



MINUTES OF THE MEETING OF EAST LoTHIAN COUNCIL

TUESDAY 20 FEBRUARY 2024
VIA DIGITAL MEETING FACILITY

Committee Members Present:

Provost J McMillan (Convener)
Councillor S Akhtar
Councillor E Allan
Councillor R Bennett
Councillor L Bruce
Councillor D Collins
Councillor F Dugdale
Councillor J Findlay
Councillor A Forrest
Councillor N Gilbert
Councillor N Hampshire

Councillor L Jardine
Councillor C McFarlane
Councillor C McGinn
Councillor G McGuire
Councillor S McIntosh
Councillor K McLeod
Councillor L-A Menzies
Councillor B Ritchie
Councillor T Trotter
Councillor C Yorkston

Council Officials Present:

Ms M Patterson, Chief Executive
Ms L Brown, Executive Director for Education and Children's Services
Ms S Fortune, Executive Director for Council Resources
Ms F Wilson, Director of Health and Social Care
Ms E Dunnet, Head of Finance
Ms M Ferguson, Head of Corporate Support
Ms W McGuire, Head of Housing
Mr T Reid, Head of Infrastructure
Ms S Saunders, Head of Communities and Partnerships
Mr S Cooper, Team Manager – Communications
Ms R Crichton, Committees Officer
Ms F Currie, Committees Officer
Ms A-M Glancy, Service Manager – Corporate Accounting
Mr C Grilli, Service Manager – Governance
Ms B Skirrow, Service Manager – Strategy and Operations (Education)

Visitors Present:

None

Clerk:

Mrs L Gillingwater

Apologies:

Councillor C Cassini

Prior to the commencement of business, the Provost advised that the meeting was being held remotely, as provided for in terms of the Local Government (Scotland) Act 2003; that the meeting would be recorded and live streamed; and that it would be made available via the Council's website as a webcast, in order to allow public access to the democratic process in East Lothian. He noted that the Council was the data controller under the Data Protection Act 2018; that data collected as part of the recording would be retained in accordance with the Council's policy on record retention; and that the webcast of the meeting would be publicly available for up to six months from the date of the meeting.

The clerk recorded attendance by roll call.

Declarations of Interest: For the purposes of transparency, Councillor Forrest declared an interest as a Council tenant. Councillor Menzies declared an interest as a Director of EnjoyLeisure; the Provost noted that this would also apply to himself, Councillor McGinn and Councillor Ritchie.

1. FINANCE UPDATE

A report was submitted by the Executive Director for Council Resources providing an update on the financial position at the end of December 2023 for the General Services and HRA Revenue and Capital budgets.

The Head of Finance, Ellie Dunnet, presented the report, drawing particular attention to the forecast overspend and planned use of reserves for the financial year. She anticipated that the IJB overspend would be met through the use of reserves – should this not be the case, then any overspend would require to be met by the Council and the NHS; this would remain an area of risk in 2024/25 and beyond. On capital expenditure, she noted a reduction in spend, largely due to the pause on spending and on the slippage of some projects. As regards treasury management activity, she had no specific concerns to report. Concerning the Housing Revenue Account (HRA), she forecast a break-even position on revenue, and on capital spending she anticipated a higher-than-expected expenditure due to a number of new-build Council house sites coming on stream; this would be offset in later years of the capital programme. Ms Dunnet reported that work on the annual audit was continuing and she anticipated this would be concluded soon. She warned that the predicted use of reserves could not be sustained, and so proposed that mitigation measures should remain in place.

Councillor Hampshire paid tribute to staff for their action in tackling the overspend, despite all areas of the Council experiencing increased demand for services. He warned that the budget decisions would put further pressure on staff and that it would be more difficult to maintain services.

Councillor Jardine pointed out that this was the most difficult fiscal environment that local authorities and other public services had faced in some time, and that it would affect staff and communities. She stressed the need to take a pragmatic approach, and suggested that the Council Plan should be reviewed to ensure there was a focus on tackling poverty and inequality, and addressing the priorities of constituents.

Councillor McGuire concurred with comments already made, noting that decisions taken at this meeting would affect everyone in East Lothian, and accepting that not everyone would be in agreement with those decisions.

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

Decision

The Council agreed:

- i. to note the outcome of the Period 9 review of financial performance against approved budgets and the significant underlying financial pressures faced by the Council;
- ii. to note the impact on the Council reserves if the projected revenue overspend materialises, and risks to financial sustainability outlined within the report;
- iii. to approve a transfer of a further £0.1 million to the Integration Joint Board to support the full costs of the 2023/24 pay award as detailed within paragraph 3.9 of the report; and
- iv. to note performance against prudential indicators, as set out in Appendix 5 to the report.

2. BUDGET DEVELOPMENT AND 2024/25 COUNCIL TAX AND RENT LEVELS

A report was submitted by the Executive Director for Council Resources, providing Council with an overview of the national funding settlement for local government and the implications of this for East Lothian; seeking to set the General Services Revenue budget and Council Tax levels for 2024/25, and agreeing strategic level budgets for 2025/26–2028/29; seeking to set the General Services Capital budgets for 2024/25–2028/29; seeking to set the Housing Revenue Account budgets for 2024/25–2028/29; and setting out the next steps towards delivering the Council's Financial Strategy for 2024/25–2028/29.

The Executive Director for Council Resources, Sarah Fortune, presented the report, highlighting the financial challenges facing the Council, especially in light of the growth taking place within East Lothian. She outlined that c. 75% of the Council's funding was provided through the national funding settlement, noting that the process for the 2024/25 financial year had not yet been concluded; therefore, the figures included in the papers for this meeting would remain in draft pending finalisation of that process. Ms Fortune accepted that delivering the required savings would be difficult to manage, stressing that the Council was at 'tipping point' in terms of financial sustainability, and that without additional funding further savings would be required. The Council would therefore need to reshape the delivery of services and align resources to support priorities. She assured Members that efforts would continue as regards seeking additional funding.

The Provost advised that Members would be asked to approve Recommendations 2.1-2.4 and 2.6, with Recommendation 2.5 to be covered through the HRA and budget proposal items on the agenda.

Responding to a question from Councillor Hampshire on additional funding being allocated to the Council as a result of the Council Tax freeze, Ellie Dunnet, Head of Finance, advised that the Council would receive a net increase in core funding of £2.157 million for 2024/25, which would equate to approximately a 3% rise in Council Tax.

Councillor Yorkston asked about the distribution mechanism for national settlement funding. Ms Fortune advised that the parameters for local government funding were set by the Scottish Minister, in conjunction with CoSLA. On the question of the 'funding floor', as raised by Councillor Bruce, Ms Fortune explained that this mechanism had been agreed between CoSLA and the Scottish Government some years ago, with a review being carried out in 2019 – she was not able to advise on how the Council (through the CoSLA Leaders' Group) had voted on that. She confirmed that she was currently a member of the Distribution Group.

Councillor Hampshire added that the Council had been a beneficiary of the ‘funding floor’ mechanism in the past. He commented that the mechanism itself was not problematic, but that the issue was with the overall funding made available for local government.

Councillor McIntosh asked about teacher/pupil ratios in East Lothian. Lesley Brown, Executive Director for Education and Children’s Services, advised that in 2023/24 East Lothian had c. 10 teachers above the census number, so the Council had met its requirements. However, she added that it would be difficult to quantify the risk for the new financial year due to recruitment issues and vacancies. She assured Members that the situation would be closely monitored but cautioned that the Education Service was required to deliver efficiencies in the same way as other services.

With reference to recent discussions with the First Minister regarding the establishment of a growth fund and changes to the Scottish Futures Trust, Councillor Akhtar asked for an update. Ms Fortune indicated that discussions on these matters were ongoing between Council officers and civil servants, and that civil servants recognised the scale of the challenge facing the Council. She assured Members that officers would continue to engage with civil servants on these matters.

The Provost moved to the roll call vote on Recommendations 2.1-2.4 and 2.6 which were approved unanimously, noting that Recommendation 2.5 would be dealt with in line with Items 2a and 2b of the agenda.

Decision

The Council agreed:

- i. to note the extremely challenging context within which budget proposals for 2024/25 onwards had been developed, and the factors which had contributed to the gap between forecast income levels and expenditure demands;
- ii. to note the content of the 2024/25 local government finance order and the funding implications for East Lothian Council;
- iii. to note the key assumptions and risks within the budget projections, as set out at paragraph 3.40 of the report;
- iv. to approve a 100% council tax premium being applied for second homes from 1 April 2024; and
- v. to approve the indicative timetable for developing budget projections and closing the budget gap for 2025/26 onwards, as set out at paragraph 16.15 of the report.

2a. RENT PROPOSALS 2024/25 – 2028/29

As Cabinet Spokesperson for Housing, Councillor Forrest presented the rent proposals on behalf of the Administration. He stated that the Council was in the midst of a housing crisis and that at a time of need the Scottish Government had reduced the affordable housing budget. He voiced his concern at the high costs of buying and renting privately, noting that the Council and local housing associations were seeing an increase in demand for homes, and the Council was becoming more reliant on temporary accommodation for homeless people. He also spoke of the wider demand for housing in Scotland and the increase in people losing their homes. As regards the Council’s modernisation programme, Councillor Forrest reported that 429 kitchens and 378 bathrooms had been upgraded in the past year, with a further 60 homes receiving bathroom adaptations. He also announced that 539 new

affordable homes had been built, 227 of which were Council houses. Despite this, he pointed out that changes in legislation and a reduction in funding of 26% had put more pressure on the Housing Revenue Account (HRA). He called on the Council to prioritise the delivery of affordable housing, noting that homelessness had an impact on services across the Council, as well as on crime and poverty levels. His desire was that Council housing should be open and accessible to everyone who needs it. To meet the demands on the service, he proposed that a 7% rent increase was necessary, and he urged the Scottish Government to provide further support.

The rent proposals were seconded by Councillor Dugdale, who outlined the difficulties faced by some people in securing a home, and the importance of young people having a home with space to learn, play and socialise. She also spoke of the need to adapt homes to allow people to remain within their communities. She believed that the proposed rent increase would enable the Council to invest in new affordable housing, as well as modernising existing homes, and that it demonstrated the Council's commitment to tenants and those who needed a home.

Councillor Akhtar highlighted the challenges facing the Council in providing affordable housing, due to a 26% reduction in funding and the impact of growth in East Lothian. She noted that a number of organisations were calling for this funding to be reinstated.

Councillor Bruce spoke in support of the proposed rent increase as it would protect the Council's new-build and modernisation programmes. He was concerned, however, that the Council may not continue to receive capital funding in the future and that there was a risk that it could breach the financial rules on debt-to-income ratio. He suggested that the Council may need to consider higher borrowing or higher rent increases to deliver new homes in the future. He added that there was an opportunity for more affordable housing to be delivered by developers.

Councillor Trotter remarked that the current situation was a result of short-sighted decisions made in the past.

Councillor Menzies agreed that there was a housing crisis in East Lothian and in Scotland more widely. Pointing out that the Council was currently spending £2.8m per year on emergency homeless accommodation, she claimed that the Administration had chosen to allow developments of large homes, rather than more affordable and accessible homes. She suggested that the Council could set the limit for affordable homes in new developments at a higher level than 25%. Councillor Menzies also noted that Council rents remained the second lowest in Scotland, despite East Lothian being among the most expensive areas in Scotland to live. She was of the view that the Council had a responsibility as a landlord to ensure that houses were maintained at a high standard and that the proposed rent increase was necessary in order to maintain the current housing stock.

Councillor Hampshire countered remarks made by Councillor Menzies by arguing that the Council was an excellent landlord, with some of the best housing stock and lowest rents in Scotland. He spoke of the demand for Council housing in East Lothian, and of changes in legislation that had led to increased pressure on Council housing. He was uncomfortable with having to propose a 7% rent increase during a cost-of-living crisis but felt that it was necessary due to Scottish Government funding cuts.

Agreeing with comments already made, Councillor McIntosh spoke in support of the proposed 7% rent increase, whilst recognising that this would be difficult for some people. She voiced her disappointment that the Scottish Government had reduced funding for affordable housing but hoped that there would be opportunities through the Local Development Plan process for the Council to do things differently to address inequality.

Summing up, Councillor Forrest reminded Members that the 25% affordable housing [within new developments] benchmark had been set by the Scottish Government, and that the Council would have an opportunity to consider this through the new Local Development Plan process. He paid tribute to the staff in the Housing and Property Maintenance Services.

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

Decision

The Council agreed to approve the amendment to the rent proposals, as presented by the Administration, and to increase rent levels by 7% in 2024/25.

2b. BUDGET PROPOSALS ON GENERAL SERVICES

The Provost advised that amendments had been submitted in relation to both the Capital and the General Services Revenue budgets, and he set out how these would be dealt with. He then invited Councillor Hampshire to present the General Services Capital budget proposals on behalf of the Administration.

Councillor Hampshire thanked officers for their support in developing the Administration's budget proposals. He outlined the pressures on the capital budget, which were largely due to increasing costs of equipment and borrowing, and inflation. He reported that the Administration's proposals involved capital expenditure of £364.5m, with borrowing of £116.35m.

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

- Investment of £93.5m, plus £31.7m of external funding, in education
- Roads, lighting and assets investment of £56.2m, with an additional £22m of external funding
- £125.5m, with an additional £114m of external funding, to be used to improve open spaces
- The £36m development of the Food and Drink Innovation Hub at Queen Margaret University
- The redevelopment of the former Cockenzie power station site
- Investment in the Musselburgh Flood Protection Scheme

Referring to the Conservative Group's amendment, Councillor Hampshire argued that borrowing to invest would attract additional investment via the private sector and others, thereby creating jobs and supporting the economy, but also stressed that additional funding from the Scottish Government was needed.

The proposals were seconded by Councillor McGinn, who expressed his hopes that the Scottish Government Cabinet's visit to East Lothian would yield results and that future funding settlements would reflect the growth in the county. Making reference to a number of major capital projects within East Lothian, he highlighted in particular the proposed investment in the Loch Centre, Tranent, noting that he was delighted that the Administration was committed to the full reopening of this facility.

The Provost then invited Councillor McGuire to present the Conservative Group's amendment to the General Services Capital budget.

Councillor McGuire advised Members that the current level of debt per head of population in East Lothian was £4,106, which put the Council in the top ten for debt in the UK. He believed

that one of the reasons for this was growth, imposed on the Council by the Scottish Government but not fully funded, which meant that the Council had to borrow to build new schools and community facilities. He proposed that the Council should seek to reduce its debt levels by: borrowing £6.8m less over the next five years; removing the Capital Intervention Fund (CIF) from the capital budget; cancelling the proposals for the Musselburgh Flood Protection Scheme, and working with the community to seek a better solution; and removing the proposed parking charges scheme. Councillor McGuire's Group proposed additional investment of £5.5m in roads and associated infrastructure over the next five years, to the benefit of all road users and businesses. He calculated that these proposals would result in the Council paying £150,000 less per year in debt charges by Year 5.

The amendment was seconded by Councillor Findlay.

Councillor Jardine opened the debate by noting that the current financial situation was less than ideal but that the Council had to ensure that it was able to provide critical infrastructure to maximise the health and wellbeing of communities. She spoke in support of the investment in the Loch Centre, but questioned the proposals set out in the Conservative Group's amendment, particularly in relation to the cancellation of the proposed Musselburgh Flood Protection Scheme and parking charges. On that basis, she would support the Administration's proposals.

Councillor Menzies also welcomed the proposed investment in the Loch Centre. As regards the Conservative Group's amendment, she criticised their proposals on borrowing to provide infrastructure, and particularly in relation to parking charges, the implementation of which she believed would be beneficial to high street businesses. She declared that she would support the Administration's proposals.

Councillor Dugdale focused on investment in the school estate, with new schools being built in Blindwells, Craighall and Whitecraig, as well as the extension of several others – a total of £60m of investment in the school estate in the 2024/25. She highlighted the excellent learning environment provided by the new learning campus at Wallyford, stressing the importance of young people having space to learn and thrive. She also welcomed the proposed investment in the Loch Centre, which would provide valuable facilities and improve the health and wellbeing of the community.

Speaking in support of the Administration's capital proposals, Councillor McIntosh commented that she looked forward to keeping this under review through the cross-party working group. She stated that she would be making a strong case for investment in the Brunton Hall. She also called on the Council to be mindful of lifting people out of poverty and inequality whilst working within its means.

With reference to the Conservative Group's amendment, Councillor Akhtar cited examples of successful projects to demonstrate the value added by way of funding from the CIF, with local communities using small amounts of funding to lever in additional external funding for community projects. She pointed out that the Council had an excellent record of working with community organisations and that it was important to continue that positive relationship. She also suggested that Conservative Members should lobby the UK Government to provide funding from the HS2 budget, which could be used to improve East Lothian's roads.

The Provost countered claims made by Councillor McGuire that the Council was 'handing over a blank cheque' for the Musselburgh Flood Protection Scheme, advising that the Council would have to approve the final design, that the project would be largely funded by the Scottish Government, and that the Council had to protect that community against the risk of flooding. He paid tribute to the Council's Roads Team for delivering services with reduced levels of funding, noting that the Council had received awards for its electric vehicle charging infrastructure and fleet management. He also made reference to ongoing work within town

centres to make high streets more attractive, noting that the proposed introduction of parking charges would help with parking turnover and higher footfall. He believed that the Administration's proposals took a broader view on investment, results and benefits.

Summing up, Councillor Hampshire asserted that borrowing to grow the economy and create jobs was not a bad thing, and that action had to be taken to prevent further decline. He described the Conservative Group's proposals to remove the Musselburgh Flood Protection Scheme from the Capital Plan as 'dangerous', as there was no alternative proposal to prevent the town from flooding, and this would put people and businesses at risk.

The Provost then moved to the roll call vote on the Conservative Group's amendment to the General Services Capital budget proposals:

For (4): Councillors Bruce, Collins, Findlay, McGuire
Against (17): Councillors Akhtar, Allan, Bennett, Dugdale, Forrest, Gilbert, Hampshire, Jardine, McFarlane, McGinn, McIntosh, McLeod, McMillan, Menzies, Ritchie, Trotter, Yorkston

Abstentions (0)

The Conservative Group's amendment fell.

The Provost then moved to the roll call vote on the Administration's General Services Capital budget proposals:

For (17): Councillors Akhtar, Allan, Bennett, Dugdale, Forrest, Gilbert, Hampshire, Jardine, McFarlane, McGinn, McIntosh, McLeod, McMillan, Menzies, Ritchie, Trotter, Yorkston
Against (4): Councillors Bruce, Collins, Findlay, McGuire

Abstentions (0)

The Administration's proposals were therefore carried.

Moving to General Services Revenue and the budget projections, the Provost invited Councillor Hampshire to present the Administration's proposals:

Councillor Hampshire stated that all 32 Scottish local authority leaders had condemned the local government financial settlement for the coming year, with the CoSLA President arguing that it contravened the Verity House Agreement. For East Lothian, core revenue funding had been reduced by £63m, and that the additional funding to offset the Council Tax freeze would only equate to a 2.8% Council Tax increase. He set out the challenges facing the Council, including the existing £22m budget deficit and the continued growth within the county. He voiced his disappointment that the two main opposition groups had submitted amendments to the proposals, despite the cross-party work which had taken place.

Councillor Hampshire set out the Administration's proposals for reducing the deficit whilst allowing services to be delivered. He acknowledged that this would be difficult and stressed that he would continue to seek additional funding from the Scottish Government. He highlighted the following aspects of the Administration's proposals:

- The removal of bus passes for children who could travel on service buses using their under-22 bus passes
- A reduction in funding of £100,000 for EnjoyLeisure
- A reduction in funding of £200,000 for the Brunton Theatre Trust
- A reduction in funding of £35,000 for Area Partnerships and of £100,000 for community grants

- A reduction in funding of £180,000 this year and £120,00 next year for libraries, and a redesign of library services
- A reduction in funding of £100,000 for museums

Councillor Hampshire pointed out that the amendments proposed by the SNP and Conservative Groups would have seen further reductions in funding for a number of the above services, with the SNP proposing a £355,000 reduction in funding to the Brunton Theatre Trust over three years and a reduction in funding of £250,000 per year for four years for EnjoyLeisure; and the Conservatives proposing to abolish the Area Partnerships, proposals that he believed would have a major impact on communities.

Councillor Hampshire concluded his presentation by declaring that this budget was the most difficult he had ever been involved in, with the pressures of growth, inflation and interest rates having a significant impact on the Council. He claimed that the Scottish Government had failed to recognise the impact of growth and had not funded Scottish councils fairly. He called on the Council to support the Administration's proposals.

The proposals were seconded by Councillor McFarlane, who expressed concern at the Conservative Group's proposals to abolish Area Partnerships. She highlighted the positive work that the Area Partnerships had done in recent years, including attracting external funding for community projects. She also warned against their proposed reductions for community grants, which had funded many community groups and provided facilities across the county.

The Provost invited Councillor Jardine to present the SNP Group's amendment to the General Services Revenue and budget projection proposals.

Moving her amendment, Councillor Jardine advised that the Scottish Government had sought to mitigate austerity measures imposed by the UK Government through initiatives such as the increase in the Scottish Child Payment, free school meals for children up to five years old, expansion of the Education Maintenance Allowance, an increase in school clothing grants, investment in home energy efficiency and the fuel security fund, and the mitigation of the 'bedroom tax'. She set out a number of key proposals included in the SNP Group's amendment:

- A planned reduction in home-to-school transport, whilst retaining the statutory requirement for secondary schools and up to three miles for primary schools
- The move towards a sustainable self-funding model for the Brunton Theatre Trust and EnjoyLeisure
- A reduction in Area Partnership funding, with remaining funding to be distributed according to indicators of deprivation and inequality
- A reduction in community grant funding
- An increase in coastal car parking charges to £5 per day or £75 per year for a season ticket, with the income being reinvested in coastal parking facilities
- The closure of two recycling centres
- A review of adaptation arrangements
- An increase in Council Tax of 8% for 2025/26

She acknowledged that taking these decisions would not be easy but was of the view that the budget had to be aligned to the priorities set out in the Council Plan. She spoke against the Conservative Group's proposals to abolish Area Partnerships, which she believed would impact the areas most affected by austerity measures. She welcomed the cross-party discussions on the budget, noting that her amendment should be considered as collaborative. However, she was of the view that the Administration's proposals would not be sustainable in the longer term, and therefore called on Members to support the SNP Group's amendment.

The amendment was seconded by Councillor Menzies, who remarked that she hasn't had prior sight of a number of items within the Administration's proposals and that opposition groups only had a few days to consider the proposals. She claimed that the Council had received more funding from the Scottish Government this year than it did last year, despite the Scottish Government having its funding cut by £10bn. Regarding the SNP Group's amendment, Councillor Menzies defended the proposal to increase coastal car parking charges to £5 per day on the basis that this was similar to the cost of a bus ticket. On the funding of Area Partnerships, she argued that this should be distributed with a focus on poverty and inequality. She stated that she was unable to support the Administration's proposals, and expressed her disappointment that the opportunity for collaborative working 'had been wasted'.

The Provost then invited Councillor McGuire to present the Conservative Group's amendment to the General Services Revenue and budget projection proposals.

Moving his amendment, Councillor McGuire advised that his Group's proposals prioritised protecting front-line services. He highlighted the key aspects of the amendment:

- Protection of library services
- Protection of the instrumental music service
- The retention of community police officers
- Reversing the proposals for parking charges, which would save the Council £6.5m in additional borrowing
- Protection of the roads budget
- Investment of £1.2m for literacy and numeracy initiatives to raise educational attainment
- Reducing the number of Council managers, saving £400,000 over two years, and reviewing pay scales
- Ending subsidies to landlords with empty commercial properties
- Reduce the size of the Planning Service
- Abolish Area Partnerships, and devolving power and funding to Community Councils

Councillor McGuire recognised that the Council was in a difficult position, especially as the Council Tax freeze would not be fully funded. He proposed that any new non-ringfenced funding should be used to support reserves, and that he would be pushing for the Council to get a fairer funding settlement in future years. He urged Members to support the Conservative Group's amendment.

The amendment was seconded by Councillor Bruce, who suggested that the Council needs to be able to respond better to increases in fees and charges caused by inflation. On education spending, he hoped that the Learning Estate Strategy would be presented to Council in the near future. As regards the grant settlement, he was of the view that CoSLA had a role to play in the 'funding floor' mechanism, arguing that there was no evidence that CoSLA had advocated for those local authorities experiencing growth. He also called for more information on the benefits created by way of the Transformation Programme. On Area Partnerships, he did not believe that they were operating as intended and proposed that any funding for Area Partnerships must be linked to deprivation.

The Provost then moved to the debate on General Services Revenue.

In response to comments made during the presentations, Councillor Forrest sought confirmation that all information had been available to all groups during the budget-setting process. Sarah Fortune, Executive Director for Council Resources, advised that all of the budget savings lists developed by officers had been shared with all Members. Councillor Jardine claimed that the list of potential service reductions had been discussed to a certain

extent, but the Administration had then stated their intentions as to where savings would be made.

Councillor Findlay focused on his Group's proposals for raising attainment in numeracy and literacy. From the latest attainment information available, he pointed out that 33% of P4 children could not read at the appropriate level and that 28% of children had below-target maths skills. He was concerned that this could have an impact on their entire education and suggested that specialist support staff should be brought in to work with children at the early stages of their education.

Councillor McIntosh noted that local authorities had suffered from years of under-investment, made worse by the Council Tax freeze. She was disappointed that impact assessments had not been carried out on the budget proposals. However, she welcomed the cross-party work on the budget proposals and hoped that this would continue in a constructive way. She declared that she would not be supporting any of the proposals on the revenue budget as she was not in favour of the Council Tax freeze – she would have proposed raising it by 8%, thereby increasing the Council's income by £2.1m and making fewer budget reductions. Councillor McIntosh spoke in support of funding Area Partnerships and community groups as this would allow residents to influence how money was spent in their own areas. She also proposed that the Council should be looking to introduce a visitor levy and a pavement parking ban, which would generate income for the Council. In addition, she would have proposed the use of building warrant fees to decarbonise and insulate buildings.

Councillor McLeod welcomed the opportunity to take part in cross-party discussions on the budget. He advised that he had considered the proposals put forward by all the political groups, and the impact of these proposals on his own ward, and that he had decided that he would support the Administration's proposals.

Councillor Collins voiced her concern about the proposed cuts to police funding, which she believed would lead to an increase in anti-social behaviour, which in turn would have an impact on the Council's Community Safety and Social Work Services. She called on the Administration to reconsider this particular proposal.

Councillor Bennett spoke of the potential economic development opportunities created through the Food and Drink Innovation Hub and the former Cockenzie power station site. He was concerned about the SNP Group's proposed funding reduction for the Brunton Theatre Trust, believing that this would be damaging for arts and culture within East Lothian, as well as for the local economy and tourism. He made reference to the positive work carried out by Area Partnerships and third sector organisations. He assured Members that the Labour Group would do everything it could to protect services and communities.

With reference to a recent CoSLA briefing note, Councillor Yorkston expressed concern that the grant settlement for the Council had not yet been finalised and that it was not known if additional Barnett Consequentials would be passed on to local authorities. He pointed out that as one of the fastest-growing council areas in Scotland, East Lothian received the third lowest allocation of revenue funding, and that if it had been awarded the average allocation, this would equate to additional funding of £24m. In addition, the Council received the lowest level of capital funding per head of population. He therefore called on the Council to receive a fair funding settlement. He voiced his disappointment that the SNP and Conservative Groups had not shared their amendments with the Administration at an earlier stage, and observed that many of the savings proposed in those amendments would be generated through reductions in funding for community facilities and grants.

Councillor McGinn made reference to national events which were now impacting on public finances. As Cabinet Spokesperson for Community Wellbeing, he paid tribute to Council staff, community groups, third sector partners and volunteers for their commitment to their

communities. He welcomed the continued support for Area Partnerships and Community Councils, as well as funding for community groups. He spoke of the importance of maintaining the county's open spaces and countryside sites, noting that the Council had won Beautiful Scotland awards in three successive years. He was committed to the continuation of the 3G pitch replacement and pump track programmes, as well as working together with EnjoyLeisure to provide leisure facilities.

Councillor Forrest commented that he had walked a number of the home-to-school transport routes and was concerned that some of these routes were busy main roads, which children would have to cross, and that some had inadequate lighting. He also expressed concern at the SNP's proposals to cut funding for the Brunton Theatre Trust, which he believed would be devastating for the Arts Service and the local economy.

Councillor Akhtar remarked that East Lothian Council was among the worst-funded councils in Scotland in a number of areas, including social care, roads, community centres and schools, and that it had experienced a reduction of funding of 22% at a time when it was one of the fastest growing areas in Scotland. She felt that the Scottish Government had not acknowledged the situation in East Lothian, and she called for the Council to be funded fairly. She stated that she could not support the Conservative and SNP Groups' amendments, as she was not in favour of the proposed cuts in funding to Area Partnerships, EnjoyLeisure and home-to-school transport.

Councillor Dugdale reiterated previous comments regarding fairer funding for East Lothian and was critical of the Council Tax freeze, taking the view that it should be for councils to set their own tax rate. She referenced the lasting impact of COVID-19 on young people, noting that referrals to the Children's Social Work Service had increased by more than 35% in five years. She also spoke of the efforts to raise attainment and ensure that young people were on the appropriate educational pathways. She thanked staff in Education and Children's Services for their vision and innovative work at a time of increasing demand on services. Councillor Dugdale was unable to support the Conservative and SNP amendments, commenting that the Labour Group had a proud record of delivering services and supporting communities.

Councillor Ritchie asserted that both the UK and Scottish Governments needed to provide additional funding for public services, noting that whilst the Scottish Government's budget had increased, the share for local government had fallen. She was in favour of empowering local communities through the Area Partnerships, and she believed that the amendments submitted by the other political groups would decimate local services.

The Provost welcomed the cross-party working on the budget and highlighted the difficulties in setting a budget when the grant settlement had not been finalised. He expressed particular surprise at the Conservative Group's proposal to reduce the Planning Service given the importance of that service. He viewed the Administration's proposals as pragmatic and that they would enable services to be transformed to deliver value for money.

Summing up, Councillor Hampshire declared that he had been fully committed to the cross-party approach to setting the budget, noting that he would have considered ideas put forward by other groups. However, he was not in agreement with the SNP proposals to increase coastal car parking charges or to close two recycling centres, and he was concerned about their proposals for EnjoyLeisure, which he believed would impact on poorer people. Councillor Hampshire was also critical of the Conservatives' amendment, particularly the funding of police to tackle anti-social behaviour, which he felt would be better tackled by providing activities for young people, as well as the proposed cuts to the Planning Service at a time when the new Local Development Plan was being progressed. In response to Councillor McIntosh, he stated that government support would be essential to delivering projects to tackle climate change.

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

For (4): Councillors Bruce, Collins, Findlay, McGuire
Against (17): Councillors Akhtar, Allan, Bennett, Dugdale, Forrest, Gilbert, Hampshire, Jardine, McFarlane, McGinn, McIntosh, McLeod, McMillan, Menzies, Ritchie, Trotter, Yorkston
Abstentions (0)

The Conservative Group's amendment fell.

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

For (5): Councillors Allan, Gilbert, Jardine, Menzies, Trotter
Against (16): Councillors Akhtar, Bennett, Bruce, Collins, Dugdale, Findlay, Forrest, Hampshire, McFarlane, McGinn, McGuire, McIntosh, McLeod, McMillan, Ritchie, Yorkston
Abstentions (0)

The SNP Group's amendment fell.

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

For (11): Councillors Akhtar, Bennett, Dugdale, Forrest, Hampshire, McFarlane, McGinn, McLeod, McMillan, Ritchie, Yorkston
Against (10): Councillors Allan, Bruce, Collins, Findlay, Gilbert, Jardine, McGuire, McIntosh, Menzies, Trotter
Abstentions (0)

The Administration's proposals were therefore carried.

The Provost announced that in approving the budget proposals, as presented by the Administration, the Council was agreeing to freeze Council Tax levels in 2024/25, with a Band D level of £1,435.62, and with indicative increases of 10% for the year 2025/26 and 5% for each subsequent year up to 2028/29.

Decision

The Council agreed to approve the budget proposals as presented by the Administration and to freeze Council Tax for 2024/25 (Band D level of £1,435.62).

Sederunt: Councillors Gilbert and Menzies left the meeting.

3. TREASURY MANAGEMENT STRATEGY 2024/25 – 2028/29

A report was submitted by the Executive Director for Council Resources seeking approval of the Treasury Management and Investment Strategies for 2024/25 to 2028/29.

The Service Manager – Corporate Accounting, Ann-Marie Glancy, presented the report, reminding Members of the purpose of the Treasury Management Strategy and the need for the Council to approve the Strategy in advance of each new financial year. She advised that

the full Strategy had been lodged in the Members' Library (Ref: 21/24, February 2024 Bulletin). She drew attention to the key aspects of the report, as set out in Sections 3.6-3.22, noting that a mid-year report on treasury management would be submitted to the Audit & Governance Committee.

Councillor Hampshire sought confirmation that the Council could afford the borrowing as proposed in the budget proposals, which had just been approved by the Council. Ms Glancy confirmed this to be the case and that due diligence had been undertaken to ensure that the proposals met the prudential indicators set by the Council.

Councillor McIntosh asked about consideration given to ethical investments. As regards Environmental, Social and Governance (ESG) investments, Ms Glancy explained that the Council relied on its treasury advisers to provide high credit-rated deposits. Her team participated in webinars so they were kept up-to-date with potential ethical investments, and they also considered ethical investments with Investec during discussions on Common Good and Trust funds. She assured Councillor McIntosh that ESG investments had a very good rating as regards ethical investments, but because there was no set standard currently, the Council could only follow the advice given. Such standards would need to be set by the markets, but they had not yet been developed. She confirmed that the Council did not seek investments which were not ethical. She undertook to provide Members with further information on this matter.

On the Council's level of debt, Councillor Akhtar asked how much of this was down to population growth. Ms Glancy reported that a lot of the debt was based on decisions taken over many years, and that the borrowing was based on the capital programme alone. The ratio calculations were based on Band D equivalent and HRA homes, rather than population numbers. She undertook to provide Members with further information on this.

Councillor Hampshire asked about the borrowing period for the building of new homes, and questioned if this could be extended. Ms Glancy explained that the timescale set for new Council dwellings was currently 60 years, in accordance with legislation, and that she would not be comfortable lengthening this borrowing period. She added that the Council's borrowing was based on need, and not for specific projects.

Responding to a question from Councillor Jardine on how the Council's Treasury Management Strategy was aligned with UK and Scottish Government strategies, Ms Glancy assured her that the Council's Strategy sat within parameters set by CIPFA and professional frameworks. She suggested that a Members' briefing could be arranged to explain treasury management in more detail. Sarah Fortune, Executive Director for Council Resources, added that in accordance with the CIPFA Code of Practice, the Council had to ensure that the Council's treasury management arrangements were prudent, sustainable and affordable in the long term.

The Provost asked how officers kept up to date on treasury management and the markets. Ms Glancy indicated that she had a strong team of officers who were required to undertake regular continuous professional development and that they were in close contact with treasury advisers and Investec to ensure that decisions made were in the best interests of the Council. Ms Fortune undertook to arrange a briefing for Members to provide more detail on this complex area of work.

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

For (18):	Councillors Akhtar, Allan, Bennett, Bruce, Collins, Dugdale, Findlay, Forrest, Hampshire, Jardine, McFarlane, McGuire, McGinn, McLeod, McMillan, Ritchie, Trotter, Yorkston
Against (1):	Councillor McIntosh

Abstentions (0)

Decision

The Council agreed:

- i. to approve the Treasury Management Strategy, referenced within Sections 3.5 to 3.19 of the report;
- ii. to approve the Investment Strategy, referenced within Sections 3.20 to 3.22 of the report;
- iii. to approve the repayment of loans fund advances using the methodology detailed in Section 3.7 of the report;
- iv. to approve the operational boundaries for external debt, as detailed in Section 3.15 of the report;
- v. to approve the authorised limits for external debt, as detailed in Section 3.16 of the report;
- vi. to approve the delegation of authority to the Chief Finance Officer in conjunction with the Head of Finance to effect movement between external borrowing and other long-term liabilities, as detailed in Section 3.18 of the report; and
- vii. to note the detailed Treasury Management Strategy Statement, available in the Members' Library (Ref: 21/24, February 2024 Bulletin).

Signed

Provost John McMillan
Convener of the Council