

REPORT TO: East Lothian Council

MEETING DATE: 12 December 2023

BY: Executive Director for Council Resources

SUBJECT: Finance Update

1 PURPOSE

- 1.1 To provide an update on the financial position facing this Council. This includes an update on the in-year financial position at the end of September 2023, agreed mitigations and capital programme review, as well as future financial outlook.

2 RECOMMENDATIONS

- 2.1 The Council is recommended to:
- Note the outcome of the Period 6 review of financial performance against approved budgets and the significant underlying financial pressures faced by the Council.
 - Note the impact on the Council reserves if the projected revenue overspend materialises.
 - Note the severity of the financial risks set out in the report that may impact on the position.
 - Note the performance against prudential indicators set out in Appendix 5.

3 BACKGROUND

- 3.1 The Council is continuing to operate within the most extreme and challenging financial environment that it has ever faced with significant challenges in 2023/24 and an estimated recurring financial gap in excess of £70 million over the next five years, which is equivalent to a quarter of the Council's annual running costs.

- 3.2 The Period 5 report to Council noted a 2023/24 pressure of £22.2 million, and after the application of planned reserves the unplanned overspend was forecast to be £10.3 million.
- 3.3 Given the severity of the in-year financial position along with the risks to future financial sustainability, the Council approved a series of further mitigation measures in an attempt to manage the in-year financial pressures. This report provides Council with an update on the current year financial position at the end of period 6. A further update, setting out the position at the end of period 9 will be presented to Council in February 2024, alongside the budget for 2024/25 onwards.

General Services Revenue Summary – Period 6

- 3.4 At Period 6, before applying planned use of reserves there is a forecast overspend for the year of £20.2 million, which represents an improvement of £2 million since the Period 5 report.
- 3.5 The main reasons for the movement since Period 5 are:
- Reduction of £0.6 million in the IJB overspend following a review of unused care commitments and improvements in the income forecast. This will reduce further as a result of Council's decision to transfer a £0.4 million share of funding for the 2023/24 pay award, although this movement will be cost neutral to the overall Council position.
 - Reduction of £1.1m in the deficit on the property maintenance trading account following an increase to the schedule of rates to reflect the difference in underlying inflation and the national schedule of rates, and the pay award for 2023/24. A shortfall of £0.2m remains on the trading account and work is ongoing to identify options to increase productivity or deliver efficiencies to offset this.
 - Improvement of £0.1m in forecast council tax income, due to the addition of properties to the rating list.
 - Reduction of £0.3m in forecast spend for education, linked to lower than anticipated spend on funded early learning and childcare.
 - Additional funding to support the costs of delivering the Ukraine resettlement schemes, which has improved the forecast outturn by £0.4m. This has reduced the forecast overspend within the homelessness budget, however this is a one-off mitigation and the recurring pressure will remain in future years.
 - Increase of £0.4m in the forecast overspend for Children's Services due to use of agency staff, additional external placements and a shortfall in funding to support the new minimum rates for foster and kinship care allowances.

3.6 The planned use of reserves for 2023/24 is £12 million, as set out below:

- Transformational Fund and other Ring-Fenced Funds – £1.6 million.
- Health & Social Care (IJB delegated Services), £701,000 – 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 – £7.378 million.

3.7 The unplanned overspend, after applying planned use of reserves is currently forecast to be £8.2 million at the end of the year. While this represents an improvement of £2.1 million since the period 5 report, an overspend of this level cannot be accommodated within unallocated balances on the general fund reserve and will not only remove in full the minimum level of reserve of £7.2m but will also result in a reduction in other earmarked funds. This will present a significant risk to the Council's financial sustainability and ability to deliver on our strategic priorities, and it will also diminish our capacity to respond to unforeseen events in the future. Mitigation measures have been introduced with a view to reducing the in-year overspend and preserving the minimum balance on the general fund; however, it is vital that longer-term solutions to closing the funding gap are identified to achieve a sustainable position in the future.

3.8 An analysis of the financial position as at Period 6 across service groups is set out in **Appendix 1**. The main reasons for the pressure are:

- IJB Delegated Services - Projected Overspend, £2.8 million – while this position has improved from period 5, there remains a significant overspend mainly due to pressures on commissioned care services, specifically external care homes and support services. The IJB is progressing a number of workstreams to mitigate the extent of this overspend, including, ongoing review of care packages and recruitment to support an enhanced internal care at home service which is aimed at ensuring that clients are able to stay safely in their own homes. The service is also actively attempting to identify a further £1.8 million of savings.

The IJB has delegated authority over most of the Health and Social Care budget along with a small number of other budgets within Community Housing, the Housing Revenue Account and Housing Capital. The management of these resources remains in line with the scheme of integration and wider overall IJB resources.

- Children's Services Overspend, £2.1 million – mainly relating to external residential packages and the establishment of a complex internal care package. There are also further pressures arising from a number of Unaccompanied Asylum-seeking Children arriving in East Lothian aligned to the national settlement schemes. In addition, there

is an estimated pressure of £0.2m arising from a shortfall in funding to support the new minimum rates for foster and kinship care allowances.

- Preston Lodge RAAC issues, £0.65m – while this position has improved by £2.35 million, the Council will still incur additional unbudgeted costs in 2023/24 to pay for alternative venues for teaching and PE as well as additional teachers to facilitate the revised timetable. The additional cost implications arising from RAAC remains subject to national discussions.
- Utilities, £0.4m – position remains aligned to Period 5.
- Savings assessed as unachievable in 2023/24, £1.1m – **Appendix 2** provides more information on progress in delivering savings.
- Council Contribution to Pay Funding Negotiations, £0.18m (estimated share of £10 million) – the 2023/24 pay offer for non-teaching staff which has now been agreed included an element of £10m to be funded by Scottish councils, with East Lothian's estimated share of this at £0.18m. We are awaiting clarity on other elements of the funding package to support this pay award, and there remains a risk of further pressure related to this.

3.9 At this stage it is likely that many of these pressures will be recurring beyond 2023/24.

Update on Mitigation Measures

3.10 Given the severity of the financial position facing the Council, a number of mitigating actions that have been in place since November 2022. Further additional mitigation measures were approved by Council in August 2023 in response to the significant forecast budget overspend, along with the escalating significance of risks to financial resilience over the short to medium term.

- An update on the mitigation measures and impact on service delivery is set out below, and this position continues to be monitored closely.
- The enhanced controls around recruitment and vacancies have resulted in only essential posts being advertised. As highlighted previously, management of staffing in this way has resulted in the temporary reduction in opening hours and / or closure of a number of facilities and service delivery impact resulting in further service business continuity plans being invoked.
- Work is ongoing with partners including the IJB to ensure appropriate recovery action, as referenced earlier in the report.
- Officers have continued to progress a review of operational assets, with a number of buildings temporary mothballed, and some declared surplus for sale in line with the wider asset review. Any disposal of

assets will be used support the approved budget targets, and it is anticipated the target of £2 million will be achieved for 2023/24.

- The capital programme remains under review, with spending across a number of areas on hold, and work ongoing to update the budgets for 2024/25 onwards.
- As noted above, work to review the schedule of rates for the property maintenance trading account in line with national guidance has now been completed and the impact of this work is reflected in the revised forecast above.

3.11 Officers will continue to implement and monitor progress against these actions, and Members will continue to be updated during the course of this year. It is, however, recognised that in implementing these mitigation actions, they are placing Council services in a very difficult position, requiring often short-notice changes to service provision, impacting both on our staff and communities we service. As highlighted in previous Council reports, these mitigations actions are not sustainable in isolation of necessary decisions aimed at reducing the recurring cost base on this Council. Nevertheless, they continue to remain a critical and necessary intervention given the severity of the Council's current financial position.

3.12 Further potential risks to the outturn position for this financial year arise from the following factors:

- potential overspends due to demands on the Scottish Welfare Fund, despite the measures previously outlined to mitigate this pressure by moving to the high and most compelling priority rating for community care grants.
- as noted above, the 2023/24 pay award for non-teaching staff has now been agreed, although clarity is awaited on some aspects of the funding package which is linked to this. There is a risk that this could result in further cost pressures to the Council either in the current or future financial years.
- increasing demand for Council services, arising from a range of external factors including population growth, the cost-of-living crisis along with UK and Scottish Government policy. This is already highlighted across a number of service areas, including homelessness / temporary accommodation, which may be exacerbated by the eviction ban ending, increasing demand for social care services and an increase in unaccompanied asylum-seeking children. These increased demands are creating unbudgeted cost pressures within the current financial year, but are likely to result in longer term recurring impacts to the financial strategy and increase the funding gap.

General Services Capital Summary – Period 6

- 3.13 The approved budget for 2023/24 was updated in the period 3 report to Council to reflect carry-forward flexibility of £9 million from the closing position at the end of 2022/23, the outcome of which remains subject to the conclusion of the statutory audit. The carry-forward is funded by £4 million external income and £5 million borrowing requirement.
- 3.14 Appendix 4 shows the approved and updated 2023/24 budgets and expenditure to 30 September 2023, showing spend of £20.301 million relative to the updated gross expenditure budget of £108.101 million.
- 3.15 Latest projections indicate expenditure of around £58 million by the end of the financial year. This forecast reflects the decision by Council on 29 August to pause or delay uncommitted capital expenditure where possible to do so.
- 3.16 The following are the main points to note including the most significant changes from the previous report:
- East Linton Primary – the Council was unsuccessful with the LEIP funding bid and therefore the project needs to be reviewed.
 - Law Primary – Early Learning extension – significant claims still in negotiation, risk of further budget pressure in year
 - North Berwick and Ross High Schools – contractor claims finally being settled, projection reflects the updated position.
 - Preston Lodge High School Extension – initially delayed due to RAAC issues, currently reviewing timescale for the school roll expansion and increased capacity need. Not at tender stage.
 - Windygoul Primary – project on temporary hold as latest roll projections show extension not required as early as budgeted for.
 - Levelling Up Project Cockenzie – works will not start on the coal bunds until 2024/25 significantly reducing the current year projection.
 - Court Accommodation – the roof works will be over two financial years, rather than fully in 2023/24.
 - Other funding sources – significant reduction in projection directly linked to the Levelling Up projection.
- 3.17 All expenditure projections reflect a range of assumptions that are subject to change and may therefore have an impact on the actual position achieved at the end of the financial year.
- 3.18 Whilst recognising the significance of the capital programme, there remains a wide range of growing external pressures all of which are placing very significant pressures on wider affordability limits.

- 3.19 A summary of the key changes since the budget was approved along with some additional risks are set out below:
- 3.20 External market conditions are still placing significant financial challenges on the current approved capital programme and associated borrowing levels. There are still significant inflation factors affecting tender prices. In addition, contracts already in place are still subject to further risk exposure and this remains challenging.
- 3.21 The projection for use of developer contributions, early learning 1140 grant and other funding sources are directly linked to the projections of the projects they support. There is an ongoing risk around the timing and realisation of planned developer contributions that may result in additional strain on borrowing requirements and the position will continue to be closely monitored.
- 3.22 The capital programme review will continue to further identify projects and items within budget lines which can be paused or removed. The projection being reported is a reduction in gross expenditure of £5.126 million compared to the P5 projection and a reduction of £49.721 million compared to the updated budget.
- 3.23 The impact of this on the in-year borrowing requirement is estimated at a reduction of £0.304 million compared to the P5 projection and a reduction of £40.681 million compared to the updated budget – this will give rise to a revenue saving on interest costs in the current financial year, and also a saving in 2024/25 as a result of reducing the in-year borrowing requirement.

Treasury Management Update – Period 6

- 3.24 The treasury management codes of practice require quarterly reporting on treasury activity. The period 3 report set out treasury management activity which took place in the first quarter of this financial year.
- 3.25 During the second quarter of the year, no external borrowing was undertaken. £20m was undertaken in the first quarter from PWLB.

The following borrowing was repaid during the second quarter:

Lender	Principal	Type	Interest Rate	Loan Term	Date Repaid
PWLB	£ 0.13m	Fixed rate Maturity	7.875%	17 years	14/09/2023
PWLB	£ 0.66m	Fixed rate Maturity	7.875%	17 years	14/09/2023
PWLB	£10.00m	Fixed rate Maturity	3.47%	7 years	24/09/2023
Total	£10.79m				

- 3.26 The Prudential, Treasury Management and Loans Fund indicators are set out in **Appendix 5**.

- 3.27 The budget figures for 2023/24 were set based on the previous year's capital projections. The actual outturn in the last financial year was below budget, meaning the starting point for the current year was also lower. General Services Q2 capital spend projection is lower than budget as is the Capital Financing Requirement (CFR). Conversely, HRA capital spend is higher so the CFR projection is also higher. The CFR is the debt that needs to be repaid over time.
- 3.28 As a result of the borrowing need for the projected capital expenditure, Loans Fund advances are increasing well above the principal repayment of Loans Fund debt for this financial year.
- 3.29 The CFR will only start to fall when Loans Fund principal repayments are greater than the in-year borrowing requirement. The following short-term investments were placed in the second quarter of the financial year up to 30 September.

Investment with	Principal	Interest Rate	Investment Date	Term	Date Repayable/ Repaid
Debt Management Office	£ 5m	5.12%	12/07/2023	2 months	12/09/2023
Standard Chartered (ESG Investment)	£ 5m	5.42%	12/07/2023	3 months	12/10/2023
Cheshire East	£ 5m	5.32%	24/08/2023	2 months	25/10/2023
Total	£ 15m				

- 3.30 Due to a change in the interest rate for our bank account from 1 October 2023, the Treasury Team will be placing a greater number of very short-term investments to maximise use of surplus cash balances. These will be made in accordance with the risk management parameters set out in the treasury management strategy and will vary from overnight to 1-2 weeks, depending on cash flow requirements.
- 3.31 As detailed above, cash flow continues to be very closely monitored to ensure the Council has sufficient cash resources to meet ongoing requirements.

Housing Revenue Account Summary – Period 6

- 3.32 The HRA is expected to breakeven at this stage. However, voids remain high, and work is ongoing to remedy this. In addition, high interest rates continue to place pressure on budgets due to the increased costs of debt financing. Taking these factors into account, at this stage the HRA strategy remains viable. **Appendix 6** sets out the revenue spend for the year.
- 3.33 Capital spend at Period 6 was around £18 million with £43 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 in the current year has been

reprofiled from the later years of the programme and is offset by Scottish Government grants and earlier than anticipated rental income for the properties. Further detail is set out in **Appendix 7**.

- 3.34 There remain challenges in delivering the programme due to a shortage of labour, uncertainty in the housing market due to the current economic situation and challenges in awarding and mobilisation of contracts.

2022/23 Audit

- 3.35 Members are reminded that whilst the focus remains on managing the very severe financial position and future financial outlook, the audit for 2022/23 has still not been concluded and therefore the financial results and indeed reserves being held by the Council remain subject to change. These delays have been reported to Audit & Governance and are principally due to internal resource pressures within Audit Scotland making it impossible for them to conclude the audit in an earlier timeframe. Officers are working pragmatically with Audit Scotland to conclude this as early as possible, but it is not anticipated that the audit work will conclude until mid-December 2023.
- 3.36 Members will be informed of any changes arising during the course of the audit but given the severity of the financial challenges being faced by the Council, this delay presents a further risk in forward planning.

Financial Sustainability

- 3.37 The severity of the financial position facing this Council is now at the highest level that this Council has ever faced, and there continues to remain a very real risk that this Council will not be able to deliver its ongoing obligations in the short term.
- 3.38 This has been further highlighted by the recent announcement by the Scottish Government to freeze Council Tax rates, taking away one of the most critical levers available to a Council in meeting its legal obligation to set a balanced and competent budget. Officers continue to seek clarity regarding the specific implications of this announcement for East Lothian Council.
- 3.39 Officers are continuing to do all that they can to ensure resources are allocated and prioritised in line with Council commitments and priorities, seeking all permissible flexibilities, maximising resources, and ensuring best value at all times.
- 3.40 Concerns regarding the financial position continue to be escalated to all levels of government, at both officer and political level, and without significant additional funding it is becoming very difficult and perhaps inevitable that this Council will not be able to sustain existing service provision in the short to medium term given the scale of the risks and challenges now being faced.
- 3.41 The impending Scottish Government budget and Local Government funding allocation is expected to be announced on 19 and 21 December

respectively, and this will remain critical to see whether additional resources have been allocated to support this Council and the delivery of both local and national priorities, and what if any flexibility is derived through the recently approved Verity House Agreement between local and national government.

Conclusion

- 3.42 The financial implications facing this Council are now at the most severe level we have ever experienced. In year, there is an overspend of £20.2 million in General Services revenue before applying mitigations, along with a number of recurring pressures. In addition, there remain significant concerns around the ongoing affordability of the capital programme given the wider cost of construction and associated cost of borrowing.
- 3.43 It is critical that budget mitigation measures remain in place in an attempt to manage and minimise the current financial risk, but this is not a sustainable solution. The Council must do all that it can to support its ongoing sustainability and align service delivery commitments within available resource envelopes. As such, it remains critical that urgent permanent policy decisions which refocus service priorities and consequential service reductions in resource and asset outlays are taken by elected members in setting the future budgets.

4 POLICY IMPLICATIONS

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

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 None

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Appendix 1
 East Lothian Council
 Budget Monitoring 2023/24 - Period Six

Service	Head of Service	Business Unit	2023/24 Budget	Year to Date			2023/24 Budget 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	£'000	%	
Education & Children's	Children's	Performance & Service Delivery	1,367	669	651	18	2.76%	
Education & Children's	Children's	Management	4,332	2,595	1,614	981	60.78%	
Education & Children's	Children's	Assessment HUB and Early Interventions	2,831	1,331	1,391	-60	-4.31%	
Education & Children's	Children's	Long Term Social Work Supervisory Groups	2,624	1,136	1,090	46	4.22%	
Education & Children's	Children's	TAC, Disability & Resources	7,691	3,883	3,789	94	2.48%	
Education & Children's	Children's	Disability Short Breaks	689	472	475	-3	-0.63%	
EDUCATION & CHILDREN'S	CHILDREN'S TOTAL		19,534	10,086	9,010	1,076	11.94%	
Education & Children's	Education	Inclusion & Wellbeing	12,583	8,732	8,682	50	0.58%	
Education & Children's	Education	Pre-School Education	16,678	12,307	12,630	-323	-2.56%	
Education & Children's	Education	Primary Schools	53,517	20,447	20,769	-322	-1.55%	
Education & Children's	Education	Secondary Schools	56,328	24,661	24,418	243	1.00%	
Education & Children's	Education	Schools' Support	4,184	2,521	2,438	83	3.40%	
Education & Children's	Education	East Lothian Works	1,712	545	567	-22	-3.88%	
EDUCATION & CHILDREN'S	EDUCATION TOTAL		145,002	69,213	69,504	-291	-0.42%	
EDUCATION & CHILDREN'S TOTAL			164,536	79,299	78,514	785	1.00%	
Council Resources	Finance	Financial Services	4,037	1,042	1,289	-247	-19.16%	
Council Resources	Finance	Revenues & Financial Support	4,787	1,340	1,474	-134	-9.09%	
Council Resources	Finance	Procurement	791	329	363	-34	-9.37%	
COUNCIL RESOURCES	FINANCE TOTAL		9,615	2,711	3,126	-415	-13.28%	
Council Resources	Corporate	IT Services	3,376	1,336	1,240	96	7.74%	
Council Resources	Corporate	People & Council Support	3,960	2,599	2,599	0	0.00%	
Council Resources	Corporate	Governance	2,371	794	820	-26	-3.17%	
Council Resources	Corporate	Communications	455	241	242	-1	-0.41%	
COUNCIL RESOURCES	CORPORATE TOTAL		10,162	4,970	4,901	69	1.41%	
COUNCIL RESOURCES TOTAL			19,777	7,681	8,027	-346	-4.31%	
Health & Social Care Partnership	Head of Operations	Adult Social Work	28,044	12,760	12,156	604	4.97%	
Health & Social Care Partnership	Head of Operations	Acute & Ongoing Care	11,619	4,688	4,945	-257	-5.20%	
Health & Social Care Partnership	Head of Operations	Rehabilitation	2,211	1,272	1,277	-5	-0.39%	
Health & Social Care Partnership	Head of Operations	Learning Disability & MH Community Services	17,809	7,738	7,267	471	6.48%	
Health & Social Care Partnership	Head of Operations	Head of Operations	3,302	3,473	2,578	895	34.72%	
Health & Social Care Partnership	Head of Operations	Business & Performance IJB	4,968	2,813	2,918	-105	-3.60%	
HEALTH & SOCIAL CARE PARTNERSHIP	IJB TOTAL		67,953	32,744	31,141	1,603	5.15%	
Health & Social Care Partnership	Head of Operations	Non-IJB	540	694	526	168	31.94%	
HEALTH & SOCIAL CARE PARTNERSHIP	Non-IJB TOTAL		540	694	526	168	31.94%	
HEALTH & SOCIAL CARE PARTNERSHIP TOTAL			68,493	33,438	31,667	1,771	5.59%	
Place	Development	Planning & Environmental Services	1,170	159	296	-137	-46.28%	
Place	Development	Economic Development	878	805	802	3	0.37%	
PLACE	DEVELOPMENT TOTAL		2,048	964	1,098	-134	-12.20%	
Place	Housing	Housing, Strategy & Development	243	295	345	-50	-14.49%	
Place	Housing	Property Maintenance Trading Account	-987	3,445	3,344	101	3.02%	
Place	Housing	Community Housing Group	3,197	-105	-104	-1	0.96%	
PLACE	HOUSING TOTAL		2,453	3,635	3,585	50	1.39%	
Place	Infrastructure	Asset Maintenance & Engineering Services	2,288	1,355	1,303	52	3.99%	
Place	Infrastructure	Strategic Asset & Capital Plan Management	-286	521	640	-119	-18.59%	
Place	Infrastructure	Facility Trading Activity	-328	-915	-990	75	-7.58%	
Place	Infrastructure	Facility Support Services	4,486	2,550	2,468	82	3.32%	
Place	Infrastructure	Landscape & Countryside Management	6,177	3,672	3,671	1	0.03%	
Place	Infrastructure	Active Business Unit	4,053	1,900	1,900	0	0.00%	
Place	Infrastructure	Roads Network	4,830	1,885	1,865	20	1.07%	
Place	Infrastructure	Roads Trading Activity	-666	172	159	13	8.18%	
Place	Infrastructure	Transportation	1,992	519	651	-132	-20.28%	
Place	Infrastructure	Waste Services	10,371	4,546	4,585	-39	-0.85%	
PLACE	INFRASTRUCTURE TOTAL		32,917	16,205	16,252	-47	-0.29%	
Place	Communities & Partnerships	Corporate Policy & Improvement	758	393	397	-4	-1.01%	
Place	Communities & Partnerships	Connected Communities	6,843	3,434	3,556	-122	-3.43%	
Place	Communities & Partnerships	Protective Services	2,079	762	836	-74	-8.85%	
Place	Communities & Partnerships	Customer Services Group	4,799	1,844	1,988	-144	-7.24%	
PLACE	COMMUNITIES & PARTNERSHIPS TOTAL		14,479	6,433	6,777	-344	-5.08%	
PLACE TOTAL			51,897	27,237	27,712	-475	-1.71%	
SERVICE TOTAL			304,703	147,655	145,920	1,735	1.19%	
Funding & Non Service Expenditure Total			-304,703	-179,878	-182,236	2,358	1.29%	
TOTAL			0	-32,223	-36,316	4,093	11.27%	

Appendix 2
East Lothian Council
2023/24 Budget Efficiencies - Period Six

Service	2023/24			
	Achieved	Amber	Unachievable	
	£'000	£'000	£'000	
Education	189	810	0	
Finance	107	0	0	
Corporate Services	64	0	31	
H&SCP	250	0	0	
Development	30	250	0	
Housing	78	0	0	
Communities	148	97	0	
Infrastructure	0	383	375	
Corporate Management	0	890	700	
Total	866	2,430	1,106	4,402
	19.67%	55.20%	25.12%	

Savings Currently Unachievable - Red

Service	Proposal	Value	Comments
Corporate Services	1% IT Efficiency Target	31	Based on forecast costs for licenses and costs being reassessed from capital to revenue
Infrastructure	Increased Rental Charges (Day Centres)	175	Unlikely to be achieved in 2023/24
Infrastructure	Introduction of Commercial Van Bookings at Recycling Centres	200	Unlikely to be achieved due to delays in implementation of booking system
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.
Total		1,106	

Appendix 3

East Lothian Council

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

	£million
2022/23 GRG (per Budget Amendment)	215.263
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Additional Funding - GRG	
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Ukraine Resettlement	0.433
Scottish Recommended Allowance - Kinship and Foster Carers	0.296
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Total Additional Funding	0.729
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Revised GRG	215.992

Appendix 4

East Lothian Council

Budget Monitoring 2023/24 - General Services Capital Period Six

	RAG	Annual (In-Year)							
		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	Previously reported Outturn to Council (P5)	Outturn Variance
Expenditure		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Community Projects									
Community Intervention	G	375	375	(4)	(379)	118	(257)	118	0
Community Intervention Fund - Pump Tracks	G	475	500	-	(500)	25	(475)	75	(50)
Bleachingfield Centre Remodelling Works	G	90	90	1	(89)	90	-	90	-
Dunbar Conservation Area Regeneration Scheme (CARS)	G	327	405	-	(405)	405	-	405	-
East Saltoun Community Hall	G	400	400	-	(400)	-	(400)	-	-
North Berwick Skatepark	G	-	-	125	125	165	165	160	6
Support for Business	G	-	229	244	15	323	94	323	-
CCTV	G	128	247	8	(239)	123	(123)	247	(124)
Town Centre Regeneration	G	500	1,345	268	(1,077)	1,205	(140)	1,469	(264)
Total Community Projects		2,295	3,591	641	(2,950)	2,454	(1,136)	2,886	(432)
Town Centre Regeneration Grant		(500)	(1,520)	-	1,520	(1,095)	425	(1,345)	250
Other Funding Sources		(616)	(694)	-	694	(744)	(50)	(777)	33
Total Income: Community Projects		(1,116)	(2,214)	-	2,214	(1,839)	375	(2,122)	284
Community Projects - General Capital Grant/Borrowing Requirement		1,179	1,377	641	(736)	615	(761)	764	(148)
ICT									
IT Programme & Digital Opportunities	G	2,200	2,200	933	(1,267)	2,200	-	2,200	-
Total ICT		2,200	2,200	933	(1,267)	2,200	-	2,200	-
Other Funding Sources		-	-	-	-	-	-	-	-
Total Income: ICT		-	-	-	-	-	-	-	-
ICT - General Capital Grant/Borrowing Requirement		2,200	2,200	933	(1,267)	2,200	0	2,200	0
Fleet									
Amenties - Machinery & Equipment - replacement	G	200	246	210	(36)	246	-	246	-
Vehicles	G	4,509	4,299	2,415	(1,884)	3,143	(1,156)	3,143	-
Total Fleet		4,709	4,545	2,625	(1,919)	3,388	(1,156)	3,388	0
Other Funding Sources		-	-	-	-	-	-	-	-
Total Income: Fleet		-	-	-	-	-	-	-	-
Fleet - General Capital Grant/Borrowing Requirement		4,709	4,545	2,625	(1,919)	3,388	(1,156)	3,388	0
Open Space									
Synthetic Pitch Replacement Programme	G	571	571	15	(556)	355	(216)	355	-
Cemeteries (Burial Grounds)	G	818	1,077	29	(1,048)	714	(363)	850	(136)
River Tyne / Haddington Flood Protection scheme	G	400	425	7	(418)	20	(405)	50	(30)
Coastal / Flood Protection schemes - Musselburgh	G	2,883	2,978	439	(2,539)	2,730	(248)	2,730	-
Coastal Car Park Toilets	G	-	64	3	(61)	35	(29)	35	-
Core Path Plan	G	50	50	-	(50)	50	-	50	-
Mains Farm Town Park & Pavilion	G	-	4	4	(0)	4	(0)	4	-
Nature Restoration	G	24	125	83	(42)	331	205	331	-
Replacement Play Equipment	G	218	317	117	(200)	317	-	317	-
Polson Park	G	20	20	-	(20)	-	(20)	-	-
Sports and Recreation LDP	G	2,613	3,068	565	(2,503)	893	(2,176)	1,135	(242)
Waste - New Bins	G	160	160	70	(90)	160	-	160	-
Waste - Machinery & Equipment - replacement	G	40	40	13	(27)	40	-	40	-
Total Open Space		7,797	8,899	1,346	(7,553)	5,649	(3,250)	6,057	(408)
Developer Contribution		(1,445)	(1,746)	-	1,746	(708)	1,038	(710)	2
Other Funding Sources		(1,172)	(1,450)	-	1,450	(1,061)	389	(1,061)	-
Total Income: Open Space		(2,617)	(3,196)	-	3,196	(1,769)	1,427	(1,771)	2
Open Space - General Capital Grant/Borrowing Requirement		5,180	5,703	1,346	(4,357)	3,880	(1,823)	4,286	(406)
Roads, Lighting and related assets									
Cycling Walking Safer Streets	G	478	582	371	(211)	1,046	464	1,046	-
East Linton Rail Stop / Infrastructure	G	1,500	27	0	(26)	0	(26)	0	0
Parking Improvements	G	252	274	71	(203)	358	84	274	84
Roads	G	6,735	6,865	2,400	(4,466)	6,365	(500)	6,335	30
Roads - externally funded projects	G	4,251	4,251	411	(3,840)	4,455	204	4,455	-
Total Roads, Lighting and related assets		13,216	11,999	3,253	(8,746)	12,224	225	12,110	114
Developer Contribution		(47)	(47)	-	47	(47)	-	(47)	-
Other Funding Sources		(4,682)	(4,786)	-	4,786	(5,453)	(668)	(5,453)	-
Total Income: Roads, Lighting and related assets		(4,729)	(4,833)	-	4,833	(5,500)	(668)	(5,500)	-
Roads etc. - General Capital Grant/Borrowing Requirement		8,487	7,166	3,253	(3,913)	6,723	(443)	6,610	114
Property - Education									
Aberlady Primary - extension	G	2,817	2,868	1	(2,868)	350	(2,518)	350	-
Blindwells Primary - new school	G	13,611	13,650	67	(13,583)	1,000	(12,650)	1,000	-
Craighall Primary - New School	G	13,411	13,451	69	(13,382)	1,000	(12,451)	1,000	-
East Linton Primary - new school	A	600	674	-	(674)	-	(674)	-	-
Free School Meals Expansion to P6-7	A	1,544	1,544	-	(1,544)	-	(1,544)	-	-
Gullane Primary - extension including Early Learning and 1140	G	-	-	(390)	(390)	-	-	-	-
Law Primary - extension including Early Learning and 1140	A	360	581	578	(3)	876	295	876	-
Letham Primary - New School	G	-	112	16	(96)	30	(82)	40	(10)
North Berwick High School - Extension	A	-	1,331	509	(821)	1,799	468	1,331	468
Ormiston Primary - extension	G	-	34	3	(31)	34	-	34	-
Pinkie St Peter's Primary - sports hall extension	G	774	846	386	(460)	846	-	846	-
Pinkie St Peter's Primary - extension including Early Learning and 1140	G	939	1,115	971	(145)	1,115	-	1,115	-
Preston Lodge High School - extension (phase 1)	G	1,153	1,200	-	(1,200)	-	(1,200)	1,200	(1,200)
Prestonpans Primary - upgrades	G	243	245	-	(245)	-	(245)	-	-
Ross High School - extension	A	172	219	308	89	580	361	296	284

Appendix 4

East Lothian Council

Budget Monitoring 2023/24 - General Services Capital Period Six

	RAG	Annual (In-Year)							
		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	Previously reported Outturn to Council (P5)	Outturn Variance
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure									
School Estate - Curriculum Upgrades	G	1,083	1,083	-	(1,083)	50	(1,033)	50	-
St Gabriel's Primary - extension including Early Learning and 1140	G	-	122	2	(120)	10	(112)	50	(40)
Wallyford Primary - New School	G	59	108	-	(108)	-	(108)	-	-
Wallyford Learning Campus	G	8,130	9,371	3,953	(5,418)	9,371	-	9,371	-
West Barns Primary - extension including Early Learning and 1140	G	234	633	763	130	633	-	633	-
Whitecraig Primary - new school including Early Learning and 1140	G	8,436	8,436	30	(8,405)	1,500	(6,936)	1,500	-
Windygoul Primary - Early learning and 1140 extension	G	1,930	1,991	17	(1,975)	20	(1,971)	500	(480)
Total Property - Education		55,497	59,613	7,283	(52,331)	19,213	(40,400)	20,191	(978)
0									
Developer Contribution		(9,475)	(11,484)	-	11,484	(5,929)	5,555	(6,845)	916
Developer Contribution (Post completion)		(427)	(427)	-	427	(427)	-	(427)	-
1140 Grant Income		(2,708)	(2,907)	-	2,907	(1,361)	1,546	(1,841)	480
Other Funding Sources		-	-	-	-	-	-	-	-
Total Income: Property - Education		(12,609)	(14,818)	-	14,818	(7,716)	7,101	(9,112)	1,396
Property Education - General Capital Grant/Borrowing Requirement		42,888	44,795	7,283	(37,513)	11,497	(33,299)	11,079	418
Property - Other									
Accelerating Growth		3,281	6,614	2,022	(4,591)	5,468	(1,146)	8,609	(3,141)
- Cockenzie	G	126	612	581	(31)	593	(19)	593	-
- Levelling Up Project Cockenzie	G	-	-	-	-	626	626	3,767	(3,141)
- Blindwells	G	40	153	2	(152)	65	(88)	65	-
- Innovation Hub	G	2,115	2,748	150	(2,598)	1,084	(1,664)	1,084	-
- A1/QMU Junction	G	1,000	3,101	1,290	(1,811)	3,101	-	3,101	-
Brunton Hall - Improved Community Access	G	-	23	-	(23)	23	-	23	-
Court Accommodation - incl. SPOC	G	1,506	1,506	12	(1,494)	519	(987)	800	(281)
New ways of working Programme	G	1,335	1,637	653	(984)	1,637	-	1,637	-
Prestonrange Museum	G	1,496	1,840	111	(1,729)	340	(1,500)	340	-
Property Renewals	G	2,000	2,000	1,356	(644)	2,000	-	2,000	-
Replacement Childrens House	G	867	867	-	(867)	-	(867)	-	-
Sports Centres	G	240	240	65	(175)	240	-	240	-
Whitecraig Community Centre	G	-	49	-	(49)	49	-	49	-
Total Property - Other		10,724	14,775	4,220	(10,555)	10,276	(4,500)	13,698	(3,422)
-									
Developer Contribution		-	-	-	-	-	-	-	-
Developer Contribution (Post completion)		(1,909)	(1,909)	-	1,909	(1,909)	-	(1,909)	-
Capital receipts		(31)	(31)	-	624	(624)	(594)	(938)	314
Other Funding Sources		(2,047)	(2,283)	-	2,283	(1,490)	793	(4,317)	2,827
Total Income: Property - Other		(3,987)	(4,223)	-	4,817	(4,024)	199	(7,165)	3,141
Property Other - General Capital Grant/Borrowing Requirement		6,737	10,553	4,220	(5,739)	6,252	(4,301)	6,533	(281)
Total Property Spend - Education and Other		66,221	74,389	11,503	(62,886)	29,489	(44,900)	33,889	(4,400)
Total Income: Property - Education and Other		(16,597)	(19,041)	-	19,634	(11,740)	7,300	(16,277)	4,537
Property-Education and Other - General Capital Grant/Borrowing Requirement		49,624	55,348	11,503	(43,251)	17,749	(37,600)	17,612	137
Capital Plan Fees	G	2,479	2,479	-	(2,479)	2,479	-	2,479	-
PPP Projects	G	-	-	-	-	497	497	497	-
Total Gross Expenditure		98,916	108,101	20,301	(87,800)	58,381	(49,721)	63,507	(5,126)
Other Funding Sources		-	-	-	-	(497)	(497)	(497)	-
Total Income:PPP Projects		-	-	-	-	(497)	(497)	(497)	-
Income									
Developer Contribution	G	(10,967)	(13,277)	-	(13,277)	(6,684)	6,593	(7,602)	918
Developer Contribution (Post completion)	G	(2,336)	(2,336)	-	2,336	(2,336)	-	(2,336)	-
1140 Grant Income	G	(2,708)	(2,907)	-	(2,907)	(1,361)	1,546	(1,841)	480
Town Centre Regeneration Grant	G	(500)	(1,520)	-	(1,520)	(1,095)	425	(1,345)	250
Capital receipts	G	(2,031)	(2,031)	-	(2,031)	(2,624)	(594)	(2,938)	314
Other Funding Sources	G	(8,517)	(9,212)	-	(9,212)	(9,246)	(33)	(12,106)	2,860
Scottish Government General Capital Grant		(5,626)	(5,626)	-	(5,626)	(4,524)	1,102	(4,524)	-
Total Income		(32,685)	(36,909)	-	(32,237)	(27,869)	9,040	(32,692)	4,823
Borrowing Requirement		66,232	71,192	20,301	(120,037)	30,511	(40,681)	30,815	(304)

Appendix 5

East Lothian Council

Budget Monitoring 2023/24 - Treasury

1 PRUDENTIAL INDICATORS	2022-23	2023-24	2023-24
	Actual £'000	Budget £'000	Q2 Projection £'000
1.1 Capital Expenditure			
General Services	87,955	98,916	58,673
HRA	40,349	33,964	43,096
TOTAL	128,304	132,880	101,769
1.2 Capital Financing Requirement (CFR) – General Services			
brought forward 1 April	257,927	309,114	295,377
carried forward 31 March	295,377	372,650	321,259
In year borrowing requirement	37,450	63,536	25,882
1.3 Capital Financing Requirement (CFR) - HRA			
brought forward 1 April	219,522	245,305	240,066
carried forward 31 March	240,066	265,974	265,989
In year borrowing requirement	20,544	20,669	25,923
1.4 Total CFR excluding PPP and leases			
General Services	295,377	372,650	321,259
HRA	240,066	265,974	265,989
TOTAL	535,443	638,624	587,248
1.5 Annual Change in CFR			
General Services	37,450	63,536	25,882
HRA	20,544	20,669	25,923
TOTAL	57,994	84,205	51,805
1.6 Ratio of financing costs to net revenue stream			
General Services	2.72%	4.37%	4.37%
HRA	30.10%	36.24%	33.90%
1.7 Impact of Capital Investment Decisions			
General Services – Debt per Band D equivalent	£4,943	£6,086	£5,246
HRA – Debt per dwelling	£26,254	£28,652	£28,653

2 TREASURY MANAGEMENT INDICATORS	2022-23	2023-24	2023-24
	Actual £'000	Budget £'000	Q2 Projection £'000
2.1 Authorised Limit for External Debt -			
Borrowing at 31 March	601,000	680,000	628,000
Other long term liabilities (PPP and Leases)	33,000	31,000	31,000
Total	634,000	711,000	659,000
2.2 Operational Boundary for External Debt -			
Borrowing at 31 March	535,442	638,623	587,247
Other long term liabilities (PPP and Leases)	32,214	30,686	30,687
Total	567,656	669,309	617,934
2.3 Actual External Debt			
Borrowing at 31 March	441,503	573,341	490,413
Other long term liabilities (PPP and Leases)	32,214	30,687	30,687
Total	473,717	604,028	521,100

3 LOANS FUND	2022-23	2023-24	2023-24
	Actual £'000	Budget £'000	Q2 Projection £'000
3.1 General Services			
Opening balance	257,927	309,114	295,376
Add advances	37,776	65,957	30,236
Less repayments	(326)	(2,420)	(4,353)
Closing balance	295,376	372,650	321,259
3.2 HRA			
Opening balance	219,522	245,305	240,065
Add advances	25,366	26,068	31,306
Less repayments	(4,822)	(5,399)	(5,382)
Closing balance	240,065	265,973	265,989
3.3 Total			
Opening balance	477,448	554,418	535,442
Add advances	63,142	92,024	61,542
Less repayments	(5,148)	(7,819)	(9,735)
Closing balance	535,442	638,624	587,249

Appendix 6
 East Lothian Council
 Budget Monitoring HRA 2023/24 - Period Six

	2023/24 Budget £'000	2023/24 Actual to Date £'000	2023/24 Budget to Date £'000	2023/24 Budget Variance to Date £'000
Total Income	-37,482	-18,623	-18,741	118
Total Expenditure	36,233	10,202	9,950	252
(Surplus) / Deficit for Year	-1,249	-8,421	-8,791	370

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

Appendix 7

East Lothian Council

Budget Monitoring HRA Capital 2023/24 - Period Six

	2023/24 Budget	2023/24 Actual to Date	2023/24 Budget to Date	2023/24 Budget Variance to Date
	£'000	£'000	£'000	£'000
Modernisation	10,709	3,124	5,355	-2,231
Energy Efficiency Fund	2,500	328	1,250	-922
New Council Housing	19,037	14,275	9,519	4,756
Fees	1,438	0	0	0
Mortgage to Rent	280	230	0	230
TOTAL	33,964	17,957	16,124	1,833

Funded By:

	2023/24 Budget	2023/24 Actual to Date	2023/24 Budget to Date	2023/24 Budget Variance to Date
	£'000	£'000	£'000	£'000
Grants	-6,500	-7,553	-3,250	-4,303
Grants MTR	-196	-166	0	-166
CFCR	-1,200	-1,200	-1,200	0
Borrowing	-26,068	-9,038	-11,674	2,636
TOTAL	-33,964	-17,957	-16,124	-1,833