



**MINUTES OF THE MEETING OF
THE CABINET**

**TUESDAY 30 JANUARY 2024
VIA A DIGITAL MEETING FACILITY**

Cabinet Members Present:

Councillor S Akhtar	Councillor F Dugdale
Councillor A Forrest	Councillor N Hampshire (Convener)
Councillor C McGinn	

Other Councillors Present:

Councillor L Bruce	Councillor C McFarlane
Councillor G McGuire	Councillor C Yorkston

Council Officials Present:

Ms L Brown, Executive Director for Education and Children's Services
Ms S Fortune, Executive Director for Council Resources
Ms E Dunnet, Head of Finance
Mrs M Ferguson, Head of Corporate Support
Ms W McGuire, Head of Housing
Mr S Cooper, Service Manager - Communications
Mr C Grilli, Service Manager – Governance
Ms H Crowe, Housing Strategy Officer
Mr C Entwistle, Housing Strategy Officer
Ms A Kripler, Housing Strategy Officer

Clerk:

Ms F Currie

Apologies:

Councillor J McMillan

Declarations of Interest:

None

1. MINUTES FOR APPROVAL: CABINET, 14 NOVEMBER 2023

The minutes of the meeting of the Cabinet on 14 November 2023 were approved.

2. BUDGET DEVELOPMENT 2024-25 ONWARDS

A report was submitted by the Executive Director for Council Resources providing an update on progress with developing the budget for 2024-25 onwards, including an overview of the provisional local government finance settlement and the implications of this for East Lothian Council.

The Executive Director for Council Resources, Sarah Fortune, presented the report. She advised that progress was being made towards setting the Council's budget for 2024/25, in the meantime, the impact of the draft Local Government settlement represented a cash cut nationally. The Council continued to face a significant funding gap of £17M, rising to £59M over the next 5 years. She emphasised the scale of the challenge this presented, adding that extremely difficult decisions would be required to enable the Council to set a balanced budget. She reiterated that financial sustainability represented the most significant risk facing the Council and its ability to maintain delivery of core services, and that the seriousness of this risk could not be over-stated. It would require a fundamental review of key priorities to ensure the Council's limited resources were directed appropriately. Mrs Fortune advised that initial indications suggested that East Lothian's share of the Scottish Government's support to fund a council tax freeze would amount to £3.4M. However, it would be for the Council to decide whether to accept this, or to increase council tax and forfeit this grant funding. In closing, she set out the indicative timetable for the Scottish Parliament's approval of the Government's budget and the next steps in the process for the Council's budget-setting and agreement of rent and council tax levels.

The Head of Finance, Ellie Dunnet, responded to a question from Councillor Forrest on the cut to investment in local housing supply. She provided details of the most up-to-date assumptions for the Housing Revenue Account and the likely impacts for the Council's housing programme and rental income.

The Head of Housing, Wendy McGuire, confirmed that the Council had been advised to expect a significant reduction in investment level and if no additional funds were provided this would have implications for the funding of some projects.

Replying to Councillor Dugdale on the expansion of free school meals to P6 and P7 pupils, Ms Dunnet indicated the Council awaited confirmation of the funding, but it was unlikely to be sufficient to meet the requirements for a universal expansion. She anticipated a more limited roll out of the scheme and would provide further details to Members in due course.

Ms Dunnet responded to questions from Councillor Akhtar on the funding of the council tax freeze and whether the grant level reflected the population growth experienced within East Lothian. She advised that the grant to support the council tax freeze represented a 5% increase and it had been clear for some time that a significantly higher increase would be required to close the Council's budget gap. She said that while the Scottish Government's draft settlement had recognised changing population levels reflected in the 2022 census and had included small adjustments to the funding calculation, these did not fully address the costs of population growth nationally or locally. She confirmed that updates were being sought on possible Barnett consequentials following recent UK Government spending announcements.

Mrs Fortune added that significant lobbying had taken place over the last 2 years, including recent meetings with the Deputy First Minister and the First Minister. However, the Council's specific requests had not been addressed through the national funding settlement; and officers

would continue to make representations. She also referred to work being done through CoSLA to ensure that should any additional funding be made available to the Scottish Government, because of UK Government decisions on transport and local authority funding, this money is passed on to Scottish local authorities in full.

Mrs Fortune and Ms Dunnet responded to questions from the Convener. Mrs Fortune stressed that the Council was facing the most significant funding gap it had ever faced; and that while there had been a slight improvement in the financial position, this funding gap would continue into the medium term. The Council would have to signal a change in how it prioritised resources, and this would require some very difficult choices. She said that one of the key levers for increasing revenue had effectively been removed by the proposed council tax freeze.

Ms Dunnet explained that balancing the current budget gap would require an increase in council tax of 21%. If the Council were to decide to increase council tax, regardless of the level of the increase, it would forgo the Scottish Government grant funding being offered to support a council tax freeze. She referred to the five key areas within the Council's financial strategy and indicated that there may be a need to make reductions in the region of 20% of the budget over the next 5 years.

Replying to a question from Councillor Bruce, Mrs Fortune confirmed that the expected contribution to be made by East Lothian Council, in line with the current national distribution settlement.

Councillor Forrest expressed concern about the cut to the housing grant and the implications this would have on investment, available housing, and on the housing waiting list within the county. He said that families needed suitable housing and East Lothian remained one of the fastest growing and lowest funded areas in the country. He paid tribute to staff working in the housing service and said it was important that the wider public were aware of the pressures facing this service.

Councillor McGinn said that this was the most significant funding gap that the Council had ever faced, and staff were working tirelessly to deliver services in extremely challenging circumstances. He also highlighted the importance of acknowledging the contribution made by the Council's workforce and made a plea to communities to be mindful of the challenges staff were facing.

Councillor Akhtar echoed her colleagues' remarks. She noted that in times of emergency the Council was often people's first port of call. She said that over the past 10 years services had been reduced because of efficiencies required by reductions in Government funding, and now these services were reaching unsustainable levels. She supported calls by CoSLA and others for the Scottish Government to reverse funding cuts and to recognise that investment in local authorities was an investment in communities. She also urged the case for fairer funding for East Lothian and said that she and her colleagues would continue to do all they could to raise these issues at national level.

The Convener commented that, in his view, freezing council tax and, as a result, cutting services, went against the principles of the Verity House agreement. He said that the Council was being asked to deliver massive growth, including 10,000 houses over 10 years as well as several new schools while at the same time cutting services. This was not sustainable in the long-term. He said that local authorities needed to be fully funded to allow them to deliver national government priorities. He emphasised the unprecedented scale of the challenge facing the Council and said that Members would do all they could to deliver a balanced budget for the year ahead.

Decision

The Cabinet agreed to:

- (i) Note the update on the provisional local government finance settlement and the implications of this for East Lothian Council;
- (ii) Note the updated budget model summary and funding gap set out in the report; and
- (iii) Note the key next steps toward setting the budget, council tax and rent levels at the Council meeting on 20th February 2024.

3. CHANGES TO BUSINESS RATES EMPTY PROPERTY RELIEF POLICY

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

Ms Dunnet presented the report. She outlined the proposed changes to the policy and the properties likely to be affected, although she noted that the number of properties would be subject to change. She advised that the changes would take effect from 1 April 2024.

Ms Dunnet responded to questions from Councillor Bruce and Councillor Akhtar about the intent behind the changes, how these would be communicated, the level of relief being proposed, and confirmed that the effects of these proposals would be kept under review. She said that Councillors were at liberty to raise this issue as part of the forthcoming budget discussions but that any further changes to levels of relief would require further changes to the policy.

The Convener explained the reasoning behind the three-month timescale for relief and confirmed that the policy could be reviewed, and further changes made if required. He said the intention was to prevent buildings lying empty and to make more of them available for rental or purchase.

Decision

The Cabinet agreed, by roll call vote, to approve the Business Rates Empty Property Relief Policy changes outlined in the report. The revised policy would take effect from 1st April 2024.

4. PROPOSED EAST LOTHIAN LOCAL HOUSING STRATEGY 2024-29

A report was submitted by the Executive Director for Place outlining the key changes made to the strategy as a result of the consultation and seeking approval for the proposed Local Housing Strategy (LHS) 2024-2029 which would be implemented from April 2024.

Ms McGuire presented the report. She referred to the draft strategy which had been presented to Cabinet in September 2023 and highlighted the key changes which had been made following the extensive consultation exercise. The strategy had also been peer reviewed with other local authorities and the results had been made available to Members. She confirmed that the implementation of the strategy would be monitored closely, and an annual update would be lodged in the Members' Library. Should significant changes be required during the next 5 years, the strategy could be brought back to Cabinet.

Ms McGuire responded to questions from Councillor Forrest. She acknowledged the challenging circumstances the Council faced and that the expected reduction in funding from Scottish Government would have an impact on the delivery of projects going forward. She said

that her team were looking at maximising opportunities, such as the development of a local investment framework to understand local need across the county and prioritise funding more effectively. She said there was a similarly challenging context when it came to improvements to housing stock to help reduce fuel costs and improve health outcomes. She provided details of some of work done in recent years and said that her team would continue to deliver improvements to housing standards as far as possible within ongoing budget constraints.

Replying to a question from Councillor Akhtar, Ms McGuire agreed with the importance of working closely with colleagues in health and social care to deliver the right type of housing to meet people's need and to ensure that the service was future proofed.

Ms McGuire responded to a question from the Convener on the delivery of affordable homes. She said that this was a very complex area and currently there were many unknowns which made planning difficult. However, she acknowledged that the Council could not meet the demand for affordable housing on its own and there would always be a need to collaborate with developers and to innovate. She reiterated the importance of understanding need at a local level to allow resources to be targeted as effectively as possible.

Replying to a final question from Councillor Dugdale on the numbers of children moving out of the county, Ms McGuire said that there was a real concern that many families were unable to stay in East Lothian as they found it unaffordable. East Lothian Mid Market Homes had been successful in delivering more affordable rental properties and she would like to expand this and other measures in future.

Housing Strategy Officer, Anne Kripler, added that young people going to university may be one of the reasons for them moving out of the county, and some of these may return at the end of their studies. However, current data meant it was difficult to determine the specific causes of children and young people moving away.

Councillor Forrest noted that staff had worked very hard to engage with the public at the drop-in sessions and to answer as many questions as possible. This work had helped to develop this key strategy and he offered his thanks to the staff involved.

Councillor Dugdale observed that this was a complex area, but it was critical to address housing challenges. She said that safe and suitable accommodation was a basic need which linked directly to an individual's health and wellbeing and was necessary to enable everyone to thrive. She referred particularly to the impact on children and young people, and she commended the creative engagement and consultation which had ensured that the voices of children and young people had been heard.

Councillor Akhtar welcomed the strategy noting its importance in enabling individuals and communities to thrive. She welcomed the level of engagement and noted the wide range of responses and feedback across a variety of platforms. She highlighted the role of housing in supporting people's health and wellbeing and the benefits of having this well researched and peer reviewed strategy in place.

The Convener commented that because of recent population growth the demand for affordable housing had never been higher, whether this was social housing or mid-market rent. It would be essential for the Council to deliver many more homes to meet ongoing demand. He referred to the significant financial challenges facing the Council and noted that with increased housing came increased demand for services. He expressed concern that continued funding reductions were unsustainable and, in future, services may be at risk of collapse. He highlighted the work being done on the next local development plan and the challenge of encouraging developers to maximise delivery of affordable homes. He thanked the housing service staff who were working under enormous pressure, and he commended the strategy as a very positive step forward.

Decision

The Cabinet agreed, by roll call vote, to:

- (i) Approve the proposed Local Housing Strategy 2024-29, to agree the priority outcomes identified and to support actions towards achieving these outcomes; and
- (ii) That the proposed Strategy would be updated annual during the period 2024-29, as was required by LHS Guidance, with any updates and changes reported through the Members' Library Service.

Signed

Councillor Norman Hampshire
Council Leader and Convener of Cabinet