East Lothian Council

MINUTES OF THE MEETING OF THE CABINET

TUESDAY 20 OCTOBER 2015
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON

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Committee Members Present:
Councillor S Akhtar
Councillor T Day
Councillor D Grant
Councillor N Hampshire
Councillor W Innes (Convener)
Councillor J McMillan
Councillor M Veitch

Other Councillors Present:
Councillor D Berry
Councillor J Caldwell
Councillor S Currie
Councillor J Gillies
Councillor J Goodfellow
Councillor P MacKenzie
Councillor F McAllister
Councillor K McLeod

Council Officials Present:
Mrs A Leitch, Chief Executive
Ms M Patterson, Depute Chief Executive – Partnerships and Community Services
Mr A McCrorie, Depute Chief Executive – Resources and People Services
Mr J Lamond, Head of Council Resources
Mr R Montgomery, Head of Infrastructure
Mr D Proudfoot, Head of Development
Ms C McCorry, Service Manager – Community Housing
Mrs M Ferguson, Service Manager – Legal and Procurement
Mr P Vestri, Service Manager – Corporate Policy and Improvement
Mr I Patterson, Homelessness Manager

Clerk:
Ms A Smith

Apologies:
None

Declarations of Interest:
None

1. MINUTES FOR APPROVAL

The minutes of the meeting of the Cabinet of 8 September 2015 were approved.

The Convener, referring to his statement regarding refugees, informed Cabinet that the Home Office had now clarified the arrangements for resettling Syrian refugees. These arrangements however did not allow for the practice and model of support used previously, and successfully, by this Council. He had written to the Prime Minister asking him to intervene and grant local authorities more flexibility in relation to how refugees were integrated into their communities. He added that a full report on the Syrian refugee situation would be brought to Council on 27 October.

This approach was supported, cross party, by several Members.

2. ANNUAL PENSIONS REPORT 2014/15

A report was submitted by the Depute Chief Executive (Resources and People Services) summarising the early retirement activity within the financial year 2014/15, in accordance with External Audit requirements and Council Policy.

The Head of Council Resources, Jim Lamond, presented the report. He made reference to the report background which provided information on types of pensionable retirement together with the related financial implications that might apply for each category. He drew attention to the summary of pension retirements for 2014/15, informing Members there had been 7 compulsory or voluntary retirements, 18 medical retirements, no Rule of 85 retirements and 3 flexible retirements. The report also provided further detail on the costs associated with strain costs incurred during the year, the assessment of future pension liabilities and ex gratia pension payments made in accordance with a 2009 Cabinet decision.

Councillor Berry referred to the assessed liability and requested further details regarding the financial implications. Mr Lamond advised that the key aspects were the performance of the overall fund, the number of people joining and leaving the fund, and contributions coming into the fund. The need for an increase in employer contributions had been assessed by the actuary but was not required at the moment, however, this could change. He reassured Members that at present the Lothian Pension Fund remained intact; no intervention action was required at this time. Councillor Berry also made reference to the position in 2009/10, when the impact of the recession had affected investment in the budget process and considerable finance had to be allocated to pension liability.

Decision

The Cabinet agreed to note the content of the report with regard to the pension activity in the financial year 2014/15.

3. COUNCIL HOUSE ALLOCATIONS TARGETS FOR 2015/16

A report was submitted by the Depute Chief Executive (Partnerships and Community Services) seeking approval to change council house allocation targets for the period 1 November 2015 to 31 March 2016 and explaining the context, legal position and rationale for the proposed change to targets.

The Service Manager for Community Housing, Caitlin McCorry, presented the report. She referred to the legal framework in respect of housing allocations. She drew attention to the 2014/15 and 2015/16 allocations against the reported groups of general needs, transfers and sustainable communities. She gave details of the proposed change to the 2015/16 allocations targets. She informed Members that this should be seen in the context of a range of measures required by the Council and its partners to increase the supply of affordable housing, temporary accommodation and to help provide those in housing need explore a fuller range of housing options, the detail of which would be the subject of further reports.

Responding to Councillor Grant, Ms McCorry confirmed that housing managers would be asked to firm up local lettings plans at their next respective Local Housing Partnerships.

Councillor Berry queried why allocations to transfers did not equate to the same number of available houses; he also asked why the procedure did not seem to allow good tenants to be rewarded with a new house. Ms McCorry advised that transfers were a useful mechanism to make best use of stock but the priority was to meet the needs of the most vulnerable groups. She advised that the target proposed was in excess of requirements.

Ms McCorry responded to questions from other Members. She advised that the Council awaited the outcome of final deliberations from the Scottish Government in respect of the 'bedroom tax'. Regarding local lettings plans, she indicated that these could be targeted to meet particular requirements in a specific area; it was for the Local Housing Partnership and Local Housing team to determine the criteria within that area.

In response to Councillor Currie's questions, Ms McCorry indicated that earlier new build developments did have local lettings plans which favoured local applicants; recently however demand had been met from transfer applications. The priority now was to meet general needs and transfer requirements.

Councillor Hampshire supported the change, which was required due to pressures facing the Council. The proposal was for a reduction in the transfer target and an increase in the general needs target where most of the reasonable preference groups' applicants were found. The aim was to free up properties for those most in need. He stated that the transfer scheme had been effective, providing examples. The allocations targets would be reviewed in March 2016, a progress report would be brought forward in February 2016.

Councillor Currie voiced the SNP's opposition; the Group did not support these changes. During their Administration a local lettings plan for new build developments had been in force, based on a reverse allocations policy. Good tenants should have the opportunity for a new build property in their local community. This change would mean fewer houses available for transfers; this would exacerbate the problem. The existing targets should be maintained.

Councillor Berry agreed with Councillor Currie. Referring to North Berwick, he stated that the only new Council development had worked well, because there was a reverse allocations plan. He did not want vulnerable people to be put at risk; however he did not think that the management of housing stock could solely be done by social need. There should be a reward system for good tenants. The principle was correct but the execution was wrong.

The Convener reiterated that the proposal was a short term measure to address current pressures. A permanent proposal for the future was required and, as indicated, a report would be brought forward early next year in this regard.

Decision

The Cabinet agreed:

i. to approve the recommended targets detailed in section 3.23 of this report;

ii. to note that performance against these targets was reviewed on a weekly basis and that such review formed part of the analysis in setting future targets in 2016/17 and beyond;

iii. to note that ongoing regular monitoring of performance had been embedded within the Community Housing Performance Management Framework; and

iv. to note that other complementary action was needed to address the housing pressures being faced by the Council and in the county generally. This included increasing the supply of temporary and permanent accommodation, increasing the supply of other alternative affordable housing tenures, the further development of the housing options and advice service etc., all of which would be the subject of further reports to Council.

4. ESTABLISHMENT OF THE EAST LOTHIAN POVERTY COMMISSION

A report was submitted by the Depute Chief Executive (Partnerships and Community Services) seeking approval for the establishment of the East Lothian Poverty Commission.

Paolo Vestri, the Service Manager for Corporate Policy and Improvement, presented the report. He referred Members to the Council Plan review in 2014 which had assessed levels of inequality in the county and to the Council's agreement that the existing Council Plan commitment to tackling inequalities should be given a higher priority by adopting the East Lothian partnership's overarching priority. The review had concluded that in order to make significant progress in meeting this priority 4 areas of activity should be prioritised; progress across all 4 areas was being made. A suggestion had been received to establish a Poverty Commission; it was proposed that this be taken forward. The proposed remit, membership and reporting requirements of the Commission were detailed in the report.

Mr Vestri responded to questions from Councillor Currie. He stated that a considerable amount of work had already been carried out by the Council and the East Lothian Partnership. A working group had been in place for a number of years. Following on from the letter from Iain Gray MSP, the proposal was now to establish a Poverty Commission and build on the work already done. He added that a number of other local authorities had recently established a Poverty Commission.

He advised, in response to Councillor Berry's query about the disparity between income deprivation and children in poverty, that these were different measures, reported in different ways. Councillor Berry questioned whether any progress had been made, referring to the 2009-12 datazone figures and those from 10/15 years earlier. Mr Vestri stated that there had been a substantial increase in poverty figures due to the economic downturn but signs now showed an increase in employment; some of the figures would therefore improve. The Commission would look at how to tackle the cycle of deprivation, considering best practice.

In response to questions from Councillor McAllister, Mr Vestri advised that officers were currently doing some of the work required; any additional capacity needed would come from existing resources. Regarding the proposed time frame he stated that there was a need for the Commission to work quickly; 6 to 9 months was achievable.

Councillor MacKenzie, referring to the Commission's remit, hoped that reviewing what was working elsewhere would be informative and beneficial. He welcomed involvement in the Poverty Alliance's Challenge Poverty Week. Poverty was an intractable problem. He welcomed this initiative but added that the world was weighted against those in poverty.

Councillor Berry remarked that the initiative may be well founded but this should have been addressed many years ago. The figures regarding income deprivation and children in poverty were disappointing. It was a concern that this Administration had scaled back on early years' intervention. Referring to table 1, he noted there was not the usual east/west split across the county. He added that there were very few good jobs in East Lothian, these tended to be in Edinburgh; more needed to be done to bring these jobs to the county.

Councillor Akhtar outlined some of the activities the Education service was undertaking to support early intervention but stressed that the key point was that the Council could not deliver all that was required on its own. She highlighted work carried out since 2012. Further engagement with communities was needed to see what practically could be done. She remarked that opportunities and chances were being taken away from the most vulnerable by Scottish Government policies. The Council was doing a huge amount to tackle poverty and inequality. The Commission would, hopefully, provide further assistance.

Councillor Currie stated that the biggest attack on the most vulnerable came from the UK Government, this was the main issue. He referred to measures introduced during their Administration and welcomed since by the Scottish Government. Any measures to look at tackling poverty would be welcomed but this proposal was only coming forward now due to the letter from the MSP; action should have been taken much earlier by this Administration.

Councillor Veitch commented that everyone would agree that poverty was a dreadful and longstanding blight on many communities. He welcomed the paper. He hoped all Members would work together in this regard. He hoped some of the recommendations from the Commission's findings would be about supporting local led initiatives. The key driver was employment; there was a need for proactive measures to help small businesses.

Councillor McMillan welcomed this excellent report. The Council and the East Lothian Partnership had already done a considerable amount of work in relation to reducing inequalities; he highlighted several examples. He stressed that it was about trying to do something more in addition to what was already being done, to make a difference and give people an opportunity to break out from the cycle of deprivation.

Councillor McAllister welcomed this, and any effort, to reduce poverty but did question the likely impact of actions at a local level in mitigating the effect of UK Government policies.

The Convener welcomed the paper. He endorsed Councillor McMillan's comments, stressing that the aim was to support people in poverty and to try and break the cycle.

Decision

The Cabinet agreed to the establishment of the East Lothian Poverty Commission.

5. REFUGEE CRISIS – REQUEST FOR FINANCIAL ASSISTANCE

A report was submitted by the Depute Chief Executive (Partnerships and Community Services) seeking approval to provide 'one-off' financial support to East Lothian Calaid.

Mr Patterson presented the report, providing Members with some background information and details of the request from Calaid.

Councillor Currie stated that the request for financial assistance was measured, appropriate and welcomed. He praised the response from the East Lothian community, both in terms of the number of volunteers and the amount of donations.

Councillor Veitch concurred. He also welcomed the response from the people of East Lothian. He expressed thanks and support to Calaid for their very important work.

Several other Members also expressed their support.

Decision

The Cabinet agreed:

i. to note the East Lothian community response in providing everyday essential items for individuals and families currently living in Calais refugee camps; and

ii. to approve the provision of financial support to assist with the everyday operational costs associated with the voluntary effort that had been established, and in particular to contribute towards transport costs in moving goods to Calais.

6. MINUTES FOR NOTING

The minutes of the Safe and Vibrant Communities Partnership held on 15 June 2015, the Resilient People Partnership held on 17 June 2015 and the Sustainable Economy Partnership held on 24 June 2015 were noted.

Signed ....

Councillor Willie Innes
Council Leader and Convener of the Cabinet

East Lothian Council

REPORT TO:	Cabinet
MEETING DATE:	8 December 2015
BY:	Depute Chief Executive (Resources and People Services)
SUBJECT:	Financial Review 2015/16 Quarter 2

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1 PURPOSE

1.1 To record the financial position at the end of the 2nd quarter (period to 30 September) of the financial year 2015/16.

2 RECOMMENDATIONS

2.1 Members are recommended to;

- Note the financial performance of services at the end of September 2015.
- Agree that Council officials be asked to maintain tight financial control over their budgets with a view to preserving budget underspends between now and the end of the financial year, these will be used to support future year's budgets.

3 BACKGROUND

Budget Summary

3.1 At its meeting of 10 February 2015, the Council approved a budget for the 2015/16 year and an outline budget for two subsequent years.

3.2 The 2015/16 General Services budget can be summarised as follows;

- Assumed levels of Scottish Government general revenue grant of £173.030 million.
- Planned general services revenue expenditure of £200.062 million.
- The utilisation of £350K from General Reserves to support Area Partnerships, and a transfer from the Housing Revenue Account of just under £1million.

- The requirement to deliver £1.8M of recurring efficiencies across Business Groups.

4 Budget Adjustments

4.1 There continues to remain on-going service review activity which may impact on service budget movements during the year. In addition, we have received confirmation of a number of additional funding streams from the Scottish Government which will be reflected in increased Revenue Support grant for 2015/16, details of which are set out below. This will result in an increase in service budgets by £282K and will be reflected within the Quarter 3 report within the following areas:

- Funding of £13K relating to the delivery of Free School Meals for Priority 2 year olds – to be provided to Primary Education;
- £88K relating to the requirement to deliver additional financial support to kinship carers – to be provided to Childrens Wellbeing;
- £50K transitional funding to support the new model for Community Justice in Scotland – the budget to be provided to Adult Wellbeing the costs of which will be used to support a wider Policy post within Corporate Policy and Improvement team;
- £112K aimed at developing Scotland's Young Workforce – to be provided to Economic Development;
- £19K relating to support schools as they move towards delivering the new national qualification – to be provided to Education School Support.

4.2 At its meeting on 25 August 2015, the Council agreed to allocate a sum of £150K from general reserves to support the establishment of a Project Team to develop proposals in relation to the former Cockenzie Power Station site. This adjustment has been applied to this year's revised budget.

4.3 A change to the operational management structures within the Health and Social Care Directorate has now been implemented from 1 October, and as such budgets will be amended in line with the operational structure within the Quarter 3 report.

5 General Services Summary for Quarter Two – 2015/16

5.1 At the end of September 2015, the overall Council position reflects an unadjusted underspend against planned budget of nearly £3.9M or 4.2%. A summary of the financial position across each of the Business Groups at the end of September 2015 is detailed at **Appendix A.** An explanation of some of the key expenditure variances will follow but it is my conclusion that this underspend position reflects the careful and responsible approach to financial management being adopted by services which is consistent with the direction set out within the Council's wider financial strategy.

5.2 We have continued to provide an overall financial risk assessment assigned to each of the service areas based on a review of current expenditure and known financial pressures, as set out in **Appendix B**. Service areas relating to: Adult Wellbeing and Children's Wellbeing; continue to be categorised as Medium risk based on known pressures. In addition, we have now categorised both the Primary client budget and Secondary schools budgets as medium risk. All service areas categorised as Medium or High will be closely monitored over the remainder of the year, and we will work with management to implement any necessary corrective action to ensure expenditure is contained within budget.

5.3 In addition, we have continued to provide an assessment of the progress in implementing the efficiency measures/savings**/**increased income required for the 2015/16 financial year, and based on our assessment all Business Groups are currently on target to achieve their required level of efficiencies planned for this financial year.

5.4 Overall there has been an increase in the underspend position by over £2M from the previously reported underspend of nearly £1.9M at Quarter 1. Most of this increase relates to the following areas, with more detail provided within subsequent paragraphs within this report:

- Increased staffing underspends of £700K – this is evident across most service areas reflecting the fact that managers are controlling staff turnover and recruitment much more tightly, often in anticipation of service reviews and/or planned budget reductions in future years.

- Higher than expected building and planning fee income approaching £400K towards the end of the second quarter;

- Increased underspending on the HRA operational budget of £342K. This is largely due to a combination of staffing underspends and lower than expected expenditure to date on repairs. It is expected that a major staffing review will shortly be implemented and that repairs activity will increase to budgeted levels.

- Within Community Housing (Non HRA), an underspend of £263K is largely due to additional rental income in respect of temporary accommodation, as well as a much lower than expected uptake in Private Sector Housing Grants;

- An increase in the estimated underspend in relation to Roads, Transportation and Waste Service of £200K, reflecting a combination of reduced spending on supplies and services, as well as increased income received for waste collection.

5.5 A summary of the main movements across each of the main service directorates are set out in more detail within the paragraphs below.

5.6 More than £1.7M of the current underspend position relates to the continuation of the staff savings which had been identified in 2014/15. The budgets for 2015/16 have included the provision of a 1% pay award, and national negotiations have now concluded with award of a 2 year pay deal across all pay bargaining groups,+1.5% in 2015/16 and a further 1% in 2016/17. As such, we have included within the period actuals an estimated accrued liability of just under £1M relating to backdated pay from 1 April 2015, the cost of which will largely be met within existing service budgets due to other vacancy related savings.

5.7 At the end of September 2015, **Resources and People Services** were reporting an overall underspend of £573K (1.1%) with most service areas performing in line with expectations.

5.8 As at September 2015, Children's Wellbeing had a minor overspend against budget of £12K (0.2%). There continues to remain pressures within the service relating to residential schools and external foster payments, as well as care packages for children with disabilities. Some of these pressures have in part been offset by a combination of; staff vacancies; higher than anticipated income relating to increased number of external fostering placements; and careful management of placements in secure accommodation. The service continues to experience demand pressures with current expectations that this service may overspend slightly against budget. We will therefore continue to closely monitor this service area during the remainder of 2015/16, and work with the Head of Children's Wellbeing to ensure corrective action is taken to address any areas of potential overspending.

5.9 The Education Group covering; Pre-school, ASL, Primary, Secondary and School Support budgets, is at the end of September reporting an underspend against budget of £302K, with more detail set out in the paragraphs below:

- Pre-school Education budgets are reporting an underspend against planned budget of £51K, and we expect this to increase by the end of the financial year. This growing level of underspend is reflecting the position that plans are still being developed around the wider delivery of choice relating to additional nursery hours and priority 2 children. We will continue to closely monitor this position.

- The Primary and Secondary Group budgets include both internal management or 'client' budgets as well as individual Devolved School Management budgets. Both budgets have now been updated following the school roll census in September, and currently reflect the updated pupil numbers and required staffing levels. As such, pressures have been identified within the Primary 'client' budget relating to; higher than anticipated class numbers; rates charges, and the delayed implementation of Janitorial review. Most of the respective Primary schools are currently operating within their respective DSM budgets.

- With respect to the Secondary schools group; two of the six Secondary schools currently have a reported deficit position, however taking into consideration any previous year carry-forward, only one school (Musselburgh Grammar) remains in a challenging position, largely as a result of a falling school roll over recent years. We are working closely with the new Head Teacher of Musselburgh Grammar and Education Management to identify ways to bring any anticipated overspends within budget.

5.10 The second quarter of 2015/16 is reporting an unadjusted under-spend on the **Health & Adult Care Partnership** budgets of £451K (2.0%). AWB have advised of a number of outstanding commitments of around £330K which have yet to be invoiced and should have been reflected within the reported expenditure, and therefore a more accurate position at 30 September would be an adjusted underspend of £121K. This includes an underspend due to staffing vacancies of around £200K which more than offsets minor overspending on other budget areas. Overall there remains a wide range of pressures within the wider Adult Wellbeing budget including; purchase of care packages for the Elderly, and individuals with Learning Disability and Mental Health, and costs associated with those transitioning from Children's to Adult Services. Similar to Childrens Services, this service continues to be exposed to significant demand pressures, and we are working closely with the service management to monitor the extent of these pressures, ensure anticipated income and expenditure is in line with budget expectations, and implement any necessary control action as required.

5.11 All of the **Partnerships & Services for Communities** budgets are performing within budget, with a reported underspend relative to budget of just over £2M (4.2%) to the end of September 2015, excluding the Housing Revenue Account – details of which are set out in more detail below.

- Around £1.1 million relates to savings made on staffing budgets, a large proportion of these reflecting vacancies within the following areas; Property Maintenance and Asset Planning & Engineering services both of which areas have on-going service reviews; and Landscape and Countryside Management and Roads and Transportation services where a number of posts have recently been advertised. We have received much higher than anticipated income of £425K in relation to Building Fee Income, largely due to recent changes in Building Standards legislation which have caused a spike in applications before the new regulations and associated fees apply from October. In addition, Planning Fee income is around £53K above planned budget.

- The Community Housing (Non HRA) Budget has an underspend of £367K. This relates to a combination of additional rental income associated with a higher number of homelessness temporary tenancies, and slower than anticipated uptake of Private Sector Housing Grants.

5.12 Most of the Corporate Income budget lines are performing broadly in line with expectations.

5.13 Given the extent of underspending across many parts of the Council, it is now anticipated that most services will deliver within approved budget levels potentially generating a year end underspend of some significance. However, it is important to note that with 6 months of the year to come, a number of known and unknown factors could yet have a major impact on the scale of any underspend including:

- Staffing – the Council has substantial service review activity underway and both this and service demands will generate a requirement to fill a number of existing vacancies.
- Winter/Severe Weather – it is widely accepted that the closing 6 months of the year cover the period where the risk of adverse weather is highest – this could put significant strain upon both road/flood management measures.
- Demographic Demand – East Lothian's population continues to grow across all client groupings and with a number of our social care services finely balanced in financial management terms, they are still vulnerable to increased spending between now and the year end.

5.14 For a number of years, the Council's Financial Strategy has promoted the values of both cost constraint and cost avoidance and this approach to management of the Council's expenditure commitments has delivered positive results for the Council during a period of financial austerity. There remains significant uncertainty as to the future level of funding which will be available to the Council but I am reasonably certain the Council will face significant reductions in Government Grant, a grant that accounts for nearly 80% of our entire income stream.

5.15 Taking into account both the current underspend position and what may lie ahead, I would strongly recommend that the Council continues to follow the path set out in the Financial Strategy and that all Council Managers and Officers be urged to preserve and protect budget underspends to date. This will help put the Council in the strongest possible financial position enabling it to use any monies saved to help support future budgets.

Housing Revenue Account

5.16 As at the end of September 2015, the Housing Revenue Account reported an underspend against budget of £490K (7.5%).

- There are staffing vacancy savings against approved budget of £149K, although the Service is currently undergoing a staffing review and this position is therefore subject to change once the review is complete and implemented;
- There continues to be lower than expected expenditure of around £300K relative to budget in respect of repair and maintenance costs and wider supplies and services, however after reviewing with relevant officials, it is anticipated that expenditure at the year-end will be broadly within budget.

5.17 We will continue to closely monitor the Housing Revenue Account during the remainder of the year but our expectation remains that the HRA will continue to deliver a surplus at the end of this financial year.

5.18 Details of the Housing Revenue Account capital budgets are included at **Appendix C.** The total capital budget approved for the HRA was £24.45M, with actual spend to September 2015 £6.212M (24%) The Modernisation programme has expenditure of £4.52M million or 43% of its overall programme. Many of the contracts are well under way, and we expect that overall the Modernisation Programme will deliver broadly within budget for this financial year.

5.19 The Affordable Housing Programme has relatively low expenditure of just under £1.7 million. This year's programme places significant reliance upon delivery of units at both Pinkie and Hallhill, both of which have experienced delays largely outwith the Council's control. The Council has invested considerable effort in supporting the LAR (Local Affordable Rented Housing Trust) initiative, an innovative new delivery vehicle, and the first of its kind in Scotland. To enable this to proceed, the Council has allowed 12 completed units at Pinkie originally earmarked as ELC affordable houses to be sold to the trust. Current expectations suggest the rate of spend will recover but that the overall programme will slip by around £3 million. This will be taken into account when setting future year capital budgets. Overall, we will continue to work closely with wider RSL partners to ensure the delivery of the wider affordable housing programme across East Lothian and where possible maximise the potential subsidy for East Lothian, and the delivery of affordable housing tenures.

5.20 Mortgage to Rent applications are less than anticipated, and as such it remains unlikely that the full budget allocation will be spent within this financial year.

5.21 A Housing Revenue Account Programme Board has now been established, which includes officers from across a wide range of Service areas, and will consider HRA operational expenditure and the wider delivery of the Housing Capital Programme.

General Services Capital Budgets

5.22 The gross capital expenditure to the end of September was £15.448M against the approved annual Capital budget of £29.528M (52.3%) excluding year end fee adjustments.

5.23 Most projects are progressing broadly in line with expectations with details provided in **Appendix D**. Our current estimates suggest that by March 2016, there is likely to be an under spend of £2.4M with around £2M of this spend being slippage and therefore carried forward to 2016/17. The Corporate Investment and Asset Management Group (CIAMG) is currently reviewing the capital monitoring and capital budget setting processes to improve the alignment of the phasing of future capital budgets with the anticipated actual spend, and we will continue to monitor the programme closely.

6 POLICY IMPLICATIONS

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

7 EQUALITIES IMPACT ASSESSMENT

7.1 This report is not applicable to the wellbeing of equalities groups and an Equalities Impact Assessment is not required.

8 RESOURCE IMPLICATIONS

8.1 Financial – as described above

8.2 Personnel - none

8.3 Other – none

9 BACKGROUND PAPERS

9.1 Council 10 February 2015 – Item 1 – Council Financial Strategy 2015-18

9.2 Council 10 February 2015 – Item 5a - Administration Budget Proposals

9.3 Council 25 August 2015 – Item 6 – 2014/15 Financial Review

9.4 Cabinet 8 September 2015 – Item 3 – Financial Review 2015/16 – Quarter1

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DATE	**30 November 2015**

Appendix A

REVENUE BUDGET PERFORMANCE at 30 SEPTEMBER 2015

	Budget for the year £000	Actual to 30/09/15 £000	Budget for the period £000	(Surplus) / Deficit for period £000	(Surplus) / Deficit %	Financial Risk Assessment	Progress with efficiency savings
Resources & People Services							
Children's Wellbeing	12,576	6,319	6,307	12	0.2%	Medium	
Pre-school Education & Childcare	6,387	4,830	4,881	-51	-1.0%	Low	
Additional Support for Learning	7,876	5,196	5,225	-29	-0.6%	Low	
Schools - Primary	32,486	14,754	14,737	17	0.1%	Medium	
Schools - Secondary	36,512	17,089	17,273	-184	-1.1%	Medium	
Schools Support Services	2,704	1,490	1,545	-55	-3.6%	Low	
Financial Services	1,424	-21	83	-104	-125.3%	Low	
Revenues & Benefits	1,577	471	519	-48	-9.2%	Low	
IT Services	1,731	1,019	1,027	-8	-0.8%	Low	
Legal & Procurement	612	340	354	-14	-4.0%	Low	
Human Resources & Payroll	1,280	566	631	-65	-10.3%	Low	
Licensing, Admin and Democratic Services	1,914	786	830	-44	-5.3%	Low	
	107,079	52,839	53,412	-573	**-1.1%**		
Health & Adult Care Partnership							
Adult Wellbeing	45,838	21,832	22,283	-451	-2.0%	Medium	
	45,838	21,832	22,283	-451	**-2.0%**		
Partnerships & Services for Communities							
Planning & Environmental Services	2,452	1,137	1,379	-242	-17.5%	Low	
Economic Development & Strategic Services	2,640	1,362	1,351	11	0.8%	Low	
Asset Planning & Engineering	2,418	1,717	2,331	-614	-26.3%	Low	
Property Maintenance	-565	-243	-215	-28	-13.0%	Low	
Facility Support Services	3,353	232	392	-160	-40.8%	Low	
Landscape & Countryside Management	5,012	2,576	2,687	-111	-4.1%	Low	
Roads, Transportation & Waste Services	13,132	4,501	4,983	-482	-9.7%	Low	
Healthy Living	3,959	1,709	1,691	18	1.1%	Low	
Community Housing	2,667	1,898	2,265	-367	-16.2%	Low	
Housing Revenue Account (HRA)	0	-7,016	-6,526	-490	-7.5%	Low	
Corporate Policy & Improvement	1,274	629	669	-40	-6.0%	Low	
Commuity Partnerships	3,407	1,136	1,144	-8	-0.7%	Low	
Arts, Museums & Music	1,183	566	614	-48	-7.8%	Low	
Community Development	2,673	1,374	1,364	10	0.7%	Low	
Customer Services, Libraries & Safer Communities	3,736	2,425	2,365	60	2.5%	Low	
	47,341	14,003	16,494	-2,491	**-15.1%**		
Total All Departments	200,258	88,674	92,189	-3,515	**-3.8%**	**-4.2%**	
Corporate Management							
Revenue Support Grant (inc. NNDR)	-173,030	-77,730	-77,730	0	0.0%		
Council Tax	-47,980	-48,859	-48,578	-281	0.6%		
Debt Charges/Asset Management / Other	21,578	11,156	11,253	-97	-0.9%		
Joint Board Requisitions	669	335	335	0	0.0%		
HRA Transfer	-995	0	0	0	0.0%		
Transfer to Reserves	-500	0	0	0	0.0%		
	-200,258	-115,098	-114,720	-378	**0.0%**		
Total All Council	**0**	**-26,424**	**-22,531**	**-3,893**	**17.3%**		

Appendix B

Financial Risk	Factors	Implications
High	- The Business Group has been assessed as likely to overspend in the financial year - There has been a history of overspending within Units / Groups - There are new or revised funding arrangement and / or legislature changes with financial significance - Trading Accounts are in deficit for the year. -Grant schemes, on which the Council is reliant are either unconfirmed or have not been confirmed -The service is demand led and the Council has restricted control over the level and form of service - New Services are planned	-Cabinet & Members Library reports with financial implications are not passed under delegated powers -Directors / Heads of Service will be asked to prepare a financial recovery plan -The Head of Council Resources may take enforcement action to ensure budgetary control
Medium	- There is significant potential that Business Group could overspend in the financial year - There have been previous incidences of some overspending within Units / Groups - There are new or revised funding arrangement and / or legislature changes with financial significance - Trading Accounts are having difficulty meeting financial targets -Grant schemes, on which the Council is reliant are either unconfirmed or have not been confirmed	-Members library reports are only passed when financial implications are addressed -Directors / Heads of Service will be asked to identify actions necessary to ensure expenditure is within budget by the year-end.
Low	-Finances are generally under control for the current financial year -Stable legislature, trading and funding environment -The service is supply led - i.e. the Council can decide the level and form of service -Finances in previous financial years have been controlled -Grant schemes are stable and not anticipated to change significantly	-Members library reports are approved promptly under delegated powers

Appendix C

HOUSING CAPITAL SPEND & FINANCING AS AT 30 SEPTEMBER 2015

	Budgeted (£000s)	Actual (£000s)	Over/(Under) (£000s)
Mortgage to Rent	678	0	(678)
Modernisation Spend (also see below)	10,678	4,520	(6,158)
Gross Affordable Homes spend	14,094	1,692	(12,402)
Gross Total Housing Capital Spend	**25,450**	**6,212**	**(19,238)**

Modernisation Programme - Detailed

	Budgeted (£000s)	Actual (£000s)	Over/(Under) (£000s)
Fees	528		(528)
Disabled Adaptations	600	192	(408)
Central Heating	900	634	(266)
Electrical Re-wiring	1,680	622	(1,058)
Structural surveys	60	38	(22)
Projects / Works	600		(600)
Fencing Programme	200	136	(64)
Energy Efficiency	300	207	(93)
Kitchen Replacement Prog.	1,790	579	(1,211)
Roofing / Roughcasting / external fabric	600	240	(360)
Stair Improvement Programme	30	18	(12)
Groundcare Projects	100	1	(99)
Roads / Walkway pre-adoption works	100	22	(78)
Dispersed Alarms	110	55	(55)
Local Initiatives:Projects	200	15	(185)
Window & Door Replacement Prog.	120	79	(41)
Bathroom Replacement	1,800	750	(1,050)
Extensions	200	100	(100)
Lead Water Pipes	300	270	(30)
Asbestos Works	200	311	111
IT Projects	10	8	(2)
Open Market Acquisition Remedial Works	250	243	(7)
TOTAL	**10,678**	**4,520**	**(6,158)**

Appendix D

GENERAL SERVICES CAPITAL SPEND - AS AT SEPTEMBER 2015

Name of Project	Budgeted Spend 2015/16 £000	Actual Spend 2015/16 £000	Over/(Under) (£000s) £000
Fa'side Tranent - New residential home and day centre	110	5	(105)
Eskgreen OPH	-	2	2
Haddington Town House - Steeple Work	13	-	(13)
Torness Strategic Coordination Centre	400	-	(400)
Property Renewals	1,154	708	(446)
John Gray Centre Haddington	79	-	(79)
North Berwick Museum - refurbishment	40	-	(40)
North Berwick Community Centre - Lift	9	4	(5)
Community Intervention	200	-	(200)
Pencaitland Footways	177	-	(177)
Red School Prestonpans	290	-	(290)
Support for Business - Mid Road Industrial Estate	1,269	1,184	(85)
Support for Business - Land Acquisition/Infrastructure/Broadband	173	-	(173)
Support for Business - Town Centre Regeneration	350	-	(350)
Reprovision of Pathways Home	2,075	2,146	71
Dunbar Upper Primary - Lochend Campus	1,200	88	(1,112)
Sandersons Wynd PS - additional Classrooms	365	318	(47)
Secondary School Communication Provision	1,023	7	(1,016)
Dirleton Classroom Extension	4	18	14
Tennis Court Upgrade	-	199	199
Macmerry PS Extension	3	-	(3)
Pinkie St Peter's PS Extension/Levenhall Nursery reprovision	3,069	1,878	(1,191)
Law Primary School	105	152	47
Windygoul PS additional Classrooms	1,991	2,191	200
Wallyford PS - temp units	265	228	(37)
Wallyford Primary School	50	-	(50)

Replacement Vehicles	2,277	359	(1,918)
2G pitch replacement	500	-	(500)
Pavilions	282	-	(282)
East Lothian Legacy Project - Meadowmill Alterations	59	-	(59)
Sports Centres - refurbishment & Equipment	371	439	**68**
Expansion of 3G pitch provision	76	-	(76)
Schools IT	923	887	(36)
Corporate IT Program	500	235	(265)
Core Path Plan Implementation	100	1	(99)
Polson Park restoration	-	77	**77**
Lewisvale / Neilson / Ormiston Park		226	**226**
Amenity Services Machinery & Equipment - replacement	149	51	(98)
Cemeteries - Extensions/Allotments	867	-	(867)
Coastal Car Parks/Toilets	510	-	(510)
Peppercraig Depot Haddington	31	7	(24)
Coastal Protection/Flood	100	2	(98)
Promenade Improvements - Fisherrow	44	-	(44)
Cycling Walking Safer Streets (Ring-fenced grant funded)	151	153	**2**
East Linton Rail Stop/Infrastructure	400	-	(400)
Roads/CWSS/Hotspot Safety Improvements	5,389	3,587	(1,802)
Parking Improvements	571	-	(571)
Purchase of New Bins/Food Waste Collection	314	243	(71)
Free School meals	200	53	(147)
Children and Young Persons Act	1,000	-	(1,000)
Construction Academy	300	-	(300)
sub-total before year end allocations	**29,528**	**15,448**	**(14,080)**
Property Fees/Internal Architect etc fees	1,370	-	(1,370)
Environment Fees	111	-	(111)
TOTAL	**31,009**	**15,448**	**(15,561)**

East Lothian Council

REPORT TO: Cabinet

MEETING DATE: 8 December 2015

BY: Depute Chief Executive – Partnerships and Community Services

SUBJECT: East Lothian Food & Drink - Business Improvement District (BID)

3

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1 PURPOSE

1.1 To inform Cabinet of the East Lothian Food and Drink Business Improvement District (BID).

2 RECOMMENDATIONS

2.1 It is recommended that Cabinet support the initiative and agree a financial commitment of £20,000 a year for 3 years, subject to a successful ballot.

3 BACKGROUND

3.1 The Economic Development and Strategic Investment (EDSI) service develops, supports and implements projects and activities that brings investment into East Lothian, starts up and grows businesses, aids the creation and safeguarding of jobs, stimulates economic development and business performance, and attracts and retains visitors. The service works in partnership with external agencies and other council departments.

3.2 East Lothian Food & Drink (ELFD) was initiated in 2004 with the twin objectives of supporting the local food and drink industry and of raising awareness of the high quality produce available locally within hospitality businesses to residents and visitors.

The initiative is held up as an exemplar project by the Scottish Government – "*East Lothian, a leading food and drink region*" Richard Lochhead, Minister for Environment and Rural Affairs, 2015.

3.3 In discussion with and guided by East Lothian's Food and Drink producers industry steering group, ELFD identified a potential project around a Food and Drink sector Business Improvement District (BID).

3.4 The aims of the potential ELFD BID are as follows :-

- To develop and remove the barriers for a cost effective supply chain both locally and to the rest of the UK - in particular London - where a gap for quality Scottish produce has been identified through research undertaken by Scottish Enterprise. This was confirmed to ELFD through attendance at the "Speciality Fine Food Show" in London in 2014;
- Reduce marketing costs including social media through collaborative working;
- Recruitment of a dedicated sales agent in London promoting ELF&D;
- Reduce delivery costs though collaborative delivery / volume of scale;
- Reduce overheads through joint buying;
- To access external funding such as the new Tyne and Esk Leader programme; and
- To grow the turnover and profitability of ELFD businesses with resultant increase in employment opportunities.

3.5 A BID is funded by business through a levy apportioned across all eligible levy payers in a fair and transparent manner. The normal method is a percentage of the commercial rateable value of the business. Generally a not-for-profit limited company by guarantee, is set up to be the recipient of the levy funds.

3.6 A successful application for a grant of £20,000 was made to the Scottish Government in May 2015 to consolidate the concept and to assist in the preparation of and setting up of an ELFD BID up to the ballot stage.

The award facilitated the recruitment of a specialised consultant to deliver a successful BID. This person has a key role in developing the ELFD BID business plan and promoting the features and benefits of the proposed BID to local F&D producers.

3.7 Primary legislation for a BID is contained in Part 9 of the Planning etc. (Scotland) Act 2006 and other secondary legislation, including UK parliamentary regulations to implement reserved aspects of the policy. A key component of this legislation is the requirement for a formal ballot, with the Council's Returning Officer overseeing the process. If the ballot is successful it is then legally binding on all eligible businesses.

It is projected that 50 to 60 businesses may be eligible for the ELFD ballot.

In the ballot more than 50% of food and drink producers must vote in its favour and they must represent more than half the rateable value of the eligible businesses in the BID sector.

A BID can last for 5 years prior to seeking a new mandate through a further ballot.

3.8 The proposal being developed for the ELFD BID in consultation with the food and drink producers steering group is as follows :-

- A levy in the region of 1.75% on commercial business rateable value – minimum to be paid annually is £100 with a ceiling of £2,500, collected by the Council's Debt Management and Business Rates Team. The levy is entirely separate to business rates but is based on whether a business is liable to pay business rates. New start up businesses will initially be charged the levy at the minimum amount of £100.

- A not-for-profit limited company by guarantee to be formed to receive the levy and any other funds - the board to have a minimum of 5 directors and a maximum of 8. 2 directors will represent the Council, to ensure continuation of close partnership working and the remaining board will be voted on by the BID participating companies.

- Associate membership £4,500 per annum only to organisations based within East Lothian. The associate membership and what it constitutes will be agreed by the board of the new company. Organisations such as QMU have expressed an interest in being associated with the ELF&D BID and links in with the work they currently deliver in the food and drink sector.

- The Council to fund the ELFD BID to the sum of £20,000 annually for 3 years from approval and to cover the cost of additional software and fees that would be accrued in the collection of the levy. Funding contribution amount to be reviewed at the end of this period.

3.9 If successful in the ballot this would be the first sector BID for F&D in the UK and Europe.

4 POLICY IMPLICATIONS

4.1 The creation of an ELFD BID will further support and achieve the aims and objective of the East Lothian Economic Development Strategy 2012 to 20 and the Scottish Governments "Recipe for Success: Scotland's National Food & Drink Policy"

5 EQUALITIES IMPACT ASSESSMENT

5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

6.1 Financial - £20,000 per annum for 3 years will come from the existing allocation for ELF&D of £45,000 in the annual Business Support budget. This financial support will be used to match the income from the levy raised (Projected in the region of £20,000 excluding associate memberships) and assist the establishment of the limited company and delivery of the BID outcomes as noted in section 3.4.

6.2 Additional costs are still to be ascertained for running the ballot and, if successful, for collecting the levy but will be covered initially through the current business support scheme budget.

6.3 Personnel - If the ballot is successful ELC officers will be required to sit on the Board. The ballot will be held by the Returning Officer for East Lothian Council Elections

6.4 Other – n/a

7 BACKGROUND PAPERS

7.1 None

AUTHOR'S NAME	Richard Baty
DESIGNATION	Team Manager Business Development
CONTACT INFO	rbaty@eastlothian.gov.uk Tel 717
DATE	20th October 2015

REPORT TO:	Cabinet
MEETING DATE:	8 December 2015
BY:	Depute Chief Executive (Resources and People Services)
SUBJECT:	Freedom of Information (Scotland) Act 2002 Data Protection Act 1998 – Compliance Statistics

4

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1 PURPOSE

1.1 To report on the Council's compliance with the 20 working day timescale laid down by the Freedom of Information (Scotland) Act 2002 for the period from 1 April 2015 to 30 September 2015.

1.2 To report on the Council's compliance with the 40 calendar day timescale laid down by the Data Protection Act 1998 for the period from 1 April 2015 to 30 September 2015.

2 RECOMMENDATIONS

2.1 Cabinet is asked to note the report and for Members to provide feedback on the compliance statistics.

3 BACKGROUND

3.1 **Freedom of Information (Scotland) Act 2002** - During the period 1 April 2015 to 30 September 2015, East Lothian Council operated in accordance with the statutory requirements, particularly:

Requests for information – to be answered within 20 working days

Requests for review – to be answered within 20 working days by a Chief Officer

If requesters remained dissatisfied after completing this process, then they had a legal right to appeal to the Scottish Information Commissioner (SIC).

3.2 Freedom of Information (FOI) statistics are recorded by Licensing, Administration and Democratic Services. Guidance on how to handle information requests, and requests for review, are on the Council's intranet, accessible to all employees.

3.3 The total number of FOI requests received from 1 April 2015 to 30 September 2015 was **571**, a decrease from the previous half year (673). Despite the decrease during this period, overall numbers of FOI requests have been increasing steadily since the Freedom of Information (Scotland) Act 2002 came into force.

This figure includes information requests processed under the Environmental Information (Scotland) Regulations 2004 (EIR). A split of the FOI and EIR requests is provided at 3.5 of this report.

3.4 The total number of requests for review received from 1 April 2015 to 30 September 2015 was **15**, a slight decrease from the previous half year (16).

This figure includes reviews processed under the Environmental Information (Scotland) Regulations 2004 (EIR). A split of the FOI and EIR reviews is provided at 3.6 of this report.

3.5 Since January 2013, the recording system used has distinguished between FOI requests and requests falling within the Environmental Information (Scotland) Regulations 2004 (EIR). The table below provides a breakdown of the response timescales for both FOI and EIR requests between 1 April 2015 to 30 September 2015:

	FOI		**EIR**	
On time	449	94.5%	43	89.5%
Late	26	5.5%	5	10.5%
Lapsed/Written Off	0		0	
Date of Completion Unknown	0		0	
Cancelled/Withdrawn	7		0	
Suspended	22		3	
Ongoing	**16***		**1***	
TOTAL ACTIONED	**520**		**51**	

*At the time of writing this report, one ongoing FOI and the ongoing EIR have missed the 20 working day deadline so have been included in the "Late" figures.

3.6 The table below provides a breakdown of the response timescales for FOI and EIR requests for review between 1 April 2015 to 30 September 2015:

	FOI		**EIR**	
On time: Within 20 Working Days	11	85%	1	100%
Late	2	15%	0	
Upheld	6		1	
Partially Upheld	3		0	
Overturned	2		0	
Additional Info Provided	2		0	
Total Received	14		1	
Total Actioned	13		1	
Still Outstanding	1		0	
Grand Total of Internal Reviews	**15**			

3.7 The top three enquirers were:

1) General Public
2) Commercial Organisations
3) Journalists

3.8 **Data Protection Act 1998** – East Lothian Council operates in accordance with the statutory requirements, particularly:

Requests for personal information ("Subject Access Requests") – to be answered within 40 calendar days

3.9 Data Protection (DP) statistics are recorded by Licensing, Administration and Democratic Services. Guidance on how to handle requests for personal information ("Subject Access Requests") are on the Council's intranet, accessible to all employees.

3.10 The total number of DP “Subject Access Requests” received from 1 April 2015 to 30 September 2015 was 40, an increase from the previous half year (34).

Completed on time (within 40 calendar days)	20	77%
Late	6	23%
Suspended	14	
Withdrawn	0	
Ongoing	**0**	
Total Actioned	**40**	

4 POLICY IMPLICATIONS

4.1 None.

5 EQUALITIES IMPACT ASSESSMENT

5.1 This report is not applicable to the well being of equalities groups and an Equalities Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

6.1 Financial - None

6.2 Personnel - None

6.3 Other – None

7 BACKGROUND PAPERS

7.1 None

AUTHOR’S NAME	Dr Renate Gertz
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