

**REPORT TO:** East Lothian Council

**MEETING DATE:** 27 February 2024

**BY:** Chief Executive

**SUBJECT:** East Lothian Council's 2023 'State of the Council' and Annual Performance Report

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## **1 PURPOSE**

- 1.1 To provide Council with the 2023 'State of the Council' and Annual Performance Report, and to seek approval for new Council Plan priorities and to sign up to the East Lothian community Wealth Building Charter.

## **2 RECOMMENDATIONS**

Council is asked to:

- 2.1 Approve the 2023 'State of the Council' and Annual Performance Report (Appendix 1)
- 2.2 Approve the proposal to re-prioritise the Council Plan (as set out in paragraphs 3.10–3.14)
- 2.3 Note that a further report recommending a new Council Plan Action Plan based on the new priorities and Council Budget will be presented to June Council
- 2.4 Agree that the Council signs up to, and adopts, the Community Wealth Building Charter (Appendix 2).

## **3 BACKGROUND**

- 3.1 The 2021 'State of the Council' and Annual Performance Report, presented to Council in December 2021 was the last such report. There was no 2022 report as this was a transition year from the previous Council Plan and the new 2022-2027 Council Plan that was adopted in August 2022. The 2023 report was scheduled to be presented to Council in December 2023, but the report has had to be pushed back to February

2024 as the drafts of the Best Value Leadership Audit report and Auditors' 2023/23 Annual Audit Report, which inform the 'State of the Council' report, were not available until mid-December 2024.

- 3.2 As in previous years the 'State of the Council' and Annual Performance Report, will be based largely on reports that have already been considered by the Council, the Audit & Governance Committee and the Policy Performance and Review Committee. It is in three parts:

**Part 1: Introduction** – setting out the purpose and format of the report.

**Part 2: The State of the Council 2023** – providing a general overview of the 'State of the Council' including, an overview of the Council vision, objectives and priorities and how the Council is endeavouring to deliver Best Value and Good Governance, using the findings of the Best Value Leadership Audit. It includes a brief summary of how the Council managed its finances in 2022/23 financial year based on the annual accounts and auditors Annual Audit Report.

**Part 3: The 2022/23 Annual Performance Report** – shows how the Council is performing partly based on the 'Top 50' and 'Top 10' performance indicators that have been established to show the progress the council is making to deliver the Council Plan.

**Part 4: Council Plan Action Plan** – summarising progress that has been made across the 67 actions in the Council Plan Action Plan.

### **Council Plan Re-prioritisation**

- 3.3 Since the adoption of the Council Plan in August 2022 the context and key factors that influenced its objectives and priorities have changed.
- 3.4 The Council Plan was adopted whilst the country was still in the throes of the COVID-19 pandemic. Consequently, one of the three over-arching objectives set out in the Plan was Recovery and Renewal from COVID-19. This was based on the Recovery and Renewal Plan adopted by the Council in October 2021. However, in June 2023 the Council agreed to close the Plan as 'Recovery and Renewal' from the pandemic has become 'business as usual' with 'building back better' now embedded with the Council Plan and other key strategies such as the new Local Housing Strategy and the new Economic Strategy and all service plans.
- 3.5 Other factors that influenced the Council Plan also need to be reviewed. The long-term economic impacts of the pandemic and the steep rise in inflation and cost of living in 2023 are having significant impacts on the Council (e.g. wage inflation and rise in costs of procuring services and capital projects) as well as our citizens, with increasing levels of poverty and financial hardship.
- 3.6 The significance of population growth and demographic changes, key issues influencing the 2022-2027 Council Plan has been starkly highlighted by the results of the 2022 Census. East Lothian's population has grown at a faster rate than had been estimated by the National

Records of Scotland. East Lothian's population increased from 90,088 in 2001 to 99,717 in 2011 (10.7%) and then to 112,300 in 2022 (12.6%). East Lothian has had by far the biggest rise in population of any local authority area in Scotland from 2001 to 2022 – 24.6%. Given the rate of new housebuilding and inward migration of families with children East Lothian's population could reach 120,000 by 2028 – over 6,000 more than the last projection made by National Records of Scotland.

- 3.7 The sustained, long-term and continuing growth of East Lothian's population is having unavoidable consequences on the Council's finances. The Council's budgets now include significant sums for building new schools and school extensions and the revenue costs of the growth in the school estate and education provision. Other Council services, including Adult Social Care, Children's Services and Waste Services, also need additional funding to deal with the growth in population and households.
- 3.8 The twin factors of rises in inflation and population, along with inadequate funding from central governments (not keeping pace with cost inflation and population growth) have contributed to the worsening financial outlook for the council. This has been set out in some detail in the Financial and Capital Strategies 2024-2029 report (Council, 12 December 2023), and Budget Development 2024-25 Onwards report (Cabinet, 30 January 2024). The Council's budget funding gap most recently estimated to be almost £60m over the five years, 2024/25–2028/29, necessitates increasingly difficult choices about the level and quality of service that can be provided by the Council. This level of funding gap means that it may not be possible to deliver all that is set out in the Council Plan.
- 3.9 Whilst the Council Plan Vision and Growing our Economy, People, Communities and Capacity objectives remain the Council's long-term aspirations the financial situation and continuing growth in demand for services mean that new short-term priorities need to be established. As was highlighted in the Budget Development 2024-25 Onwards report; *"it is now a critical necessity to review what the Council is able to deliver by using our limited resources to support key priorities.....There remains a need for immediate and urgent focus to prioritise the decisions and discussions to support developing sustainable financial plans and financial resilience."*
- 3.10 In order to respond to the new challenges and the limited resources it has the Council will need to focus on delivering a smaller number of priorities than are currently set out in the Council Plan. The Council will need to ensure its financial sustainability through the delivery of approved savings and transforming the way we deliver services; whilst targeting resources on statutory services and focussing on the highest risks and those most in need; and delivering key infrastructure, economic development and environmentally sustainable projects within available council resources and maximising external funding.

3.11 This translates into three interlinked, complementary priorities which are aligned to the Council Plan's overarching and long-term thematic objectives.

3.12 ***Ensure the financial sustainability of the Council through the delivery of approved savings and transforming the way we deliver services.***

This clearly contributes to the long-term objective: *Grow our Capacity: deliver excellent services as effectively and efficiently as possible within our limited resources.* It means setting a sustainable balanced budget over the next five years and prioritising the delivery of transformation projects that deliver savings and transform the way we deliver services, including digital by default, the redesign of services to generate efficiencies and making the best use of our assets.

3.13 ***Target resources on statutory services and focus on the highest risks and those most in need***

This sits under the long-term objective: *Grow our People: give our children the best start in life and protect vulnerable and older people.* It means prioritising funding and staff resources to deliver statutory services such as education and social care, over non-statutory services, whilst targeting resources to meet the needs of the most vulnerable in our communities. This will also contribute to the Council's overarching objective to: *Reduce Poverty and Inequality* and the Council Plan action to: *Target services and resources, led by data and evidence, to those people and areas most in need.*

3.14 ***Deliver key infrastructure, economic development and environmentally sustainable projects within available Council resources and maximising external funding***

This contributes to the long-term objectives: *Grow our Economy and Grow our Communities.* It means maximising funding from Scottish and UK Government funding streams such as the City Region Deal and Levelling Up funds, to deliver projects such as the QMU Innovation Hub, flood protection schemes, active travel routes, and the development of the former Cockenzie Power Station site that are critical to supporting the sustainable future of East Lothian and responding to the climate emergency.

### **Council Plan Action Plan**

3.15 The Council Plan Action Plan contains 67 specific actions. The 'State of the Council' report provides an update on progress with these actions. The Plan is a four-year plan (2022-2027), so the majority of actions are set to be ongoing over the four years or are scheduled to be completed alongside strategic plans such as the 2021-2023 Poverty Plan or the Climate Change Strategy which runs until 2025. Therefore, whilst a small number of actions have been completed or are still to be started the large majority are in progress/ ongoing. However, as is outlined above, given the financial situation and other pressures the Council will need to focus on

delivering a smaller number of priorities than are currently set out in the Council Plan.

- 3.16 Therefore, Heads of Service and Service Managers will be reviewing the Council Plan actions under the lens of the three new priorities set out above and the Council's approved budget. A further report recommending a new Action Plan based on the new priorities and Council Budget will be presented to June Council.

### **Community Wealth Building**

- 3.17 One of the actions in the Council Plan action plan is to *'support Community Wealth Building through an approach to procurement prioritising local jobs and promoting diversity'*. Community Wealth Building (CWB) *"is an internationally recognised model of economic development designed to tackle long standing systemic challenges facing local, regional and national economies by considering the ways in which wealth is generated, circulated and distributed.*
- 3.18 [CWB is based around] *a defined five pillar model of deliberate and practical action that seeks to direct and retain more wealth in communities by creating new fair work opportunities; helping local businesses and inclusive business models to expand; and placing more assets in the hands of local people and communities, ensuring that our collective wealth works better for people, place and planet."*<sup>1</sup>
- 3.19 Essentially, a CWB approach to economic development seeks to harness more effectively existing wealth and income generation in the local area for the benefit of local residents, the local economy and in addressing social and environmental challenges. Local authorities and other public commercial and third sector organisations with substantial spending power and a significant presence and stake in the local community are termed Anchor Institutions. These Anchor Institutions should work together through a coherent CWB strategy to maximise the impact of their investments, spending power and employment practices to seek fairer, greener and more resilient local economies.
- 3.20 CWB is being embedded as a 'Golden thread' throughout the objectives, projects and actions of the new East Lothian Local Economic Strategy. The Capital City Partnership has already committed to a CWB approach and embedding CWB into Edinburgh and South East Scotland City Region Deal projects and programmes. NHS Lothian has declared itself to be a CWB Anchor Institution embedding a CWB approach within its new strategy.
- 3.21 The East Lothian Partnership has been leading on the development of an East Lothian approach to Community Wealth Building. A partnership working group was established to take forward this work supported by Stantec. The Partnership Governance Group recently agreed to adopt a

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<sup>1</sup> 'Implementing Community Wealth Building: A Guide' Economic Development Association Scotland and CLES

Community Wealth Building Charter setting out a CWB mission statement and commitment to delivering CWB through the objectives and pledges based around six pillars (Appendix 2).

- 3.22 The East Lothian Partnership Governance Group has approved an East Lothian Community Wealth Building Charter. It is asking all Anchor Institutions in East Lothian, including East Lothian Council to sign up to the Charter.
- 3.23 An Action Plan to take forward CWB as a key East Lothian Partnership initiative building on existing good practice, such as the Council's Procurement Strategy and commitments to fair employment, and addressing areas that require further development has been adopted by the Partnership.

#### **4 POLICY IMPLICATIONS**

- 4.1 The reporting of performance is essential if the Council is to demonstrate continuous improvement and Best Value. Reporting performance also helps the Council to display openness, transparency and accountability. The development of new Council Plan priorities will contribute to the Council developing sustainable financial plans and resilience.

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

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy. However, any policy or service implications of the new priorities recommended by this report and the Community Wealth Building Charter and Action Plan will be subject to Integrated Impact Assessments.

#### **6 RESOURCE IMPLICATIONS**

- 6.1 Financial – none.
- 6.2 Personnel – none.
- 6.3 Other – none.

#### **7 BACKGROUND PAPERS**

- 7.1 Appendix 1: 2023 'State of the Council' and Annual Performance Report
- 7.2 Appendix 2: East Lothian Community Wealth Building Charter
- 7.3 2022-2027 Council Plan: East Lothian Council 23<sup>rd</sup> August 2022

- 7.4 Recovery and Renewal Plan Final Update: Members Library Service report 68/23
- 7.5 Financial and Capital Strategies 2024-2029: East Lothian Council, 12<sup>th</sup> December 2023
- 7.6 Budget Development 2024-2025 Onwards: Cabinet, 23<sup>rd</sup> January 2024

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# HOW GOOD IS YOUR COUNCIL?



2023 Annual Performance  
& State of the Council Report

January 2024



# 2023 Annual Performance and 'State of the Council' Report

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# 1. Introduction

This is the third 'State of the Council' Report, following publication of the first report in October 2019 and the second report in December 2021. There was no report in 2020 due to the COVID pandemic and no report in 2022 as the new 2022-2027 Council Plan had only been adopted in August of that year. The three years, 2020, 2021 and 2022 were dominated by the Coronavirus/ COVID-19 global pandemic which represented the biggest challenge our society has faced for many generations and created unprecedented challenges for the council. The past year, 2023, was dominated by a 'cost of living crisis' caused by levels of inflation not seen for over three decades. So this report covers the period from when the Council Plan was adopted (August 2022) through to the end of 2023. It includes a summary of the Council's Annual Performance for the 2022/23 year with later updates for indicators where available.

After this brief introduction, **Part 2** provides a review of the 'State of the Council' in 2023. It begins with an overview of the Council vision, objectives and priorities and then outlines how the Council is endeavouring to deliver Best Value and Good Governance. The final section of Part 2 provides a brief summary of how the council managed its finances in the 2022/23 financial year.

**Part 3** is the 2022/23 Annual Performance Report, which shows how the council is performing based on the 'Top 50' key, strategic performance indicators that have been established to show the progress the council is making to deliver the Council Plan.

**Part 4** provides a review and summary of progress the Council has made in achieving the actions set out on the Council Plan Action Plan.

Since the adoption of the Council Plan in August 2022 the context and key factors that influenced its objectives and priorities have changed. The Council Plan was adopted whilst the country was still in the throes of the COVID-19 pandemic. Consequently, one of the three over-arching objectives set out in the Plan was Recovery and Renewal from COVID. This was based on the Recovery and Renewal Plan adopted by the Council in October 2021. However, in June 2023 the Council agreed to close the Plan as 'Recovery and Renewal' from the pandemic has become 'business as usual' with 'building back better' now embedded within the Council Plan and other key strategies and service plans.

Other factors that influenced the Council Plan also need to be reviewed to take account of the impact of the pandemic and the financial situation facing the Council. The long-term economic impacts of the pandemic and the steep rise in inflation and cost of living in 2023 are having significant impacts on the Council (wage inflation and rise in costs of procuring services and capital projects) as well as our citizens, with increasing levels of poverty and financial hardship.

The significance of population growth and demographic changes, key issues influencing the 2022-2027 Council Plan has been starkly highlighted by the results of the 2022 Census. East Lothian has had by far the biggest rise in population of any local authority area in Scotland from 2001 to 2022 – 24.6%. East Lothian’s population increased from 90,088 in 2001 to 99,717 in 2011 and then to 112,300 in 2022. Given the rate of new housebuilding and inward migration of families with children East Lothian’s population could reach 120,000 by 2028 – over 6,000 more than the 113,400 projection made by National Records of Scotland.

The sustained, long-term and continuing growth of East Lothian’s population is having unavoidable consequences on the Council’s finances. The Council’s budgets now include significant sums for building new schools and school extensions and the revenue costs of the growth in the school estate and education provision. Other council services including Adult Social Care, Children’s Services and Waste Services also need additional funding to deal with the growth in population and households.

The rises in inflation and population have contributed to the worsening financial outlook for the council. This has been set out in some detail in the Financial and Capital Strategies 2024-2029 report (Council, 12<sup>th</sup> December 2023), and Budget Development 2024-25 Onwards report (Cabinet, 30<sup>th</sup> January 2024). The Council’s budget funding gap over the next five years, necessitates increasingly difficult choices about the level and quality of service that can be provided by the council. This level of funding gap means that it may not be possible to deliver all that is set out in the Council Plan. As was highlighted in the Budget Development 2024-25 Onwards report; *“it is now a critical necessity to review what the Council is able to deliver by using our limited resources to support key priorities.....There remains a need for immediate and urgent focus to prioritise the decisions and discussions to support developing sustainable financial plans and financial resilience.”*

In order to respond to the new challenges and the limited resources it has the Council will need to focus on delivering a smaller number of priorities than are currently set out in the Council Plan. The Council will need to ensure its financial sustainability through the delivery of approved savings and transforming the way we deliver services; whilst targeting resources on statutory services and focussing on the highest risks and those most in need; and delivering key infrastructure, economic development and environmentally sustainable projects within available council resources and maximising external funding.

## 2. The 'State of the Council' 2023

### Vision, Objectives and Priorities

The Council's objectives and priorities were established in the [2022-2027 Council Plan](#).

The Plan is based around the vision of '***an even more prosperous, safe and sustainable East Lothian with a dynamic and thriving economy that will enable our people and communities to flourish.***' The Plan sets out how the council will strive to achieve this vision with three overarching objectives;

- ***Recovery and Renewal*** – recovering from the COVID pandemic by investing in regeneration and a sustainable future.
- ***Reduce Poverty and Inequality*** – supporting our communities to deal with the growing levels of poverty and inequality.
- ***Respond to the Climate Emergency*** – meeting our net zero climate change targets.

And four thematic objectives:

- ***Growing our Economy*** – to increase sustainable and inclusive economic growth as the basis for a more prosperous East Lothian.
- ***Growing our People*** – to give our children the best start in life and protect vulnerable adults and older people.
- ***Growing our Communities*** – to give people a real say in the decisions that matter most and provide communities with the housing, transport links, community facilities and environment that will allow them to flourish.
- ***Growing our Capacity*** – to deliver excellent services as effectively and efficiently as possible within our limited resources.

Alongside the [2022-2027 Council Plan](#), the council has adopted strategic plans that are aligned to the Council Plan objectives, including:

- a 5-year Financial Strategy
- a 5-year Capital Programme that sets out the basis for future investment in infrastructure
- the new Local Economic Strategy to drive sustainable economic growth
- the Local Housing Strategy that will deliver a substantial increase in new affordable housing over the next ten years
- the Local Transport Strategy that aims to create the transport infrastructure required to meet the needs of our growing population as sustainably as possible
- the delivery plan to provide 1140 hours of early learning and childcare for 3 and 4 year olds and vulnerable 2 year olds
- the Education Improvement Plan that aims to drive up school exam results of all pupils
- the Integration Joint Board's Strategic Plan that plans the delivery of the vital services required to meet the ever growing demand for care services for elderly people and the most vulnerable in our society.

The Council Plan contains 67 specific action that will support the delivery of these objectives. Part 4 of this report provides a review and summary of progress the Council has made in achieving these actions.

## **Delivering Best Value and Good Governance**

In preparing the 2023 'State of the Council' report consideration has been given to the results of, and recommendations made in, external and internal evaluations on governance, leadership and strategic policy and practice that were carried out in 2023 by external auditors and the Council Management Team:

- Best Value Leadership Audit (draft presented to Audit & Governance Committee, 19<sup>th</sup> December 2023)
- 2023 Corporate Governance Self-evaluation (presented to Audit & Governance Committee, 13<sup>th</sup> June 2023)

## Best Value Audit Leadership Audit

Audit Scotland undertook a thematic Best Value Audit of Leadership in all 32 Scottish local authorities. The reviews were carried out as part of the Annual Audit of accounts undertaken by external auditors. In carrying out the work auditors considered the following questions:

- How clear is the new council vision and its priorities?
- How effectively have the views of citizens and communities been reflected in the priorities and decisions taken by the council?
- How effectively do the council priorities reflect the need to reduce inequalities and climate change?
- How good are the delivery plans and is there alignment of financial, workforce, asset and digital plans with the council's priorities?
- Overall, how effective has the leadership been (political and officer) in setting clear priorities and a sustainable approach to delivering them?

The key messages and findings of the East Lothian Council's Best Value Leadership Audit were:

- 1** The council has set clear priorities but recognises that decisions need to be made urgently to ensure a sustainable approach to delivering those priorities.
- 2** The council's leadership have been effective in setting out a clear vision and priorities in the Council Plan 2022-27.
- 3** The council faces unprecedented financial challenges which is likely to require difficult decision making around priority services. The council recognises the need to engage with members and the wider public to ensure that decisions are driven by the needs and priorities of the people of East Lothian. This is reflected through cross party budget working group and acknowledged in the latest financial strategy and plans.

- 4 Community engagement and working with local communities is a key element of the council's vision. The council drew on existing community engagement when developing its vision and priorities rather than consulting separately on its Council Plan.
- 5 The council priorities clearly reflect the need to reduce inequalities and climate change. It is too early to assess if the strategic plans will successfully deliver these objectives.
- 6 The council has set out its Top 50 performance indicators to monitor delivery of its priorities. Not all performance indicators have specific targets set. It is important the council is clear on the level of performance outcomes it aims to achieve. It is important that the indicators monitored continue to reflect strategic priority areas and risks.
- 7 The council is a complex organisation and has a range of plans and strategies which underpin the Council Plan. Its financial, workforce, asset and digital plans are aligned with the council's priorities, but the council is revisiting its delivery plans to address the increasing financial challenges it faces.
- 8 There is evidence of collaborative working between members and with members and officers. However, this is an area for improvement. It is essential for members to work together to make strategic decisions when the council faces increasingly hard choices to ensure financially sustainable service delivery.
- 9 The council has a clear commitment to leadership development to empower officers to make informed decisions.

The audit concluded with three recommendations:

- Performance monitoring targets: The council has not set targets for all of its Top 50 performance indicators (or for all of the performance measures in its delivery plans). This makes it difficult to assess whether the council is on track to deliver its strategic priorities. The council should be clear on the level of performance outcomes it aims to achieve against its priorities. It should also be clear on acceptable reductions in performance in non-priority areas as resources are aligned to priorities.

Council response: This recommendation has been included in the 2024 Council Improvement Plan. A number of the indicators were new this year and take time for the council to embed and set realistic, measurable targets. The Council aim

to have these in place for the Top 50 performance indicators by December 2023. The Service Manager Policy, Performance and Organisational Development will work with Services to have the remainder in place by June 2024.

- Financial planning to address increasing challenges: The council faces uncertainty over future funding and increasing financial pressures. Radical solutions are needed to deliver sustainable services and robust long term financial planning is needed to support strategic decision making. The council should develop its longer-term financial planning including scenario planning using a range of assumptions to identify service delivery options as future funding remains uncertain.

Council response: This recommendation has been taken on board with the report on longer-term financial planning included in the 2024-2029 Financial Strategy. Officers will keep this 'live' during the year and give further consideration to extending this beyond the 5-year period.

- Investment needed to deliver sustainable services: The council has identified the need to invest in digital technology to drive transformation. There are many council systems which are older and identified as due for replacement but the resources to fund this are not available. Difficult decisions are needed to prioritise where investment will have the greatest benefit. The council should review and prioritise the investment needed to support sustainable service delivery into the future. Investment in new technologies needs to be well managed and requires well planned investment as pressures to cut costs could lead to failure and increased costs in the longer term.

Council response: This recommendation has been included in the 2024 Council Improvement Plan. A review of current Transformational Priorities is on-going and includes Digital pipeline and prioritisation work. The Council has agreed an updated Reserves strategy which includes Digital support as a key enabler to support transformational change. The Digital Strategy Board is chaired by the Executive Director for Council Resources and will consider and prioritise critical digital investment and future plans. A digital pipeline prioritisation project remains on-going and will be determined through Digital Transformation Board IT



## Corporate Governance Self Evaluation

The Council adopted the principles of Corporate Governance based on the CIPFA / SOLACE guidance in 2010. This was amended in line with the new 'delivering good governance' framework published by CIPFA / SOLACE in 2016. The framework defines seven principles that should underpin the governance of local authorities.

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimize the achievement of the intended outcomes
- Developing the council's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

These seven principles are supported by 21 sub-principles each of which has a set of behaviours and actions against which good governance in practice can be assessed.

A self-evaluation exercise was undertaken by the Council Management Team in Spring 2023, testing the council's governance arrangements against the Good Governance Framework. The self-evaluation has drawn on extensive evidence from council policies and practices and also from the Best Value Assurance audit undertaken by Audit Scotland in 2018 which is still relevant. Assurance is also provided by the external auditors' reviews of internal controls in financial systems and audits which have not identified any significant governance or control weaknesses.

The 2023 Corporate Governance self-evaluation found that the council continues to comply well with the principles of the framework. Most sub-principles were scored as 5 (Very Good – major strengths) and the remainder as 4 (Good – important strengths with areas for improvement). However, Council Management Team identified four improvement actions which have been included as actions in the 2024 Council Improvement plan:

- Given the scale of the financial challenges it faces the council needs to be open and clear with communities and staff about the recurring savings that will be required to fill budget gaps, and how council resources will need to be targeted to achieve long-term policy and performance priorities, and the impact this will have on services and the priorities set out in the Council Plan.
- In light of the growing financial challenges faced by the council further work is required to make the link between how resources are targeted to achieve the Council's policy and performance priorities more explicit.
- Improve the levels of Annual PRDs that are completed.
- Ensure that Service Plans are updated in line with the revised Service Planning guidance.

## Delivering Sound Finance

The council's financial position is set out in the 2022/23 Annual Accounts and reports to council through the year including the Financial and Capital Strategies.

### Annual Accounts 2022/23

The Council's [Annual Accounts 2022/23](#) presented to Audit & Governance Committee, 19<sup>th</sup> December 2023 provide a detailed report on the Council's financial performance through the 2022/23 financial year and a statement of its financial position as at 31<sup>st</sup> March 2023.

The Accounts reported that the cost of taxpayer and tenant services provided by the Council in 2022/23 was net expenditure of £328.388 million (2021/22 £301.188 million), an increase of £27.200 million (+9%). This increase is related to a number of factors. This is largely attributed to service demand pressures and the emergence of increasing cost inflation, including pay awards, fuel and purchasing costs.

The net deficit on the provision of services, after applying funding to the cost of services, was £4.899 million (2021/22: net deficit of £24.707 million). An increase of £26.180 million (2021/22 increase of £8.348 million) in capital grants and contributions received partly offset the increases in the net cost of services.

The dominant aspect of the 2022/23 financial year affecting the Council relates to changes in the national and global economy. These have created significant inflationary pressures for East Lothian Council, as well as for the people and organisations of East Lothian. For East Lothian Council this contributed to recurring in-year expenditure pressures of some £12.537 million. Key areas of inflationary pressure relate to pay awards, utility costs, and general inflation relating to purchases of supplies and services. Capital projects have also faced cost increases. Cost control measures agreed at a East Lothian Council Annual Accounts 2022/23 Special Council Meeting (22 November 2022) included adherence to revenue and capital budgets, review of future spending plans and projects, reductions in heating use, and a review of Council property assets to optimise usage or determine disposal.

## 2022/23 Annual Audit report

The draft auditors' [2022/23 Annual Audit Report](#) (presented to Audit & Governance Committee, 19<sup>th</sup> December 2023) provides a significant level of assurance around the Council's governance arrangements and financial management. The main judgements in the report are:

### ***Financial management***

- The Council reported deficit on the provision of services of £16.154 million. The outturn position included planned use of reserves and the underlying overspend for the year was £5.986 million. The Council faces financial challenges through inflationary pressures on pay and non-pay costs, demand on services and supporting a growing population.
- The Council has appropriate budget setting and monitoring arrangement in place but continues to face significant challenges to identify and agree the required future savings to balance its budget.
- The Council should review the underlying reasons for reprofiling of the capital programmes to identify opportunities to improve the project management and budget setting procedures in place. Where the capital programme has been paused as a result of mitigation measures the Council should assess the affordability of delivering the current capital programme.

### ***Financial sustainability***

- The Council faces unprecedented financial challenges, many of which are external and demand factors aligned to a growing population. While the Council recognise the scale of the financial pressures further work is required to find comprehensive plans to address these and deliver a financially sustainable operating model. It is important for the Council to focus on financial resilience including key indicators and measures.
- The Council should continue to review the level of earmarked and uncommitted reserves to ensure these provide sufficient contingency and continue to support financial sustainability over the short, medium and long term.
- The Council recognises that to remain financially sustainable and resilient it faces difficult decisions around the services it provides in the future. The Council should continue to identify where it can progress transformational change in how services are delivered to address the longer-term financial pressures it faces.
- The Council needs to prioritise where it can invest in digital services to deliver savings in the longer term. The Council needs to strengthen their digital strategy, cyber security, business continuity management and associated policies to address prior year audit recommendations.

### ***Best Value***

- The Council's leadership have been effective in setting out a clear vision and priorities in the Council Plan 2022-27. The Council has set clear priorities but recognises that decisions need to be made urgently to ensure a sustainable approach to delivering those priorities.
- A Best Value Assurance Report on East Lothian Council was published in November 2018, containing nine improvement recommendations. The Council has made good progress in prioritising and implementing what they believe are the key improvement actions. The Council should set a clear timescale for implementing the remaining actions.

### ***Vison, Leadership and Governance***

- Governance arrangements are well established and are appropriate.
- The Council demonstrates its commitment to leadership development including ongoing investment in a leadership development programme. However, there are opportunities to enhance the effectiveness of these by reviewing the collaborative working between members and officers.

- Climate emergency is one of the overarching objectives within the Council Plan. It is too early to conclude whether the Council is on track to achieve its Net Zero ambition.

## Financial Strategy 2024-2029

The Council's Financial Strategy forms the platform for the Council's stewardship over taxpayer's funds. The strategy is refreshed each year to reflect any changes in the financial planning landscape and to ensure that the strategy remains appropriate. The most recent and current strategy was approved by Council in December 2023 covering the five year period 2024-2029 - [Financial and Capital Strategies 2024-29](#).

*The latest Financial Strategy "has been developed in the context of the most challenging financial environment this council has ever faced. As one of the fastest growing councils in Scotland, there are increasing demands for our services which have not been met through real terms funding increases, leading to us becoming the council with the third lowest level of per capita funding in Scotland. Like all public bodies, we have continued to see costs escalate as a result of high inflation and rising interest rates. The local authority sector continues to face significant uncertainty surrounding future funding settlements with economic instability and the prospect of a recession creating significant pressure on public finances. This is compounded by the wide range of concurrent risks including the turbulence within global economies and the cost of living crisis which are creating increasing pressure on council services."*

*The Strategy highlighted that "The scale of the challenge now facing the Council means that it will not be possible to close the budget gap through efficiencies alone, and it will now be necessary to think differently about how the Council interacts with and supports its residents, ensuring that scarce resources are directed to maximise impact and improve financial sustainability."*

*"Given the scale of the challenge the Council has committed to developing an approach which combines a range of options to close the gap between available funding and anticipated expenditure, including an enhanced programme of transformation, asset review, income generation, cost reduction and efficiency."*

### 3. 2023 Annual Performance Report

The council monitors how well it delivers its services using a range of performance indicators. These indicators are reported to elected members on a quarterly or annual basis. Where relevant, these indicators have targets that help to provide context and assessment of how well the council is performing. Comparisons with other areas in Scotland are also available for many indicators through the Improvement Service’s Local Government Benchmarking Framework. Accurate, high quality, timely and comprehensive performance data is essential to the effectiveness of the Council’s Improvement to Excellence Framework. Performance data is generated for a range of purposes, which can be shown as a pyramid of indicators.



The council adopted a revised Continuous Improvement Framework ([Improvement to Excellence](#)) in May 2023. A key part of the framework is the adoption of a suite of Top 50 Council Plan Indicators as the key indicators that monitor progress in achieving the council’s strategic goals and key commitments. A sub-set of 10 of these indicators has been identified to show at a glance how the council is performing in achieving the Council Plan.

Previous Annual Performance Reports have included a summary of the results of that year’s Local Government Benchmarking Framework. However, at time of producing

this 2023 annual performance report the latest LGBF report available is the one published in February 2023 which covered the year 2021/22. The latest LGBF report for the year 2022/23 will not be published until late February 2024, after the publication of this report.

This Annual Performance Report provides an overview and summary of how the council performed in 2022/23 reviewing the Top 50 and Annual indicators.

The Top 50 Council Plan Indicators have different reporting timeframes and many rely on national data which are not yet available. In addition, five indicators rely on the results of the residents' survey carried out by the council. The survey that was hoped would be carried out in 2023 has been delayed until 2024 so the latest survey results are from the survey carried out in spring 2021. Therefore, as at end January 2024 only 39 of the Top 50 indicators have up-to-date comparable data that will allow comparison to be made with previous year's results.

The analysis below is based on the report on [Top 50 and Annual Indicators](#) presented to the PPRC in June 2023 and the more recent [update](#) presented to Committee in December 2023.

Table 1 below provides a summary comparison of the 39 Top 50 indicators for which comparable data is available for 2022/23 and 2021/22. This shows that overall, 19 (49%) of these indicators improved in performance over the last year, eight (20.5%) maintained performance and 12 (31%) showed a decline in performance.

Table 2 provides a summary of whether indicators are on or above target (Green), just below of moving towards target (Amber) or below target (Red). Three quarters of the Top 50 indicators for which up-to-date data and targets are available are either Green or Amber whilst a quarter are Red.

**Table 1: Top 50 Council Plan Indicators: comparison of 2022/23 performance; overall and by theme**

Number and proportion of Top 50 indicators where:		
Performance has improved	Performance has remained unchanged	Performance has declined
<b>Reducing Poverty (3 from 3)</b>		
1	0	2
<b>Respond to Climate Change (2 from 3)</b>		
2	0	0
<b>Growing our Economy (7 from 9)</b>		
4	1	2
<b>Growing our People: Reducing the Attainment Gap (2 from 5)</b>		
1	0	1
<b>Growing our People: Children (4 from 5)</b>		
3	1	0
<b>Growing our People: Adults (6 from 8)</b>		
3	1	2
<b>Growing our Communities (8 from 10)</b>		
2	3	3
<b>Growing our Capacity (7 from 7)</b>		
3	2	2
<b>Overall (39 from 50)</b>		
19	8	12
49%	20.5%	31%



**Table 2: Top 50 Council Plan Indicators: Red, Amber, Green status**

Number and proportion of Top 50 indicators where:		
Green on or above target	Amber just below or moving towards target	Red below target
<b>Overall (40 from 50)</b>		
<b>17</b>	<b>12</b>	<b>10</b>
<b>44%</b>	<b>31%</b>	<b>26%</b>

We have up-to-date data for nine of the Top 10 Council Plan indicators. As is shown in Table 3 below, the performance of only one of the nine Top 10 indicators declined and was shown at below target, whilst over half of the indicators improved (56%) or were shown as being on or above target (67%).

**Table 3: Top 10 Council Plan Indicators**

Number and proportion of Top 10 indicators where (reporting 9 of the 10)		
Performance Improved	Performance is unchanged	Performance declined
<b>5 (56%)</b>	<b>3 (33%)</b>	<b>1 (11%)</b>
<b>Green on or above target</b>	<b>Amber just below or moving towards target</b>	<b>Red below target</b>
<b>6 (67%)</b>	<b>2 (22%)</b>	<b>1 (11%)</b>

The one Top 10 indicator which declined and is below target is the indicator of child poverty – *% of children living in households with less than 60% of average income after housing costs*. The data for this indicator comes from End Child Poverty and has a two year lag. So the latest data available is for 2021/22 which is compared to the previous year, 2020/21. This shows that child poverty

in East Lothian increased from 18.8% to 21.1% but is below the Scottish average which increased from 21% to 24%. The increase in child poverty in 2021/22 can be tracked to the impact of COVID and the failure of Universal Credit benefits to keep pace with the cost of living.

Eight Top 10 indicators showed improvement or maintained performance in 2022/23.

- The count of the Council's annual carbon emissions fell from 15,635 tonnes Co2 to 13,990 tonnes and is progressing towards the target of net zero emissions by 2045 at the latest
- The proportion of people of working age (16-64) in employment in East Lothian remained at 62% just above the target of 60%
- The business base – number of businesses in East Lothian – a key indicator of economic activity, has rise to 3,800 at the latest count which is above the target set in the last Economic Strategy of 3,300
- There were no re-registrations of children on the child protection register within 24 months so the percentage fell from 13% to 0
- The percentage of people aged 65 or over with long-term care needs receiving personal care at home fell slightly to around 56% and was only just below the target of 57%
- The number of affordable house completions and Open Market acquisitions increased from 126 to 196 and meant that the five- year target set in the Local housing Strategy had been reached
- The percentage of total household waste that is recycled fell slightly 53.9% to 53.1% but remained well above the Scottish average of 43.3%
- The number of on-line form transactions increased from 32,751 to 41,644.

Other Top 50 indicators that are of particular interest include:

### ***Reduce unemployment***

During the COVID-19 pandemic unemployment (the % of working age population seeking work) had reached a high of 5.4% in March 2021. It had fallen to 3.5% by October 2021 and continued to fall during 2022 so that by March 2023 it was at 2.5%, slightly than 2.6% at the start of the pandemic in March 2020. East Lothian's unemployment rate in March 2023 was 0.8% lower than the

Scottish average (3.3%). However, it should be noted that unemployment across Scotland and in East Lothian increased slightly through 2023.

### ***Improve employability***

The number of people participating in East Lothian Works employability programmes increased from 467 in 2021/22 to 723 in 2022/23. However, this increase in participants and the fall in unemployment/ job vacancies contributed to the percentage progressing into employment falling from 43% to 30%, though this was higher than the 21.2% in 2020/21 and above the target of 20%.

### ***Town Centre vacancy rates***

This measure of town centre vitality fell from 8% in 2021/22 to 9% in 2022/23 and remained below the 5% target. This could be due to the long-term impact of COVID and on-line shopping changing consumer shopping habits as to the actual viability of town centres.

### ***Reducing poverty related attainment gap***

Only two of the five indicators used to track progress in reducing the poverty related attainment gap were available for the 2023 exams at the time of producing this report. Both these indicators showed improvement on the 2022 results. The attainment gap between quintiles 1 and 5 for primary 1, 4 and 7 combined in literacy reduced from 30% to 23.2%, below the target of 27.6%; and in numeracy increased slightly from 22.1% to 23.6%, against a target of 24.2%.

### ***Participation rates/ positive destinations for school leavers***

The participation rate for 16-19 year olds increased from 93.2% to 96.1%, above the Scottish average of 94.2%. The percentage of young people receiving After Care who were in a positive destination increased slightly from 52% to 54% but was below the target of 60%.

### ***Older people staying cared for at home***

The number of days people aged 75+ spent in hospital when they were ready to be discharged (per 1,000 population) increased from 153 to 206 but remained below the target of 245 (average of the previous 3 years) and was well below the Scottish average of 919. Activity aimed at reducing the time people spend in hospital once medically fit to be discharged was a priority for the Health &

Social Care Partnership. This included the work of the Integrated Care allocation Team, delivery of a multi-disciplinary Daily Flow Huddle, and ongoing delivery and development of Intermediate Care services.

### ***Re-letting vacant housing properties***

The average number of days taken to re-let vacant houses 65.2 was almost the same as the previous year, 66.2 and remained well above the target of 42 days. Issues causing this below target performance included, staff vacancies in the council property maintenance team and contractors, as well as rises in costs.

### ***Connected Communities Activity & Volunteering***

The total number of volunteering hours volunteers engaged in Connected Communities activity also increased from 2,725 to 2,948. Volunteering involves a wide range of activities including Duke of Edinburgh award scheme, Area Partnership meetings and networks, management committees and youth provision.

### ***Staff engagement and attendance management***

The 2023 employee engagement survey that was carried out in March 2023, recorded an increase in the percentage of non-school based staff agreeing that the Council is a great place to work from 80.4% in 2021 to 83.8%. The average number of sickness absence days lost per employee, including teachers increased from 8.08 days in 2021/22 to 9.54 days 2022/23.

### ***Council Tax collection and rent arrears***

The percentage of income due from Council Tax received by the end of the financial year fell by only 0.1% between 2022 and 2023 from 97.7% to 97.6%. However, the gross rent arrears as at 31<sup>st</sup> March as a % of rent due for that year increased from 4.9% in 2022 to 5.8% in 2023.

## 4. Council Plan Action Plan

The Council Plan Action Plan contains 67 specific actions. It should be noted that the Plan is a four-year plan (2022-2027) so the majority of actions are set to be ongoing over the four years or are scheduled to be completed alongside strategic plans such as the 2021-2023 Poverty Plan or the Climate Change Strategy which runs until 2025. Therefore, whilst a small number of actions have been completed or are still to be started the large majority are in progress/ ongoing.

The following provides a summary of progress with some of the key actions in the Action Plan

### *Recovery and Renewal*

#### ***Action: Implement the Recovery and Renewal Plan's 36 actions***

Implementation of the Recovery and Renewal Plan which was adopted in October 2021 was monitored and reviewed by the East Lothian Partnership Governance Group with updates being provided at each Governance Group meeting in 2022 and 2023. A final report including available data on relevant performance indicators and a progress status update was presented to the Governance Group meeting, 28<sup>th</sup> June 2023. The report noted that all 36 actions in the Plan either had been completed or were ongoing. As we moved from the recovery phase to long term renewal the Governance Group agreed that the Recovery and Renewal Action Plan should be closed. The actions that are attributed to East Lothian Council have been incorporated within the 2022-2027 Council Plan. All ongoing actions that are attributed to the East Lothian Partnership or its strategic or supporting groups will be reviewed and incorporated in the revised East Lothian Plan which will be brought to the Governance Group in Spring 2024.

#### ***Action: Establish a circular economy framework for East Lothian and support Community Wealth Building through an approach to procurement prioritising local jobs and promoting diversity***

This is a major new development for the Council which will require a joint approach with key partners including NHS Lothian and other members of the East Lothian Partnership. A multi-agency working group was established by the East Lothian Partnership to develop a partnership approach to Community Wealth Building. This is being aligned to, and incorporated within, the Local Economic Strategy. The working group completed a diagnostic to assess the baseline position across the five pillars of Community

Wealth Building and has prepared a Charter and action plan that will be taken forward by the Council and partners. Further work may be required through the Climate Change strategy to develop the circular economy aspect of this action.

## ***Reduce Poverty and Inequality***

### ***Action: Implement the 49 actions detailed in the 2021-2023 East Lothian Poverty Plan***

The [review of the 2021-2023 East Lothian Poverty Plan](#) has been completed with an update on progress made on all 49 actions in the plan. Several actions have been completed and the majority are ongoing. Any actions that are not completed will be considered for inclusion in the 2024 Poverty Plan, which is under development and is due to come before Council in June 2024.

### ***Action: Implement the East Lothian Council 2021-2025 Equality Plan***

Reporting on progress with implementation of the Equality Plan is carried out through the biennial Equality Outcomes and Mainstreaming Progress report. The 2019-2021 & 2021-2023 Mainstreaming reports have been completed and lodged in the Members Library.

### ***Action: Target services and resources, led by data and evidence, to those people and areas most in need***

Services and resources, including Pupil Equity Fund, Children's Services, Benefits and the Scottish Welfare Fund, Financial Inclusion Service, Homelessness Service and Adult Care services are targeted at people and areas most in need.

## ***Respond to the Climate Emergency***

### ***Action: Implement the 2020-2025 Climate Strategy***

Progress with the Strategy which includes 170 actions under 29 priority areas and seven outcomes is reported through the annual [Public Sector Climate Change Report 2022/23](#).

### ***Action: Continue to expand the number of electric vehicles in the Council's fleet and to invest in East Lothian's electric vehicle charging points to ensure more than 200 are available by 2023***

There are 243 publicly accessible EV charging devices with 386 simultaneously usable connectors. Further progress with expansion of EV charging devices and development of options such as cargo bike schemes is dependent on adoption of electric vehicle strategy and, external funding. Expansion of the council fleet is being reviewed in-line with the capital fleet replacement programme.

## **Grow our Economy**

### ***Action: Renew the East Lothian Economic Development Strategy to 2030 and beyond and tie in with the revision of the Local Development Plan and the Regional Prosperity Framework***

The new Local Economic Strategy is due to go for approval to the 12<sup>th</sup> March 2024 Cabinet meeting.

### ***Action: Ensure that our strategic development sites including the Edinburgh Innovation Hub and the former Cockenzie power station site, attract and facilitate significant investment to deliver new employment opportunities for local people***

Site preparation works at the Cockenzie site were awarded £11.3M of UK Govt Levelling Up Funding. Consultants have been appointed to progress designs of site preparation works to allow for eventual economic redevelopment of the site. Work is expected to start on site in summer 2024. Separately work is progressing on a technical masterplan for Cockenzie site to identify how site can be developed for economic uses.

The contractor to deliver the Edinburgh Innovation Hub at QMU, funded through the City Region Deal has been appointed and site start began in January 2024. The timeline for completion is July 2025.

### ***Action: Improve the employability of East Lothian's workforce, promoting skills development and training in core sectors and supporting apprenticeship and modern apprenticeship opportunities***

During 2022/23 East Lothian Works (ELW) has supported:

- increase in the number of pupils participating in Foundation Apprenticeship;
- employer Recruitment Incentives for those with barriers continue to be offered. Paid Work Experience (PWE) for both adults and targeted parental groups;

- delivery of sector specific training in line with labour market intelligence, i.e. Skills for Work in Early Learning and Childcare in partnership with Edinburgh College; and
- opened a third round of Small Grants for employability partners to deliver services to those at various stages of the strategic skills pipeline.

### ***Grow our People – Give our children the best start in life***

***Action: Reduce the poverty related attainment gap, raise the attainment and achievement of our children and young people and help our children and young people achieve their potential.***

The Education Progress and Improvement Plan was approved by Education Committee in November 2023, which details plans for all key priorities. The new Raising Attainment Strategy has been out for consultation, updated and will go to Education Committee for approval in March 2024. It is based on our stretch aims, as per the Scottish Attainment Challenge expectations. Education priorities for Session 2024/25 are already under discussion and consultation, to be provided to Head Teachers by April 2024, in order to inform their improvement planning.

***Action: Invest over £136 million in our school estate, including new Primary Schools and extensions or upgrades to schools across the county to meet growing demand in line with the Learning Estate Strategy***

Delivered new primary in Letham Mains and Wallyford and the new Wallyford Learning Campus and have appointed contractors to build new primaries in WhiteCraig, Craighall and Blindwells. Progress with the investment in the school estate and infrastructure is reported to Council through the Quarterly financial reviews which take account of decisions on external funding such as the Learning Estate Investment Programme decision not to fund the new East Linton Primary School.

***Action: Ensure children’s rights are placed at the heart of everything we do and incorporate the United Nations Convention on the Rights of the Child into council policies and practices***

A well-established UNCRC working group is developing approaches to children’s rights across the Council; these includes having a Children’s Rights Champion in every service area.



**Action: Implement the recommendations of the Independent Care Review to shift policy, practice and culture to *#KeepThePromise* to care experienced infants, children, young people, adults and their families that every child grows up loved, safe and respected, able to realise their full potential**

The Children's Services redesign was underpinned by the principles of The Promise and it also informs all actions on the Children's Services business plan. The Promise is a key driver for all council business as we collectively seek to improve outcomes for children and young people in our communities. The Promise Lead Officer is currently compiling a report for The Promise Scotland about how East Lothian Council is meeting The Promise which can be shared more widely.

### **Grow our People - Improve the life chances of the most vulnerable in our society**

**Action: Continue to develop services and facilities to allow people to remain in their own home for as long as it is safe to do so**

East Lothian has one of the best delayed discharge records in Scotland. Progress is monitored through Care at Home change board and daily activity huddles. This has also involved working with our NHS partners to further develop the Hospital to Home and Hospital at Home services to get people home from hospital quickly and enable them to stay at home; implementation of software to improve allocation of care; targeted recruitment campaigns; improved retention of care workers in part due to improved working conditions.

**Action: Support the establishment of a Dementia Meeting Centre in Musselburgh and satellite bases across the county**  
Musselburgh Dementia Centre has been established. Further expansion of meeting centres will depend on availability of funding.

### **Grow our Communities**

**Action: Develop a place based approach to deliver services designed around our local communities, and devolve powers to local levels wherever possible**

Continued support for Area Partnerships and Community Councils through Connected Communities managers and funding. New Area Plans, which take a place based approach to determining priorities, are under development. The Council's Asset Review is taking a place based approach to assessing use of council and community facilities in each area. The Council fulfils its

commitment to 1% Participatory Budgeting through funding devolved to Area Partnerships and Community Councils and the use of Pupil Equity Funding (PEF) with involvement of Parent Councils.

***Action: Review the current Local Housing Strategy and complete the development and implementation of the new East Lothian Housing Strategy 2023-2028***

The 2023-2028 Local Housing Strategy was approved by Cabinet on 30<sup>th</sup> January 2024.

***Action: Continue to maximise funding and invest in homes to improve their energy efficiency to help reduce bills, prioritising the insulation and decarbonisation of all housing, helping to tackle fuel poverty as well as the climate crisis across all tenures.***

The Council secured £1.1 million of Scottish Government funding for 2023/24 to deliver energy efficiency measures in private homes within fuel poor areas including, Cavity Wall Insulation, External Wall Insulation and Solar PV. A funding application will be submitted to the Scottish Government for 2024/25 to continue to deliver this programme for private home owners.

***Action: Take actions that aim to meet out climate change targets to reduce car kilometres travelled and emissions from cars; and support the development and expansion of active travel routes***

Work progressing on consultation on and development of active sustainable networks, journey hubs including, including Musselburgh Active Toun proposal.

***Action: Work with communities and rail providers to encourage improvements in local services and facilities at stations and for improvements to the East Coast mainline services***

East Linton Rail Station opened. Further improvements and new stations would require substantial external funding

***Action: Prepare, consult on and then adopt Local Development Plan 2, taking account of any Local Place Plans that communities bring forward***

The Council is working towards getting the Evidence Report, which is the first stage of the Local Development Plan process, submitted to Scottish Government in Spring 2024, and aims to submit the proposed Plan to Scottish Government in autumn 2025; with the aim to adopt Local Development Plan 2 early in 2026.

## **Grow our Capacity**

### **Action: Implement the Council's Digital Strategy to enable maximise provision of digital services and digital engagement with customers**

A Digital Transformation Board has been established and meets every two months. Progress made on digital projects including:

- Social Care Case Management System and Environmental Protection and Planning Systems both moved to the Cloud.
- Replacement of existing Housing Management System underway; first modules scheduled to go live in Q2 2024.
- Online Customer Platform continues to expand (e.g. enhancement of waste services provision and introduction of charging scheme) and capabilities of the platform increased with the addition of MyBusAccount integration
- Planning underway for replacement of Finance system

### **Action: Implement the Council's Financial Strategy, ensuring the council continues taking a strategic prudent approach to financial planning, and maintains a rigorous approach to controlling expenditure through a balanced budget; and, keeps Council Tax as low as possible while protecting frontline services**

Progress with this action is being reported and monitored through the quarterly financial reviews and the Annual Accounts.

As was reported in the 2022/23 Annual Accounts and the Budget Overview Report (January 2024) the financial challenges and other pressures now facing the Council means that it will not be possible to close the budget gap through efficiencies alone. It will now be necessary to think differently about how the Council interacts with and supports its residents, ensuring that scarce resources are directed to maximise impact and improve financial sustainability. Therefore, the Council has committed to developing an approach which combines a range of options to close the budget gap, including an enhanced programme of transformation, asset review, income generation, cost reduction and efficiency.

## Appendix 2: East Lothian Community Wealth Building Charter

### East Lothian Community Wealth Building Charter

**Community Wealth Building** is a people-centred approach to local economic development. It redirects wealth back into the local economy, helps to address inequalities and puts control and benefits in the hands of local people.

Community Wealth Building uses the economic levers available to Anchor Institutions to develop resilient, inclusive local economies with more local spend and fair employment, as well as a larger and more diverse business base, ensuring that wealth is more locally owned and benefits local people.

**Anchor Institutions** are tied to a particular place by their mission, histories, physical assets and local relationships. They are organisations that have an important presence in a place, usually through a combination of being largescale employers, the largest purchasers of goods and services, controlling large areas of land and/or fixed assets in the locality.

Examples of Anchor Institutions include local authorities, NHS Boards, universities and colleges, large local businesses, the combined activities of the community and voluntary sector and housing associations.

#### Anchor Charter Mission Statement

To commit to long-term collaboration between East Lothian Anchor Institutions, supporting shared Community Wealth Building goals to improve collective wellbeing and create a strong, resilient and inclusive local and regional economy. This includes a commitment to the embedding of Community Wealth Building principles and reporting on progress to the East Lothian Partnership.

The Partnership will:

- work with, and encourage, wider local and regional Anchor Institutions in Community Wealth Building initiatives
- share highlights, success stories and promote best practice among Anchor Institutions and stakeholders
- monitor the implementation of the East Lothian Community Wealth Building Charter
- review policy and practice to deliver a more inclusive economy.

**We commit to this Anchor Charter to deliver Community Wealth Building in East Lothian through these Pillar Purposes, Objectives and Pledges**

<b>Pillar Purpose</b>	<b>Pillar Objective</b>	<b>Pledges</b>
<b>Procurement: We commit to using our spend to support a diverse local business base</b>		
Maximise economic, social and environmental benefit for the community through development of effective local supply chains comprising local SMEs, employee-owned businesses, social enterprises, cooperatives and other community owned enterprises.		Commit to undertaking supply chain and spend analysis and work towards increasing local spend where possible.
		Proactively engage with other Anchor Institutions to align procurement strategies and to identify and progress joint procurement opportunities, whilst supporting local businesses to bid and respond to these opportunities.
<b>Fair Employment: We commit to being a fair employer</b>		
Create fair and meaningful employment opportunities by paying the living wage, recruiting from and supporting people from priority groups into fair and sustainable employment, and building progression routes for workers.		Work towards becoming a Scottish Living Wage accredited employer.
		Seek to recruit locally and from priority groups where appropriate e.g. young people, people with long-term health problems, people experiencing poverty, people with caring responsibilities.
		Commit to providing secure, safe employment, addressing wage gaps (gender, racial or ethnic, age, disability) and developing strategies for in-work progression and wellbeing support for all.
		Follow the Fair Work Convention ensuring workers have an Effective Voice, Opportunity, Security, Fulfilment, and Respect.
<b>Land and Assets: We commit to the productive use of our land and assets to support local communities and enterprises</b>		
Support equitable land development and ownership models, including the		Undertake an asset review to identify opportunities for Community Wealth Building.

imaginative use of assets for community and wider social and economic use.	Proactively support communities who wish to use or develop underutilised assets.
<b>Plural Ownership: We commit to supporting plural ownership of the local economy</b>	
Advance inclusive economic ownership models such as local SMEs, employee owned businesses, social enterprises, cooperatives, community enterprises and mutually owned companies and thus enable more wealth generated locally to stay within the community.	Proactively engage with communities to co-produce local services and initiatives.
	Commit to facilitate opportunities for local SMEs, employee-owned businesses, social enterprises, cooperatives and community owned enterprises to participate within local supply chains.
<b>Financial Power: We commit to harnessing and growing local wealth</b>	
Increase flows of investment within local economies by harnessing wealth that exists and is generated locally.	Seek to invest in ethical, environmentally sustainable, local economic development opportunities.
	Support and promote progressive finance initiatives including local credit unions.
	Encourage staff and service providers to shop locally and ethically, supporting 'Keep it Local' campaigns.
<b>Climate Change: We commit to tackling the climate and nature emergency</b>	
Take immediate and sustainable action to reduce carbon and greenhouse gas emissions and tackle the nature emergency.	Commit to a timescale for achieving net zero carbon and greenhouse gas emissions.
	Support and encourage environmentally sustainable supply chains.
	Develop and support strategies to support sustainable communities and our natural environment and bio-diversity through, for example, capital investment projects, active travel, sustainable energy generation.