



## MINUTES OF THE MEETING OF EAST LOTHIAN COUNCIL

TUESDAY 21 FEBRUARY 2017  
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON

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### Committee Members Present:

Provost L Broun-Lindsay (Convener)  
Councillor S Akhtar  
Councillor D Berry  
Councillor S Brown  
Councillor J Caldwell  
Councillor S Currie  
Councillor T Day  
Councillor A Forrest  
Councillor J Gillies  
Councillor J Goodfellow  
Councillor D Grant  
Councillor N Hampshire

Councillor W Innes  
Councillor M Libberton  
Councillor P MacKenzie  
Councillor F McAllister  
Councillor P McLennan  
Councillor K McLeod  
Councillor J McMillan  
Councillor J McNeil  
Councillor T Trotter  
Councillor M Veitch  
Councillor J Williamson

### Council Officials Present:

Mrs A Leitch, Chief Executive  
Mr A McCrorie, Depute Chief Executive (Resources and People Services)  
Ms M Patterson, Depute Chief Executive (Partnerships and Community Services)  
and Monitoring Officer  
Mr J Lamond, Head of Council Resources  
Mr D Proudfoot, Acting Head of Development  
Ms S Saunders, Head of Children's Wellbeing  
Mr T Shearer, Head of Communities and Partnerships  
Mr K Christie, Service Manager – Revenues  
Mr S Cooper, Team Manager - Communications  
Mr J Cunningham, Service Manager – Benefits  
Ms S Fortune, Service Manager – Business Manager  
Ms C Grandison, Executive Officer  
Ms H Hargreaves, Finance Business Partner  
Ms C McCorry, Service Manager – Community Housing  
Ms C McKenzie, PA, Members' Services  
Mr C O'Donnell, Principal Accountant (Management)  
Ms E Shaw, Corporate Finance Manager  
Mr A Stubbs, Service Manager - Roads  
Mr P Vestri, Service Manager – Corporate Policy and Improvement

### Visitors Present:

None

**Clerk:**

Mrs L Gillingwater

**Apologies:**

None

**1. COUNCIL FINANCIAL STRATEGY 2017/18 TO 2019/20**

A report was submitted by the Depute Chief Executive (Resources and People Services) outlining the Financial Strategy of the Council, which provided the financial context for Councillors in preparing their budgets for the period 2017–20.

The Head of Council Resources, Jim Lamond, presented the report, highlighting the success of the Council in reducing the scale of its capital investment plans and reducing its reliance on the use of reserves in order to balance the budget. He advised that the proposed Financial Strategy for 2017–20 continued to focus on cost constraint and cost avoidance at the same time as delivering service redesign and transformational change.

Mr Lamond drew attention to the pressures facing the Council in relation to the delivery of the Local Development Plan, and its associated impact on future capital plans. He noted that it was likely that austerity conditions would remain in place until at least 2019/20, and that the Council should continue to plan on this basis. He advised that the Strategy provided financial management guidance for both the Housing Revenue and General Services Accounts and established the various parameters within which political groups had been asked to prepare their budget proposals.

As regards the General Services budget, Mr Lamond advised that East Lothian's share of the Revenue Support Grant (RSG) had been reduced by £2.9 million (1.7%), and that this was conditional on the Council accepting the delivery of a package of Scottish Government conditions or policy objectives, failure of which would result in a less favourable settlement. He set out the impact of the amended Council Tax band multipliers on Bands E–H; confirmed that councils now had the flexibility to increase Council Tax by up to a maximum of 3%; and noted that Groups would have to declare an appropriate Band D Council Tax level within their proposals.

Mr Lamond warned of the financial challenges facing the Council, noting that the Council would have to demonstrate that its capital investment plans were both affordable and sustainable. He confirmed that, in order to balance future budgets, further reductions would need to be made, and that the transformational change programme would need to be delivered.

He outlined the position as regards reserves, setting out his recommendations for earmarked reserves and noting that any further available reserves should be transferred to the Cost Reduction Fund or to the Capital Fund.

He went on to highlight key aspects of the Strategy in relation to the Housing Revenue Account (HRA): ensuring the capital programme would be sustainable and affordable through the proposed rent and revenue spending levels and consistent with the Local Housing Strategy; continuing to meet the requirements of the Scottish Housing Quality Standards and Energy Efficiency Standard in Social Housing (ESSH); responding to the challenges arising from the recent and proposed UK Benefit reforms; ensuring rent arrears would be kept to a minimum; delivering efficiencies across the housing management and repairs service; staying within the recommended upper limit for the ratio of debt to overall income of 40%; and maintaining a minimum reserve/balance on the HRA of £1 million.

Mr Lamond concluded his report by advising that budgets would continue to be monitored, with quarterly reports being presented to Cabinet, and an end-of-year report being presented to Council in advance of the final audit.

Mr Lamond responded to a number of questions from Councillor Berry, advising that an element of business rates income was included in the Council's financial settlement from the Scottish Government, and that he expected the reduction in the Scottish Government grant to be offset by the increase in Council Tax income through the band multiplier changes.

As regards questions raised by Councillor Currie, Mr Lamond confirmed that the budget proposals from both the Administration and SNP Group were affordable, sustainable and fully funded. He pointed out that formal acceptance of the Scottish Government's financial settlement had not yet been given; however, he referred to the report recommendations, which outlined that approval of the budget proposals would imply acceptance of the conditions set by the Scottish Government. Mr Lamond accepted that the amount of funding available to the Council in 2017/18 was greater than that of the previous year, but pointed out that the amount received directly from the Scottish Government had decreased, whilst the Council's capacity to generate additional Council Tax income during 2017/18 would increase, which should compensate for the reduction in core grant. He also pointed out that the financial settlement had a number of obligations attached to it which would have an impact on how this funding was used.

Councillor Innes asked if provision had been made in the Scottish Government grant settlement for pay and pension increases. Mr Lamond advised that there had been no direct provision made, and that the Council would need to make provision for such increases.

Councillor McAllister queried a reduction in capital investment and asked for an update on the rent arrears situation. Mr Lamond advised that decisions on capital expenditure had been taken on the grounds of affordability, but that capital expenditure would need to be reconsidered in the context of the Local Development Plan and City Region Deal. On rent arrears, Kenny Christie, Service Manager – Revenues, reported that arrears had risen by £289,000 during 2016/17, with this increase coinciding with the introduction of Universal Credit.

## **Decision**

The Council agreed:

- i. to approve the Financial Strategy, attached as Appendix 1 to the report;
- ii. that, as part of presenting their budget proposals, each Group of Councillors had been recommended to:
  - Develop a sustainable General Services budget avoiding the use of reserves in Year 3 (2019/20);
  - Develop General Services Capital Plans, which sought to minimise net borrowing requirements and were considered affordable both in terms of prudential limits and within the three-year revenue budget;
  - Adopt the recommended levels for earmarked reserves, as detailed in the Financial Strategy Statement;
  - Transfer any further additional reserves at the end of 2016/17 to either the General Services Capital Fund or the Cost Reduction Fund, with any balance on the Capital Fund to be used in future years to directly fund capital expenditure or defray capital charges;
  - Prepare balanced budget proposals for General Services taking into account a freeze in the level of Council Tax for Year 1 and the related estimates of Scottish

Government Grant and other funding, and noting that in developing proposals consistent with the financial settlement, the Council would then effectively be accepting the settlement and related conditions that apply;

- Give due consideration to potential Council Tax yield, taking into account new housing development and the effects of Scottish Government changes to the Council Tax Band Multipliers;
- Propose an appropriate Band D Council Tax level, noting the terms of the Local Government settlement set by the Scottish Government, which allows councils to increase Council Tax by up to a maximum of 3%;
- Consider the level of Council Tax discount offered awarded to second homes for 2017/18;
- Retain within the HRA, at least £1.0 million of reserves as protection against unexpected costs or loss of income;
- Maintain the ratio of debt charges to income within the HRA to below 40%; and
- Propose an appropriate rent increase to support the HRA revenue and capital budget proposals.

## **2. PROPOSALS TO INCREASE COUNCIL HOUSE RENTS: CONSULTATION EXERCISE**

A report was submitted by the Depute Chief Executive (Partnerships and Community Services) outlining the results of the consultation exercise on the proposals to increase Council House rents in 2017/18, and outlining the key aspects of the consultation process.

The Head of Communities and Partnerships, Tom Shearer, presented the report, explaining that the Council had a statutory obligation to consult with all tenants when making proposals to increase rent levels. He drew attention to the work undertaken by the project group and to the outcome of the consultation, advising that 1099 responses had been received, representing a return rate of 13% of all letters issued, compared to 14% the previous year.

In response to questions from Members, Mr Shearer confirmed that the same questionnaire had been issued to all tenants. He advised that officers were trying to encourage tenants to move to online payments, and that, although an incentive scheme had not been introduced to date, this could be considered as part of the development of the Council's digital strategy.

### **Decision**

The Council agreed:

- i. to note the results of the consultation exercise; and
- ii. to note the consultation process, which would be further improved and consolidated on in future years.

## **3. RENT PROPOSALS 2017/18 – 2021/22**

### **(a) Presentation by the Administration**

After thanking officers for their advice and support in developing the proposals, Councillor Hampshire presented the Administration's Housing budget to the Council. He reported that the Administration had delivered 370 new council homes over the past five years and that, in addition to those, 283 affordable homes had been delivered through housing association partners. He referred to the Council's Local Development Plan, which would support the delivery of a further 2,500 new affordable homes. On the Council's modernisation

programme, he advised that 522 new kitchens and 501 new bathrooms had been delivered, and that insulation, central heating and electrical wiring upgrades were being carried out in order that the Council's housing stock meets the EESSH standard. He thanked staff in the Property Maintenance Team for implementing these improvements. Councillor Hampshire stated that the Administration would continue to deliver a quality housing service in East Lothian and called on the Council to support the rent proposals as set out by the Administration.

The Administration proposals were seconded by Councillor Day.

#### **(b) Presentation by the SNP Group**

Councillor Currie thanked officers for their help in preparing the proposals. He presented the SNP Group housing budget to the Council, highlighting the importance of taking every opportunity to provide more council homes, believing that low cost home ownership would not provide a solution to East Lothian's housing problems. He proposed investment of £99 million to deliver 1,000 new council homes over the next five years, with £61.6 million to be invested in modernising existing stock, including the installation of solar panels. He criticised the Administration for their transfer of funds from the HRA to general services, and proposed a number of initiatives, including providing lending facilities for housing associations to build more homes for rent and the provision of housing bonds to provide additional council houses. He moved the SNP housing proposals.

The SNP Group proposals were seconded by Councillor McLeod.

#### **(c) Debate and Decision**

Following the presentations, the Provost opened the matter for debate.

Councillor Berry questioned the number of council homes delivered in North Berwick, particularly as there was a high level of demand in the town. Councillor Hampshire pointed out that the delivery of housing in East Lothian was largely dependent on the approval of the Local Development Plan. He referred to the Administration's record of council house delivery, noting that it was difficult to deliver additional homes without charging tenants higher rents. On the proposal to appoint a consultant, Councillor Hampshire advised that all options had been explored and that this course of action was considered to be the most appropriate.

Responding to comments made by Councillor McAllister, Councillor Innes reminded Members that it was a change in the terms of the Right to Buy scheme that had allowed councils to deliver affordable council housing. He remarked that the current Administration had delivered a higher number of units than the previous Administration, and in more challenging financial circumstances.

Councillor MacKenzie expressed concern at the increasing levels of rent arrears, which he believed was as a result of the implementation of Universal Credit. He suggested that an incentive scheme should be considered for rent payers to pay by direct debit.

Summing up, Councillor Currie voiced his disappointment that the Administration had not spoken out as regards the impact of Universal Credit. He also referred to the previous Administration's record of delivering affordable housing in conjunction with East Lothian Housing Association. He reiterated his view as regards low cost home ownership being unaffordable to many people, and that new affordable homes should be offered as rental properties. He also expressed concern that sites set out in the Strategic Housing Investment

Plan had not come forward, and stated that the SNP housing proposals would deliver homes for those in need.

Councillor Hampshire, summing up for the Administration, stated that the Council would deliver homes in the Wallyford area, and that the Council was working with the Scottish Government to take this forward, with a view to commencing work prior to the end of the current Council term. He advised that the Administration's rent proposals were fair and acceptable to tenants. He undertook to deliver more council homes and called for Members to support the Administration proposals.

The Provost then asked the Council to move to the vote.

The HRA budget proposals of the SNP Group for 2017/18 to 2021/22 were put to the vote.

For: 9  
Against: 13  
Abstentions: 1

The SNP Group's proposals therefore fell.

The HRA budget proposals of the Administration for 2017/18 to 2021/22 were put to the vote.

For: 13  
Against: 8  
Abstentions: 2

The HRA budget as proposed and seconded by the Administration was therefore carried.

## **Decision**

The Council agreed to approve the rent proposals as presented by the Administration and increase Council house rent levels by 5% in 2017/18.

## **4. COUNCIL TAX PROPOSALS 2017/18 to 2019/20**

### **(a) Presentation by the Administration**

Councillor Innes presented the Administration's budget proposals, thanking the Chief Executive, Mr Lamond and his Finance staff for their support and assistance. He spoke of the achievements of the Administration over the past five years, including improving the Council's financial situation, the introduction of the living wage, the retention of home care services, and the protection and development of the local economy and tourism. He expressed concern at the reduction in the grant from the Scottish Government and the impact this would have on Council services. He also criticised the SNP Group's budget proposals, which, he argued, would impact on Council jobs and services. He called on Members to support the Administration's budget to protect services and jobs, and safeguard the local economy.

The Administration proposals were seconded by Councillor Veitch. He welcomed the proposals as regards the funding of bus services, noting that the Council's investment in bus services was ranked third in Scotland. He also highlighted the progress made towards establishing a railway station at East Linton, and urged the Council to continue its cross-party support for this project. He advised of the work to improve parking facilities at a number of railway stations. Councillor Veitch expressed concern at the increase in Council

Tax for residents living in Band E–H homes, at the re-evaluation of business rates, and at the SNP Group's proposals to reduce Council staffing levels. He believed that the Administration's proposals would allow the Council to achieve efficiencies whilst continuing to provide high quality services.

**(b) Presentation by the SNP Group**

After thanking Finance and support staff for their assistance during the process, Councillor Currie set out the budget proposals of the SNP Group, stating that this budget was balanced, affordable and sustainable. He noted the increase in funding from the Scottish Government to the Council, and that the additional Council Tax raised in East Lothian would provide an additional £800,000. He then drew attention to his proposals:

- a Council Tax increase of 1% for 2017/18
- a 5% increase in spending on schools over the next three years, with £1.5 million going directly to schools
- £50.5 million to be invested in Adult Wellbeing to reduce delayed discharge and meet the ongoing needs of the service
- the reinstatement of community policing, with funding to be devolved to the Police, Fire and Community Safety Scrutiny Committee
- investment of £400,00 in each of the six town centres, with area managers to drive forward regeneration and economic development, with a further £1 million of grant funding to be determined by the Area Partnerships
- increased investment in community councils and the East Lothian Foodbank
- a reduction in costs for the use of 3G pitches in Musselburgh and Prestonpans by community clubs
- investment in community facilities, such as libraries, and the former sheriff court building
- the removal of coastal car parking charges
- the introduction of webcasting for Council meetings
- increased capital investment in paths, a new care home for Musselburgh, village hall restoration, sports/recreation/nature facilities, and Fisherrow waterfront
- £18 million to improve roads.

In moving his budget, Councillor Currie stated that the SNP Group would invest in communities and in education across the county.

The SNP Group proposals were seconded by Councillor MacKenzie, who focused on the proposed investment in education and children's services, including the benefits of the Pupil Equality Fund, which would see additional funding go directly to schools. He also proposed further investment in fostering services in order to build capacity, in curriculum development and academies, and in community and recreation projects.

**(c) Debate and Decision**

Following the presentations, a full debate took place.

Councillor Day opened the debate, thanking Council staff for their hard work and support over the past five years. He spoke in opposition of the SNP Group's proposals to use the Council's reserves. As Cabinet Spokesperson for Community Wellbeing, he drew attention to the progress made over the past five years, including:

- resurfacing of sports pitches in Musselburgh, Haddington, Port Seton and Meadowmill

- 50% participation in the Active Schools programme
- 122 local events and festivals
- investment in Enjoy Leisure's facilities
- an increasing range of services being provided by libraries, and the success of the mobile library service.

Councillor Day accepted that the Council was operating within a challenging financial environment, but believed that the Administration's budget would protect vital services.

Councillor Akhtar, as Spokesperson for Education and Children's Services, advised of the continuing success of the Support from the Start programme, and of improvements in attainment, with the best results in maths and English for five years. She referred to the new communication provision in Haddington, which would enable children to continue their education locally, and to £97 million of investment in improvements to schools across the county. Schools would also benefit from a £5.5 million investment in their IT facilities, and there would be an additional £250,000 for Children's Services.

On health and social care, Councillor Grant highlighted the challenges and achievements of the past five years, notably the establishment of the Health and Social Care Partnership and Integration Joint Board, the introduction of the Hospital at Home and Hospital to Home initiatives, and the construction of the new community hospital in Haddington. He advised that the Council would receive £1.87 million in 2017/18 from the Social Care Fund, and that there would be further support for day centres. He believed the Administration's budget would allow the Council to address pressures in a sustainable manner.

Councillor Brown spoke in support of the SNP Group's proposals for investment in his own ward, especially funding for police services to tackle anti-social behaviour. He highlighted a number of capital projects that had not gone ahead under the current Administration, including funding for a sports hall in Port Seton, extensions to railway station car parks and improvements to Prestongrange Museum, and stated that the SNP would deliver on its budget.

Councillor McAllister focused on the financial situation at a national level, referring to problems caused by changes to the welfare and taxation systems, whilst Councillor Trotter believed that the SNP Group budget would benefit people in his own ward and across East Lothian.

Councillor Hampshire reminded Members of the difficult decisions taken by the Administration, and thanked Council staff for their support over the past five years. He argued that the Council Tax freeze had had a detrimental impact on Council services, and had made it difficult for councils to balance their budgets. He stated that the Administration would raise Council Tax in order to protect staff and services, and to meet the challenges ahead.

Councillor Williamson highlighted the benefits to the Musselburgh community through the SNP Group's proposals, which would lead to increased tourism, road safety improvements, and the introduction of town centre Wifi.

As the Cabinet Spokesperson for Economic Development and Tourism, Councillor McMillan praised officers for their engagement with the community in relation to the future of the Cockenzie Power Station site. He also made reference to a number of initiatives, including the City Region Deal, the East Lothian Food and Drink District, Scotland's Golf Coast and Golf Alliance, and the progress made by East Lothian Works and the Construction Academy. He also mentioned the creation of business premises in Haddington and Prestonpans, and the festivals and events that took place in East Lothian in recent years. However, he also advised of the impact on the community of the closures of Haddington Sheriff Court and the



Fire Service Training College. He called on Members to support the Administration's budget proposals.

Councillor Berry indicated that the Administration had not been innovative enough in addressing the challenges of recent years, and that talk of funding cuts for the coming year was misleading, given the potential increase in Council Tax revenue and additional funding for education.

Councillor McNeil expressed concern that the SNP Group budget would result in a reduction in Council staffing levels.

Councillor Goodfellow provided statistics on the rate of the Council's revenue support grant since 2009, and questioned why the SNP Group was proposing to use £6.2 million from reserves to support their budget, whilst claiming that the Council had been awarded additional funding for 2017/18. He also spoke of the success of the low cost home ownership scheme in his ward.

Summing up for the SNP Group, Councillor Currie reiterated that low cost home ownership was not a solution to the county's housing problems, and that the Council had to provide more homes for rent. He restated his intention to abolish coastal car parking charges. He expressed concern at the Administration's proposal to reduce funding for additional support needs, as well as increased levels of delayed discharge from hospital. He called on Members to support the SNP Group budget.

Councillor Innes summed up for the Administration, arguing that it would be spending more on schools, children's services and adult wellbeing services than the Opposition would. He also outlined the potential employment and economic opportunities offered by the City Region Deal, the Local Development Plan and the development of the Cockenzie Power Station site, adding that the Council had to be in a strong financial position to participate, direct and lead on these. He claimed that the SNP Group budget would lead to a loss of Council jobs and a transfer of services to other councils or providers. He believed that the Administration's budget was the right one for East Lothian.

The Provost then invited Mr Lamond make a statement prior to the vote on the proposals. Mr Lamond pointed out that, notwithstanding the recommendations approved in Item 1 (Council Financial Strategy 2017/18 to 2019/20), both sets of budget proposals had departed from his recommendation as regards the earmarking of reserves. He noted that, in approving either set of proposals, the Council would be agreeing to accept the Scottish Government grant settlement and the conditions attached to that settlement, but that the Council should bear in mind that the Scottish Government draft budget had not yet been approved. He stated that in the event of a material change, he would advise the Council accordingly.

The Provost then asked the Council to move to the vote.

The budget proposals of the SNP Group were then put to the vote.

For:	9
Against:	13
Abstention:	1

The SNP Group's proposals therefore fell.

The budget proposals of the Administration were then put to the vote.

For: 13  
Against: 8  
Abstention: 2

The budget as proposed and seconded by the Administration was therefore carried.

**Decision**

The Council agreed to approve the budget proposals as presented by the Administration and increase Council Tax levels by 3% in 2017/18 (Band D level of £1,151.15).

DRAFT

Signed .....

Provost Ludovic Broun-Lindsay  
Convener of the Council