recurring funding gap which will require the Council to deliver financial savings equivalent to just under a quarter of its annual running cost over the next 5 years.
- 3.2 The scale of the financial challenge and concerns around ongoing financial sustainability has already been subject of recent Council reports. These reports have continued to highlight the wide range of risks and external pressures resulting in a future estimated recurring gap in excess of £71m from the period 2024/25 to 2028/29 and has set out the financial challenges in meeting ongoing growth obligations. In addition, the Council now faces an additional pressure arising from an in year funding gap of £14.6 million.
- 3.3 The cumulative impact of this is now placing the Council in a very serious situation, where this is now a very significant risk that the Council will not have sufficient resources to be able to sustain critical service delivery over the short to medium term. The Council's corporate risk register has been further updated to reflect this and remains at the highest risk rating, signalling the seriousness of the situation we are now facing and is a separate item on the Council agenda.
- 3.4 This report will be set out in two parts:
- Part 1 – provides an update on the 2023/24 financial forecast and pressures arising based on quarter 1 projections, including the actions being taken to address the in-year pressures and seeks approval for further urgent mitigation measures aimed at reducing the Council's net resources;
  - Part 2 – provides an update on the ongoing discussions to support future budgets with the aim of supporting future financial sustainability.
- 3.5 The seriousness of this situation is now the greatest challenge this Council has ever faced, and without additional resources it is now inevitable that the Council will need to pursue reductions in service delivery in order to reduce costs.

#### **Part 1 - 2023/24 – Financial Forecast & Pressures**

- 3.6 As a reminder, Council approved the 2023/24 Financial Strategy and associated financial plans on and prior to 28 February 2023. The approved plans included: the requirement to deliver savings of £6.7 million, planned draw down of £7.4 million of reserves and a Council Tax increase of 7%.

3.7 The key results and forecasts are summarised below and set out in more details in the following appendices:

- Summary - Appendix Part 1A
- General Services Revenue – Appendices 1-3
- General Services Capital & Treasury – Appendices 4-5
- HRA Revenue & Capital – Appendices 6-7

### **General Services Revenue Summary – Quarter 1**

3.8 The financial forecast at Quarter 1 is set out below:

- Forecast overspend - £26.5 m (actual Q1 £3.5m)
- Planned reserves - £11.8m
- **Unplanned overspend - £14.6m**

3.9 The main reasons for this pressure is:

- IJB Projected overspend, £5.5 million – mainly due to pressures in Commissioned Care Services, specifically external care homes and support services. A number of workstreams remain live in an attempt to mitigate the extent of this overspend including; review of care packages in order to manage resources within available budgets and recruitment to support an enhanced internal care at home service, aimed at ensuring clients are able to stay safely within their own homes rather than move into care home settings.
- Preston Lodge RAAC issues, £3 million – these are the revenue costs of decanting classes from the school buildings and work is ongoing to mitigate that cost pressure.
- Children's Services projected overspend, £1.7 million – mainly relating to external residential pressures and the establishment of a complex internal care package. Work is ongoing to identify options in East Lothian for clients in external settings who could be brought back safely to the area,
- Trading Account deficit, £1.4 million – this is related to the schedule of rates, which have been increasing at significantly lower rates than pay and other inflation. Work is ongoing to review the rates within the legislative guidance in order to mitigate this pressure.
- Homelessness B&B Accommodation, £550,000 – this reflects increasing demand for services. The forecast spend on B&B accommodation is £2.314 million. Homeless presentations may come under further pressure when the current pause on evictions ends.

- Utilities, £400,000 – this is significantly less than the pressure in 2022/23 and work is ongoing to determine price inflation for 2024/25.
- Council Tax banding reviews in Dunbar, £280,000 – reflecting changes to Council Tax bandings set by the Valuation joint Board.
- Savings assessed as unachievable in 2023/24, £875,000 – **Appendix Part 1A** provides more information on progress on delivering efficiencies.

3.10 A large proportion of these collective pressures will be recurring beyond this financial year with the recurring pressure is estimated to be in excess of £18 million.

3.11 In addition to the above, the Council is now experiencing a significant increase in applications to the Scottish Welfare Fund (SWF). The SWF is administered by the Council on behalf of the Scottish Government, and supports individuals experiencing significant financial hardship. More detail as to the current position is set out in **Appendix Part 1A**, and highlights but at the end of June 2023, 54% of the available funding has already been awarded. This presents a considerable risk that this funding will not be sufficient to meet the demand for the remainder of the financial year.

3.12 To mitigate the risk of an overspend in this area, the criteria to award crisis grants can be limited to make awards to only the 'high most compelling priority' applications. Where a council adopts this position prior to the final quarter of the year, they are required to notify the Scottish Government Social Security Directorate and the Scottish Public Services Ombudsman (SPSO).

3.13 Local authorities are permitted to augment their SWF budget should they choose to do so. However, in light of the significant financial pressures which the Council is facing, this option is not recommended. This report advises Council that the highest and most compelling basis will be applied to all applications to the SWF considered from 1 September. It should be noted that taking these measures present a risk to the delivery of strategic objectives in relation to reducing poverty and inequality. As such, it is recommended that Council should write to Scottish Government highlighting these concerns.

3.14 A recent national review of the SWF has been published which includes a number of recommended actions, including ensuring sustainable resources, but this significant risk is not sustainable.

### **Current Mitigating Actions**

3.15 In recognition of the challenging financial position, in April Council agreed to continue with the current mitigation measures which were in place since November 2022. A reminder of these measures is set out in **Appendix Part 1A**.

- 3.16 In addition, there are a number of ongoing pieces of work to attempt to mitigate further the extent of the current financial position, including:
- Ongoing work to identify external funding options for the RAAC building issues at Preston Lodge High School.
  - Review of Trading Accounts schedule of rates in line with the Local Government (Scotland) Act 2003 and LAASAC guidance.
  - IJB colleagues are reviewing external Commissioned Services in Health and Social Care.

### **General Services Capital Summary – Quarter 1**

- 3.17 The approved budget for 2023/24 has been updated to reflect carry forward flexibility of £9 million aligned to delays in programme expenditure from 2022/23, but will only be finalised pending the conclusion of the statutory audit.
- 3.18 As at 30 June 2023, the Council has spent £9.6 million relative to the updated gross expenditure budget of £108.1 million. Latest projections indicate expenditure of around £90 million by the end of the financial year.
- 3.19 A summary of the key changes since the budget was approved along with some additional risks are set out in **Appendix Part 1A**.
- 3.20 There are a growing range of external risks, which are collectively placing significant financial pressures on the costs of supporting the approved capital infrastructure plans. These pressures are raising concerns on the overall affordability of the current plans and ongoing revenue obligations, and include: rising cost of construction; significantly higher than budgeted interest rates; and timing and realisation of planned developer contributions, all of which collectively are placing additional strain on borrowing requirements and ongoing affordability.
- 3.21 In addition, there are a range of emerging risks and pressures not currently reflected in the approved budget all of which are placing significant challenges in funding both current and future capital infrastructure requirements.

### **Treasury Update**

- 3.22 In addition to the Treasury activity reported to Audit and Governance Committee, quarterly reporting on Treasury activity is required aligned to Prudential and Treasury codes of practice. An update on the Treasury activity undertaken during the first quarter of the year is set out in **Appendix 5** of this report, and supplementary information set out in **Appendix Part 1A**. This update confirms that all indicators set out within the Treasury Management Strategy have been complied with and that none of the limits set within these have been breached.

## **Housing Revenue Account Summary – Quarter 1**

- 3.23 The HRA is expected to break even at this stage. Voids remain high and work is ongoing to remedy. There remains ongoing pressure from rising debt charges due to rising interest rates. **Appendix 6** sets out the revenue spend for the year.
- 3.24 Capital spend at Quarter 1 was around £9 million with £44 million of spend forecast for the year. This position reflects the acceleration of a number of new build, council house sites, the timing of which the Council is not always in control of as developers determine the pace of house building. The additional capital expenditure forecast for the current year has been reprofiled from the later years of the programme, and is largely offset by Scottish Government grants and earlier than anticipated rental income for the properties. Further detail is set out in **Appendix 7**.
- 3.25 There remain challenges in delivering the programme due to a shortage of labour resources, uncertainty in the housing market due to the current economic situation and challenges in awarding and mobilisation of contracts.

### **Additional Mitigating Actions**

- 3.26 The collective scale of the in-year projections taken alongside the growing range of concurrent risks and pressures is now placing the Council in the most extreme financial position it has ever faced.
- 3.27 As a reminder the Council has exhausted all available 'fiscal flexibilities' and in overall terms the level of uncommitted General Reserve remains at a worrying low level commensurate to the level of risk at £7.2m (2% of running costs). If the current projected overspend materialises this will not only remove in full the minimum reserve level, it will also require reserves which have previously been earmarked for a specific purpose by Council to be redirected to meet this overspend. This includes reserves earmarked to support critical transformational activities with a view to deliver recurring savings, placing further and very significant risk now on the Council that it will not be able to deliver future obligations within the resources made available.
- 3.28 Given that, the Chief Financial Officer, supported by the Chief Executive and Head of Finance is strongly recommending that it is essential that further urgent targeted and immediate interventions are needed in an attempt to further reduce the net expenditure obligations facing this Council. These interventions, whilst essential, can only be sustained temporarily. The recurring implications must be addressed through essential and sustainable policy decisions to reduce the net expenditure for the Council.
- 3.29 Additional mitigations to be urgently instructed by Council and implemented immediately include:

- All Council managers must operate within approved budget levels to deliver their service commitments, including preserving existing underspends. Where a service is overspent or at risk of overspending, urgent financial recovery actions will be required in order to bring spending in line with approved budget levels.
- Further targeted controls will be put in place to review and control recruitment and enhanced review existing vacancies. This temporary targeted action will mean that some facilities may have to be temporarily closed and that service delivery will be directly affected. This may also result in further service business continuity plans being invoked. These additional targeted controls will include the following areas:
  - Any post which has been vacant for longer than 6 months will be subject to an enhanced review, and where possible deleted.
  - The Council will implement a temporary recruitment freeze, with the following prioritised exceptions:
    - posts aligned to the delivery of essential statutory functions;
    - Posts that will have a direct impact on life and limb;
    - Posts supporting key critical enablers of transformational change;
    - Posts which are fully externally funded.
  - All posts being considered for recruitment must be vacant and supported by a clear business plan, and signed off by relevant Head of Service.
  - The Council will implement further controls in the use of agency spend and overtime, with any request authorised in advance by Head of Service, and must be aligned to supporting the delivery of essential statutory functions. Managers are expected to make use of framework providers unless there is a clear justification not to do so.
  - The Council will implement a delay to current recruitment process, with posts progressing to recruitment being considered every 2 weeks.
- Council officers will work with partner bodies including Integration Joint Board to ensure that appropriate recovery actions are in place to mitigate the overspending.
- Council officers will continue to progress a review of operational assets, with a view to optimise usage in cost terms including minimising energy and maintenance costs and where possible

bring forward capital receipts to offset net borrowing requirements. This will also include mothballing buildings with particular focus on assets where utilisation / demand remains low, costs remain high and / or where staffing levels are not adequate to safely open the building to the public.

- In recognition of the ongoing affordability of the Capital Programme, and associated revenue pressures relating to borrowing and running costs, it is recommended to pause/delay all non-committed spend projects. Many of these projects have already been subject to timing delays and therefore not scheduled to progress in line with the timings anticipated within the budget. Any decision to realign current commitments on a permanent basis will be subject to future capital plan approval, and will be informed by affordability limits, external market conditions, delivery of statutory requirements and key strategies including Learning Estate and Asset Management Plan. Specifically this temporary pause will include the following projects:
  - East Saltoun Community Hall
  - Aberlady Primary School
  - East Linton Primary School
  - Court Accommodation
- In addition, it is recommended that any uncommitted areas of spend on recurring budgets which has flexibility will be paused including:
  - Roads
  - Vehicles
  - Community Intervention Fund

3.30 The timing and delivery of other projects aligned to statutory obligations remains subject to ongoing review. Should any further opportunity to delay these commitments arise, Council will be kept updated.

3.31 Further and ongoing work relating to a wider review of the General Services capital programme remains on-going particularly given the financial challenges relating to: Brunton, PLHS and Loch Centre. A further report will be brought back to Council in October once options appraisal work has been finalised, and will include an update on the ongoing review of the capital programme.

3.32 Whilst specifically any reduction in borrowing costs will not give rise to a revenue saving in 2023/24, current projections suggest that the reduction on the in-year borrowing requirement could save the Council up to £1.6 million in 2024/25. In addition, many of these projects also give rise to revenue running costs which will be an important mitigation in terms of managing the timing and mitigation of current revenue cost pressures.



- 3.33 It is recognised that these mitigation actions will place the Council in a very difficult position, and will unquestionably mean that Council services will be impacted, affecting both our staff and communities we service. These mitigation actions are not sustainable in isolation of necessary decisions aimed at reducing the recurring cost base on this Council but remain a critical and necessary intervention to support the Council's current financial position.

## **Part 2 – Future Financial Sustainability**

- 3.34 Over and above the current year financial challenge the Council is estimating a recurring funding gap of £71m which will need to be closed over the next 5 years with £27m due to fall within the next financial year. This scale of this funding gap is equivalent to around 24% of the Council's annual revenue running costs. Within these projections, there remains significant risk that this could further increase with more details setting out the key financial risks below.

### **Key Financial Risks**

#### **Local Government Funding Settlement**

- 3.35 Previous Council reports have set out the challenges within the national funding settlement, which is substantively impacting the Council's finances both in this current year, and remains a significant risk for future years given uncertainty over future funding settlements. The current national funding settlement is both insufficient to meet the totality of legislative and local requirements, and inflexible, with around 70-80% of the spend directed to support national policy commitments.
- 3.36 Furthermore, the national funding settlement currently does not reflect the recurring financial liability facing this Council in supporting its statutory requirements in relation to growth, impacting both the scale of the immediate and future financial projections. Whilst recognising the ambition of growth both locally and nationally, servicing a growing population is now placing increased demands and significant recurring financial burden on a wide range of council services to an unsustainable level. This is further evidenced by the following example reflected within recently approved budgets:
- School roll increase (2022/23 + 2023/24) £9 million
  - School roll increase by 2028/29 £29 million
  - Change in national core grant funding (22/23 + 23/24) £1.3 million
- 3.37 These costs will continue to increase in scale beyond the 5-year period aligned with growth commitments, and are in addition, to the significant capital infrastructure costs in meeting these growth requirements.

- 3.38 A 'new national deal' for local government has now been agreed, and whilst it is too early to determine the impact of this locally, unless some of these challenges relating to quantum, flexibility and funding for growth are addressed appropriately, this scale and potential impact remains very significant risk to the ongoing financial sustainability of this Council.

#### National Pay Award

- 3.39 Whilst a Teachers Pay agreement is in place for 2023/24, negotiations are ongoing for other staff groups. Trade Unions have rejected the level of pay increase that can be met from the current 2023/24 available resources (3% Council and 2.5% Scottish Government). Any settlement above this level is unfunded in 2023/24 and would be a recurring pressure in future years without additional funding from the Scottish Government.
- 3.40 Furthermore, there remains uncertainty around future pay awards for local government staff covering teaching and non-teaching. Current budget projections includes a future pay award of 2%. Given continuing high rates of inflation, the funding of a future pay award remains a significant risk both in terms of the current and future years projections.

#### Utility Inflation

- 3.41 An overspend of £400,000 is forecast for 2023/24. While this is lower than the pressure in 2022/23, there was a significant increase applied to utilities budgets for 2023/24 and this remains an area of considerable risk and pressure. Work is ongoing to identify 2024/25 budget increase requirements.
- 3.42 This remains a key risk and enhanced monitoring processes remain in place.

#### General Inflation

- 3.43 Despite a recent unexpected fall in the rate, general inflation remains high and continues to have an impact on the prices paid by the Council for goods and services. The UK Government target is to half inflation in 2023, but this remains a continued area of risk facing the Council, with many commissioned services and contracts linked to inflation.

#### Interest Rates

- 3.44 Interest rates are continuing to increase with expectations this will continue until the UK Government meets its inflation targets. Officers are continuing to update modelling to reflect changes in borrowing rates and to review the impact of this on revenue budgets and the affordability of the capital programme whilst developing options to mitigate the impact. The five-year budget from 2023/24 is reflective of these increased debt charges. This area remains under review.

### Increased Demand for Services

- 3.45 With population growth and turbulence in the economy among other factors, demand for council services continues to increase and this will potentially put budgets under further pressure. The Quarter 1 position has highlighted increased demand for Homeless B&B accommodation, and increasing demand for social care services. Further pressures are also highlighted on the Scottish Welfare Fund.
- 3.46 The continuing cost of living crisis, wide range of external factors and increasing population, collectively place increased demand on Council services, at the same time where the financial risks and funding gaps remain at the highest level.

### Budget Development – Closing the Gap

- 3.47 The Council has a legal requirement to set a balanced budget and council tax rate each year, ensuring that in doing so it is taking account of the total estimated resources required to be met by the authority in any year and statutory financial requirements.
- 3.48 The financial strategy for 2023/24 – 2027/28 approved by Council sets out the approach to setting a balanced budget and closing the gap between expenditure and funding. This references four key themes: income generation, asset rationalisation, transformation (including digital and service redesign) and service reduction.
- 3.49 In line with these key themes, Council approved further budget measures totalling £9.65m covering the period 2024/25 to 2027/28, including the requirement to deliver £3.69m in 2024/25. As referenced above, the projected budget gap for next year is £27m. Assuming the delivery of planned savings, to close this gap by council tax charges alone would require an increase by at least 32% in 2024/25 in order for a balanced budget to be set.
- 3.50 In order to minimise the potential burden on council tax payers, further options to decrease expenditure and/or increase income generation have been developed by officers, with a view to closing the gap between available resources and expenditure demands on a recurring basis, and to reduce the level of council tax increases required to set a balanced budget.
- 3.51 The scale of the budget gap means that without further funding it is highly likely that the Council will need to pursue reductions in service delivery in order to reduce costs. Decisions will therefore need to be informed by a clear understanding of the potential impact of making reductions to service delivery.
- 3.52 The work to develop budget savings proposals has focussed on all areas of council spending across all services, considering statutory and non-statutory functions and alternative delivery methods. As the options are

developed into more detailed budget proposals, officers will undertake integrated impact assessments (IIAs) in order to inform elected members' consideration of the budget, and support compliance with the Council's statutory duties under the Equality Act 2010. Decisions taken by Council on the budget will be made with reference to these assessments, ensuring that there is a clear understanding as to whether a particular group would be disproportionately impacted by the proposals.

- 3.53 In addition, the public will be asked to provide their views on the range of options to close the financial gap including the possibility of a significant council tax increase through a public consultation. The consultation will be issued in early autumn and will include targeted approaches to ensure that the views of hard to reach groups can be considered through the budget development process. This will build upon the results of the initial online consultation on budget priorities, the results of which have been published in the Members' Library.
- 3.54 The Cross-Party Budget Working group continues to meet to support the development of proposals to balance the budget from 2024/25 and beyond. Although not a forum for decision-making, this approach is intended to support the budget development process by ensuring that Members are sighted on the detail and impact of changes linked to budget decisions, to ensure that progress towards delivery of budget savings is on target and to act as an informal sounding board for ideas. Discussions will continue throughout that forum.
- 3.55 A significant proportion of financial challenges are driven by external factors outwith the Council's direct control. Senior officers and members of the Council continue to make strong representation to key stakeholders to seek solutions to support the Council in closing this gap, including the need for additional resources. These include:

**Locally:**

- An urgent cross party meeting has now been arranged to discuss the scale of the financial challenges, and in particular, the challenges associated with growth with the Deputy First Minister;
- In addition, the Council has engaged with all local MSPs setting out the scale of challenges facing East Lothian and seeking urgent action;
- Senior officers continue to make representation through relevant national forums and professional networks including regionally through the South East of Scotland City Region Deal;
- Council officers continue to operate strong financial controls on council spending aligned to political decisions, accelerate progress in transforming service delivery.

**Nationally:**

- Through COSLA, discussions continue with national government to support additional resources to address the significant financial challenges collectively facing local government;
- Through COSLA, discussions continue to pursue a fiscal framework aligned to the 'new deal' for local government which may seek flexibility in how and what resources and being made available to local councils.

**Budget Development Timeline & Next Steps**

3.56 The table below outlines a proposed timetable and key next steps to future budget development.

<b>Date</b>	<b>Meeting</b>	<b>Action</b>
Sept – Dec 2023	-	Public consultation on budget proposals
October 2023	Council	Revised general services capital budget 2023/24 onwards
October 2023	Council	Period 5 financial update 2023/24
October 2023	Council	Budget Development Update
December 2023	Council	Q2 financial update report, to include an overview of progress towards delivering agreed savings for 2023/24.
December 2023	Council	Financial & Capital Strategies 2024/25 onwards
January 2024	Cabinet / Council	Overview of draft Local Government Finance Settlement
January 2024	Cabinet / Council	Proposed fees & charges applicable from 1 April 2024
February 2024	Council	Agree GS capital & revenue and HRA budgets for 2024/25 onwards, including setting council tax and rent levels

3.57 The range of external and concurrent risks now means the Council is facing its greatest ever challenge in terms of supporting ongoing financial sustainability. The Council has exhausted all avenues to apply fiscal flexibilities and there remains a significant risk that all uncommitted reserves will be needed in order to meet current overspending. An urgent range of additional targeted interventions remains necessary to minimise net expenditure commitments, but this is not a sustainable solution. It remains unlikely that any additional national funding will be forthcoming and sufficient to meet the scale of the challenge facing East Lothian and protect services. The Council must do all that it can to support its ongoing sustainability and, as such, it remains critical that urgent policy decisions are taken to reduce net expenditure commitments of this Council. Failing to take these decisions will mean that the Council will be unable to continue in meeting these costs in the short to medium term.

#### **4 POLICY IMPLICATIONS**

4.1 The council's budget and financial strategies should be a representation of the Council Plan and strategic priorities in financial terms. The proposals within this report are intended to support the effective delivery of policy objectives as far as possible. However, in light of the acute financial challenges which the Council is now facing, without significant additional funding it is unlikely that it will be possible for the Council to deliver on all of the policy commitments within the Council Plan.

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

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

5.2 Equalities – impact assessments will be required for budget proposals which involve a significant change to delivery of services by East Lothian Council. Political groups will be provided with all relevant information relating to the potential impact of budget saving proposals as part of the budget development process.

#### **6 RESOURCE IMPLICATIONS**

6.1 Financial – as described above and in the supporting appendices

6.2 Personnel - none

6.3 Other – none

#### **7 BACKGROUND PAPERS**

7.1 Council – 13 December 2022 – Item 4 – Financial & Capital Strategy

- 7.2 Council – 28 February 2023 – Budget Development 2023/24
- 7.3 Council – 25 April 2023 – Finance Update
- 7.4 Council – June 2023 – Budget Development 2024/25 onwards

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## **Appendix - Part 1A – 2023/24 Q1 Financial Review**

### **General Services Revenue:**

- Planned reserves draw down - £11.8m (non recurring):
  - Transformation Fund and other Ring Fenced Funds, £1.6 million
  - Health & Social Care (IJB delegated services), £522,000 – this figure has been agreed with the IJB Chief Financial Officer
  - Capital Funding for Pay Award relating to 2022/23, £2.3 million (this becomes recurring revenue funding from 2024/25)
  - General fund reserve of £7.378 million.
  
- Key assumptions:
  - A projected increase of 5.5% in non-teaching staffing budgets from 1 April 2023 (which includes a 2.5% funding contribution from Scottish Government). Pay negotiations for non-teacher's pay remain ongoing and any increase above this level will result in an additional unfunded pressure with each additional 1% in excess of £1 million. Teachers pay for 2023/24 is agreed and reflected in the position.
  - Additional funding in excess of £1.3 million has been provided by the Scottish Government to fund a number of national priorities, and therefore cannot help alleviate wider pressures on the council's financial position.
  
- 2023/24 Planned Efficiencies:
  - At this stage, £530,000 of the approved efficiencies have been achieved, £2.997 million are assessed as achievable and £875,000 are assessed as unachievable, and set out below:
    - Review of Council Assets, £400,000 – the full saving from the closure of Randall House will not be achieved until 2024/25 as the building is not vacated until October 2023. This saving is deliverable in full by 2024/25 but is a pressure in 2023/24.
    - Review of Public Holiday Flexibility, £300,000 – it is unlikely that an agreement with Trade Unions in 2023/24 on this proposal.
    - Increased Rental Charges (Day Centres), £175,000 – it is unlikely that this arrangement will be delivered in 2023/24.



- Current pressures – Scottish Welfare Fund:
  - Increase in number of crisis grants:
    - 2022/23 (Q1) - 1368 crisis grant (CG) and 385 community care grant (CCG) applications to the SWF were received.
    - 2023/24 (Q1) - 1394 CG (+26) and 401 CCG (+16)
  - 2022/23 budget £0.951 million (included £0.350 million additional top up from the COVID-19 action fund)
  - 2023/24 core national funding £0.581 million
  - Spend to June 2023 - £0.316 million (54% of budget)
  - The most “high most compelling” priority rating. This would mean that under this rating, in order to be successful in securing support from the SWF:
    - the applicant’s need would be judged to be immediate and extremely severe
    - the applicant is judged to be highly vulnerable and at immediate risk
    - an award for the item or money requested would have a substantial, immediate and sustained effect in resolving or improving the health and wellbeing of the applicant or their family
    - there will be significant and immediate adverse consequences if the item or money is not provided
  
- Existing approved mitigation measures:
  - All Council Managers must do all that they can to ensure that they deliver their service commitments within their approved budget levels, including preserving existing underspends, and support cost recovery actions;
  - In addition to existing and targeted controls in place to review and control vacancies, introduce further vacancy controls to prioritise recruitment targeted at business critical risk areas linked to Business Continuity status, statutory functions, supporting trading activities delivering a surplus return or supporting the delivery of wider transformation projects.
  - Enhanced review of all Council’s reserves and carry forward commitments, (including earmarked reserves), and considering any opportunities to apply flexibility to mitigate existing pressures, or redirect to support future commitments.

- Explore all opportunities to apply 'flexibilities' within existing national funding streams where funding has been made available through the national settlement to support new / existing policy initiatives in line with the letter from Deputy First Minister on 1 November 2022, in discussion with political group leaders.
- Enhanced controls relating to carry forward funding requests, where these will only be permissible in very limited circumstances (e.g. aligned to national grant conditions).
- Enhanced review of all capital projects including options for further value engineering possibilities, exploring opportunities to pause non committed spend projects with a view to reprofiling projects in the future aligned to market conditions and wider affordability.
- Enhanced review of Council operational assets, to optimise usage in cost terms including minimising energy and maintenance costs and where possible bring forward capital receipts to offset net borrowing requirements. This will also include options to temporarily mothball buildings.
- Maintain the temperature in all public buildings at 18 degrees max where possible.
- Introduce energy champions in all public buildings and explore the option of community champions.
- Suspension of policies automatically allowing flexibility on carry forward funding requests, with any approval considered in limited circumstances aligned to clear and essential business need.

### **General Services Capital:**

- Summary of key areas of movement:
  - External market conditions remain challenging and this is placing significant financial challenges on the current approved capital programme and borrowing levels. Rising material, labour and fuel costs are affecting tender prices. In addition, contracts already in place are subject to further risk exposure and this remains challenging.
  - A new Skate Park in North Berwick. £40,000 of the overall cost of this project (25%) is supported through the Community Intervention Fund and the remainder will be met from external funding.
  - Support for Business (Gateside West, Haddington) is projecting an overspend due to works required to meet conditions for road adoption.

- Work is progressing to support Musselburgh Flood Projects aligned to national funding requirements and timescales.
- Cycling, Walking, Safer Streets (CWSS) has increased budget aligned to additional Scottish Government specific grant. The Council has also received additional funding to support Road Safety.
- A number of projections for Education projects have been amended to reflect progress with projects and timing of construction start. Funding to support the national roll out of free School Meals to P6-7 has been removed pending clarity on national discussions.
- The budget now includes capital expenditure aligned to Levelling up Project at Cockenzie, of which UK Government funds 90%. The Court Accommodation budget is being reassigned this financial year to fund essential roof upgrade works at John Muir House.
- The projection for use of developer contributions, early learning 1140 grant and other funding sources are directly linked to forecast projections of the projects they support.

### **Treasury Activity:**

- External borrowing to 30 June 2023:

<b>Lender</b>	<b>Principal</b>	<b>Type</b>	<b>Interest Rate</b>	<b>Maturity</b>	<b>Date</b>
PWLB	£ 10m	Fixed rate Maturity	4.19%	6 years	18/04/2023
PWLB	£ 10m	Fixed Equal Instalments of Principal (EIP)	4.19%	11 years	18/04/2023
<b>Total</b>	<b>£20m</b>				

No borrowing was repaid during this timeframe.

- Key notes:
  - The borrowing requirement as reported in the General Services and HRA capital monitoring is borrowing from the loans fund.
  - The capital-financing requirement shown in Appendix 5 under items 1.2 and 1.3 is the financing still required after relevant grants and receipts have been applied, to fund the capital programme.
  - Actual external debt is shown in item 2.3 and the Loans Fund debt is shown in item 3.

Appendix 1  
 East Lothian Council  
 Budget Monitoring 2023/24 - Quarter 1

Service	Head of Service	Business Unit	2023/24 Budget	Year to Date			2023/24 Variance to Date	Financial Risk Assessment
				2023/24 Actual to Date	2023/24 Budget to Date	2023/24 Budget Variance to Date		
				£'000	£'000	£'000		
Education & Children's	Children's	Performance & Service Delivery	1,367	317	320	-3	-0.94%	
Education & Children's	Children's	Management	4,332	1,132	648	484	74.69%	
Education & Children's	Children's	Assessment HUB and Early Interventions	2,831	542	564	-22	-3.90%	
Education & Children's	Children's	Long Term Social Work Supervisory Groups	2,473	565	569	-4	-0.70%	
Education & Children's	Children's	TAC, Disability & Resources	7,548	1,986	2,000	-14	-0.70%	
Education & Children's	Children's	Disability Short Breaks	689	226	251	-25	-9.96%	
<b>EDUCATION &amp; CHILDREN'S</b>	<b>CHILDREN'S TOTAL</b>		<b>19,240</b>	<b>4,768</b>	<b>4,352</b>	<b>416</b>	<b>9.56%</b>	
Education & Children's	Education	Additional Support for Learning	12,300	7,245	7,215	30	0.42%	
Education & Children's	Education	Pre-school Education & Childcare	16,678	9,888	9,953	-65	-0.65%	
Education & Children's	Education	Schools - Primary	53,904	3,191	3,338	-147	-4.40%	
Education & Children's	Education	Schools - Secondary	56,076	9,750	9,056	694	7.66%	
Education & Children's	Education	Schools - Support Services	4,191	1,461	1,426	35	2.45%	
Education & Children's	Education	East Lothian Works	1,713	349	353	-4	-1.13%	
<b>EDUCATION &amp; CHILDREN'S</b>	<b>EDUCATION TOTAL</b>		<b>144,862</b>	<b>31,884</b>	<b>31,341</b>	<b>543</b>	<b>1.73%</b>	
<b>EDUCATION &amp; CHILDREN'S TOTAL</b>			<b>164,102</b>	<b>36,652</b>	<b>35,693</b>	<b>959</b>	<b>2.69%</b>	
Council Resources	Finance	Financial Services	3,625	955	1,057	-102	-9.65%	
Council Resources	Finance	Revenues & Benefits	3,432	86	126	-40	-31.75%	
Council Resources	Finance	Procurement	392	136	127	9	7.09%	
<b>COUNCIL RESOURCES</b>	<b>FINANCE TOTAL</b>		<b>7,449</b>	<b>1,177</b>	<b>1,310</b>	<b>-133</b>	<b>-10.15%</b>	
Council Resources	Corporate	IT Services	3,370	579	548	31	5.66%	
Council Resources	Corporate	People & Council Support	3,940	1,215	1,207	8	0.66%	
Council Resources	Corporate	Governance	2,371	320	330	-10	-3.03%	
Council Resources	Corporate	Communications	455	103	105	-2	-1.90%	
<b>COUNCIL RESOURCES</b>	<b>CORPORATE TOTAL</b>		<b>10,136</b>	<b>2,217</b>	<b>2,190</b>	<b>27</b>	<b>1.23%</b>	
<b>COUNCIL RESOURCES TOTAL</b>			<b>17,585</b>	<b>3,394</b>	<b>3,500</b>	<b>-106</b>	<b>-3.03%</b>	
Health & Social Care Partnership	Head of Operations	Adult Social Work	28,032	5,453	4,953	500	10.09%	
Health & Social Care Partnership	Head of Operations	Acute & Ongoing Care	11,619	2,280	2,638	-358	-13.57%	
Health & Social Care Partnership	Head of Operations	Rehabilitation	2,211	512	503	9	1.79%	
Health & Social Care Partnership	Head of Operations	Learning Disability & MH Community Services	17,803	3,259	2,779	480	17.27%	
Health & Social Care Partnership	Head of Operations	Head of Operations	3,302	649	311	338	108.68%	
Health & Social Care Partnership	Head of Operations	Business & Performance IJB	4,986	793	589	204	34.63%	
<b>HEALTH &amp; SOCIAL CARE PARTNERSHIP</b>	<b>IJB TOTAL</b>		<b>67,953</b>	<b>12,946</b>	<b>11,773</b>	<b>1,173</b>	<b>9.96%</b>	
Health & Social Care Partnership	Head of Operations	Non-IJB	540	179	95	84	88.42%	
<b>HEALTH &amp; SOCIAL CARE PARTNERSHIP</b>	<b>Non-IJB TOTAL</b>		<b>540</b>	<b>179</b>	<b>95</b>	<b>84</b>	<b>88.42%</b>	
<b>HEALTH &amp; SOCIAL CARE PARTNERSHIP TOTAL</b>			<b>68,493</b>	<b>13,125</b>	<b>11,868</b>	<b>1,257</b>	<b>10.59%</b>	
Place	Development	Planning	1,320	64	117	-53	-45.30%	
Place	Development	Economic Development	878	792	793	-1	-0.13%	
<b>PLACE</b>	<b>DEVELOPMENT TOTAL</b>		<b>2,198</b>	<b>856</b>	<b>910</b>	<b>-54</b>	<b>-5.93%</b>	
Place	Housing	Housing, Strategy & Development	243	276	298	-22	-7.38%	
Place	Housing	Property Maintenance Trading Account	-978	1,873	1,545	328	21.23%	
Place	Housing	Community Housing	2,764	-507	-566	59	10.42%	
<b>PLACE</b>	<b>HOUSING TOTAL</b>		<b>2,029</b>	<b>1,642</b>	<b>1,277</b>	<b>365</b>	<b>28.58%</b>	
Place	Infrastructure	Facility Support Services	4,569	739	705	34	4.82%	
Place	Infrastructure	Facility Trading Activity	-328	-371	-403	32	-7.94%	
Place	Infrastructure	Asset Maint & Engineering Services	3,672	821	839	-18	-2.15%	
Place	Infrastructure	Asset Management & Capital Planning	-214	272	335	-63	-18.81%	
Place	Infrastructure	Landscape & Countryside Management	6,187	1,805	1,798	7	0.39%	
Place	Infrastructure	Roads Network	4,802	822	811	11	1.36%	
Place	Infrastructure	Roads Trading Activity	-666	55	50	5	10.00%	
Place	Infrastructure	Transportation	1,990	314	379	-65	-17.15%	
Place	Infrastructure	Waste Services	10,361	1,566	1,589	-23	-1.45%	
Place	Infrastructure	Active Business Unit	4,062	988	954	34	3.56%	
<b>PLACE</b>	<b>INFRASTRUCTURE TOTAL</b>		<b>34,435</b>	<b>7,011</b>	<b>7,057</b>	<b>-46</b>	<b>-0.65%</b>	
Place	Communities & Partnerships	Corporate Policy & Improvement	1,157	287	301	-14	-4.65%	
Place	Communities & Partnerships	Connected Communities	6,818	2,416	2,466	-50	-2.03%	
Place	Communities & Partnerships	Protective Services	2,063	430	448	-18	-4.02%	
Place	Communities & Partnerships	Customer Services Group	4,794	1,046	1,098	-52	-4.74%	
<b>PLACE</b>	<b>COMMUNITIES &amp; PARTNERSHIPS TOTAL</b>		<b>14,832</b>	<b>4,179</b>	<b>4,313</b>	<b>-134</b>	<b>-3.11%</b>	
<b>PLACE TOTAL</b>			<b>53,494</b>	<b>13,688</b>	<b>13,557</b>	<b>131</b>	<b>0.97%</b>	
<b>SERVICE TOTAL</b>			<b>303,674</b>	<b>66,859</b>	<b>64,618</b>	<b>2,241</b>	<b>3.47%</b>	
<b>CORPORATE MANAGEMENT TOTAL</b>			<b>-303,674</b>	<b>-124,643</b>	<b>-125,863</b>	<b>1,220</b>	<b>-0.97%</b>	
<b>TOTAL</b>			<b>0</b>	<b>-57,784</b>	<b>-61,245</b>	<b>3,461</b>	<b>5.65%</b>	

Appendix 2  
 East Lothian Council  
 2023/24 Budget Efficiencies - Quarter 1

Service	2023/24			
	Achieved	Amber	Unachievable	
	£'000	£'000	£'000	
Education	189	810	0	
Finance	107	0	0	
Corporate Services	28	67	0	
H&SCP	0	250	0	
Development	30	250	0	
Housing	28	50	0	
Communities	148	97	0	
Infrastructure	0	583	175	
Corporate Management	0	890	700	
<b>Total</b>	<b>530</b>	<b>2,997</b>	<b>875</b>	<b>4,402</b>
	12.04%	68.08%	19.88%	

Savings Currently Unachievable - Red

Service	Proposal	Value	Comments
Infrastructure	Increased Rental Charges (Day Centres)	175	Unlikely to be achieved in 2023/24
Corporate	Review of Council Assets	400	Full Randall House Saving won't be cashed until 2024/25 as the building will incur costs to October 2023.
Corporate	Reduce Public Holidays by 2 days	300	No agreement expected with Trade Unions in 2023/24.
<b>Total</b>		<b>875</b>	

### Appendix 3

East Lothian Council

Budget Monitoring 2023/24 - Additional Funding from the Scottish Government

	£million
<b>2023/24 GRG (per Budget Amendment)</b>	<b>213.951</b>
<hr/>	
<b>Additional Funding - GRG</b>	
<hr/>	
SDS Funding	0.055
Non Teaching Pay	0.006
Additional GRG for Pay	0.936
Targeted Holiday Provision for School Age Children Summer 2023	0.065
Employability Staffing Resource and Child Poverty Co-ordinators	0.250
<hr/>	
<b>Total Additional Funding</b>	<b>1.312</b>
<hr/>	
<b>Revised GRG</b>	<b>215.263</b>
<hr/>	

Appendix 4  
**East Lothian Council**  
**General Services Capital Budget Monitoring Summary 2023-24**  
**Quarter 1**

	RAG	Approved Budget 2023/24	Updated Budget 2023/24	Actual 2023/24	Updated Budget-Actual Variance 2023/24	Projected Outturn 2023/24	Updated Budget - Projection Variance 2023/24
Expenditure		£'000	£'000	£'000	£'000	£'000	£'000
<b>Community Projects</b>							
Community Intervention	G	375	375	(130)	(505)	335	(40)
Community Intervention Fund - Pump Tracks	G	475	500	-	(500)	500	-
Bleachingfield Centre Remodelling Works	G	90	90	1	(89)	90	-
Dunbar Conservation Area Regeneration Scheme (CARS)	G	327	405	-	(405)	405	-
East Saltoun Community Hall	G	400	400	-	(400)	400	-
North Berwick Skatepark	G	-	-	-	-	160	160
Support for Business	G	-	229	117	(112)	313	84
CCTV	G	128	247	-	(247)	247	-
Town Centre Regeneration	G	500	1,345	104	(1,241)	1,345	-
<b>Total Community Projects</b>		<b>2,295</b>	<b>3,591</b>	<b>91</b>	<b>(3,499)</b>	<b>3,795</b>	<b>204</b>
Town Centre Regeneration Grant		(500)	(1,520)	-	(1,520)	(1,345)	175
Other Funding Sources		(616)	(694)	-	(694)	(814)	(120)
<b>Total Income: Community Projects</b>		<b>(1,116)</b>	<b>(2,214)</b>	<b>-</b>	<b>(2,214)</b>	<b>(2,159)</b>	<b>55</b>
<b>Community Projects - General Capital Grant/Borrowing Requirement</b>		<b>1,179</b>	<b>1,377</b>	<b>91</b>	<b>(5,713)</b>	<b>1,636</b>	<b>259</b>
<b>ICT</b>							
IT Programme & Digital Opportunities	G	2,200	2,200	317	(1,883)	2,200	-
<b>Total ICT</b>		<b>2,200</b>	<b>2,200</b>	<b>317</b>	<b>(1,883)</b>	<b>2,200</b>	<b>-</b>
<b>Total Income: ICT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ICT - General Capital Grant/Borrowing Requirement</b>		<b>2,200</b>	<b>2,200</b>	<b>317</b>	<b>(1,883)</b>	<b>2,200</b>	<b>0</b>
<b>Fleet</b>							
Amenties - Machinery & Equipment - replacement	G	200	246	54	(192)	246	-
Vehicles	G	4,509	4,299	578	(3,720)	4,299	-
<b>Total Fleet</b>		<b>4,709</b>	<b>4,545</b>	<b>632</b>	<b>(3,912)</b>	<b>4,545</b>	<b>-</b>
<b>Total Income: Fleet</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fleet - General Capital Grant/Borrowing Requirement</b>		<b>4,709</b>	<b>4,545</b>	<b>632</b>	<b>(3,912)</b>	<b>4,545</b>	<b>0</b>
<b>Open Space</b>							
Synthetic Pitch Replacement Programme	G	571	571	14	(557)	851	280
Cemeteries (Burial Grounds)	G	818	1,077	14	(1,063)	1,077	-
River Tyne / Haddington Flood Protection scheme	G	400	425	-	(425)	200	(225)
Coastal / Flood Protection schemes - Musselburgh	G	2,883	2,978	128	(2,850)	2,730	(248)
Coastal Car Park Toilets	G	-	64	-	(64)	64	-
Core Path Plan	G	50	50	-	(50)	50	-
Mains Farm Town Park & Pavilion	G	-	4	4	(0)	4	(0)
Nature Restoration	G	24	125	13	(112)	108	(18)
Replacement Play Equipment	G	218	317	115	(202)	317	-
Polson Park	G	20	20	-	(20)	20	-
Sports and Recreation LDP	G	2,613	3,068	6	(3,063)	2,829	(239)
Waste - New Bins	G	160	160	49	(111)	160	-
Waste - Machinery & Equipment - replacement	G	40	40	-	(40)	40	-
<b>Total Open Space</b>		<b>7,797</b>	<b>8,899</b>	<b>344</b>	<b>(8,556)</b>	<b>8,450</b>	<b>(450)</b>
Developer Contribution		(1,445)	(1,746)	-	1,746	(1,502)	244
Other Funding Sources		(1,172)	(1,450)	-	1,450	(1,432)	18
<b>Total Income: Open Space</b>		<b>(2,617)</b>	<b>(3,196)</b>	<b>-</b>	<b>3,196</b>	<b>(2,934)</b>	<b>262</b>
<b>Open Space - General Capital Grant/Borrowing Requirement</b>		<b>5,180</b>	<b>5,703</b>	<b>344</b>	<b>(5,360)</b>	<b>5,516</b>	<b>(188)</b>
<b>Roads, Lighting and related assets</b>							
Cycling Walking Safer Streets	G	478	582	162	(420)	1,046	464
East Linton Rail Stop / Infrastructure	G	1,500	27	-	(27)	27	-
Parking Improvements	G	252	274	30	(245)	274	-
Roads	G	6,735	6,865	917	(5,948)	7,069	204
Roads - externally funded projects	G	4,251	4,251	146	(4,105)	4,251	-
<b>Total Roads, Lighting and related assets</b>		<b>13,216</b>	<b>11,999</b>	<b>1,254</b>	<b>(10,745)</b>	<b>12,667</b>	<b>668</b>
Developer Contribution		(47)	(47)	-	47	(47)	-
Other Funding Sources		(4,682)	(4,786)	-	5,453	(5,453)	(668)
<b>Total Income: Roads, Lighting and related assets</b>		<b>(4,729)</b>	<b>(4,833)</b>	<b>-</b>	<b>5,500</b>	<b>(5,500)</b>	<b>(668)</b>
<b>Roads etc. - General Capital Grant/Borrowing Requirement</b>		<b>8,487</b>	<b>7,166</b>	<b>1,254</b>	<b>(5,244)</b>	<b>7,166</b>	<b>0</b>
<b>Property - Education</b>							
Aberlady Primary - extension	A	2,817	2,868	1	(2,868)	1,500	(1,368)
Blindwells Primary - new school	A	13,611	13,650	-	(13,650)	5,000	(8,650)
Craighall Primary - New School	A	13,411	13,451	-	(13,451)	5,000	(8,451)
East Linton Primary - new school	G	600	674	-	(674)	674	-
Free School Meals Expansion to P6-7	A	1,544	1,544	-	(1,544)	-	(1,544)

Appendix 4  
**East Lothian Council**  
**General Services Capital Budget Monitoring Summary 2023-24**  
**Quarter 1**

	RAG	Approved Budget 2023/24	Updated Budget 2023/24	Actual 2023/24	Updated Budget-Actual Variance 2023/24	Projected Outturn 2023/24	Updated Budget - Projection Variance 2023/24
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>							
Gullane Primary - extension including Early Learning and 1140	G	-	-	(390)	(390)	-	-
Law Primary - extension including Early Learning and 1140	G	360	581	429	(152)	876	295
Letham Primary - New School	G	-	112	149	37	112	-
North Berwick High School - Extension	G	-	1,331	127	(1,203)	1,331	-
Ormiston Primary - extension	G	-	34	3	(31)	34	-
Pinkie St Peter's Primary - sports hall extension	G	774	846	222	(625)	846	-
Pinkie St Peter's Primary - extension including Early Learning and 1140	G	939	1,115	546	(569)	1,115	-
Preston Lodge High School - extension (phase 1)	G	1,153	1,200	-	(1,200)	1,200	-
Prestonpans Primary - upgrades	G	243	245	-	(245)	245	-
Ross High School - extension	G	172	219	76	(143)	219	-
School Estate - Curriculum Upgrades	G	1,083	1,083	-	(1,083)	50	(1,033)
St Gabriel's Primary - extension including Early Learning and 1140	G	-	122	-	(122)	122	-
Wallyford Primary - New School	G	59	108	-	(108)	108	-
Wallyford Learning Campus	G	8,130	9,371	3,359	(6,012)	9,371	-
West Barns Primary - extension including Early Learning and 1140	G	234	633	180	(453)	633	-
Whitecraig Primary - new school including Early Learning and 1140	G	8,436	8,436	21	(8,414)	8,436	-
Windygoul Primary - Early learning and 1140 extension	G	1,930	1,991	-	(1,991)	1,991	-
<b>Total Property - Education</b>		<b>55,497</b>	<b>59,613</b>	<b>4,721</b>	<b>(54,892)</b>	<b>38,862</b>	<b>(20,751)</b>
Developer Contribution		(9,475)	(11,484)	-	11,484	(11,484)	-
Developer Contribution (Post completion)						(427)	
1140 Grant Income		(2,708)	(2,907)	-	2,907	(3,117)	(210)
<b>Total Income: Property - Education</b>		<b>(12,183)</b>	<b>(14,391)</b>	<b>-</b>	<b>14,391</b>	<b>(15,028)</b>	<b>(210)</b>
<b>Property Education - General Capital Grant/Borrowing Requirement</b>		<b>43,314</b>	<b>45,222</b>	<b>4,721</b>	<b>(40,501)</b>	<b>23,834</b>	<b>(20,961)</b>
<b>Property - Other</b>							
Accelerating Growth		3,281	6,614	1,953	(4,661)	10,379	3,766
- Cockenzie	G	126	612	533	(78)	610	(1)
- Levelling Up Project Cockenzie	G	-	-	-	-	3,767	3,767
- Blindwells	G	40	153	2	(152)	153	-
- Innovation Hub	G	2,115	2,748	150	(2,598)	2,748	-
- A1/QMU Junction	G	1,000	3,101	1,268	(1,833)	3,101	-
Brunton Hall - Improved Community Access	G	-	23	-	(23)	23	-
Court Accommodation - incl. SPOC	G	1,506	1,506	2	(1,504)	800	(706)
New ways of working Programme	G	1,335	1,637	87	(1,550)	1,637	-
Prestonrange Museum	G	1,496	1,840	44	(1,796)	1,840	-
Property Renewals	G	2,000	2,000	91	(1,909)	2,000	-
Replacement Childrens House	G	867	867	-	(867)	-	(867)
Sports Centres	G	240	240	37	(203)	240	-
Whitecraig Community Centre	G	-	49	-	(49)	49	-
<b>Total Property - Other</b>		<b>10,724</b>	<b>14,775</b>	<b>2,214</b>	<b>(12,561)</b>	<b>16,969</b>	<b>2,193</b>
Developer Contribution (Post completion)		(1,909)	(1,909)	-	1,909	(1,909)	-
Capital receipts		(31)	(31)	-	366	(366)	(335)
Other Funding Sources		(2,047)	(1,755)	-	4,908	(4,908)	(3,153)
<b>Total Income: Property - Other</b>		<b>(3,987)</b>	<b>(3,695)</b>	<b>-</b>	<b>7,183</b>	<b>(7,183)</b>	<b>(3,488)</b>
<b>Property Other - General Capital Grant/Borrowing Requirement</b>		<b>6,737</b>	<b>11,081</b>	<b>2,214</b>	<b>(5,378)</b>	<b>9,786</b>	<b>(1,295)</b>
<b>Total Property Spend - Education and Other</b>		<b>66,221</b>	<b>74,389</b>	<b>6,935</b>	<b>(67,453)</b>	<b>55,831</b>	<b>(18,558)</b>
<b>Total Income: Property - Education and Other</b>		<b>(16,170)</b>	<b>(18,086)</b>	<b>-</b>	<b>21,574</b>	<b>(22,211)</b>	<b>(3,698)</b>
<b>Property-Education and Other - General Capital Grant/Borrowing Requirement</b>		<b>50,051</b>	<b>56,303</b>	<b>6,935</b>	<b>(45,879)</b>	<b>33,620</b>	<b>(22,256)</b>
Capital Plan Fees	G	2,479	2,479	-	(2,479)	2,479	-
PPP Projects		-	-	-	-	497	497
<b>Total Gross Expenditure</b>		<b>98,916</b>	<b>108,101</b>	<b>9,574</b>	<b>(98,527)</b>	<b>90,462</b>	<b>(18,136)</b>
Other Funding Sources		-	-	-	-	(497)	-
<b>Total Income:PPP Projects</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(497)</b>	<b>-</b>
<b>Income</b>							
Developer Contribution	G	(10,967)	(13,277)	-	13,277	(13,033)	244
Developer Contribution (Post completion)	G	(2,336)	(2,336)	-	2,336	(2,336)	-
1140 Grant Income	G	(2,708)	(2,907)	-	2,907	(3,117)	(210)
Town Centre Regeneration Grant	G	(500)	(1,520)	-	1,520	(1,345)	175
Capital receipts		(2,031)	(2,031)	-	2,031	(2,366)	
Other Funding Sources	G	(8,517)	(9,212)	-	9,212	(13,104)	(3,892)
Scottish Government General Capital Grant		(5,626)	(5,626)	-	5,626	(4,301)	1,325
<b>Total Income</b>		<b>(32,685)</b>	<b>(36,909)</b>	<b>-</b>	<b>36,909</b>	<b>(39,602)</b>	<b>(2,358)</b>
<b>Borrowing Requirement</b>		<b>66,232</b>	<b>71,192</b>	<b>9,574</b>	<b>(61,618)</b>	<b>50,860</b>	<b>(20,494)</b>



**Appendix 5**  
**Prudential and Treasury Indicators 2023/24**  
**Quarter 1**

1 PRUDENTIAL INDICATORS	2022-23	2023-24	2023-24
	Actual £'000	Budget £'000	Q1 Projection £'000
<b>1.1 Capital Expenditure</b>			
General Services	87,955	98,916	90,462
HRA	40,349	33,964	44,253
TOTAL	128,304	132,880	134,715
<b>1.2 Capital Financing Requirement (CFR) – General Services</b>			
brought forward 1 April	257,927	309,114	295,377
carried forward 31 March	295,377	372,650	342,617
In year borrowing requirement	37,450	63,536	47,240
<b>1.3 Capital Financing Requirement (CFR) - HRA</b>			
brought forward 1 April	219,522	245,305	240,066
carried forward 31 March	240,066	265,974	267,395
In year borrowing requirement	20,544	20,669	27,329
<b>1.4 Total CFR excluding PPP and leases</b>			
General Services	295,377	372,650	342,617
HRA	240,066	265,974	267,395
TOTAL	535,443	638,624	610,012
<b>1.5 Annual Change in CFR</b>			
General Services	37,450	63,536	47,240
HRA	20,544	20,669	27,329
TOTAL	57,994	84,205	74,569
<b>1.6 Ratio of financing costs to net revenue stream</b>			
General Services	2.72%	4.37%	4.37%
HRA	30.10%	36.24%	35.02%
<b>1.7 Impact of Capital Investment Decisions</b>			
General Services – Debt per Band D equivalent	£4,943	£6,086	£5,595
HRA – Debt per dwelling	£26,254	£28,652	£28,805

2 TREASURY MANAGEMENT INDICATORS	2022-23	2023-24	2023-24
	Actual £'000	Budget £'000	Q1 Projection £'000
<b>2.1 Authorised Limit for External Debt -</b>			
Borrowing at 31 March	601,000	680,000	662,000
Other long term liabilities (PPP and Leases)	33,000	31,000	31,000
Total	634,000	711,000	693,000

<b>2.2 Operational Boundary for External Debt -</b>			
Borrowing at 31 March	535,442	638,623	610,011
Other long term liabilities (PPP and Leases)	32,214	30,686	30,687
Total	567,656	669,309	640,698
<b>2.3 Actual External Debt</b>			
Borrowing at 31 March	441,503	573,341	512,385
Other long term liabilities (PPP and Leases)	32,214	30,687	30,688
Total	473,717	604,028	543,073

<b>3 LOANS FUND</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2023-24</b>
	<b>Actual £'000</b>	<b>Budget £'000</b>	<b>Q1 Projection £'000</b>
<b>3.1 General Services</b>			
Opening balance	257,927	309,114	295,376
Add advances	37,776	65,957	50,803
Less repayments	(326)	(2,420)	(3,563)
Closing balance	295,376	372,650	342,616
<b>3.2 HRA</b>			
Opening balance	219,522	245,305	240,065
Add advances	25,366	26,068	32,711
Less repayments	(4,822)	(5,399)	(5,382)
Closing balance	240,065	265,973	267,394
<b>3.3 Total</b>			
Opening balance	477,448	554,418	535,442
Add advances	63,142	92,024	83,514
Less repayments	(5,148)	(7,819)	(8,945)
Closing balance	535,442	638,624	610,010

**Appendix 6**  
**East Lothian Council**  
**Budget Monitoring HRA 2023/24 - Quarter 1**

	<b>2023/24 Budget</b>	<b>2023/24 Actual to Date</b>	<b>2023/24 Budget to Date</b>	<b>2023/24 Budget Variance to Date</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Total Income	-37,482	-9,304	-9,372	68
Total Expenditure	36,233	3,117	3,320	-203
<b>(Surplus) / Deficit for Year</b>	<b>-1,249</b>	<b>-6,187</b>	<b>-6,052</b>	<b>-135</b>

	<b>2023/24 Budget £'000</b>
<b>Management of Balances</b>	
Opening (Surplus) / Deficit	-1,486
CFCR	1,200
<b>(Surplus) / Deficit for Year</b>	<b>-1,249</b>
<b>Closing (Surplus) / Deficit</b>	<b>-1,535</b>

**Appendix 7**

**East Lothian Council**

**Budget Monitoring HRA Capital 2023/24 - Quarter 1**

	<b>2023/24 Budget</b>	<b>2023/24 Actual to Date</b>	<b>2023/24 Budget to Date</b>	<b>2023/24 Budget Variance to Date</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Modernisation	10,709	1,369	2,677	-1,308
Energy Efficiency Fund	2,500	110	625	-515
New Council Housing	19,037	7,374	4,759	2,615
Fees	1,438	0	0	0
Mortgage to Rent	280	230	0	230
<b>TOTAL</b>	<b>33,964</b>	<b>9,083</b>	<b>8,061</b>	<b>1,022</b>

Funded By:

	<b>2023/24 Budget</b>	<b>2023/24 Actual to Date</b>	<b>2023/24 Budget to Date</b>	<b>2023/24 Budget Variance to Date</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Grants	-6,500	-6,447	-1,625	-4,822
Grants MTR	-196	-166	0	-166
CFCR	-1,200	-1,200	-1,200	0
Borrowing	-26,068	-1,270	-5,237	3,967
<b>TOTAL</b>	<b>-33,964</b>	<b>-9,083</b>	<b>-8,062</b>	<b>-1,021</b>