

**MINUTES OF THE MEETING OF
EAST LOTHIAN COUNCIL**

**TUESDAY 29 AUGUST 2023
VIA DIGITAL MEETING FACILITY**

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Committee Members Present:

Provost J McMillan (Convener)

Councillor S Akhtar

Councillor E Allan

Councillor R Bennett

Councillor L Bruce

Councillor C Cassini

Councillor D Collins (from Item 5)

Councillor A Forrest

Councillor N Gilbert

Councillor N Hampshire

Councillor L Jardine

Councillor C McFarlane

Councillor C McGinn

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

Mr D Proudfoot, Executive Director for Place

Ms F Wilson, Director of Health and Social Care

Ms L Byrne, Head of Children's Services

Ms E Dunnet, Head of Finance

Ms M Ferguson, Head of Corporate Support

Ms N McDowell, Head of Education

Ms W McGuire, Head of Housing

Mr T Reid, Head of Infrastructure

Ms S Saunders, Head of Communities and Partnerships

Mr J Baker, Service Manager – Economic Development

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

Mr D Henderson, Service Manager – Service Accounting

Mr E John, Service Manager – Sport, Countryside and Leisure

Mr S Kennedy, Emergency Planning, Risk and Resilience Manager

Ms J McLardie, Project Manager – Purchase to Pay

Mr T Renouf, Executive Officer

Mr P Vestri, Service Manager – Policy, Improvement and Partnerships

Visitors Present:

None

Clerk:

Mrs L Gillingwater

Apologies:

Councillor F Dugdale

Councillor J Findlay

Councillor G McGuire

Declarations of Interest:

None

The Provost advised that the meeting was being held remotely, as provided for in legislation; 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.

Order of business – Urgent Motion: Declaration of Nature Emergency

The Provost advised that an urgent motion had been received from the Labour Group (which had now been circulated to all Members), concerning the declaration of a nature emergency. The Provost ruled that he was prepared to accept this urgent item on the grounds that the motion had not come forward earlier due to other pressures on officers and the resulting delay in having the wording finalised. The Provost pointed out, however, that he had not taken the decision to accept the motion lightly, as he always strived to protect the Council's governance arrangements. In accepting this motion, he advised that Standing Order 5.3(i) would require to be suspended, and that this would require the support of two-thirds of Members. The clerk then took a roll call vote on the suspension of Standing Order 5.3(i):

For: (12)	Councillors Akhtar, Bennett, Bruce, Collins, Forrest, Hampshire, McFarlane, McGinn, McLeod, McMillan, Ritchie, Yorkston
Against: (7)	Councillors Allan, Cassini, Gilbert, Jardine, McIntosh, Menzies, Trotter
Abstentions: (0)	

The Provost advised that as the vote to suspend Standing Orders had not achieved the s required (13), it would therefore not be possible for the urgent motion to be considered at this meeting.

The Provost also advised that an item of urgent business had been submitted by the Executive Director for Place (which had been circulated to Members), concerning the situation at Preston Lodge High School. The Provost ruled that he was prepared to accept this urgent item on the grounds that the contractual position had not been finalised until late the previous week, and that the approval of Council was urgently required in order for the proposed works to progress. He advised that this item would be heard in private as the final item of business.

1. MINUTES FOR APPROVAL

The minutes of the following meeting were approved: East Lothian Council, 27 June 2023.

2. DRAFT ANNUAL ACCOUNTS 2022-23

A report was submitted by the Executive Director for Council Resources providing an update on the draft unaudited accounts for the Council and Group entities for the year ending 31 March 2023.

The Service Manager for Corporate Accounting, Ann-Marie Glancy, presented the report, advising of the steps taken to provide Members with opportunities to scrutinise the draft unaudited accounts. She noted that the external audit process for the accounts would commence in September, with an anticipated sign-off date of December.

Councillor Hampshire commended officers on their work to deliver the draft accounts to the external auditor within the required timescales.

Councillor Akhtar thanked officers for their recent briefing to Members on the accounts. She expressed her confidence in the Council's governance and financial controls, noting that it was important for the public to see that the Council's resources were being independently evaluated.

Decision

The Council agreed:

- i. to note that the draft annual accounts for the Council and its wider group, and the Dr Bruce Trust, had been submitted to the External Auditor prior to the statutory deadline of 30 June 2023; and
- ii. to note that the accounts would remain in draft pending the finalisation of the statutory audit, which was expected to complete by 19 December 2023 at the latest.

3. FINANCIAL UPDATE

A report was submitted by the Executive Director for Council Resources, providing an update on the current and future financial outlook for the Council.

The Executive Director for Council Resources, Sarah Fortune, presented the report, highlighting the anticipated funding gap of c. £71m in the next five years, which amounted to approximately a quarter of the Council's annual running costs. She stressed that the Council was facing its most extreme financial challenge, as reflected in the Corporate Risk Register (Item 5 on the agenda for this meeting). She set out the external factors which had contributed to this position, such as the national funding settlement, growth, rising inflation, high utility costs, and high interest rates. In addition, there had been an increased demand on Council services, and the Council was no longer in a position to meet this demand within its current resources. She reported that the financial implications associated with growth had been raised regionally and nationally, and that the Council Leader had written to the Cabinet Secretary setting out the scale of the Council's challenge. She reminded Members that the Council was obliged to deliver a balanced budget, and therefore the Council had to take action to reduce its running costs. She drew attention to proposed mitigation actions, but warned that these would have an impact on Council staff and on communities, and that they could not be seen as a permanent solution. She stated that there was a significant threat to the ongoing financial sustainability of the Council, and without additional funding urgent policy decisions would be required to reduce expenditure.

In response to a series of questions from Councillor Bruce, Ms Fortune advised that, as regards the projected Integration Joint Board (IJB) overspend, the Scheme of Integration sets out how financial variations should be dealt with, but that any overspend would ultimately be

the responsibility of the partner bodies – she assured him that actions were being taken to control expenditure and the position would continue to be monitored. She explained that it was difficult to mitigate pressures for demand-led services, such as Children’s Services – this situation was replicated across Scotland and the matter had been raised with the Scottish Government. Ms Fortune advised that it was difficult to quantify savings made through mitigation measures; she believed that those measures had had a positive impact but that they would not address the scale of the overspend on a recurring basis. She added that saving on staffing costs would help, but this was not a sustainable solution in the longer term; she also noted that managers were already applying controls on the recruitment to vacant posts. On capital expenditure, Ms Fortune reported that all projects that were not yet contractually committed would be subject to review – again, measures put in place would only be temporary. As regards the roads budget, she estimated that there was currently c. £200,000-£300,000 still uncommitted. Tom Reid, Head of Infrastructure, confirmed that a review of outstanding projects would be undertaken, both in terms of roads and vehicles. Ms Fortune also informed Members that, as part of the New Deal with Local Government, the Council had called for a growth fund to reflect the costs and obligations facing councils experiencing growth, as well as greater financial flexibility and empowerment. She asserted that funding should be aligned to policy obligations, commensurate with statutory obligations and demands, and should be more outcome-focused. The Council would work with CoSLA to ensure that the New Deal reflects the Council’s concerns. She noted that in the event that CoSLA, which worked on behalf of all 32 Scottish local authorities, does not take account of the Council’s position, then the future of that relationship would be a matter for Members to determine. On the ability of the Council to meet its demands and obligations, Ms Fortune advised that this issue had been raised with the Depute First Minister.

Councillor McLeod asked how spending within services would be monitored. Ms Fortune advised that managers were expected to operate within their budgets; this would be monitored by finance officers and reported to CMT. In addition, finance updates would continue to be reported to every Council meeting.

Responding to questions from Councillor Jardine on the impact of growth, Ms Fortune noted that there had been an increase in East Lothian’s population of c. 21.5% since 2001, compared with 8.2% across Scotland. She stressed that the Council had a statutory obligation to support the national housing supply; however, this growth had resulted in significant revenue implications for the Council, which had been raised through the City Region Deal, CoSLA, the Scottish Government, and other professional associations. She noted that the increased Council Tax income did not cover these additional costs, citing the costs associated with building new schools as an example of the financial pressures faced by the Council. Referring to the recent meeting with the Depute First Minister, Ms Fortune reported that officers would be providing her with evidence of the impact of growth and that the dialogue with the Scottish Government on the situation would continue.

On authorised overspends, Ms Fortune pointed out that there were significant demands on some services, such as support for vulnerable people, and that managers had to take decisions based on their obligations and these demands; where such services could not be delivered within budget, this was flagged up and appropriate mitigation measures put in place. She assured Members that there were processes in place regarding financial controls.

Regarding the proposed temporary recruitment freeze, Ms Fortune was unable to provide specific details of posts that would potentially be affected, but highlighted the need to ensure that the Council’s statutory obligations could be fulfilled. She noted that many services remained in business continuity measures, and that this proposal would have an impact on services. She informed Members that difficult decisions would need to be taken in this regard, and that officers would monitor the impact; she assured Members that they would be kept informed of the situation and of the impact on communities. On the potential effect on community buildings/facilities, Mr Reid stated that he could not give a commitment that

facilities such as libraries and public toilets, etc. would not be impacted, and that he had to ensure that statutory functions were prioritised.

Councillor Cassini asked for an update on the situation with Council house voids. Wendy McGuire, Head of Housing, reported that there had been an increase in the turnaround time for bringing vacant properties back into use, due to vacancies and contractor shortage, as well as the condition of properties being handed back to the Council. She assured Members that there was now an increased focus on reducing the turnaround time, and that improvements had been made to management information to allow for performance to be monitored more closely.

Councillor Cassini also asked if the Council had lobbied the UK Government about the Council's financial position. Ms Fortune confirmed this to be the case, with Councillor Hampshire having written to the Chancellor of the Exchequer setting out the scale of the challenge, and wider discussions taking place around the City Region Deal framework. She confirmed that the Council would continue lobbying both governments.

In response to questions from Councillor Menzies, officers advised that the Council was working in partnership with third-sector organisations to assist those not eligible for Scottish Welfare Fund grants, and that the Council was looking to expand its work with such organisations. On the PPP interest charges, Ms Fortune undertook to provide information on this to Members. Ms Fortune also agreed to share with Members the questions being drawn up regarding the public consultation on the budget.

Councillor Forrest asked about the impact on the Council of a reduction in funding to tackle homelessness. Ms McGuire explained that the new duties on councils relating to homelessness prevention had not yet been implemented, which had hampered officers' efforts on prevention. She added that there was increased pressure on councils to reduce the use of temporary accommodation, and she warned that the Council would struggle in future if the focus remained on that aspect. Ms McGuire pointed out that the Council had received record levels of grant funding from the Scottish Government to provide new affordable housing; however, this was not likely to result in a unit subsidy increase going forward. On the delivery of affordable units within housing sites, she advised that officers worked with developers on a site-by-site basis, and that the location of affordable units within sites was agreed at the planning stage.

Councillor Trotter asked about the pause on capital spending for some projects. Ms Fortune indicated that the Council would have to take decisions on which projects to prioritise; a further report on this would be presented to Council in October, which would include a range of issues, such as the Loch Centre and the Brunton Hall.

Councillor McGinn asked about the situation with applications already received for Community Intervention funding. Ms Fortune indicated that she would share information with Members as regards applications already in the system and the flexibility available to the Council; however, she stated that no new applications would be taken forward at this time.

Councillor McGinn voiced his concern about the position with the Scottish Welfare Fund. Ms Fortune advised that representatives from all Scottish local authorities had reported that the level of funding was not adequate and that it was hoped that the Scottish Government would recognise this. Ms Dunnet added that this was now an area of priority which had been escalated to Ministers. The Council would continue its engagement with the Scottish Government to ensure that the most vulnerable people were properly supported.

Opening the debate, Councillor Hampshire warned that the proposed mitigation measures would have an impact on Council services, due to the increased cost of delivering services. He noted that Council Tax accounted for only 25% of the Council's income, and stressed that an increase in the government grant was required, particularly in light of the need to provide

additional infrastructure to meet the demands of growth in the county. He stated that the Council was now at the point where delivering services would not be sustainable without additional funding to match this growth, and he believed that it would be wrong to lose services in order to deliver additional growth. He noted that some services were close to 'breaking point'. Councillor Hampshire made reference to a recent meeting with the Depute First Minister, Shona Robison, and that Council representatives had demonstrated the challenges facing the Council. He hoped that this meeting would lead to an increase in non-ring-fenced funding for the Council.

Councillor Bruce recognised that growth was having an impact on services, and welcomed the visit by the Depute First Minister to discuss this issue. Although he was not in favour of slowing down or stopping further growth, he agreed with Councillor Hampshire that the Council needed funding to support it. He suggested that CoSLA should be acting on behalf of the Council, and if this did not happen then the Council should consider engaging directly with the Scottish Government.

Councillor Forrest pointed out that East Lothian Council was in the top three local authorities in Scotland for growth but in the bottom three for funding. He also highlighted the impact of the cost-of-living crisis on families in Scotland.

Councillor McIntosh expressed her concern as regards the situation with the Scottish Welfare Fund, and the impact of this on vulnerable people. She proposed that the Council should request additional money for this fund from the Scottish Government, adding that the Scottish Greens would lobby MSPs about this. She also suggested that the Council may consider to push back on growth in order to safeguard existing services, and that this should be considered as part of discussions on the next Local Development Plan (LDP).

Councillor Jardine also welcomed the recent meeting with the Depute First Minister. She noted that the new CoSLA Chief Executive was keen to engage with councils, and suggested that she and Councillor Bruce should be included in any such discussions. She indicated that Members would need to use their connections at Scottish and UK levels to ensure that the Council's concerns were taken into account.

In response to Councillor McIntosh's comments on the LDP, Councillor Menzies wondered if future growth, and the associated infrastructure, should be concentrated in one area. She also proposed that the UK Government should be lobbied for additional funding. On community engagement during the budget process, she called upon the Council to make an effort to ensure that those affected most by budget reductions were represented.

Councillor McGinn shared the concerns of other Members in relation to the situation with the Scottish Welfare Fund. He expressed support for the officers having to make difficult decisions on this, and he also paid tribute to officers for their efforts to keep community facilities open. He was hopeful that the meeting with the Depute First Minister would have a positive outcome.

Councillor Yorkston described the current circumstances as a 'perfect storm' for East Lothian. He commended officers and the head teacher at Preston Lodge High School for their efforts to find a solution to the RAAC problem at the school. He also remarked on the irony that the Council was expected to deliver growth and at the same time was faced with removing services that would impact on the most vulnerable people.

Concluding the debate, Councillor Akhtar shared the concerns about the Scottish Welfare Fund, and she hoped that the Scottish Government would take action on this. She also highlighted the pressures facing the IJB, made worse by the Scottish Government's decision to take back £3m of COVID-19 funding. She stressed the need for additional government support to help support communities.

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

Decision

The Council agreed:

- i. to note the significance of the 2023/24 Quarter 1 financial performance against approved budgets and the underlying financial pressures faced by the Council both this year and beyond;
- ii. to approve the urgent temporary mitigation measures set out in Section 3.29 of the report, in light of the extreme financial pressures facing the Council;
- iii. to note the range of discussions underway to promote the scale of the challenge facing East Lothian and to seek urgent solutions to support the ongoing provision of vital local services;
- iv. to note the next steps supporting the budget process in the context of significant financial concerns, including consultation with the public; and
- v. to note that in response to the significant demands on the Scottish Welfare Fund, awards would be made on a 'highest and most compelling' basis from 1 September, and agreeing that a letter would be sent to the Scottish Government setting out the Council's concerns in this regard.

4. FAIRER COUNCIL TAX: CONSULTATION RESPONSE

A report was submitted by the Executive Director for Council Resources providing the Council with an overview of the consultation on changes to Council Tax multipliers, and informing Members of the potential implications of this for East Lothian.

The Provost advised that an amendment in relation to the recommendations had been submitted by Councillors Hampshire and Akhtar.

The Head of Finance, Ellie Dunnet, presented the report, advising of the Scottish Government's proposal to change the Council Tax multipliers, which would result in increases to properties in Bands E (7.5%), F (12.5%), G (17.5%) and H (22.5%); properties in Bands A-D would not be affected by the proposed change. Ms Dunnet noted that the proposed change did not take account of any Council Tax increases proposed by the Council through the budget process. She pointed out that in East Lothian this change would affect c. 37% of properties, and she set out the implications for affected households, adding that the Council did not hold data on the affordability for households. She indicated that if the proposed change were to be implemented, the Council may face a reduction in Scottish Government grant funding under the current distribution methodology, and that there would also be an impact on the Council Tax Reduction Scheme (CTRS), which was currently unfunded. She asked Members to consider if a Council response should be submitted, and specifically if the changes to Bands E-H should be implemented.

Councillor Hampshire asked about the current cost to the Council of funding the CTRS. He was informed that there was currently a funding gap of c. £1m.

In response to questions from Councillor Bruce, Ms Dunnet anticipated that, under the proposals, the Council would receive reduced Scottish Government grant funding as it had a higher proportion of properties in Bands E-H than other authorities. She pointed out that the

current Council Tax valuations were based on 1991 figures, and that of the new homes built in East Lothian between 2012 and 2022, 66% fell within Bands E-H.

With reference to the estimated increase in Council Tax income under the proposal (c. £5m), Councillor McIntosh questioned how this would affect the Scottish Government grant. Ms Dunnet was unable to provide an answer to this, as this would be part of the Scottish Government's budget considerations. Sarah Fortune, Executive Director for Council Resources, added that she did not think the Council's funding would be reduced by £5m; however, when changes were made to the multipliers in 2017, it had affected the distribution formula.

Councillor Jardine commented that the objective of the proposal was partly concerned with fairness and equity. As regards Council Tax discounts, she requested information on how the Council's anti-fraud activities were progressing. Ms Dunnet advised that work was ongoing to target fraud relating to the single-person discount, and that work would continue, with a view to recovering the correct level of Council Tax; this would be reported to a future Audit & Governance Committee meeting.

Observing that around two-thirds of new homes built in East Lothian were valued at Bands E-H, Councillor Menzies asked if the Council had engaged with developers regarding building more properties in Bands A-D, which would align more closely with the national average. Ms Dunnet advised that 2/3-bedroom properties built more recently would fall into a higher band. Douglas Proudfoot, Executive Director for Place, added that discussions did take place with developers around need and demand, and that developers were encouraged to look at smaller units on sites; however, the Council did not have the power to compel developers to do this. He suggested that the Council's Chief Planner could provide further detail on this to Members.

Councillor Akhtar questioned if the proposed change would result in additional investment in public services in East Lothian. Ms Dunnet reiterated that under the current distribution formula, the additional amount of Council Tax collected would not be fully invested in East Lothian.

The Provost invited Councillor Hampshire to present his amendment, set out as follows:

'The current Council Tax scheme is unfair and broken and should be replaced by previous commitments. The size of a home is not a good indicator of the resident's wealth or income. Without a revaluation these proposals exacerbate the inequality between those properties that are newly built or recently valued and those which have been improved or extended but not revalued. These proposals will also indiscriminately affect pensioners and young families on fixed incomes particularly hard.

Council's budgets are under pressure with high interest rates, inflation, increases in energy costs and growth in demand for Council services. This problem needs to be addressed by an increase in National Government Grant, not by these proposed unfair Council Tax multipliers. Any increase in Council Tax generated by the multiplier will see a reduction in our Government Grant in East Lothian because of the distribution formula, as outlined in paragraphs 3.23 and 3.24 of the report. With the financial pressure that the Council is facing, it would be wrong to increase Council Tax in this way and not be able to use all of the revenue raised for the benefit of East Lothian Council Tax payers.

Therefore, Council calls on officers to provide a response to the consultation that is strongly opposed to the introduction of the proposed Council Tax multipliers and request that additional funding is provided through the National Settlement.'

Presenting the amendment, Councillor Hampshire took the view that the proposed change would not resolve the issues with the Council Tax system. He noted that 173 of the Council's own housing stock fell within Bands E-G, and that many privately rented properties would also fall within the higher bands, thereby impacting on tenants. He also believed that the changes would impact disproportionately on families and older people, and that it was unfair that Council Tax raised in East Lothian would be used to subsidise other local authorities; a local tax should be spent in the area where it is collected. He proposed that officers should prepare a response, in consultation with Group Leaders, and urged Members to support his amendment.

Councillor Akhtar seconded the amendment, suggesting that the Scottish Government should focus more on areas of growth than areas of depopulation. She stressed the need to engage with the government on addressing population growth, and stated that she could not support a proposal that asked East Lothian residents to pay more Council Tax and then not invest in local public services. She cited a Poverty Commission report which had stated that East Lothian was a great place to live, but a terrible place to be poor, and she noted that since the pandemic, poverty levels in East Lothian had increased.

Councillor Gilbert remarked that the Welsh Government was looking at similar proposals, and questioned how the Labour Group would resolve the issue.

Councillor Jardine recognised that there was general agreement among political groups that a fairer system of taxation should be implemented. She noted Councillor Hampshire's proposal to consult with all groups on the response to be submitted by the Council, but she stated that the SNP Group were not supportive of the amendment.

Councillor Bruce pointed out that property values did not take account of the resident's ability to pay or their income, and suggested that local authorities should be able to devise their own taxation system. Alternatively, Council Tax banding should be considered nationally, given that the issue was concerned with revaluations not being carried out.

Agreeing that Council Tax was not a fair system of taxation, Councillor McIntosh considered the proposal to be a stopgap. She proposed that the Council should propose renegotiating the distribution formula. She also believed that action should be taken to ensure that people who could pay more do pay more. She indicated that she would not support the amendment.

Councillor Allan commented that the amendment was disjointed, and provided no solution to implementing a fairer tax, and on those grounds she would not support it.

Speaking in support of Councillor Allan's comments, Councillor Menzies remarked that she was not sure what the Labour Group was asking for and therefore could not support the amendment. Her views were echoed by Councillor Cassini.

Councillor Trotter also agreed that the current Council Tax system was unfair, but felt that the amendment was misleading. He did not believe that East Lothian would lose any funding, and that there were safeguards in place to assist people affected. He was supportive of the Council pursuing increased grant funding from the Scottish Government.

Councillor Hampshire indicated that he would be willing to amend his amendment to reflect that if it was supported, then Group Leaders would be consulted on the response; however, if the amendment was not supported, then there would be no submission from the Council.

A short recess followed to allow political groups an opportunity to discuss the amendment (as amended to include consultation with Group Leaders on the Council's response).

On resuming the debate, Councillor Jardine stated that there was insufficient flexibility with the amendment but her group would not be putting forward their own amendment.

Councillor Hampshire stated that only those Group Leaders who were supportive of the amendment would be consulted on the Council's response.

The Provost then moved to the vote on whether or not a Council response should be submitted:

For (13): Councillors Akhtar, Bennett, Bruce, Collins, Forrest, Hampshire, McFarlane, McGinn, McIntosh, McLeod, McMillan, Ritchie, Yorkston
Against (6): Councillors Allan, Cassini, Gilbert, Jardine, Menzies, Trotter
Abstentions (0):

The Provost then moved to the vote on the amendment submitted by Councillors Hampshire and Akhtar, as amended to reflect that the submission would include consultation with those Group Leaders who had supported the amendment:

For (12): Councillors Akhtar, Bennett, Bruce, Collins, Forrest, Hampshire, McFarlane, McGinn, McLeod, McMillan, Ritchie, Yorkston
Against (7): Councillors Allan, Cassini, Gilbert, Jardine, McIntosh, Menzies, Trotter
Abstentions (0):

Decision

The Council agreed:

- i. to note the joint consultation to change the Council Tax bandings
- ii. to note the potential implications of changes to the Council Tax multipliers within East Lothian
- ii. to note that political groups and members of the public are encouraged to provide their views on the proposed changes through individual responses to the consultation
- iv. to agree that the Council should submit a response; and
- v. to call on officers, in consultation with those Group Leaders who supported the amendment, to provide a response to the consultation that is strongly opposed to the introduction of the proposed Council Tax multipliers and request that additional funding is provided through the National Settlement.

5. CORPORATE RISK REGISTER

A report was submitted by the Executive Director for Place advising of the continued substantial levels of heightened risk.

The Emergency Planning, Risk and Resilience Manager, Scott Kennedy, presented the report, highlighting that there were 7 Very High Risks, 6 High Risks, 7 Medium Risks and 1 Low Risk, and that the 'Managing the Financial Environment' now had an increased residual risk score of 25 (the highest ever reported), largely due to external factors. He also drew attention to a number of other risks which had changed since the last report, and he noted that a number of services remained in Business Continuity measures, mainly related to staffing pressures. He assured Members that officers would continue to monitor all corporate risks closely.

In response to a question from Councillor Bruce on maintenance of assets (Corporate Risk 2), Tom Reid, Head of Infrastructure, advised that the figures in the report relate to East Lothian Council assets and the anticipated costs of achieving net zero. He added that bringing older

assets up to net zero standards would be more expensive, and that funding was therefore key to achieving this. On the RAAC issue, Mr Reid advised on inspections being carried out on all schools, including those included in the PPP contract, and a report on this was due.

Councillor Jardine asked why the risks related to the maintenance of assets had increased. Mr Reid advised that at the time of updating the Risk Register, officers were still working through the commercial implications regarding the situation at Preston Lodge High School (a report on which would be heard later in the meeting). He assured Members that the situation at Ross High School was manageable, but that the situation at the Brunton Hall remained uncertain, pending an options appraisal coming forward in October/November.

On the Council's Charging Policy, Councillor Allan asked for further detail on additional charges. Ellie Dunnet, Head of Finance, explained that inflationary increases of 10% had been applied for 2023/24, and there may have been some other charges added due to operational issues.

Councillor McIntosh asked what action the Council had taken to support refugees. Wendy McGuire, Head of Housing, explained that the Council had tried to assist but had unfortunately been unsuccessful with the matching process. She added that 55% of those arriving on the HM Victoria were currently housed in hotel accommodation in Edinburgh, Fife, Falkirk, and West Lothian, with others being placed in self-contained accommodation. She also pointed out that some of the hosting arrangements for Ukrainian refugees would soon be coming to an end and would not be renewed, and that a number of those people did not want to remain in East Lothian. She offered to provide further information on this.

Councillor Hampshire expressed concern regarding the severity of the risks and the potential impact on communities if there were fewer staff to provide services. He asked if the mitigation measures set out in the Finance Update report would impact on the Council's ability to address some of these risks. Sharon Saunders, Head of Communities, noted that many of the risks on the Corporate Risk Register were long-term risks, but that the level of the risk and mitigation measures do change over time. She accepted that there could be an impact on managing risks as a result of the decisions taken by the Council earlier in the meeting. She explained that all services have their own risk registers, as well as business continuity plans, which are aligned to the financial risks and mitigation measures as regards recruitment and staffing, and also the ability to deliver key services and limiting risks. She added that risks change, as do the context and the circumstances that drive risk assessment, and that through the close scrutiny by various groups, the Council can ensure that it stays ahead regarding the assessment of risks and how the Council responds.

The Provost commended officers for the detailed information provided on risk and on controls put in place to manage risk.

Councillor Jardine welcomed the detailed report and the responses provided by officers to questions raised. However, she voiced concern at recent reports in the press in which she believed Councillor Hampshire had over-committed the Council to meet some of the challenges facing it, and she believed that a collaborative approach to these issues would be better.

Councillor Hampshire responded, asserting that the Scottish Government had failed East Lothian, and that he would do all he could to find the resources to deliver projects in the county and bring community facilities back into use.

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

Decision

The Council agreed to approve the Corporate Risk Register, and in doing so to approve that:

- i. the Corporate Risk Register would be maintained as a 'live' document which would be reviewed by the Council Management Team (CMT), the CMT sub-group on Risk Management, Service Management Teams (SMT), risk owners and the Corporate Risk Management Group on a regular basis and reported back to Council as and when required;
- ii. the relevant risks had been identified; and
- iii. the significance of each risk was appropriate to the current nature of the risk;
- iv. the total profile of corporate risk could be borne by the Council at this time in relation to the Council's appetite for risk but in the context of the planned mitigations; and
- v. although while the corporate risks require close monitoring and scrutiny over the next year, many are long-term risks for the Council that are likely to be a feature of the risk register over a number of years.

6. SCOTTISH GOVERNMENT VISITOR LEVY (SCOTLAND) BILL: CONSULTATION RESPONSE

A report was submitted by the Executive Director for Place regarding a proposed response to the Scottish Government's consultation on the Visitor Levy (Scotland) Bill.

The Service Manager – Economic Development, Jamie Baker, presented the report, advising that it was proposed that councils would be given the authority to introduce a visitor levy, with income from that levy to be used to sustain facilities and provide services for those visiting the area for leisure purposes. He noted that the Council's response would need to be submitted by 15 September.

Councillor McIntosh asked if tourism industry trades unions had been involved in the consultation, noting that the City of Edinburgh Council had amended their response to include trades unions. Mr Baker took account of this suggestion.

Councillor Gilbert asked about the charging mechanism and how it would apply to caravan sites. Mr Baker did not think that an annual site fee would be applicable, but undertook to confirm this.

Councillor Menzies urged Members to look at the opportunities associated with this proposal, particularly that it would allow the Council to use the income locally and to determine where it would be best used to develop the tourist industry. She observed that of the top 10 most visited countries in the world, 6 had some form of tourist tax.

Councillor Hampshire spoke in favour of the proposal, pointing out that the Council spent a lot of money providing facilities for tourists and it was reasonable to expect tourists to contribute to the cost of providing such facilities and services. He suggested that the mechanism for collection of the levy should be as simple as possible so as not to create a significant administrative burden, and that doing this on a regional basis was likely to be the most efficient method.

Councillor McIntosh was also supportive of the introduction of a levy, as it provided an opportunity to consider how tourism works and spread the benefits of it. She was particularly keen for environmental and cultural conservation to be embedded in the Council's plans, and noted that sustainability was also key. She was keen that the Council supports community-led visitor attractions.

Councillor Bruce agreed with Councillor Hampshire that operating the levy on a regional basis would be sensible. He also believed that councils should be given more flexibility in order to promote innovation.

As Cabinet Spokesperson for Economic Development, the Provost provided examples successful partnership working in the tourism sector, such as the 'Golf Coast' initiative, Fringe by the Sea and the Lammermuir Festival. He commented that the proposed response was balanced and recognised issues that would arise as a result of introducing the levy.

The Provost moved to the roll call vote on the recommendation which was approved unanimously.

Decision

The Council agreed to approve the proposed consultation response, as set out at Appendix 1 to the report, to be submitted by 15 September 2023.

7. WORK OF COUNCIL CHAMPIONS

A report was submitted by the Executive Director for Council Resources advising Council of the work of the Council Champions during the previous 12 months.

The Head of Corporate Support, Morag Ferguson, presented the report, requesting that any suggestions as regards additional areas that would benefit from Champions should be directed to her in the first instance.

Councillor Jardine suggested that more could be done to promote social enterprise development. Councillors McGinn and Bennett indicated that they would be happy to discuss this further with her.

Councillor Gilbert remarked that in order for Champions to be effective, they would need to operate across East Lothian, and he asked if this had been done during this first year. Councillor Ritchie reported that she had met with youth workers across the county, and that she was making efforts to cover the whole area.

Councillor Hampshire suggested that Members could invite the Champions to meetings, who would then feed ideas back to the Administration to consider. He stressed that the Administration was trying to work across East Lothian to help improve communities.

Councillor McGinn noted his intention to do more in his Champion role next year to highlight the work of volunteer groups in the county, and he would be happy to hear suggestions from other Members in relation to the work of particular groups.

Councillor Trotter asked for examples of positive outcomes from having Council Champions and if there were any extra costs involved. The Provost made reference to visits to Armed Forces and Veterans events, which had provided opportunities to share information and build partnerships, as well as hearing about issues involving these groups. He added that he had not incurred any additional expenses when carrying out these duties.

Councillor Menzies noted that opposition Members had suggested sharing the Champion roles with others in accordance with their abilities, and that there should be further discussion on this. This view was shared by Councillor Allan, who commented that all Members would be happy to contribute and lessen the burden on Administration Members. The Provost indicated that he would welcome the ideas of others.

Mrs Ferguson clarified that there had been no additional budget allocation for Champion roles, and that no additional costs had been incurred over and above Members' regular duties.

Councillor Hampshire reassured Members that the role of Champions was to give groups working in those areas a stronger voice, and that there was nothing preventing opposition Members meeting with groups and feeding back ideas to the Administration.

Councillor Akhtar concluded the debate by thanking the Champions for their work over the past year. She noted that she had received positive feedback on the work of Councillors Ritchie and McFarlane. She also highlighted the importance of following up on issues raised by community groups.

Decision

The Council agreed:

- i. to note the work of the Council Champions in 2022/23; and
- ii. to consider whether there are any additional areas that would benefit from the appointment of a designated Champion.

8. MOTION: MUSSELBURGH FLOOD PROTECTION SCHEME (MFPS) – NOTE OF PROGRESS AND REQUEST FOR INFORMATION

A motion was submitted by Councillors McIntosh and Jardine in relation to the Musselburgh Flood Protection Scheme:

1. East Lothian Council notes:
 - a) The recent exhibition event as part of the MFPS consultation, which was attended by almost 1000 people, and has generated a large amount of written and verbal feedback which is still being worked through by the Project Team;
 - b) That there is significant concern among some of the community, in Musselburgh and in the wider area, about the scale, cost and environmental impact of the scheme;
 - c) That Councillors have an important role to play in listening to constituents and applying scrutiny to the proposals; equally, Councillors have a responsibility to ensure we have sought out all relevant information and are making decisions on an informed basis;
 - d) That the design as presented in June was a draft which is still in progress, and that the final outline design will be presented to Council in January 2024 to be debated and voted on.
2. East Lothian Council requests that the following reports be brought to a full Council meeting at the earliest opportunity, to allow Members to read, debate and note their contents:
 - a) The scientific report from the Eddelston Water site visit to explore Natural Flood management
 - b) The report from Dynamic Coast on expected changes to the coastline in the future.
3. And that the following points be included in the papers published ahead of the January meeting which will vote on the Scheme:
 - a) Full flood maps of the extent of the flood scenarios chosen for the Scheme as presented at that time;

- b) To the extent that these are available to the Council and can be shared, the Council would like EIA submissions from groups with expertise in the ecology of the area. For example, this might include the RSPB, the Seabird Centre, Restoration Forth, and the Scottish Wildlife Trust.

Councillor McIntosh presented the motion. She made reference to the work undertaken to date by officers and consultants, and to the survey issued as part of the recent public event. However, she stressed that many in the community had concerns about the Scheme and urged officers to consider how to address these concerns. She was of the view that Members needed to be more active in discussions about the Scheme and in listening to the views of constituents, and she felt that the current and previous Administration could have done more to engage with the community on this matter. She also noted that there needed to be clearer scrutiny of the Scheme by Members. She advised that there would be two further Council reports on the Scheme before it is presented to Council for approval in January 2024, and that it was important that Members were given an opportunity to ask questions on the detail in an open and transparent way at all of these meetings. On the use of nature-based solutions, Councillor McIntosh indicated that she now had a much better understanding of these, and hoped that these would be applied. She hoped that the Environmental Impact Assessments (EIAs) of as many relevant organisations as possible would be sought and made available. Concluding her presentation, Councillor McIntosh stated that robust political debate and scrutiny on this matter was required.

Seconding the motion, Councillor Jardine welcomed the recent public event, noting that many in the Musselburgh community and beyond had concerns about the Scheme. She reminded Members that they were accountable to the public and that all Members had a duty to maintain and strengthen public trust in the Council. She stressed that it was important to use the most recent data; conduct a quality consultation process; encourage dialogue and the sharing of ideas; and allow for sufficient scrutiny on how the project is achieving its objectives. She spoke of the importance of working in partnership with communities, and to listening to their views and concerns. Councillor Jardine also highlighted the importance of ensuring that the Scheme provided value for money.

Opening the debate, Councillor Hampshire declared that he was fully supportive of evidence being made available to the community, and that he had, in fact, already asked officers to make all information relating to the scheme available. He urged Members to take account of the views of the professionals on this matter.

Councillor Bruce indicated that he was happy to support the motion and making information available to the public. He did, however, still have some concerns about the project, particularly around the costs. He asked if there would only be one EIA, with submissions from the various organisations feeding into that. Tom Reid, Head of Infrastructure, responded, advising that the EIA had a defined specification and those partner organisations considered to be statutory or specialist consultees would be asked to contribute to it. He added that it was the aim to ensure that all assessments were as detailed as possible and included as many organisations as possible.

Sederunt: Councillor McFarlane left the meeting.

Councillor McLeod voiced his unease over 3b of the motion, noting that engaging with certain groups may be construed as supporting them, and he did not want to prejudge his future vote on the matter.

Councillor Cassini pointed out that she had received a great deal of correspondence from constituents on this matter, much of which was opposition to the plans. She was keen that the community is kept informed and that their views on the scheme are heard.

Following a brief discussion on the wording of 3b, Councillor McIntosh agreed to amend it to read: 'the Council would like submissions to the EIA from organisations with expertise ...', rather than 'the Council would like EIA submissions from groups with expertise ...'

A number of Members indicated that they would be happy to support the motion as amended.

The Provost offered Councillor McIntosh an opportunity to sum up, but she indicated that she had nothing to add to what had already been said.

The Provost moved to the roll call vote on the motion, as amended, which was approved unanimously.

Decision

The Council agreed to approve the motion, as amended.

9. SUBMISSIONS TO THE MEMBERS' LIBRARY SERVICE, 12 JUNE TO 14 AUGUST 2023

A report was submitted by the Executive Director for Council Resources noting the reports submitted to the Members' Library since the meeting of the Council in June 2023.

Decision

The Council agreed to note the reports submitted to the Members' Library Service 12 June and 14 August 2023, as listed in Appendix 1 to the report.

SUMMARY OF PROCEEDINGS – EXEMPT INFORMATION

The Council unanimously agreed to exclude the public from the following business containing exempt information by virtue of Paragraphs 6 and 8 (information concerning the financial or business affairs of any particular person other than the Authority; information relating to expenditure on Contracts) of Schedule 7A to the Local Government (Scotland) Act 1973.

Preston Lodge High School RAAC Remediation

A private report submitted by the Executive Director for Place regarding proposed RAAC remediation works at Preston Lodge High School was approved.

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REPORT TO: East Lothian Council
MEETING DATE: 31 October 2023
BY: Executive Director for Council Resources
SUBJECT: Finance Update

2

1 PURPOSE

- 1.1 To provide an update on the financial position facing this Council. This includes an update on the in-year financial position at the end of August 2023, agreed mitigations and capital programme review, as well as future financial outlook.

2 RECOMMENDATIONS

- 2.1 The Council is recommended to:
- Note the outcome of the Period 5 review of financial performance against approved budgets and the significant underlying financial pressures faced by the Council.
 - Note the impact on the Council reserves if the projected revenue overspend materialises.
 - Note the severity of the financial risks set out in the report that may impact on the position.
 - Note the update on mitigation measures approved by Council in August 2023.
 - Agree to pass on a share of any new additional Scottish Government funding for pay to the IJB.
 - Agree the variations to the revised capital programme.
 - Agree to delegate authority to the Executive Director for Council Resources (Chief Financial Officer) in discussion with Group Leaders, to agree revised final variations to the capital budget.

- Note that a further review of the capital programme will be required to offset the increased costs of the education capital projects and this will be brought to Council at a later date.

3 BACKGROUND

- 3.1 The Council is continuing to operate within the most extreme and challenging financial environment that it has ever faced, with significant challenges in 2023/24 and an estimated recurring financial gap in excess of £70 million over the next five years, which is equivalent to a quarter of the Council's annual running costs.
- 3.2 The Period 3 report to Council noted a 2023/24 pressure of £26.5 million, and after the application of planned reserves the unplanned overspend was forecast to be £14.6 million.
- 3.3 Given the severity of the in-year financial position along with the risks to future financial sustainability, the Council approved a series of further mitigation measures in an attempt to manage the in-year financial pressures. This report provides Council with an update on the current year financial position at the end of period 5. A further update, setting out the position at the end of period 6 will be presented to Council in December, as well as the future budgetary implications.

General Services Revenue Summary – Period 5

- 3.4 At Period 5, before applying planned use of reserves there is a forecast overspend for the year of £22.171 million, which represents an improvement of £4.3 million since the Period 3 report.
- 3.5 The main reasons for the movement since Period 3 are:
- Reduction of £1.5 million in the IJB overspend following a review of unused care commitments and staffing vacancies. This was highlighted as a potential mitigation in the Period 3 report.
 - Reduction in RAAC cost projections at Preston Lodge of £2.35 million reflecting the impact of the agreed solution. This was also highlighted as a potential mitigation in the Period 3 report.
 - The balance of the improved position is due to increased staff underspend forecasts with increased senior management scrutiny of requests to fill vacant posts.
- 3.6 The planned use of reserves for 2023/24 is £11.8 million, as set out below:
- Transformational Fund and other ring-fenced funds - £1.6 million.
 - Health & Social Care (IJB delegated services), £568,000 – this figure has been agreed with the IJB Chief Financial Officer.

- Capital Funding for Pay Award relating to 2022/23 - £2.3 million (this becomes recurring revenue funding from 2024/25).
 - General Fund reserve – £7.378 million.
- 3.7 The unplanned overspend, after applying planned use of reserves is currently forecast to be £10.3 million at the end of the year. While this represents an improvement of £4.3 million since the period 3 report, an overspend of this level cannot be accommodated within unallocated balances on the general fund reserve and will not only remove in full the minimum level of reserve but will also result in a reduction in previously earmarked funds which remains aligned to supporting critical transformational activities with a view to deliver recurring savings. This, alongside the current high level of planned reserves for this year, presents a significant risk to financial sustainability as well as to the delivery of outcomes aligned to the Council Plan.
- 3.8 The above forecast also reflects an estimated pay award from 1 April 2023 for non-teaching staff of 5.5% as reflected in the 2023/24 budget. Within this, 3% was to be funded by Local Government and the remainder from Scottish Government. Members should be aware that national pay negotiations remain ongoing, with the current funding envelope including a further package of non-recurring ‘funding flexibilities’ details of which are still being clarified. In addition, the current offer assumes that Local Government will be asked to fund an additional recurring pressure of £10 million which is estimated to be £0.18 million for this Council, and as such has been reflected in the financial forecast. Given discussions are still ongoing there remains a risk that further recurring pressures could arise from this. Each additional 1% increase for the non-teaching workforce will cost in excess of £1 million.
- 3.9 An analysis of the financial position as at Period 5 across service groups is set out in **Appendix 1**. The main reasons for the pressure are:
- **IJB Delegated Services - projected overspend, £3.9 million** – while this position has improved by £1.5 million there remains a significant overspend mainly due to pressures on commissioned care services, specifically external care homes and support services. The IJB is progressing a number of workstreams to mitigate the extent of this overspend, including, ongoing review of care packages and recruitment to support an enhanced internal care at home service which is aimed at ensuring that clients are able to stay safely in their own homes. The service is also actively attempting to identify a further £1.8 million of savings. Whilst noting the national pay negotiations remain ongoing, it is recommended that Council approves that the IJB receives a proportionate share of any new and additional Scottish Government funding for the Local Government pay award. This currently amounts to £0.400m. If approved, any pay pressure over and above this contribution would need to be met by the IJB.

The IJB has delegated authority over most of the Health and Social Care budget along with a small number of other budgets within Community Housing, the Housing Revenue Account and Housing Capital. The management of these resources remains in line with the scheme of integration and wider overall IJB resources.

- Children's Services overspend, £1.8 million – mainly relating to external residential packages and the establishment of a complex internal care package. There are also further pressures arising from a number of Unaccompanied Asylum-Seeking Children arriving in East Lothian aligned to the national settlement schemes.
- Trading Account deficit, £1.4 million – as noted at Period 3, this largely relates to the schedule of rates in the Property Maintenance Trading Account which have been increasing at a lower rate than pay and other inflation. A report is due to be taken to the HRA Programme Board to recommend an increase for 2023/24 taking account of Best Value considerations and it is anticipated this will reduce this pressure by around £1 million.
- Preston Lodge RAAC issues, £650,000 – while this position has improved by £2.35 million, the Council will still incur additional unbudgeted costs in 2023/24 to pay for alternative venues for teaching and PE as well as additional teachers to facilitate the revised timetable. The additional cost implications arising from RAAC remains subject to national discussions.
- Homelessness B&B Accommodation, £550,000 – this reflects increasing demand for service and the forecast spend is over £2.3 million.
- Utilities, £400,000 – position remains aligned to Period 3.
- Council Tax banding reviews in Dunbar, £280,000 – as previously reported at Period 3.
- Savings assessed as unachievable in 2023/24, £875,000 – **Appendix 2** provides more information on progress in delivering savings and the position remains aligned to Period 3.
- Council Contribution to Pay Funding Negotiations, £180,000 (estimated share of £10 million) – as set out in paragraph 3.8 above the most recent pay offer to Trade Unions included an element of £10m to be funded by Scottish Council's, East Lothians estimated share of this is £180,000.
- Unaccompanied Asylum Seekers, £87,000 – there has been an increase in the number of Unaccompanied Asylum including children presenting in East Lothian. This pressure reflects the cost of Bed and Breakfast accommodation, food costs and clothing. This is an emerging pressure since Period 3.

- Scottish Government funding: **Appendix 3** sets out additional funding totalling £1.3 million across a number of policy areas. Because this funding has been provided to specific policy objectives, it will not help alleviate the wider budget pressures.

3.10 At this stage it is likely that many of these pressures will be recurring beyond 2023/24.

Update on Mitigation Measures

3.11 Given the severity of the financial position facing the Council, a number of mitigating actions have been in place since November 2022. Further additional mitigation measures were approved by Council in August 2023 in response to the significant forecast budget overspend, along with the escalating significance of risks to financial resilience over the short to medium term.

- An update on the mitigation measures and impact on service delivery is set out below, and this position continues to be monitored closely.
- The enhanced controls around recruitment and vacancies have resulted in only essential posts being advertised. This has seen a modest reduction in the number of posts advertised since the measures were introduced and will continue to remain a critical area of focus. As highlighted previously, management of staffing in this way has resulted in the temporary reduction in opening hours and / or closure of a number of facilities and service delivery impact resulting in further service business continuity plans being invoked.
- Work is ongoing with partners, including the IJB, to ensure appropriate recovery action, as referenced earlier in the report.
- Officers have continued to progress a review of operational assets, with a number of buildings temporary mothballed, and some declared surplus for sale in line with the wider asset review. Any disposal of assets will be used support the approved budget targets, and it is anticipated the target of £2 million will be achieved for 2023/24.
- The capital programme remains under review, with the immediate priority focussed on emerging pressures in a number of planned education capital projects. More details are provided further in this report.
- In addition to the above measures, work to review the schedule of rates for trading accounts in line with national guidance is ongoing.

3.12 Officers will continue to implement and monitor progress against these actions, and members will continue to be updated during the course of this year. It is, however, recognised that in implementing these mitigation actions, they are placing Council services in a very difficult position, requiring often short-notice changes to service provision, impacting both on our staff and communities we service. As highlighted in previous

Council reports, these mitigations actions are not sustainable in isolation of necessary decisions aimed at reducing the recurring cost base on this Council. Nevertheless, they continue to remain a critical and necessary intervention given the severity of the Council's current financial position.

Scottish Welfare Fund

- 3.13 As noted in the previous report to Council, significant demands on the Scottish Welfare Fund (SWF) in the first five months of the year meant that it was necessary for the council to move to 'highest and most compelling' assessment criteria for community care grants from 1 September.
- 3.14 Scottish Government and the Scottish Public Services Ombudsman have both been notified of these changes, and officers are continuing to work with stakeholders in the local area to increase awareness of the changes. In addition, as highlighted in the previous Council report, the Council Leader has also written separately to the Scottish Government highlighting concern around this position.
- 3.15 As at 30 September 2023 SWF grants expenditure totalled £0.494 million which represents 85% of the Council's available budget for the year. This compares with total expenditure of £0.471 million at the end of August, 81% of the annual budget. The intervention has seen a significant reduction in success rates for community care grants in September as a result of the change in priority rating.

General Services Capital Summary – Period 5

- 3.16 The approved budget for 2023/24 was updated in the period 3 report to Council to reflect carry forward flexibility of £9 million from the closing position at the end of 2022/23, the outcome of which remains subject to the conclusion of the statutory audit. The carry forward is funded by £4 million external income and £5 million borrowing requirement.
- 3.17 **Appendix 4** shows the approved and updated 2023/24 budgets and expenditure to 31 August 2023, showing spend of £15.838 million relative to the updated gross expenditure budget of £108.101 million.
- 3.18 Latest projections indicate expenditure of around £63 million by the end of the financial year. This forecast reflects the decision by Council on 29 August to pause or delay uncommitted capital expenditure where possible to do so.
- 3.19 A review of the capital programme for 2023/24 to 2024/25 has also been undertaken in light of these changes, as well as a number of emerging pressures to existing planned projects within the education capital programme. The proposed changes to the agreed 5-year capital budgets are reflected within an updated capital programme at **Appendix 5** and summarised below:

- **Aberlady Primary School** – the forecast spend for 2023/24 has reduced due to project delays. The pre-tender estimate remains in excess of the current approved budget.
 - Recommendation: It is recommended that this project should progress given current and forecast school rolls, and the ongoing revenue costs aligned to the provision of existing temporary units.
 - This will result in both an increase to approved budgets and reprofile of spend. An indicative budget increase of £0.94 million has been reflected noting the actual cost remains subject to formal tender process.

- **Blindwells and Craighall Primary Schools** – the forecast spend for 2023/24 has reduced as a result of the delay caused by ongoing discussions around affordability and timing of construction for these projects relating to both capital and revenue budgets.
 - Recommendation: Within the context of the existing 5-year plan, current estimates indicate that the gross expenditure and borrowing requirements will need to increase by £5.85 million to deliver these projects and it is recommended that both schools should progress.
 - Members should be aware that some of the approved developers' contributions will be received beyond the 5-year approved budget and as such have not been reflected in the updated Appendix. Nevertheless, collectively there remains a significant projected funding gap in excess of £7.8 million relating to both schools, arising largely as a result of increased cost of construction outstripping the indexation basis for developers' contributions. The requirement for both schools is directly aligned to national housing land supply allocations. Given the significance of the estimated funding gap officers are pursuing further discussions with developers on this matter.
 - Work remains ongoing to determine the optimum timeframe for the construction of these schools. This will take into context the projected pupil roll numbers, current external market conditions including the potential of market slowdown, and the current financial position of the Council, particularly given the significant financial challenge that this will present to the revenue and capital budgets. Based on current school roll projections, it is anticipated that both schools will be required to be operational by August 2026 at the latest.
 - The construction of both schools remains directly aligned with the Council's approved Local Development Plan and national housing land allocations. Whilst recognising this,

progressing with the construction of both schools presents significant additional financial challenges for both capital and revenue, in terms of meeting the costs of construction, and servicing the additional recurring operational costs which are not currently reflected through national funding settlements. The financial implications arising directly from a growing population has been the subject of ongoing discussion, including most recently with the Deputy First Minister. It is recommended that in considering whether to progress with these projects, the Council should again write to the Scottish Government seeking assurance that the full costs of supporting these obligations, including the recurring revenue costs will met through increased national funding.

- Updated budgets remain indicative and subject to variation pending final tender approval.
- **Whitecraig Primary School** – tenders are currently being reviewed but remain in excess of approved budgets for project.
 - Recommendation: Current tender estimates indicate that the gross expenditure requirement to progress this project would require an increase to the budget in excess of £4 million.
 - The Council has received a contribution from the national Learning Estate Improvement Funding to support the construction of Whitecraig Primary School, noting that this does not cover the full cost of construction.
 - As per above, further Developers Contributions are anticipated beyond year 5.
 - It is recommended that this project progresses, noting the significant cost increase.

Approved Capital Mitigation Measures

- **East Linton Primary** – as highlighted to Council in August, this project remains on pause pending the outcome of LEIP funding bid, which was expected to be announced late 2022.
- **Community Intervention Fund** – this scheme has now been paused for new applications with no further applications or commitments being considered beyond those already approved before the financial controls took effect following Council decision 29 August 2023.
- **Court Accommodation** – essential roof upgrade work only is being progressed.

- **Vehicles** – review undertaken and procurement of a number of vehicles will not be progressed this financial year.
 - **Roads** – review undertaken resulting in reduction in spend and realignment of work programmes. This review includes a current pause on progressing with projects identified through Area Partnership influenced roads spending.
 - **Flood schemes** – work remains ongoing to progress both schemes, but Members will be aware that national funding discussions remains ongoing on the affordability of the current national Flood Prevention programme. Given both schemes are being progressed on the assumption of 80% national funding contribution, any changes and requirements may present a risk to current projects being progressed.
- 3.20 The updated capital budgets remain indicative estimates which may be subject to further variation pending tender returns. Subject to Council approval to progress with these project increases, it is recommended that delegated authority is given to the Executive Director for Council Resources (Chief Financial Officer) in discussion with political group leaders to agree final variations to the budget for these projects before contract award.
- 3.21 There remain significant challenges in ensuring the ongoing affordability of the Council's capital programme, and in accepting these increased costs pressures, these cannot be accommodated within existing approved capital limits and will need to be managed against reductions elsewhere in the capital programme. Officers continue to review and explore all areas where capital commitments can be 'paused' or reprofiled in line with approved mitigation measures.
- 3.22 In addition, a wider review of the existing programme for 2024/25 onwards will be required in order to offset these cost pressures and ensure capital infrastructure obligations can be delivered within affordable prudential limits. This will require a much wider review of existing planned projects, and priorities and will also need to take account of these pressures alongside new pressures which are not currently reflected within the existing capital programme including the Loch Centre which members are aware has been partially closed due to issues around the pool and wider asset condition and will require significant resource investment not currently reflected within the existing capital plans. An options appraisal has been undertaken for the Loch Centre details of which has been lodged in Members' Library Service, with estimated additional capital expenditure of circa £4.5 million to address the issues. Any investment to support this will need to be considered as part of the wider capital programme review, alongside wider investment priorities and affordability. This review will conclude as early as possible and will be considered formally through the Council budgetary process.

- 3.23 Members should be aware that there continues to remain a wide range of growing external pressures all of which are placing very significant pressure on wider affordability limits including:
- External market conditions, including labour, material, and fuel costs all of which are affecting tender prices. In addition, contracts already in place are subject to further risk exposure and this remains challenging.
 - The applications of developer contributions, grant funding and other funding sources are directly linked to the timing of planned projects they support. Developers' contributions are significant in scale and are critical to supporting the delivery of planned infrastructure within the approved programme. There continues to remain a risk around the timing and realisation of planned developer contributions may result in additional strain on borrowing requirements. This position will continue to be closely monitored.
- 3.24 Work will continue to explore all options to review planned expenditure within the existing capital programme and these will continue to be subject to Member consideration. The current forecast has resulted in a reduction in gross expenditure of £26.980 million from previous reported position, (£44.619 million compared to the updated budget).
- 3.25 This has reduced the net borrowing by £18.745 million from previous reported position (£40.402 million compared to the updated budget). This reduction will give rise to a revenue saving on interest costs in the current financial year which has been reflected in current forecasts, and also a saving in 2024/25 as a result of reducing the in-year borrowing requirement.

Housing Revenue Account Summary – Period 5

- 3.26 The HRA is expected to breakeven at this stage. However, voids remain high, and work is ongoing to remedy this. In addition, high interest rates continue to place pressure on budgets due to the increased costs of debt financing. Taking these factors into account, at this stage the HRA strategy remains viable. **Appendix 6** sets out the revenue spend for the year.
- 3.27 Capital spend at Period 5 was around £13 million with £43 million of spend forecast for the year. This position reflects the acceleration of a number of new build, council house sites, the timing of which the Council is not always in control of as developers determine the pace of house building. The additional capital expenditure forecast in the current year has been reprofiled from the later years of the programme and is offset by Scottish Government grants and earlier than anticipated rental income for the properties. Further detail is set out in **Appendix 7**.

- 3.28 There remain challenges in delivering the programme due to a shortage of labour, uncertainty in the housing market due to the current economic situation and challenges in awarding and mobilisation of contracts.

Pressures, Risks and Impact on Future Years Budgets

Pay Award

- 3.29 As highlighted earlier in this report, whilst a Teachers Pay agreement is in place for 2023/24, negotiations are ongoing for other staff groups. It is expected that as a minimum an additional national recurring £10 million will be required to support the national pay negotiations, which is estimated to be £180,000 for East Lothian. Any settlement above this level not receiving additional funding from the Scottish Government would be a recurring pressure.

Utility Inflation

- 3.30 An overspend of £400,000 is forecast for 2023/24. While this is lower than the pressure in 2022/23, there was a significant increase applied to utilities budgets for 2023/24 and this remains an area of considerable risk and pressure. Work is ongoing to identify 2024/25 budget increase requirements.
- 3.31 This remains a key risk and enhanced monitoring processes remain in place.

General Inflation

- 3.32 Despite a recent unexpected fall in the rate, general inflation remains high and continues to have an impact on the prices paid by the Council for goods and services as a number of commissioned services and contract prices are linked to inflation. The UK Government target is to half inflation in 2023.

Interest Rates

- 3.33 Interest rates are continuing to increase with expectations this will continue until the UK Government meets its inflation targets. Officers are continuing to update modelling to reflect changes in borrowing rates and to review the impact of this on revenue budgets and the affordability of the capital programme whilst developing options to mitigate the impact. The five-year budget from 2023/24 is reflective of these increased debt charges. This area remains under review.

Increased Demand for Services

- 3.34 With population growth and turbulence in the economy among other factors, demand for council services continues to increase and this will potentially put budgets under further pressure. The Period 5 position has highlighted increased demand for Homeless B&B accommodation, which

may be exacerbated by the eviction ban ending, increasing demand for social care services and an increase in unaccompanied asylum-seeking children and wider increases aligned to service growth and increased demand.

2022/23 Audit

- 3.35 Members are reminded that whilst the focus remains on managing the very severe financial position and future financial outlook, the audit for 2022/23 has still not been concluded and therefore the financial results and indeed reserves being held by the Council remain subject to change. These delays have been reported to Audit & Governance and are principally due to internal resource pressures within Audit Scotland making it impossible for them to conclude the audit in an earlier timeframe. Officers are working pragmatically with Audit Scotland to conclude this as early as possible, but it is not anticipated that the audit work will conclude until mid-December 2023.
- 3.36 Members will be informed of any changes arising during the course of the audit but given the severity of the financial challenges being faced by the Council, this delay presents a further risk in forward planning.

Financial Sustainability

- 3.37 The severity of the financial position is now at the highest level that this Council has ever faced, and there continues to remain a very real risk that this Council will not be able to deliver its ongoing obligations in the short term.
- 3.38 This has been further highlighted by the recent announcement by the Scottish Government to freeze Council Tax rates, taking away one of the most critical levers and available to a Council in meeting its legal obligation to set a balanced and competent budget.
- 3.39 Officers are continuing to do all that they can to ensure resources are allocated and prioritised in line with Council commitments and priorities, seeking all permissible flexibilities, maximising resources, and ensuring best value at all times.
- 3.40 The enhanced severity of this has now been escalated to all levels of government, at both officer and political level, and without significant additional funding it is becoming very difficult and perhaps inevitable that this Council will not be able to sustain existing service provision in the short to medium term given the scale of the risks and challenges now being faced.
- 3.41 The impending Scottish Government budget and Local Government funding allocation is expected to be announced in mid-December, and this will remain critical to see whether additional resources have been allocated to support this Council and the delivery of both local and national priorities, and what if any flexibility is derived through the recently approved Verity House Agreement between local and national government.

Conclusion

- 3.42 The financial implications facing this Council are now at the most severe level we have ever experienced. In year, there is an overspend of £22 million in General Services revenue before applying mitigations, with around £18 million of that overspend estimated to be a recurring pressure. In addition, there remain significant concerns around the ongoing affordability of the capital programme given the wider cost of construction and associated cost of borrowing.
- 3.43 The severity of the financial outlook is further enhanced due to the recent announcement by the First Minister to freeze Council Tax.
- 3.44 It is critical that budget mitigation measures remain in place in an attempt to manage and minimise the current financial risk, but this is not a sustainable solution. The Council must do all that it can to support its ongoing sustainability and align service delivery commitments within available resource envelopes. As such, it remains critical that urgent permanent policy decisions which refocus service priorities and consequential service reductions in resource and asset outlays are taken by Elected Members in setting the future budgets.

4 POLICY IMPLICATIONS

- 4.1 There are no direct policy implications associated with this report, although, ongoing monitoring and reporting of the Council's financial performance is a key part of the approved Financial Strategy. However, in light of the acute financial challenges which the Council is now facing, without significant additional funding it is unlikely that it will be possible for the Council to deliver on all of the policy commitments within the Council Plan.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report has been considered and given there is no change in policy direction, there is no requirement to undertake any further impact assessment.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – as described above and in the supporting appendices.
- 6.2 Personnel - none
- 6.3 Other – none

7 BACKGROUND PAPERS

- 7.1 Council – 13 December 2022 – Item 4 – Financial & Capital Strategy
- 7.2 Council – 28 February 2023 – Item 3 – Budget Development & 2023/24 Council Tax and Rent Levels
- 7.3 Council – 28 February 2023 – Item 4 – Rent Proposals 2023/24 to 2027/28
- 7.4 Council – 28 February 2023 – Item 5a – Budget Proposals on General Services (General Services Capital)
- 7.5 Council – 28 February 2023 – Item 5b – Budget Proposals on General Services (General Services Revenue)
- 7.6 Council – 28 February 2023 – Item 5c – General Fund Budget Projections 2023/24 to 2027/28
- 7.7 Council – 28 February 2023 – Item 6 – Treasury Management Strategy 2023/24 to 2027/28
- 7.8 Council – 29 August 2023 – Item 3 – Finance Update

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Appendix 1
 East Lothian Council
 Budget Monitoring 2023/24 - Period 5

Service	Head of Service	Business Unit	2023/24 Budget	Year to Date			2023/24 Variance to Date	Financial Risk Assessment
				2023/24 Actual to Date	2023/24 Budget to Date	2023/24 Budget Variance to Date		
				£'000	£'000	£'000		
Education & Children's	Children's	Performance & Service Delivery	1,367	569	554	15	2.71%	
Education & Children's	Children's	Management	4,332	2,145	1,352	793	58.65%	
Education & Children's	Children's	Assessment HUB and Early Interventions	2,831	1,107	1,158	-51	-4.40%	
Education & Children's	Children's	Long Term Social Work Supervisory Groups	2,473	949	941	8	0.85%	
Education & Children's	Children's	TAC, Disability & Resources	7,548	3,289	3,272	17	0.52%	
Education & Children's	Children's	Disability Short Breaks	689	399	427	-28	-6.56%	
EDUCATION & CHILDREN'S	CHILDREN'S TOTAL		19,240	8,458	7,704	754	9.79%	
Education & Children's	Education	Inclusion & Wellbeing	12,583	8,145	8,087	58	0.72%	
Education & Children's	Education	Pre-School Education	16,678	12,180	12,330	-150	-1.22%	
Education & Children's	Education	Primary Schools	53,354	11,646	11,937	-291	-2.44%	
Education & Children's	Education	Secondary Schools	56,343	18,141	17,914	227	1.27%	
Education & Children's	Education	Schools' Support	4,216	2,205	2,132	73	3.42%	
Education & Children's	Education	East Lothian Works	1,713	343	362	-19	-5.25%	
EDUCATION & CHILDREN'S	EDUCATION TOTAL		144,887	52,660	52,762	-102	-0.19%	
EDUCATION & CHILDREN'S TOTAL			164,127	61,118	60,466	652	1.08%	
Council Resources	Finance	Financial Services	4,032	676	887	-211	-23.79%	
Council Resources	Finance	Revenues & Financial Support	4,787	1,052	1,185	-133	-11.22%	
Council Resources	Finance	Procurement	392	39	48	-9	-18.75%	
COUNCIL RESOURCES	FINANCE TOTAL		9,211	1,767	2,120	-353	-16.65%	
Council Resources	Corporate	IT Services	3,376	1,099	1,018	81	7.96%	
Council Resources	Corporate	People & Council Support	3,960	2,242	2,242	0	0.00%	
Council Resources	Corporate	Governance	2,371	659	674	-15	-2.23%	
Council Resources	Corporate	Communications	455	201	204	-3	-1.47%	
COUNCIL RESOURCES	CORPORATE TOTAL		10,162	4,201	4,138	63	1.52%	
COUNCIL RESOURCES TOTAL			19,373	5,968	6,258	-290	-4.63%	
Health & Social Care Partnership	Head of Operations	Adult Social Work	28,044	10,514	9,940	574	5.77%	
Health & Social Care Partnership	Head of Operations	Acute & Ongoing Care	11,619	3,669	3,889	-220	-5.66%	
Health & Social Care Partnership	Head of Operations	Rehabilitation	2,211	915	911	4	0.44%	
Health & Social Care Partnership	Head of Operations	Learning Disability & MH Community Services	17,809	6,021	5,430	591	10.88%	
Health & Social Care Partnership	Head of Operations	Head of Operations	3,302	1,442	677	765	113.00%	
Health & Social Care Partnership	Head of Operations	Business & Performance IJB	4,968	1,898	1,958	-60	-3.06%	
HEALTH & SOCIAL CARE PARTNERSHIP	IJB TOTAL		67,953	24,459	22,805	1,654	7.25%	
Health & Social Care Partnership	Head of Operations	Non-IJB	540	357	217	140	64.52%	
HEALTH & SOCIAL CARE PARTNERSHIP	Non-IJB TOTAL		540	357	217	140	64.52%	
HEALTH & SOCIAL CARE PARTNERSHIP TOTAL			68,493	24,816	23,022	1,794	7.79%	
Place	Development	Planning & Environmental Services	1,170	24	131	-107	-81.68%	
Place	Development	Economic Development	878	543	548	-5	-0.91%	
PLACE	DEVELOPMENT TOTAL		2,048	567	679	-112	-16.49%	
Place	Housing	Housing, Strategy & Development	243	254	297	-43	-14.48%	
Place	Housing	Property Maintenance Trading Account	-987	2,823	2,272	551	24.25%	
Place	Housing	Community Housing Group	2,764	-473	-636	163	-25.63%	
PLACE	HOUSING TOTAL		2,020	2,604	1,933	671	34.71%	
Place	Infrastructure	Asset Maintenance & Engineering Services	2,290	1,838	1,765	73	4.14%	
Place	Infrastructure	Strategic Asset & Capital Plan Management	-214	407	483	-76	-15.73%	
Place	Infrastructure	Facility Trading Activity	-328	826	801	25	3.12%	
Place	Infrastructure	Facility Support Services	4,569	906	892	14	1.57%	
Place	Infrastructure	Landscape & Countryside Management	6,172	2,964	2,953	11	0.37%	
Place	Infrastructure	Active Business Unit	4,052	1,449	1,472	-23	-1.56%	
Place	Infrastructure	Roads Network	4,827	1,538	1,507	31	2.06%	
Place	Infrastructure	Roads Trading Activity	-666	18	3	15	500.00%	
Place	Infrastructure	Transportation	1,990	668	777	-109	-14.03%	
Place	Infrastructure	Waste Services	10,361	3,414	3,464	-50	-1.44%	
PLACE	INFRASTRUCTURE TOTAL		33,053	14,028	14,117	-89	-0.63%	
Place	Communities & Partnerships	Corporate Policy & Improvement	1,157	523	540	-17	-3.15%	
Place	Communities & Partnerships	Connected Communities	6,827	2,950	3,048	-98	-3.22%	
Place	Communities & Partnerships	Protective Services	2,078	556	627	-71	-11.32%	
Place	Communities & Partnerships	Customer Services Group	4,798	1,276	1,400	-124	-8.86%	
PLACE	COMMUNITIES & PARTNERSHIPS TOTAL		14,860	5,305	5,615	-310	-5.52%	
PLACE TOTAL			51,981	22,504	22,344	160	0.72%	
SERVICE TOTAL			303,974	114,406	112,090	2,316	2.07%	
Funding & Non Service Expenditure Total			-303,974	-174,971	-176,979	2,008	1.13%	
TOTAL			0	-60,565	-64,889	4,324	6.66%	

Appendix 2
 East Lothian Council
 2023/24 Budget Efficiencies - Period 5

Service	2023/24			
	Achieved	Amber	Unachievable	
	£'000	£'000	£'000	
Education	189	810	0	
Finance	107	0	0	
Corporate Services	28	67	0	
H&SCP	0	250	0	
Development	30	250	0	
Housing	28	50	0	
Communities	148	97	0	
Infrastructure	0	583	175	
Corporate Management	0	890	700	
Total	530	2,997	875	4,402
	12.04%	68.08%	19.88%	

Savings Currently Unachievable - Red

Service	Proposal	Value	Comments
Infrastructure	Increased Rental Charges (Day Centres)	175	Unlikely to be achieved in 2023/24
Corporate	Review of Council Assets	400	Full Randall House Saving won't be cashed until 2024/25 as the building will incur costs to October 2023.
Corporate	Reduce Public Holidays by 2 days	300	No agreement expected with Trade Unions in 2023/24.
Total		875	

Appendix 3

East Lothian Council

Budget Monitoring 2023/24 - Additional Funding from the Scottish Government

	£million
2022/23 GRG (per Budget Amendment)	213.951
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Additional Funding - GRG	
SDS Funding	0.055
Non Teaching Pay	0.006
Additional GRG for Pay	0.936
Targeted Holiday Provision for School Age Children Summer 2023	0.065
Employability Staffing Resource and Child Poverty Co-ordinators	0.250
Total Additional Funding	1.312
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Revised GRG	215.263

Appendix 4
East Lothian Council
Budget Monitoring 2023/24 - General Services Capital Period 5

	RAG	Annual (In-Year)							
		Approved Budget 2023/24	Updated Budget 2023/24	Actual 2023/24	Updated Budget-Actual Variance 2023/24	Projected Outturn 2023/24	Updated Budget - Projection Variance 2023/24	Previously reported Outturn to Council (P3/Q1)	Outturn Variance
Expenditure		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Community Projects									
Community Intervention	G	375	375	(4)	(379)	118	(257)	335	(217)
Community Intervention Fund - Pump Tracks	G	475	500	-	(500)	75	(425)	500	(425)
Bleachingfield Centre Remodelling Works	G	90	90	1	(89)	90	-	90	-
Dunbar Conservation Area Regeneration Scheme (CARS)	G	327	405	-	(405)	405	-	405	-
East Saltoun Community Hall	G	400	400	-	(400)	-	(400)	400	(400)
North Berwick Skatepark	G	-	-	75	75	160	160	160	-
Support for Business	A	-	229	168	(61)	323	94	313	10
CCTV	G	128	247	8	(239)	247	0	247	0
Town Centre Regeneration	G	500	1,345	198	(1,147)	1,469	124	1,345	124
Total Community Projects		2,295	3,591	445	(3,146)	2,886	(704)	3,795	(908)
Town Centre Regeneration Grant		(500)	(1,520)	-	1,520	(1,345)	175	(1,345)	-
Other Funding Sources		(616)	(694)	-	694	(777)	(83)	(814)	36
Total Income: Community Projects		(1,116)	(2,214)	-	2,214	(2,122)	92	(2,159)	36
Community Projects - General Capital Grant/Borrowing Requirement		1,179	1,377	445	(932)	764	(613)	1,636	(872)
ICT									
IT Programme & Digital Opportunities	G	2,200	2,200	559	(1,641)	2,200	-	2,200	-
Total ICT		2,200	2,200	559	(1,641)	2,200	-	2,200	-
Other Funding Sources		-	-	-	-	-	-	-	-
Total Income: ICT		-	-	-	-	-	-	-	-
ICT - General Capital Grant/Borrowing Requirement		2,200	2,200	559	(1,641)	2,200	0	2,200	0
Fleet									
Amenities - Machinery & Equipment - replacement	G	200	246	219	(27)	246	-	246	-
Vehicles	G	4,509	4,299	1,161	(3,137)	3,143	(1,156)	4,299	(1,156)
Total Fleet		4,709	4,545	1,380	(3,164)	3,388	(1,156)	4,545	(1,156)
Other Funding Sources		-	-	-	-	-	-	-	-
Total Income: Fleet		-	-	-	-	-	-	-	-
Fleet - General Capital Grant/Borrowing Requirement		4,709	4,545	1,380	(3,164)	3,388	(1,156)	4,545	(1,156)
Open Space									
Synthetic Pitch Replacement Programme	G	571	571	15	(556)	355	(216)	851	(496)
Cemeteries (Burial Grounds)	G	818	1,077	29	(1,048)	850	(227)	1,077	(227)
River Tyne / Haddington Flood Protection scheme	G	400	425	7	(418)	50	(375)	200	(150)
Coastal / Flood Protection schemes - Musselburgh	G	2,883	2,978	349	(2,629)	2,730	(248)	2,730	-
Coastal Car Park Toilets	G	-	64	3	(61)	35	(29)	64	(29)
Core Path Plan	G	50	50	-	(50)	50	-	50	-
Mains Farm Town Park & Pavilion	G	-	4	4	(0)	4	(0)	4	-
Nature Restoration	G	24	125	75	(51)	331	205	108	223
Replacement Play Equipment	G	218	317	115	(202)	317	-	317	-
Polson Park	G	20	20	-	(20)	-	(20)	20	(20)
Sports and Recreation LDP	G	2,613	3,068	371	(2,697)	1,135	(1,934)	2,829	(1,695)
Waste - New Bins	G	160	160	50	(110)	160	-	160	-
Waste - Machinery & Equipment - replacement	G	40	40	13	(27)	40	-	40	-
Total Open Space		7,797	8,899	1,031	(7,868)	6,057	(2,843)	8,450	(2,393)
Developer Contribution		(1,445)	(1,746)	-	1,746	(710)	1,036	(1,502)	792
Other Funding Sources		(1,172)	(1,450)	-	1,450	(1,061)	389	(1,432)	371
Total Income: Open Space		(2,617)	(3,196)	-	3,196	(1,771)	1,425	(2,934)	1,163
Open Space - General Capital Grant/Borrowing Requirement		5,180	5,703	1,031	(4,672)	4,286	(1,417)	5,516	(1,230)
Roads, Lighting and related assets									
Cycling Walking Safer Streets	G	478	582	240	(341)	1,046	464	1,046	-
East Linton Rail Stop / Infrastructure	G	1,500	27	0	(26)	0	(26)	27	(26)
Parking Improvements	G	252	274	58	(217)	274	-	274	-
Roads	G	6,735	6,865	1,891	(4,975)	6,335	(530)	7,069	(734)
Roads - externally funded projects	G	4,251	4,251	133	(4,118)	4,455	204	4,251	204
Total Roads, Lighting and related assets		13,216	11,999	2,322	(9,677)	12,110	111	12,667	(556)
Developer Contribution		(47)	(47)	-	47	(47)	-	(47)	-
Other Funding Sources		(4,682)	(4,786)	-	4,786	(5,453)	(668)	(5,453)	-
Total Income: Roads, Lighting and related assets		(4,729)	(4,833)	-	4,833	(5,500)	(668)	(5,500)	-
Roads etc. - General Capital Grant/Borrowing Requirement		8,487	7,166	2,322	(4,844)	6,610	(556)	7,166	(556)
Property - Education									
Aberlady Primary - extension	A	2,817	2,868	1	(2,868)	350	(2,518)	1,500	(1,150)
Blindwells Primary - new school	A	13,611	13,650	67	(13,583)	1,000	(12,650)	5,000	(4,000)
Craighall Primary - New School	A	13,411	13,451	69	(13,382)	1,000	(12,451)	5,000	(4,000)
East Linton Primary - new school	A	600	674	-	(674)	-	(674)	674	(674)
Free School Meals Expansion to P6-7	A	1,544	1,544	-	(1,544)	-	(1,544)	-	-
Gullane Primary - extension including Early Learning and 1140	G	-	-	(390)	(390)	-	-	-	-
Law Primary - extension including Early Learning and 1140	A	360	581	507	(73)	876	295	876	-
Letham Primary - New School	G	-	112	16	(96)	40	(72)	112	(72)
North Berwick High School - Extension	G	-	1,331	492	(838)	1,331	-	1,331	-
Ormiston Primary - extension	G	-	34	3	(31)	34	-	34	-
Pinkie St Peter's Primary - sports hall extension	G	774	846	332	(514)	846	-	846	-
Pinkie St Peter's Primary - extension including Early Learning and 1140	G	939	1,115	838	(278)	1,115	-	1,115	-
Preston Lodge High School - extension (phase 1)	G	1,153	1,200	-	(1,200)	1,200	-	1,200	-
Prestonpans Primary - upgrades	G	243	245	-	(245)	-	(245)	245	(245)
Ross High School - extension	G	172	219	296	77	296	77	219	77

Appendix 4
East Lothian Council
Budget Monitoring 2023/24 - General Services Capital Period 5

	RAG	Annual (In-Year)							Outturn Variance
		Approved Budget 2023/24	Updated Budget 2023/24	Actual 2023/24	Updated Budget-Actual Variance 2023/24	Projected Outturn 2023/24	Updated Budget - Projection Variance 2023/24	Previously reported Outturn to Council (P3/Q1)	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure									
School Estate - Curriculum Upgrades	G	1,083	1,083	-	(1,083)	50	(1,033)	50	-
St Gabriel's Primary - extension including Early Learning and 1140	G	-	122	-	(122)	50	(72)	122	(72)
Wallyford Primary - New School	G	59	108	-	(108)	-	(108)	108	(108)
Wallyford Learning Campus	G	8,130	9,371	3,911	(5,460)	9,371	-	9,371	-
West Barns Primary - extension including Early Learning and 1140	G	234	633	477	(156)	633	-	633	-
Whitecraig Primary - new school including Early Learning and 1140	A	8,436	8,436	30	(8,405)	1,500	(6,936)	8,436	(6,936)
Windygoul Primary - Early learning and 1140 extension	G	1,930	1,991	4	(1,987)	500	(1,491)	1,991	(1,491)
Total Property - Education		55,497	59,613	6,652	(52,961)	20,191	(39,422)	38,862	(18,671)
Developer Contribution		(9,475)	(11,484)	-	11,484	(6,845)	4,639	(11,484)	4,639
Developer Contribution (Post completion)		(427)	(427)	-	427	(427)	-	(427)	-
1140 Grant Income		(2,708)	(2,907)	-	2,907	(1,841)	1,066	(3,117)	1,276
Other Funding Sources		-	-	-	-	-	-	-	-
Total Income: Property - Education		(12,609)	(14,818)	-	14,818	(9,112)	5,706	(15,028)	5,916
Property Education - General Capital Grant/Borrowing Requirement		42,888	44,795	6,652	(38,143)	11,079	(33,717)	23,834	(12,756)
Property - Other									
Accelerating Growth		3,281	6,614	2,013	(4,601)	8,609	1,996	10,379	(1,770)
- Cockenzie	G	126	612	581	(31)	593	(19)	610	(18)
- Levelling Up Project Cockenzie	G	-	-	-	-	3,767	3,767	3,767	-
- Blindwells	G	40	153	2	(152)	65	(88)	153	(88)
- Innovation Hub	G	2,115	2,748	150	(2,598)	1,084	(1,664)	2,748	(1,664)
- A1/QMU Junction	G	1,000	3,101	1,280	(1,821)	3,101	-	3,101	-
Brunton Hall - Improved Community Access	G	-	23	-	(23)	23	-	23	-
Court Accommodation - incl. SPOC	A	1,506	1,506	4	(1,502)	800	(706)	800	-
New ways of working Programme	G	1,335	1,637	493	(1,144)	1,637	-	1,637	-
Prestongrange Museum	G	1,496	1,840	111	(1,729)	340	(1,500)	1,840	(1,500)
Property Renewals	G	2,000	2,000	769	(1,231)	2,000	-	2,000	-
Replacement Childrens House	G	867	867	-	(867)	-	(867)	-	-
Sports Centres	G	240	240	57	(183)	240	-	240	-
Whitecraig Community Centre	G	-	49	-	(49)	49	-	49	-
Total Property - Other		10,724	14,775	3,448	(11,328)	13,698	(1,077)	16,969	(3,271)
Developer Contribution		(1,909)	(1,909)	-	1,909	(1,909)	-	(1,909)	-
Developer Contribution (Post completion)		(31)	(31)	-	938	(938)	(908)	(31)	(908)
Capital receipts		(2,047)	(2,283)	-	2,283	(4,317)	(2,034)	(4,908)	591
Other Funding Sources		-	-	-	-	-	-	-	-
Total Income: Property - Other		(3,987)	(4,223)	-	5,131	(7,165)	(2,942)	(6,848)	(317)
Property Other - General Capital Grant/Borrowing Requirement		6,737	10,553	3,448	(6,197)	6,533	(4,020)	10,121	(3,588)
Total Property Spend - Education and Other		66,221	74,389	10,100	(64,289)	33,889	(40,500)	55,831	(21,942)
Total Income: Property - Education and Other		(16,597)	(19,041)	-	19,948	(16,277)	2,763	(21,876)	5,598
Property-Education and Other - General Capital Grant/Borrowing Requirement		49,624	55,348	10,100	(44,340)	17,612	(37,737)	33,955	(16,343)
Capital Plan Fees	G	2,479	2,479	-	(2,479)	2,479	-	2,479	-
PPP Projects	G	-	-	-	-	497	497	497	-
Total Gross Expenditure		98,916	108,101	15,838	(92,263)	63,507	(44,594)	90,462	(26,955)
Other Funding Sources		-	-	-	-	(497)	(497)	(497)	-
Total Income:PPP Projects		-	-	-	-	(497)	(497)	(497)	-
Income									
Developer Contribution	G	(10,967)	(13,277)	-	(13,277)	(7,602)	5,675	(13,033)	5,431
Developer Contribution (Post completion)	G	(2,336)	(2,336)	-	2,336	(2,336)	-	(2,336)	-
1140 Grant Income	G	(2,708)	(2,907)	-	(2,907)	(1,841)	1,066	(3,117)	1,276
Town Centre Regeneration Grant	G	(500)	(1,520)	-	(1,520)	(1,345)	175	(1,345)	-
Capital receipts	G	(2,031)	(2,031)	-	(2,031)	(2,938)	(908)	(2,366)	(573)
Other Funding Sources	G	(8,517)	(9,212)	-	(9,212)	(12,106)	(2,894)	(13,104)	998
Scottish Government General Capital Grant		(5,626)	(5,626)	-	(5,626)	(4,524)	1,102	(5,626)	1,102
Total Income		(32,685)	(36,909)	-	(32,237)	(32,692)	4,217	(40,927)	8,235
Borrowing Requirement		66,232	71,192	15,838	(124,500)	30,815	(40,377)	49,535	(18,720)

Appendix 5

East Lothian Council

Budget Monitoring 2023/24 - Updated Capital Pressures - Education

P5 projection including re-profile assumption	
Aberlady Primary - extension	
Blindwells Primary - new school	
Craighall Primary - New School	
Whitecraig Primary - new school including Early Learning and 1140	
Total	

Income	
Developer contributions	
Developer contributions (post completion)	
1140 grant income	
Total	

Net Borrowing Requirement

Approved budget 23-24	
Aberlady Primary - extension	
Blindwells Primary - new school	
Craighall Primary - New School	
Whitecraig Primary - new school including Early Learning and 1140	
Total	

Income	
Developer contributions	
Developer contributions (post completion)	
1140 grant income	
Total	

Net Borrowing Requirement

Variation - Expenditure

Variation - Income

Variation - Net Borrowing Requirement

P5 Outturn 2023/24 £000	Year 2 2024/25 £000	Year 3 2025/26 £000	Year 4 2026/27 £000	Year 5 2027/28 £000	5 Year Total £000	External Funding £000	GCG funding/ Borrowing Requirement £000
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300	3,500	-	-	-	3,800	(964)	2,836
1,000	15,209	7,604	-	-	23,813	(10,552)	13,261
1,000	15,220	7,610	-	-	23,830	(8,169)	15,661
1,500	15,500	2,000	-	-	19,000	(3,081)	15,919
3,800	49,429	17,214	-	-	70,443	(22,766)	47,677

(2,385)	(9,319)	(3,619)	-	-	(15,323)		
-	-	-	(3,782)	(3,104)	(6,886)		
(541)	(17)	-	-	-	(558)		
(2,926)	(9,336)	(3,619)	(3,782)	(3,104)	(22,766)		

874	40,093	13,595	(3,782)	(3,104)	47,677		
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Year 1 2023/24 £000	Year 2 2024/25 £000	Year 3 2025/26 £000	Year 4 2026/27 £000	Year 5 2027/28 £000	5 Year Total £000	External Funding £000	GCG funding/ Borrowing Requirement £000
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2,817	41	-	-	-	2,858	(893)	1,965
13,611	7,245	285	-	-	21,141	(9,535)	11,606
13,411	7,155	285	-	-	20,851	(9,386)	11,465
8,436	5,131	192	-	-	13,759	(4,275)	9,484
38,275	19,572	762	-	-	58,609	(24,089)	34,520

(6,782)	(4,898)	(762)	-	-	(12,443)		
-	-	(1,303)	(7,479)	(2,323)	(11,105)		
(541)	-	-	-	-	(541)		
(7,323)	(4,898)	(2,066)	(7,479)	(2,323)	(24,089)		

30,952	14,674	(1,304)	(7,479)	(2,323)	34,520		
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(34,475)	29,857	16,452	-	-	11,834	1,323	13,157
4,398	(4,438)	(1,554)	3,697	(781)	1,323		
(30,077)	25,419	14,899	3,697	(781)	13,157		

Appendix 6
East Lothian Council
Budget Monitoring HRA 2023/24 - Period 5

	2023/24 Budget	2023/24 Actual to Date	2023/24 Budget to Date	2023/24 Budget Variance to Date
	£'000	£'000	£'000	£'000
Total Income	-37,482	-15,518	-15,618	100
Total Expenditure	36,233	6,717	6,180	537
(Surplus) / Deficit for Year	-1,249	-8,801	-9,438	637

	2023/24 Budget £'000
Management of Balances	
Opening (Surplus) / Deficit	-1,486
CFCR	1,200
(Surplus) / Deficit for Year	-1,249
Closing (Surplus) / Deficit	-1,535

Appendix 7

East Lothian Council

Budget Monitoring HRA Capital 2023/24 - Period 5

	2023/24 Budget	2023/24 Actual to Date	2023/24 Budget to Date	2023/24 Budget Variance to Date
	£'000	£'000	£'000	£'000
Modernisation	10,709	2,537	4,462	-1,925
Energy Efficiency Fund	2,500	288	1,042	-754
New Council Housing	19,037	11,920	7,932	3,988
Fees	1,438	0	0	0
Mortgage to Rent	280	230	0	230
TOTAL	33,964	14,975	13,436	1,539

Funded By:

	2023/24 Budget	2023/24 Actual to Date	2023/24 Budget to Date	2023/24 Budget Variance to Date
	£'000	£'000	£'000	£'000
Grants	-6,500	-7,042	-2,167	-4,875
Grants MTR	-196	-166	0	-166
CFCR	-1,200	-1,200	-1,200	0
Borrowing	-26,068	-6,567	-10,069	3,502
TOTAL	-33,964	-14,975	-13,436	-1,539

REPORT TO: East Lothian Council
MEETING DATE: 31 October 2023
BY: Chief Executive
SUBJECT: Corporate Risk Register 2023-24

3

1 PURPOSE

- 1.1 The full Corporate Risk Register was last reported to Council in August 2023 as well as being reported to both Cabinet in May 2023 and Audit & Governance Committee in June 2023. An update of only the Very High risks within the Corporate Risk Register is being reported to Council given the continued substantial levels of heightened risk. All updates since presentation to August Council are in red font colour.
- 1.2 The significant economic factors driving increased financial pressures and risks for the Council continue to be incorporated into the relevant risks across the Corporate Risk Register. Any further risk developments impacting on the Council in the period from 16 October 2023, will be reported verbally at Council in presentation of this report.

2 RECOMMENDATIONS

- 2.1 It is recommended that Council approves the October 2023 update of the Corporate Risk Register and in doing so, the Council is asked to approve that:
 - The Corporate Risk Register is maintained as a 'live' document which will be reviewed by the Council Management Team (CMT), the CMT Sub-Group on Risk Management, Service Management Teams (SMT), risk owners and the Corporate Risk Management Group on a regular basis and reported back to Council as and when required;
 - agree that the relevant risks have been identified;
 - agree that the significance of each risk is appropriate to the current nature of the risk;

- agree that the total profile of corporate risk can be borne by the Council at this time in relation to the Council's appetite for risk but in the context of the planned mitigations; and,
- recognise that, although while Corporate Risks require close monitoring and scrutiny over the next year, many are long term risks for the Council that are likely to be a feature of the risk register over a number of years.

3 BACKGROUND

- 3.1 In keeping with the Council's Risk Management Strategy and reflecting upon the concurrent and constantly changing nature of risks managed by the Council, the Corporate Risk Register, although live, is being reported to Council given the continued substantial levels of heightened risk. The Corporate Risk Register takes into account the international, national and local risk factors impacting on the delivery of Council services and is also informed by the impacts of business continuity arrangements currently deployed in some services across Council.
- 3.2 The 2023-24 Corporate Risk Register, as of 16 October 2023, currently includes 7 Very High Risks, 6 High Risks, 6 Medium Risks and 1 Low Risk.
- 3.3 A CMT sub-group on Risk Management meets on a bi-monthly basis to monitor and drive Risk Management council-wide and to review the Corporate Risk Register. This group includes the Executive Directors and ensures that Risk is given prominence by CMT.
- 3.4 Risk CR1 on 'Managing the Financial Environment' continues to have an increased residual risk score of 25 (this is the highest risk scoring the Council has reported hitherto), due to the very significant external pressures the Council is facing, including rising utility and energy costs, an increasing and significant range of external and inflationary cost and demand pressures, significant increased cost of borrowing and consequences of national pay awards.
- 3.5 The Council remains in emergency response with business continuity plans invoked within nine council services at the time of this report which are Facilities, Estates, Legal, Housing, Waste, Finance, Children's Services (Support & Intervention), Sport, Countryside & Leisure (Forestry Team) and Connected Communities (Port Seton Centre and Pennypit). These services' Business Continuity Plans are invoked predominantly in response to staffing pressure arising from a very challenged employment market, limited volume and calibre of response to recruitment campaigns and increased demand for services. Activation of Business Continuity Plans for these services results in the available staffing resource being deployed to deliver 'business critical' activities as priority.
- 3.6 Council can be reassured that CMT, it's Sub-Group, the Corporate Risk Management Group and it's Linking Risks Sub-Group, continue to closely monitor all Corporate Risks. Management of our risk environment is informed by global and national risks, via the annual Global Risk Report produced by the World Economic Forum in January each year, by the Scottish Government's

National Risk Assessment (NRA) and the UK National Risk Register which are produced annually. Every effort is made to ensure that the Corporate Risk Register reflects current and future risks with appropriate mitigations in place.

- 3.7 The Council’s Corporate Risk Strategy is reviewed three yearly and was reported to Cabinet on 14 March 2023.

4 POLICY IMPLICATIONS

- 4.1 In approving this report, the Council will be ensuring that risk management principles, as detailed in the Corporate Risk Management Strategy, are embedded across the Council.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

- 6.1 Financial –The financial impact of the corporate risks and mitigation measures remain under close monitoring and review, aligned with the Council’s Financial Strategy. Any unplanned and unbudgeted costs that arise in relation to any of the corporate risks identified will be subject to review by the Council Management Team, and if required will be reported to Council.
- 6.2 Personnel – There are no immediate implications impacting on the administration and oversight of the Corporate Risk Strategy and Framework.
- 6.3 Other – Effective implementation of this register will require the support and commitment of the risk owners identified within the register.

7 BACKGROUND PAPERS

- 7.1 Appendix 1 – Corporate Risk Register October 2023 Update

AUTHOR’S NAME	Scott Kennedy	
DESIGNATION	Team Manager - Emergency Planning and Resilience	
CONTACT INFO	skennedy@eastlothian.gov.uk	01620 827900
DATE	16 October 2023	

Risk Ref.	Risk Category	Risk Description	Existing Risk Control Measures	Assessment of Current Risk			Planned Risk Control Measures	Assessment of Residual Risk [With proposed control measures]			Timescale for Completion / Review Frequency	Evidence held of Regular Review
				Likelihood	Impact	Total		Likelihood	Impact	Total		
				L	I	L x I		L	I	L x I		
ELC CR 1	Financial Service Objectives	<p>Managing the Financial Environment</p> <p>The Council is operating in the most challenging and complex financial operating environment it has ever faced. There remains significant immediate and future external cost and demand pressures being placed on the Council, which simply cannot be met within the resources which are now being made available.</p> <p>These include:</p> <ul style="list-style-type: none"> The level of national funding being made available to this Council to deliver local services is now at an unsustainable level, and increasingly complex. <ul style="list-style-type: none"> An increasing proportion of funding being directed to support new policy and legislative requirements and lack of flexibility in how it can be used. The increasingly complex, national short-term funding settlements create significant uncertainty and impede robust medium term financial planning and on-going sustainability. An increasing and significant range of external and inflationary cost and demand pressures including: <ul style="list-style-type: none"> High inflation with rising cost of goods and services and commissioned contract services. Significant challenges relating to high utility costs. Meeting the total recurring costs of public sector pay awards. There remains a significant and increasing challenge facing this Council in supporting the resource requirements associated with the delivery of the growth agenda resulting from the approved Local Development Plan, which is driven largely by national statutory planning. This includes financing of essential infrastructure, and in particularly the revenue consequences associated with growth. The Council is facing significant challenges in the affordability of supporting current and future infrastructure obligations. <ul style="list-style-type: none"> Higher interest rates resulting in increased capital financing costs which will present a risk to the sustainability of the capital programme. Significantly higher costs of construction in excess of approved budget levels. Increased gap between approved S75 contributions and cost of infrastructure aligned to growth, with the increased cost being placed on the Council to meet. There remain continued risks around the level of national funding being made available to support planned flood protection schemes given the on-going national review of the flooding resources. New financial risks posed through the identification of RACC/Siporex and subsequent costs from the implications in respect of management, remediation and or total loss of assets. 	<p>The Council has well developed medium term financial planning arrangements, which have recently been updated as part of the recent review of budget development framework.</p> <p>The budget development framework now incorporates a cross party budget working group, which meets regularly throughout the year to progress budget development options.</p> <p>The Council annually refreshes the Financial Strategy, Capital Strategy and Treasury Management Strategy to take cognisance of any new / emerging financial risks. These documents support the medium-term financial planning for the organisation.</p> <p>The Council has approved an enhanced reserves strategy, which sets out the current level of reserves and associated commitments, including a requirement to maintain a minimum level of uncommitted reserves to support any unforeseen event.</p> <p>The Council has a wide range of on-going cost control and financial management arrangements to manage in year budget performance and delivery of planned efficiencies. This includes regular management information to CMT and wider Council management, and quarterly financial reporting through political governance. This provides mitigating controls in terms of the immediate financial risk and pressures the Council is faced with.</p> <p>Given the scale of the escalating levels of financial risk and pressures, the Council has already agreed to continue with an enhanced range of urgent cost control measures aimed at mitigating and limiting the scale of these rising costs. Officers across the Council are now operating enhanced financial controls within these approved mitigation parameters.</p> <p>Council officers will continue to progress the delivery of planned efficiency savings aligned to Council decisions.</p> <p>The Council Leader has also written to UK and Scottish Government setting out the scale of financial challenges and urgent review on how local government is funded.</p> <p>The Council met with cross party-political representation with the Deputy First Minister on 23 August 2023, to set out the significance of the financial implications facing this Council aligned to supporting a growing population and national statutory housing land allocations. Officers</p>	5	5	25	<p>Officers continue to implement enhanced financial controls aligned to Council approved mitigation measures.</p> <p>Given significant concerns relating to the on-going affordability of the Capital Programme as well as associated revenue costs, officers continue to review the Capital Programme with an initial update presented to Council in October. This will continue to remain under review.</p> <p>Continue to support national discussions through CIPFA Directors of Finance aligned to ensuring the on-going financial sustainability of local government.</p> <p>Continue to progress the delivery of an enhanced Transformational Programme and Asset Review aligned to the approved budget development principles, which will support the further transformation of services and deliver and enhanced programme of efficiencies.</p> <p>On-going engagement with Scottish Government and COSLA on local government funding and distribution to support a fair and adequate allocation of resources to deliver local services.</p> <p>Given the significant scale of the funding gap, on-going work with CMT and elected members to accelerate, develop and implement additional budget savings proposals, which will also include budget and service reductions and income generation opportunities aligned to the meet the scale of the funding gap over the medium term. These budget savings options will remain aligned to the principles of the budget development framework.</p> <p>Continue to engage with Scottish Government and COSLA to adequately resource the funding requirements associated with population growth arising from the Local Development Plan, taking into consideration both revenue and capital costs.</p> <p>Continue to support regional placed based funding discussions with City Region Deal Partners.</p> <p>Continue to seek urgent national agreement with DFM for additional place-based revenue funding for East Lothian.</p>	5	5	25	<p>Actions ongoing and under continuous review while monitoring arrangements will continue to be applied.</p> <p>Risk reviewed by Head of Finance and Executive Director Council Resources (CFO), October 2023, with no changes to risk scores.</p> <p>Risk reviewed by Head of Finance and Executive Director Council Resources, August 2023 with residual score increased to 25 given the scale of the current financial challenge.</p> <p>Risk refreshed November 2022 by CMT Sub-Group on Corporate Risks with current score increased from 20 to 25 and residual from 16 to 20 due to the current climate.</p>	44

Risk Ref.	Risk Category	Risk Description	Existing Risk Control Measures	Assessment of Current Risk			Planned Risk Control Measures	Assessment of Residual Risk [With proposed control measures]			Timescale for Completion / Review Frequency	Evidence held of Regular Review
				Likelihood	Impact	Total		Likelihood	Impact	Total		
				L	I	L x I		L	I	L x I		
		<ul style="list-style-type: none"> There remains on-going uncertainty relating to the proposed national capital accounting review, which could result in changes in accounting for capital infrastructure and could result in significantly increased cost to local taxpayers. This national review has been delayed by 12 months. The 2022/23 financial accounts currently remain in draft and will not be concluded until mid-December 2023. The financial results therefore remain in draft and subject to change. Given the severity of the financial challenges facing the Council, this delay presents a further risk in forward planning given the current uncertainty relating to the 2022/23 financial position and results. <p>The Council is operating in an extremely challenging financial environment and is current forecasting an overspend of £22.17m in 2023/24, and after applying planned reserves reduces to £10.3m. The Council's minimum level of reserves is currently £7.2m. If this level of overspend materialises this will not only remove the unallocated balances but will also require a redirection of earmarked reserves aligned to supporting critical transformation activities with a view to delivering recurring savings. This will adversely impact on the delivery of strategy and operational activities which rely on funding from these reserves and will also significantly enhance the financial risk and resilience of the Council with low levels of reserves.</p> <p>There remain enhanced risks relating to the ability for the IJB to meet the planned savings aligned to delegated Council budgets and wider demand. Should this materialise and the IJB remain unable to meet the wider savings gap, this will result in an additional financial pressure for the Council.</p> <p>The Council's approved budget for 2023/24 is supported by a requirement to deliver £6.7m planned efficiencies. Currently £0.475m is forecast as undeliverable. There remains an increased risk that the Council will not be able to deliver planned efficiencies, and this will place further increased pressure on on-going financial sustainability</p> <p>The projected medium term funding gap facing the Council over the next 5 years is £71 million. Whilst the Council has set a balanced budget for 2023/24 and has identified further planned savings of £9.6m, very significant additional savings proposals will need to be developed to address the scale of this funding gap.</p> <p>The FM has recently announced a proposed Council Tax freeze for 2024/25, and this remains the subject of national discussions. The FM has indicated his commitment to ensure Councils are compensated for the Council Tax freeze. The funding gap facing the Council for 2024/25 is equivalent to a Council Tax rise of 32%. In addition, there remains a significant funding gap in excess of £1m to support the national CTRS. Collectively this is likely to place further financial pressure on this Council, both to manage the delivery of a balanced budget for 2024/25 and the recurring impact.</p>	<p>continue to pursue the key asks set out in this meeting, including the urgent need to provide additional funding, and continue to support place based funding regional discussions aligned to City Region Deal.</p> <p>Following on from the FM announcement to freeze Council Tax for 2024/25, the Council Leader has written to the FM and DFM setting out his concerns and impact on the financial sustainability of this Council. Senior officers have also expressed significant concerns through national discussions.</p> <p>Senior officers continue to lobby and set out the severity of the Council's financial position in national discussions with COSLA, wider professional bodies such as CIPFA Directors of Finance and SOLACE and wider professional commentators, and professional advisers to consider the financial sustainability of Local Government and associated challenges.</p> <p>The Executive Director for Council Resources in her capacity as Chief Financial Officer has also written separately to the Permanent Secretary of the Scottish Government to set out the seriousness of the financial situation.</p> <p>COSLA and Scottish Government have recently approved a new 'Verity House' agreement which sets out a new relationship between local and national government including discussions around national funding. Senior Officers continue to feed into national discussions supporting this.</p> <p>Given the significance of the financial challenge facing the Council, financial reviews will now report formally to Council rather than Cabinet for wider scrutiny setting out the in-year financial performance against approved budgets.</p> <p>The Charging Policy has been refreshed and agreed by Cabinet and supports the recovery of costs associated with the delivery of council services where the council has discretion to charge.</p> <p>On-going engagement with Treasury advisers with annual treasury indicators approved as part of Treasury Strategy and mid-year review against indicators reported through political governance structures of A&G Committee.</p> <p>On-going discussions with the IJB Chief Financial Officer and Chief Officer around the delivery of current planned efficiencies and future resource requirements aligned to on-going strategic financial planning.</p> <p>Finance officers are working pragmatically with Audit Scotland with a view to concluding the 2022/23 statutory annual audit.</p>				Continue to work with Audit Scotland to conclude the 2022/23 statutory audit.					

Risk Ref.	Risk Category	Risk Description	Existing Risk Control Measures	Assessment of Current Risk			Planned Risk Control Measures	Assessment of Residual Risk [With proposed control measures]			Timescale for Completion / Review Frequency	Evidence held of Regular Review
				Likelihood	Impact	Total		Likelihood	Impact	Total		
				L	I	L x I		L	I	L x I		
		Given the enhanced range of financial pressures, wider risks and challenges, there remains a significant risk that the Council will not be able to support and meet these collective pressures alongside delivering policy and legislative obligations within current and future available resources.										
CR 2	Financial	<p>Maintenance of Assets</p> <p>Risk of insufficient staffing and financial resource to carry out repairs and maintenance programmes to ensure buildings are maintained in a good condition. Core Facts returns to The Scottish Government confirm that this is a risk which requires to be addressed.</p> <p>A budgeted, programmed plan of work is required for all existing property assets to confirm how these will be improved from Condition C/D to B or maintained as Condition A/B for their lifetime. Significant additional financial and staff resource is required to achieve this.</p> <p>Failure to carry out repairs and maintenance programmes could result in unavailability of buildings e.g. school closure and reputational damage to the Council.</p> <p>Repairs and maintenance cost pressures and adoption of new facilities e.g. school extensions mean a real term reduction in resource and availability. This could ultimately result in a failure of building elements with the risk of closure or enforcement by Statutory or Regulatory authorities.</p> <p>Failure to carry our repairs and maintenance programmes could result in injury/loss of life of public building users and legal action against the Council. There is also a high risk to health and safety and of reputational damage.</p> <p>The risks posed through the identification of RACC/Siporex and subsequent costs from the implications in respect of management, remediation and or total loss of assets.</p> <p>Fabric issues in property assets are now having serious operational and reputational consequences – Loch Centre, Brunton Hall, Preston Lodge High School are the major ones, but there are others impacting to a lesser extent.</p> <p>Reinforced Autoclaved Aerated Concrete (RAAC)</p> <p>The Local Government Association (LGA) has recently issued advice/warnings about Reinforced Autoclaved Aerated Concrete (RAAC), which is also known as Siporex. This material has been commonly used in Public Buildings between the 1960's and late 1980's.</p>	<p>Annual update of programme of works based on Condition, Suitability and Statutory Compliance assessments to inform budget requirement.</p> <p>Building Surveyor now in post who will be working on accuracy of Asset Condition information.</p> <p>Team Manager – Property Asset Review now in place whose main function will be to look for opportunities to repurpose, dispose of, or rationalise assets. The Manager will also continue to look for opportunities to co-locate and share facilities to reduce the number of assets held by the Council.</p> <p>This work has been focused on the office rationalisation to date. A Project Initiation Document has been approved by the Executive Team and Asset Project Board, to progress a Place-Making Property Asset Review. Recruitment to two other posts in the Property Asset Review team was successful and officers are in post</p> <p>Reports to the Corporate Asset Group will highlight risks which identify impact on the operation or safety of the assets to enable planned action to be considered and implemented.</p> <p>SFT SG revenue funding on new build schools.</p> <p>Ongoing review and update of programme of works based on Condition, Suitability and Statutory Compliance assessments to inform budget requirement.</p> <p>Management and survey work to identify RACC/Siporex.</p> <p>A Desktop Assessment has been carried out involving:</p> <ul style="list-style-type: none"> Liaison with Officers to ascertain if they are aware of RAAC being present within any Public Building Assets. An initial review of ELC Asset Register to identify Buildings/Extensions constructed between the 1960's and the late 1980's when RAAC was widely used. Buildings/Extensions constructed outwith this period can be excluded from a further assessment. Where As Built Drawings are available, these have been assessed to identify if RAAC has been specified. 	5	5	25	<p>Ensure Condition and other data is maintained up to date to inform the planned delivery of works required to ensure buildings comply with statutory and legal requirements and are maintained in a good condition. Identification of survey information currently required is ongoing. Surveys of RAAC elements is ongoing. Significant issues have been identified in several buildings with options appraisals being progressed to inform decision-making regarding remedial works. This is causing major disruption to service delivery.</p> <p>Looking at Lifecycle Costing as part of project/business plan and review on a project basis for future capital bids and budget setting.</p> <p>The service continues to regularly evaluate the current situation as regards material availability and works to mitigate any adverse effects of cancelled or delayed orders for this year's major summer works programme.</p> <p>Review and identify staffing resource required within SACPM, Education and Engineering Services. Service review ongoing.</p> <p>Comprehensive Learning Estate Review programme underway with pre-consultation about to commence. Delivery and implementation programme to be directly linked to school condition and suitability. This will be supplemented by a report to PPRC in relation to this risk for other assets.</p> <p>There is insufficient budget for the scope of work required. The Property Renewals Budget (circa £2m/annum) doesn't cover the maintenance required for the operational estate and will severely limit improvements. The budget for the non-operational portfolio (circa £130/annum) is insufficient for maintenance and will severely limit improvements.</p> <p>Assess property estate against Scottish Government targets to address Climate Change. Plan programme of works to improve performance of buildings. A high level assessment, based on recent case</p>	4	5	20	<p>All measures are ongoing and under constant review as to when they will be in place by.</p> <p>Risk reviewed by Head of Infrastructure, June 2023 and scores increased from 20 and 16 to 25 & 20 due to ongoing RACC / Siporex issues and subsequent costs.</p> <p>Risk reviewed by Head of Infrastructure, April 2023 with risks posed through the identification of RACC/Siporex and subsequent costs added. Risk also moved to Corporate Risk Register due to heightened issue. Current risk score increased from 16 to 20 and residual score from 12 to 16.</p>	

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		<p>Due to the relative lightweight nature of the material and limited durability there has been a number of roof failures in the past and as a result East Lothian Council require to determine the extent and location of RAAC (Siporex) to our Public Buildings and then ensure a robust inspection process is undertaken to determine its condition, level of risk and undertake any action deemed necessary to mitigate the risk to occupants and members of the public and to avoid any catastrophic failure.</p> <p>Use of part of buildings subject to inspections may be restricted or unavailable for a period of time following assessment.</p> <p>Currently there is an uncertainty in relation to material availability and delivery times to carry out the major summer works programme.</p> <p>Assess property estate against Scottish Government targets and imminent changes to energy performance requirements to address Climate Change. Plan programme of works to improve performance of buildings. Significant additional finance commitment and staff resource is required to achieve this, assess the current status, and plan works to bring buildings up to the required standard.</p> <p>There is currently a risk in relation to the lifecycle, maintenance and repair of Council assets which are operated by children's services (i.e. Lothian Villa Meadowmill and Olivebank)</p> <p>The need to ensure school security is enhanced and aligned between the asset and educational practice.</p>	<ul style="list-style-type: none"> Information has been obtained from the Asset Register, Health & Safety Files, As Built Drawings, Microfiche Drawings & Condition Surveys. <p>Visual inspections are being undertaken to determine the location/condition of RAAC within Building Assets and where desktop Assessment identifies the possible presence of RAAC, an inspection will be carried out by a Building Surveyor / Structural Engineer.</p> <p>Areas where further investigation is required or where there is any indication of risk to users of a building have been isolated and removed from use pending consideration of remedial works required.</p> <p>Procurement for a Structural Engineer to investigate RAAC issues has been completed and site inspections currently underway.</p> <p>Risk highlighted at ELC PPP Monthly Meetings and at Innovate Board Meetings.</p> <p>Areas requiring immediate action highlighted to Innovate, PPP Provider, inspections carried out and reports received.</p> <p>Transformational work progressing to move to a Corporate Landlord Model and a fully functional, comprehensive property asset management system, possibly by expanding the capability of the existing CIPFA modules held by Engineering Services and Finance.</p> <p>A cross-service Learning Estate review team is in place and carrying out a pre-consultation during 2021/22. Hub South East have been appointed by the Council to analyse the data and progress a Learning Estate Improvement Plan.</p> <p>Education and Strategic Asset Management teams work closely to analyse the data provided by Education and identify requirements arising as a direct result of proposed development.</p> <p>An enhanced and robust school roll projection and class organisation system is in place in Education, which determines the future capacity needs of schools.</p> <p>Regular review meetings are held between Education, Planning, Finance and Strategic Asset and Capital Plan Management.</p> <p>Regular engagement with Care Inspectorate re-quality of care environment. Property Inspectors and the Asset Team within Engineering Services identify priorities on a 3-year rolling programme and implement within available budgets. Work is prioritised on a risk management basis, addressing statutory</p>				<p>study information prepared by City Of Edinburgh Council, has been carried out and the cost to achieve 'Net Zero' targets has been estimated as between £850million and £1billion for the Council property estate,</p> <p>Identification and management of assets affected by RACC and Siporex with option appraisals to identify remediation and or demolition and future provision.</p> <p>Surveys are well advanced and continuing and have already identified remedial works, some of which have been instructed.</p> <p>Remedial works may involve installation of access hatches or similar to enable ongoing inspection by a structural engineer. However, it is anticipated that certain areas identified shall require replacement roofing works and significant resource & budget to address these findings.</p> <p>Formal notification of further inspections by consultant appointed by ELC has been issued to Innovate, PPP Provider.</p> <p>'Discovery Survey' Inspections have been carried out in all eight PPP properties. Further investigation is required in a number of areas. Significant issues have been identified in Preston Lodge High School and mitigation is ongoing. Issues have also been identified at Ross High School – Further investigation is progressing to establish the required action</p> <p>Contingency plans are being prepared to mitigate restricted use or unavailability of parts of buildings following assessments. Council Management and Executive Team to be made aware of emergency planning proposals.</p> <p>Review on provision of the residential social care estate including contingency planning for re-provision of Lothian Villa (Meadowmill).</p> <p>The security of secondary school grounds will be reviewed with Education and will be prioritised in terms of risk and available capital and revenue budget. Work is ongoing.</p> <p>The security of primary school grounds will be reviewed with Education and will be prioritised in terms of risk and available capital and revenue budget.</p>					

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			<p>compliance matters first (fire safety, electrical, safety DDA etc.).</p> <p>PPP Team and Engineering team to review and align work streams related to asset security with Educational operational requirements and practice.</p>									
ELC CR 3	<p>Impact on Service Objectives</p> <p>Financial</p> <p>Legal</p>	<p>Homelessness</p> <p>New policy approach rapid rehousing requires the Council to transform homelessness services, place people quickly into permanent accommodation, negating the use of temporary accommodation and requiring a significant reduction in temporary accommodation stock. Resource allocation, further exacerbated by a series of legislative change has been insufficient for service transformation and the approach has resulted in an inability to accommodate those in need, forcing use of non-contracted B&Bs / B&Bs out-with county.</p> <p>Scottish Government require the implementation of a Housing First approach as a key priority, although no funding is available for ongoing revenue costs.</p> <p>Legislative change regarding local connection came into force on 29th November 2022 and requires the Council to accept rehousing responsibility for additional homeless cases. This adds to increased pressures posed by discretion around intentionality and change in focus to deliberate manipulation of the system Changes to local connection have been enacted without preparation of Guidance which places the Council at risk in respect of threats of judicial review.</p> <p>Continued levels of low stock turnover results in limited lets available and longer average time spent in temporary accommodation. Scottish Housing Regulator has noted this.</p> <p>There is a higher financial cost burden for the general services budget due to increased costs as a result of a retendering exercise as well as increasing demand for suitable temporary accommodation, and lengthy stays in temporary accommodation, which is likely to increase further in light of anticipated legislative change.</p> <p>Ongoing breaches of the Unsuitable Accommodation Order due to a shortage of 'suitable' temporary accommodation, with extension of the Order commencing October 2021 and subsequent daily breaches.</p> <p>Enforceable temporary accommodation standards framework implemented from 2021/22 which further reduces the existing portfolio of 'suitable' accommodation.</p> <p>Proposed changes to Homelessness Code of Guidance / new prevention duty pose further risk to existing practice / Homelessness Operations Policy. Implementation will result in increased referrals and a percentage increase in homeless assessments.</p> <p>Reduced supply of private lets due to landlords' ongoing concerns re new Private Residential Tenancy, legislative change (energy efficiency and repairing standard), welfare</p>	<p>Housing Options preventative approach to provision of advice.</p> <p>Continued monitoring of RSL nomination process (new build and routine turnover).</p> <p>Allocation Policy reduced number of offers for each Homeless applicant to 1, to encourage quicker throughput in temporary accommodation.</p> <p>Cabinet approved recommended actions to address pressures relating to a lack of affordable housing supply and address homelessness pressures through delivery of an agreed action plan.</p> <p>Cabinet approval of allocations targets to general needs / homeless applicants. Performance to targets kept under ongoing review. Cabinet approval of Allocations Policy Review.</p> <p>Open Market Acquisitions increase supply prioritising the western part of the county, where demand is highest.</p> <p>Housing First protocol in place and placements ongoing.</p> <p>Significant work complete re policies and procedures to increase flow through the rent deposit scheme.</p> <p>Audit of existing accommodation undertaken in advance of extension to unsuitable accommodation order.</p> <p>Refreshed performance monitoring framework in place to enable improved ongoing monitoring of key aspects of service.</p> <p>Fortnightly monitoring of voids performance to ensure turnaround times are kept to a minimum.</p> <p>The Council Leader has written to the Minister noting the challenges around meeting our ambitions to deliver on our RRTP as a result of both recent and planned legislative changes, the impact of Ukraine and other Resettlement schemes and the risk that if interventions don't happen timeously the adverse impacts on our local housing system are significant.</p>	5	4	20	<p>Further iterations of Rapid Rehousing Transition Plans (RRTP) with clear plans to transform homelessness services by 2024 and beyond, kept under regular review in context of resource allocation and changing legislation.</p> <p>Continue new build activity to increase housing stock, exploring potential to further increase supply within context of the growth agenda.</p> <p>Significant growth in mid-market rent properties coming forward.</p> <p>Housing Options Training Toolkit to be rolled out during 2023/24, to improve homelessness prevention and complement new Prevention Duty anticipated late 2023/24.</p> <p>Exploration of flat share / hosting models and shared tenancies ongoing, which could potentially make better use of existing stock.</p> <p>Revised Homelessness Operations Policy to be put in place, alongside comprehensive review of existing policies and procedures, to ensure service is operating efficiently and effectively.</p> <p>Improved partnership working with existing partners and neighbouring authorities could potentially result in new ways of working and economies of scale.</p> <p>Continue to engage with the Scottish Government to review and monitor the impact that legislative changes and Resettlement Schemes are having on meeting RRTP ambitions to ensure any adverse impacts are addressed quickly. Engagement will likely focus on the concerns around local connection.</p> <p>Significant work to improve void timescales could assist with improved flow through temporary / permanent accommodation. Project proposal for the clearance of the voids backlog in train.</p>	5	4	20	<p>December 2023</p> <p>March 2024</p> <p>March 2024</p> <p>March 2024</p> <p>March 2024</p> <p>March 2024</p> <p>March 2024</p> <p>December 2023</p>	<p>Risk updated by Head of Housing and Service Manager - Comm Housing & Homelessness September 2023 with no changes to risk scores.</p> <p>Decision to move risk H1 to Corporate Risk Register following update by Service Manager – Comm Housing & Homelessness October 2022 with residual score increased from 16 to 20.</p>

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		<p>reform impacts and cost of living increase, resulting in increased rents. This is further exacerbated by reliance on the PRS as a suitable housing option for Ukraine households, preventing their homelessness.</p> <p>The cost of Living Bill (Scotland) has reduced the ability of landlords to recover tenancies extended to March 2024 and this will result in a significant number of households (currently with evictions on hold) presenting and requiring temporary accommodation, towards March 2024. Linked to this, landlords are increasingly taking action to end tenancies due to mortgage interest rates rising on their own homes and / or homes they rent out.</p> <p>Potential increase in service demand due to poverty and relationship breakdown associated with cost of living crisis are also likely to add pressure to the homeless team both in terms of staff and accommodation. Also likely to result in an increase in cost for temp accommodation</p> <p>Uncertainty over future funding of supported housing (DWP) and proposed changes in respect of restructuring the financing of temporary accommodation.</p> <p>A focus is required on migrant homelessness and destitution in 2023/24, an area of complexity subject to limited Scottish Government flexibility.</p> <p>Legislative change is likely to increase demand on homelessness services and corresponding duties to accommodate, meaning increased spend.</p> <p>There are ongoing concerns regarding limited flow through the housing system and inability to accommodate people in emergency accommodation, due to lack of supply. This can impact upon the ability to source emergency accommodation at times of crisis, which can be particularly stressful for staff on call and leave homeless households without adequate shelter.</p> <p>There is increasing homelessness and housing demand pressure arising from a number of Resettlement schemes, mainly the Ukrainian refugee schemes with host arrangements breaking down early and ongoing pressure from a range of sources to carry out homeless assessments with associated temporary accommodation and ultimately permanent accommodation duties. These demands are likely to increase with further UK and Scottish Government commitments, particularly in respect of the move in focus from a 'warm Scots welcome' to a 'warm Scots future'. There are also other humanitarian schemes including but not limited to the existing Afghan schemes and the forthcoming changes around the new asylum seeker dispersal scheme. The immediacy and fast paced change of the Ukraine crisis has required a refocus in priorities away from homelessness to Ukraine and this remains ongoing to some extent, requiring business continuity measures within the Housing Options Team. Diverted resources from across the wider housing service have resulted in service strain elsewhere including the Housing Options Team and Community Housing. The focus on Ukraine resulted in an inability to prepare an updated RRTP in June 2022.</p>	<p>Housing Options team provide housing options advice to all clients and try to mitigate situations of eviction and discuss housing options to assist others. Government's Mortgage to Rent Scheme is available</p> <p>New team in place in response to Ukrainian refugee situation from October 2022.</p>				<p>Consideration of business case/options appraisal in respect of alternative forms of accommodation in response to forthcoming legislative change.</p> <p>A new Consultative Draft LHS is under preparation, which will set out the challenges and actions for the next 5 years.</p> <p>A follow up letter is being drafted for the Housing Minister for further discussion and engagement asking for assistance to help alleviate some of these Housing Pressures, with a focus on the issues presented by legislative change regarding local connection.</p> <p>Ongoing conversion of tenancies to enable RRTP targets re reduction in temporary accommodation to be met.</p> <p>Increased focus on homelessness prevention for vulnerable groups, via transformation of Prevention / Response Teams.</p> <p>Joint working with Adaero is ongoing, to create an emergency accommodation project for the exclusive use of on call staff.</p> <p>The City Region is looking to take more of a regional holistic approach to reviewing and understanding the Housing pressures across the region, particularly in relation to Homelessness and Ukraine to help find a more joined up solution</p>				<p>December 2023</p> <p>December 2023</p> <p>April 2024</p> <p>December 2023</p> <p>December 2023</p> <p>December 2023</p>	

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		<ul style="list-style-type: none"> Energy efficiency programmes Regeneration projects (including grant funded and delivered by others/communities) The majority of all other procurement related purchasing is being impacted <p>Risks have both financial and programme implications.</p> <p>Higher material and labour costs are not necessarily being reflected in the building cost indices (BCIS) used to vary building framework prices in line with Procurement rules. This could result in ranked framework contractors declining offers of work or tendering for future contracts.</p>										
		<p>Brexit / Labour Market Impacts & Replacement EU Funding</p> <p>The end of European funding streams places service provision (business support and employability) at risk.</p> <p>The labour market post-Brexit presents substantial challenge in terms of labour availability. This is particularly evident across key sectors:</p> <ul style="list-style-type: none"> Tourism & Hospitality Farming & Agriculture Facilities Management Care Transportation 	<p>UK Government have established the shared Prosperity Fund prospectus to replace previous EU funding arrangements. The council approved a Local Implementation Plan (LIP) for year 1 investment arrangements and awaits UK Government response.</p> <p>The Connected Economy Group (CEG) continues to take a partnership approach to assessment of Brexit related impacts providing connected support and advice to business and ensuring as far as possible aligned collegiate understanding in a continually challenging and dynamic environment. Employability partners including Skills Development Scotland (SDS) and DWP are working in partnership with East Lothian Works and employers to address challenges.</p>				<p>ELC considered the LIP submission to UK Government for years 2 & 3 in February 2023. Work is ongoing to further develop regional interventions particularly in year 3.</p>					
		<p>Rising Energy Costs</p> <p>Volatility in energy markets will result in significantly higher energy costs for the foreseeable future. Increasing rates will impact on the cost to operate buildings, street lighting provision, third party users of services, electric vehicle charging rates etc. Rising energy costs will indirectly impact the cost of other goods and services e.g. materials, consumables, transportation.</p> <p>There is a risk that electricity, gas, and unregulated fuels (heating oil, LPG, and biomass etc.) rates could increase further in 2023/24.</p> <p>On 26/06/23, Scottish Government informed LAs of their intention to introduce a Management Charge to selected Procurement Frameworks: Electricity and Water & Waste Water Frameworks from April 2024 and Gas from April 2025. The Management Charge for Electricity and Gas will be based on a nominal charge applied to each meter used and the charge rate set will depend on meter type. This approach also mirrors current Industry Practice.</p>	<p>Electricity, gas and oil is procured through Scottish Procurement. The rates for 2022/2023 will rise significantly however Scottish Procurements purchasing strategy provided some protection throughout the volatility.</p> <p>It is anticipated that Suppliers will pick up the new management charges on the frameworks. However, this will, likely be, passed on to LAs.</p> <p>The Council's Energy Transformation Board seeks to improve energy efficiency and energy supply from renewable sources reducing reliance on fossil fuels.</p> <p>Energy Transformation Project Board have appointed an advisory partner to advance market development of solar, wind, gas hybrid and hydrogen opportunities.</p> <p>Some additional funding has been reflected in 2023/24 approved budget with the expectation that energy costs will continue to fall in future years.</p> <p>The Council has approved a number of existing mitigation measures aimed at controlling existing cost pressures including the need to ensure the temperature in all public buildings is maintained at 18 degrees maximum.</p>	51								

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			<p>Engagement through professional networks to support national discussions on wider market conditions and supporting interventions.</p> <p>Energy controls and thermostats are being used to reduce temperatures across the estate monitored to weather patterns and the Asset team are mothballing and reducing property use and portfolio where possible.</p> <p>The UK Government has introduced temporary arrangements to place price caps on energy supply costs for consumers and introduced and the Energy Bill Relief Scheme for businesses, although these remain under review.</p> <p>Community Windpower has made a £1m donation to East Lothian to support local people with energy costs and the cost of living over the winter, to 31 March 2023. The Council operated as a 'trusted partner' of the scheme being run through Advice Direct, submitting applications on behalf of clients in receipt of benefits or otherwise in financial hardship. The scheme paid up to £1,200 per eligible household to 3 March 2023.</p>									
		<p>Increased Financial Hardship</p> <p>The financial implications from COVID and subsequent concurrent economic volatility has continued to impact on the financial position of local business, local households and the Council</p> <p>Low income households spend a larger proportion than average on energy, food and interest payments and will therefore be relatively more affected by increases in prices.</p> <p>Businesses are being significantly impacted by cost base rises including energy costs, and staff shortages (often attributed to EU exit), putting pressure on margins and viability, as well as pushing up the prices charged to consumers and the availability of some goods and services.</p> <p>These factors continue to increase pressure on Council services in respect of welfare / poverty, employability, and business support.</p> <p>The council's 2022/23 budget included funding from the Local Authority Economic Recovery (LACER) Fund to provide support to low income households, as well as a one-off contribution from reserves to support low income households. No equivalent funding has been made available through the 2023/24 budget, meaning that the council's capacity to support residents experiencing financial hardship has reduced.</p>	<p>Support for Residents</p> <p>Some welfare benefits have changed in response to this in order to help alleviate financial hardship, and some additional national funding has been made available to support those in need.</p> <p>All teams are continuing to provide support and advice for EL residents and businesses struggling financially at this time and are continuing to encourage those who can continue to pay to do so.</p> <p>The Revenues Service has developed a new leaflet 'Helping with the cost of living crisis', which is being widely publicised by all Revenues teams and other Council services to make sure that details of the help and support available is well communicated to local residents.</p> <p>Support for Businesses</p> <p>The Connected Economy Group (CEG) continues to take a partnership approach to assessment and monitoring of energy related costs to business and makes representation to UK and Scottish Governments in the context of temporary and medium term mitigation measures as well as providing connected support and advice to business and ensuring as far as possible aligned collegiate understanding in a continually challenging and dynamic environment.</p>				<p>The Council is continuing to promote the 'Boost Your income' campaign.</p> <p>East Lothian Poverty Plan – Action Plan Update is in progress for submission to Members Library Service in June 2023.</p> <p>A cost of living survey of council tenants has been conducted and the outputs will be considered by the financial inclusion team and poverty working group.</p>					

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ELC CR 5	Capacity	<p>Workforce Challenges</p> <p>Maintaining a stable and skilled workforce is essential to efficient, effective and safe delivery of services.</p> <p>Reduction in skilled, qualified and experienced workforce would result in an inability to provide good quality services, increased pressure on existing staff and increased likelihood of poor operational performance e.g. operating below required regulatory standards, potential harm to employees and / or the public, and reputational damage.</p> <p>Pressures in the recruitment market are compounded by reductions in staff attendance due to sickness absence, maternity leave and annual leave – placing additional pressure on the remaining ‘at work’ workforce. Post-COVID-19 response, some of the Council’s workforce are experiencing mental health issues, lowered resilience and fatigue.</p> <p>The recruitment market is challenging due to low levels of unemployment locally and a lack of specialist professional and technical within the market, exacerbated by Brexit related workforce supply issues within key sectors e.g. Facilities Management and Hospitality.</p> <p>The Council’s salary and grading structure for the Local Government Employee Group may not be competitive compared to other employers making it more difficult to recruit qualified staff to a wide range of posts. Attractive employment opportunities in other sectors risks staff migrating out of Council service into less stressful, often better paid, employment, where terms and conditions of employment can be negotiated.</p> <p>The Council decision on 29 August 2023 to introduce a temporary recruitment freeze for many posts and to introduce a delay to the current recruitment process creates an additional pressure for service delivery and for staff health and wellbeing. This will also have an impact on customers and community life leading to possible reputational damage to the Council.</p> <p>These pressures have resulted in a reduced ability to provide the full range of services to the public and impact on the Council’s ability to provide internal support services e.g. Legal services. Reflecting these workforce risks, the following services are currently operating under Business Continuity Plans:</p> <ul style="list-style-type: none"> • Facilities Management • Estates • Children’s Services - Support & Intervention • Waste Services – Garden Waste • Housing Options Team • Legal • Forestry Squad • Finance • Connected Communities (Port Seton Centre and Pennypit) <p>Failure to preserve business critical activities within these services could lead to increased risks in respect of ‘life and</p>	<p>The 2023-2027 Workforce Plan was approved by Cabinet (Jan 2023). The 2023-2027 Workforce Plan actions are being implemented.</p> <p>A recruitment task group has been established (August 2022) with representatives from key services and an action plan drawn up with various options being explored by HR and services.</p> <p>The HR service in conjunction with Corporate Communications are reviewing community based advertising methodologies e.g. poster campaigns, pro-active social media campaigns and recruitment fairs. A number of school career events in the diary over Autumn/Winter 2022.</p> <p>Regular assessment of staffing capacity within services enables redeployment of available resources to maintain frontline service delivery, reducing service provision when essential in non-statutory services.</p> <p>Staff have opportunity to work additional hours and overtime when appropriate to service needs.</p> <p>Essential vacancies are advertised within the approved Recruitment & Selection Policy processes.</p> <p>The Council has agreed the limited use of the Market Supplement Policy in difficult to recruit areas, where it can be demonstrated that the market rate makes the Council no longer competitive. (This will be considered on a case by case basis).</p> <p>Agency staffing is utilised within Agency procurement frameworks in extremis to meet service needs.</p> <p>Developing graduate intern opportunities to meet service professional requirements.</p> <p>Managers continue to apply the Managing Attendance Policy.</p> <p>Initiatives are in place to help employees manage their own stress, including Employee Assistance Programme, Listening Ears, Healthy Working Lives</p> <p>Organisational Development and Healthy Working Lives briefings to staff and managers on techniques etc. to support staff to maintain mental health and wellbeing.</p> <p>Salary placement within the Grade in Local Government Employee recruitment relevant to candidate skill and experience, rather than always on 1st point of the scale.</p>	5	4	20	<p>Employee Engagement Survey 2023 conducted, results analysed and action plans are in development by services. There is also a corporate action plan which will be integrated into the Workforce Plan and actions will be monitored through the Workforce Plan Action Plan.</p>	5	3	15	October 2023	<p>Risk updated September 2023 by Service Manager – Customer Services with no change to risk scores.</p> <p>Risk Refreshed November 2022 by CMT – amalgamating previous CR6, CR 15 and CR 18 – composing one ‘workforce challenges’ risk.</p> <p>Risk refreshed November 2022 by CMT Sub-Group on Corporate Risks with current score increased from 16 to 20 and residual from 12 to 15 given number of services in BC mode.</p>
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		<p>limb' services, finance and severe reputational damage to the Council.</p> <p>Certain services such as FM, Garden Waste, Housing Options and Children's Services are likely to remain within Business Continuity arrangements for some time due to absence and recruitment challenges.</p> <p>Insufficient staff can also lead to an inability to open facilities, or to reducing opening hours/days, impacting on local service access and reducing community programmes of activity.</p> <p>A lack of cross-service staff capacity to meet emergency response requirements and any other concurrent risks e.g. winter weather emergency, refugee response, avian flu outbreak, ash dieback et al., would increase risks to public safety, bringing reputational damage to the Council.</p> <p>The Council recognises that a large proportion of the workforce is aged over 55 years and many staff with significant knowledge and experience could leave the Council leaving the Council at risk in key areas – an inability to recruit impacts on succession planning and risks key specialist roles remaining unfilled.</p> <p>The Council has a duty of care to the workforce, a breach of which may affect the health, safety and wellbeing of employees leading to increased sickness absence, pressures on service delivery and added potential for employee liability claims against the Council for incidents involving employees or non-employees or enforcement action by the Health & Safety Executive.</p> <p>Areas which have been identified as posing a particularly high level of risk to the workforce are:</p> <ul style="list-style-type: none"> • Manual Handling • Stress / Mental wellbeing • Lone Working • Unacceptable Behaviour • Risks from Public Monuments • Safe Driving at work • School Trips 	<p>Service Reviews involve inputs from HR and Finance to ensure appropriate role and grading definitions within the service and broader corporate context.</p> <p>Efficient deployment of Disclosure Scotland checks.</p> <p>Review of recruitment options, online and face to face, in progress.</p> <p>Induction programmes for new employees have been updated.</p> <p>CMT operate a Business Continuity Plan and maintain up-to-date training in Emergency Planning and Response.</p> <p>Business Continuity Plans activated as necessary, reducing scope and scale of service delivery to focus existing resource on business critical and statutory functions. As an example Garden Waste collections which are non-statutory will remain on a monthly cycle to protect statutory services.</p> <p>Contingency planning and identification of non-business critical activities and staff who may be trained to deploy to essential activities when required; including consideration of closing service areas if required.</p> <p>Support is provided by Amenity services to supplement the winter emergency response team. Provision of LGV licence training to increase capacity amongst drivers within services e.g. to drive gritters.</p> <p>Service planning and mitigations, public information issued.</p> <p>Emergency Response debriefs are carried out e.g. most recently into Storm Arwen noting lessons learned and promptly implementing subsequent actions.</p> <p>Service planning and mitigations, public information issued.</p> <p>Investment in apprenticeships, Graduate Trainee opportunities and targeted recruitment e.g. With schools, colleges and universities.</p> <p>Refresh of Flexible working Policies - Homeworking and Worksmart - maximising work options for LGE staff.</p> <p>Health, Safety and Wellbeing Strategy 2018 – 2021 in place.</p> <p>All employees receive corporate and service appropriate induction including Health & Safety.</p>									

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		<p>malicious attack by hackers, virus, trojan, disclosure of information or Fire/Flood event.</p> <p>Attacks via spam emails containing infected ransomware attachments continue to be high. Should these emails manage to break through Firewalls and Intrusion Detection Systems there is a high possibility of file encryption at both a local and network wide levels. During 2020/21 high profile attacks against supply chain and other Scottish public bodies has shown this risk has not decreased.</p> <p>An increase in the use of Cloud facilities and our dependence on suppliers having remote access to our networks means our security risk from external influences has increased and our security posture needs to change to meet these new challenges</p> <p>The Cabinet Office introduced a zero tolerance approach for all LA's connected to the Public Sector Network (PSN). Scottish LA's use the PSN to register Births, Marriages & Deaths and connection to DWP for benefit provision. We have to re-accredit to this network every year and must meet stringent requirements. Failure to do so would mean disconnection from the PSN.</p> <p>In 2017 the Scottish Government introduced the Cyber - Public Sector Action Plan which sets out the minimum security standards for all public bodies</p> <p>New ways of working and shared buildings including the proposed Collaborative Hub between the Council, Police and other parties present new risks and challenges to maintaining IT Security and Data Privacy. Procedures, appropriate design of workspaces and staff training are needed to mitigate risks.</p> <p>Data Protection</p> <p>Under the Data Protection Act 2018 and the UK GDPR, the Council is required to ensure that personal data is processed lawfully, fairly and securely. Breaches of the Data Protection Act / GDPR could result in:</p> <ul style="list-style-type: none"> - harm to individuals; - legal action; - fines of up to £17.5 million or 4% of turnover, whichever is higher; - requirement to pay compensation; - adverse publicity; - damage to reputation <p>The Council has a mandatory 72 hour window in which to report relevant breaches to the Information Commissioner's Office.</p> <p>Limited security, procedural and environmental controls at the Dunbar Road records store mean that records and personal data are at risk of security breach and/or accidental loss or destruction. The shift to home/digital working in response to COVID-19 has also placed</p>	<p>As part ISO27001:2017 a number of control areas are set out : IS policy; IS organisation; Human resources security; Asset management; Access controls and managing user access; Physical & Environmental security of all sites/equipment, Secure communications, Data handling and Data Protection (including paper documents); Secure acquisition, development, and support of information systems; Security for suppliers and third parties; Information Security Incident management; Business continuity/disaster recovery (to the extent that it affects information security);</p> <p>Annual IT health checks on the existing infrastructure.</p> <p>New systems are risk assessed and security checked prior to introduction to ensure they meet expected criteria.</p> <p>Council Information Governance and Security (IGS) Forum co-hosted by the IT Team Manager – Infrastructure and Security and the Team Manager – Information Governance / Data Protection Officer.</p> <p>The DPO/Team Manager-Information Governance & Team Manager – Infrastructure & Security (CISO) are members of the Collaborative Hub Working Group and the JMH User Group and provide advice and support re: compliance & Info Security.</p> <p>Acceptable use policy for all ELC employees has been refreshed and is now live following consultation. All employees will be expected to read, re-sign and adhere to the policy to keep themselves and the Council safe.</p> <p>Data Protection</p> <p>The Council has a comprehensive suite of measures to ensure compliance, including the retention of a statutory Data Protection Officer (DPO), the Data Protection Policy, Data Breach Procedure and multiple procedures governing the creation, use and disposition of records and personal data.</p> <p>IS, DP and Records Management Awareness training is a mandatory part of induction and must be refreshed every two years. E-learning module content was refreshed and redesigned in May 2022. The ELNet pages for Information Governance also include templates, guidance and information to support corporate compliance. A new Team Leader-Information Governance took up her post on 31 July 2023, whose brief includes leading the Information Governance training and awareness programme.</p>							<p>June 2024</p> <p>Ongoing</p>	<p>Information Governance with current risk score increased from 16 to 20 due to war in Ukraine.</p>	

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		<p>additional pressures to digitise paper records management systems and ensure new ways of working remain secure.</p> <p>Requests for personal data (SARs) have increased significantly in both number and complexity (50% increase on Jan-May 2022). Increase is partially attributable to the indirect impact of the Scottish Child Abuse Inquiry and the launch of the Redress Scheme. Combined impact with staffing challenges, increase in FOI requests and disproportionate impact of a number of frequent requesters, the Council is at higher risk of missing statutory timescales for responses. This gap continues to rise year-on-year.</p> <p>DP compliance is dependent on good records management. The Council's Records Management Plan 2014-2019 needs to be formally updated to account for GDPR/DPA18 as well as changes to recordkeeping practice across the Council. This is also a requirement of the Public Records (Scotland) Act 2011 (PRSA).</p> <p>Current pressures on Registration service and increased demand from Services for review of Data Sharing Agreements / Data Protection Impact Assessments are impacting capacity to address Records Management.</p>	<p>The Council's Records Management Plan (RMP) covers how the Council manages its records and includes links to our IS, DP policies and retention schedule. There is an annual assessment of Progress of Records Management Plan by The Keeper's office. The Council is planning formal re-submission of its RMP for the Keeper's approval (date tbc).</p> <p>The Council has a close working relationship with SOLAR (Society of Local Authority Lawyers and Administrators) and attends meetings regularly. These meetings are also attended by the Information Commissioners office. The Council also attends and currently chairs ASLAWG (Archivists of Scottish Local Authorities Working Group) to share best practice with other record keeping professionals.</p> <p>Records Management Plan: Retention schedules and BCS have been updated in line with national models. Initial phase of Digital Preservation Plan currently underway to identify/register digital information assets, and procure baseline software/hardware. A Digital Preservation Policy has been drafted and prepared for review by relevant stakeholders. 5 departments have completed reviews of the Retention Schedule to map to their own records with support from the Information Governance Team.</p> <p>Information Asset Register: 3 workshops have been completed with Feedback. Procurement and Economic Development to identify data flows and risk points. This is a key compliance measure under Article 30 of the UK GDPR and the Council's Records Management Plan.</p> <p>DSA/DPIA Process Reviews: DSA and DPIA processes have been reviewed and simplified. Team Leader now taking on new DPIA requests allowing Team Manager to address backlog.</p> <p>Dunbar Road Options Paper: CMT has approved proposals to contract out paper document management services, including records storage, retrievals, metadata management, scan-on-demand and secure destructions.</p> <p>Information Strategy Work continues to implement Microsoft 365 across corporate Council Services; consultant workshops have now been completed and migration of email to Microsoft Exchange near completion with new 5-year retention rule applied going forward.</p> <p>Data Protection/Records Management training delivered as needed to Asset Review Champions.</p>				<p>Records Management Plan: All 14 elements of the Council's RMP will be reviewed and updated, focusing particularly on secure destruction, digital preservation, application of retention schedules and changes to ways of working.</p> <p>DSA/DPIA Process Reviews: Full roll-out of new processes to be completed following recruitment of new Team Lead-Information Governance (start date 31 July 2023).</p> <p>Paper document management: Procurement exercise to identify best value for document management services for all paper records. Existing contract has been extended with supplier Oasis by six months to allow for completion amidst other service pressures.</p>				<p>Ongoing</p> <p>October 2023</p> <p>March 2024</p>	

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ELC CR 6	Reputational	<p>Information Security and Data Protection</p> <p>Heightened Risk Due to War in Ukraine Due to the current conflict in Ukraine there is a heightened risk of Nation State led cyber-attacks on the West. These could potentially affect National Infrastructure such as data and voice networks which could have an impact on East Lothian Council.</p> <p>Increasing Number of Cyber Attacks on Suppliers The number of cyber attacks on suppliers to Local and Central Government has increased significantly in recent months.</p> <p>Information Security Failure to have comprehensive council wide Information Security Management (ISM) measures in place will put at risk the availability, integrity and confidentiality of the councils information and may cause a Council wide failure of central IT systems (incl. Telephony) caused by a malicious attack by hackers, virus, trojan, disclosure of information or Fire/Flood event.</p> <p>Attacks via spam emails containing infected ransomware attachments continue to be high. Should these emails manage to break through Firewalls and Intrusion Detection Systems there is a high possibility of file encryption at both a local and network wide levels. During 2020/21 high profile attacks against supply chain and other Scottish public bodies has shown this risk has not decreased.</p> <p>An increase in the use of Cloud facilities and our dependence on suppliers having remote access to our networks means our security risk from external influences has increased and our security posture needs to change to meet these new challenges</p> <p>The Cabinet Office introduced a zero tolerance approach for all LA's connected to the Public Sector Network (PSN). Scottish LA's use the PSN to register Births, Marriages & Deaths and connection to DWP for benefit provision. We have to re-accredit to this network every year and must meet stringent requirements. Failure to do so would mean disconnection from the PSN.</p> <p>In 2017 the Scottish Government introduced the Cyber - Public Sector Action Plan which sets out the minimum security standards for all public bodies</p> <p>New ways of working and shared buildings including the proposed Collaborative Hub between the Council, Police and other parties present new risks and challenges to maintaining IT Security and Data Privacy. Procedures, appropriate design of workspaces and staff training are needed to mitigate risks.</p> <p>Data Protection</p> <p>Under the Data Protection Act 2018 and the UK GDPR, the Council is required to ensure that personal data is processed lawfully, fairly and securely. Breaches of the Data Protection Act / GDPR could result in:</p> <ul style="list-style-type: none"> - harm to individuals; - legal action; 	<p>Continue to follow advice and guidance from the National Cyber Security Centre, UK and Scottish Governments and Local Government Digital Office and react accordingly.</p> <p>Information Security The Council complies with the international standard ISO 27001:2017 as the framework for its ISM system.</p> <p>As part ISO27001:2017 a number of control areas are set out : IS policy; IS organisation; Human resources security; Asset management; Access controls and managing user access; Physical & Environmental security of all sites/equipment, Secure communications, Data handling and Data Protection (including paper documents); Secure acquisition, development, and support of information systems; Security for suppliers and third parties; Information Security Incident management; Business continuity/disaster recovery (to the extent that it affects information security);</p> <p>Annual IT health checks on the existing infrastructure.</p> <p>New systems introduced are risk assessed and security checked to ensure they meet the criteria.</p> <p>Council Information Governance and Security (IGS) Forum co-hosted by the IT Team Manager – Infrastructure and Security and the Team Manager – Information Governance / Data Protection Officer.</p> <p>The DPO/Team Manager-Information Governance & Team Manager – Infrastructure & Security (CISO) are members of the Collaborative Hub Working Group and the JMH User Group and provide advice and support re: compliance & Info Security.</p> <p>A new Information Security/DP Awareness Campaign was launched in Dec 21, which sends scheduled 'hot topic' awareness updates to employees.</p> <p>Acceptable use policy for all ELC employees has been refreshed and is now live following consultation. All employees will be expected to read, re-sign and adhere to the policy to keep themselves and the Council safe.</p>	5	4	20				Ongoing	<p>Risk refreshed September 2023 by Service manager – IT and Team Manager, Information Governance with no change to risk scores.</p> <p>Risk updated March 2022 by Team Managers – IT Security and Information Governance with current risk score increased from 16 to 20 due to war in Ukraine.</p>	

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This is also a requirement of the Public Records (Scotland) Act 2011 (PRSA).</p> <p>Current pressures on Registration service and increased demand from Services for review of Data Sharing Agreements / Data Protection Impact Assessments are impacting capacity to address Records Management.</p>	<p>Data Protection</p> <p>The Council has a comprehensive suite of measures to ensure compliance, including the retention of a statutory Data Protection Officer (DPO), the Data Protection Policy, Data Breach Procedure and multiple procedures governing the creation, use and disposition of records and personal data.</p> <p>IS, DP and Records Management Awareness training is a mandatory part of induction and must be refreshed every two years. E-learning module content was refreshed and redesigned in May 2022. 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Initial phase of Digital Preservation Plan currently underway to identify/register digital information assets, and procure baseline software/hardware. 3 departments have completed reviews of the Retention Schedule to map to their own records with support from the Information Governance Team.</p> <p>Information Asset Register: 2 workshops have been completed with Feedback and Procurement to identify data flows and risk points. This is a key compliance measure under Article 30 of the UK GDPR and the Council's Records Management Plan.</p> <p><u>DSA/DPIA Process Reviews:</u> DSA and DPIA processes have been reviewed and simplified.</p> <p><u>Dunbar Road Options Paper:</u> CMT has approved proposals to contract out paper document management services, including records storage, retrievals, metadata</p>				<p>Data Protection</p> <p>Training & awareness: The DPO, Team Manager- IT Infrastructure & Security and Communications teams are progressing a Communications Plan including Inform briefings, e-mail updates and other training and briefings to reinforce awareness of data protection and information security across the Council; currently limited by capacity within Information Governance team but expected to be progressed following the new Team Lead-Information Governance progressing this.</p> <p><u>Information Transformation Strategy:</u> the Team Manager-Information Governance and Team Manager-IT Infrastructure & Security are drafting an Information Transformation Strategy and associated Action Plan to underpin the Digital Strategy and Business Transformation agendas and 'to ensure the right information gets to the right person, at the right time, and in the right format'.</p> <p><u>Records Management Plan:</u> All 14 elements of the Council's RMP will be reviewed and updated, focusing particularly on secure destruction, digital preservation, application of retention schedules and changes to ways of working.</p> <p><u>DSA/DPIA Process Reviews:</u> Full roll-out of new processes to be completed following recruitment of new Team Lead-Information Governance (start date 31 July 2023).</p> <p><u>Paper document management:</u> Procurement exercise to identify best value for document management services for all paper records. Existing contract has been extended with supplier Oasis by six months to allow for completion amidst other service pressures.</p>				<p>June 2024</p> <p>Ongoing</p> <p>Ongoing</p> <p>October 2023</p> <p>March 2024</p>	

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ELC CR 7	Physical and/or Psychological Impact on People Legal & Regulatory	<p>Refugee/Asylum Schemes</p> <p>Both the UK and Scottish Government have responded to the Ukrainian humanitarian crisis by introducing refugee schemes that are largely required to be administered by local authorities. These schemes are broader in scope and of a significantly greater scale than previous refugee schemes. Consequently, this means greater demands placed on Council services (including service areas not previously involved) in administering the schemes, supporting hosts and refugees as well as placing additional demand on schools and Health and Social Care services.</p> <p>Current challenges include, but are not limited to:</p> <ul style="list-style-type: none"> Complexity and variation between four different schemes (Homes for Ukraine (H4U), Scottish Super Sponsor & Family Visa & H4U Extension Scheme (UES)) Constant changing and revision of national guidance, which continues to evolve through ongoing discussion between SG, COSLA, Home Office and local authorities Being clear on different funding arrangements, scope and operational deployment Being clear on extent of safeguarding responsibilities and wraparound support Understanding the scale of and resourcing the challenge in the context of existing commitments to the global refugee scheme and the Afghan schemes, and the future proposed Asylum dispersal scheme. Being clear on data protection requirements and which information can be shared between internal teams and with external partners General administration of the scheme in the medium to long-term including, but not limited to: <ul style="list-style-type: none"> Disclosure checks Property and welfare visits Wraparound support Refugee payments Host payments Interface with Education and HSC Clarity as to whether funding will continue going forward, at what level and in what form Potential increased homeless and housing demand (where hosting arrangements break down) Service resource demands on all affected teams but particularly Community Housing & Homelessness 	<p>Cross-Service Oversight Group meetings in place.</p> <p>Cross-Service Working group in place. Additional resources identified within Community Housing & Homelessness (CH&H) secured to deal with administrative tasks and casework</p> <p>Additional development resource identified from CH&H to provide third sector interface, assist with improvement work, address local community issues and maximisation of resources (internal and external)</p> <p>Regular attendance at meetings with SG, Home Office and COSLA.</p> <p>ELC Website page in place.</p> <p>ELC Ukraine enquiries contact email address set up.</p> <p>Initial dedication of two-full time officers from Housing Options team to set up procedures, team interfaces, casework and administration of schemes.</p> <p>Database of hosts and families created comprising all administrative aspects (disclosures, property checks, payments, education requirements etc.).</p> <p>Ongoing case management of hosts / guests, where appropriate.</p> <p>Resource requirements of other service areas identified and in operation, including the contribution of colleagues in HR, Protective Services, Finance, Education, Customer Services, Communications Team and HSC.</p> <p>Cross-Service agreement of how Disclosure checks will be undertaken, conduct of home visits, and administration of payments have been secured and procedures in place.</p>	5	4	20	<p>Internal processes and procedures to be reviewed to identify improvements required, going forward</p> <p>Quantification of Scottish Super Sponsor scheme (SSS) numbers, data integrity work, background checking to be done by CH&H resource</p> <p>Quantification of future resource demands to be identified and articulated through oversight and working group meetings</p> <p>Improvement work to ensure processes and resource deployment are as effective as they can be</p> <p>Working closely with SG & COSLA to inform future iterations of Guidance for clarity and confirming with SG & COSLA colleagues that ELC cannot source social housing properties as housing pressure continues to be extreme</p> <p>Children's services is developing a host families scheme to provide accommodation and support for UASC.</p> <p>Work with ALACHO, SOLACE, COSLA and others to ensure future funding arrangements are adequate, in accordance with the revised approach to a 'warm Scots future'.</p>	4	3	12	<p>March 2024</p> <p>December 2023</p> <p>March 2024</p> <p>December 2023</p> <p>December 2023</p> <p>December 2023</p> <p>March 2024</p>	<p>Risk refreshed by Service Manager September 2023 with no changes to risk scores.</p> <p>Risk created 9th May 2022 by Head of Housing.</p>

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		<ul style="list-style-type: none"> Capacity of Children's and Adult Social Work services, Education and HSC to cope with increased demands Additional demands continue to emerge through extensions and variations to all the schemes – including the rise in unaccompanied minors and associated responsibilities The disembarkation of MS Victoria, with households placed in hotels across central Scotland is creating additional service pressures in respect of homelessness and availability of temporary accommodation. Implementation of the mandatory national transfer scheme means East Lothian must accept an allocation of unaccompanied asylum seeking young people set by the Home Office. Notification will be at short notice and the frequency is dependent on their rate of arrival in the UK. This mandatory allocation has been increased without consultation. This presents a significant resource challenge in terms of providing accommodation, potentially a care placement, housing and social work support. The national local crisis in fostering resources is compounding the service risk. Some refugees and asylum seekers are reluctant to settle in East Lothian, preferring to be in bigger cities, resulting in significant aborted work around matching. A change in Scottish Government policy focus from a 'warm Scots welcome' to delivery of a 'warm Scots future' within the context of wider homelessness and housing pressures. 	<p>Jira safeguarding system in place.</p> <p>Children's and adult social work undertaking wellbeing assessment visits to all families.</p> <p>Privacy Statement signed off.</p> <p>Unaccompanied Asylum Seeking Children (UASC) are currently being supported by the Aftercare Team in children's services, making use of accommodation within the My Place project. Managers attend regular national meetings to ensure we understand best practice.</p> <p>Clarity on funding at national level, notwithstanding ongoing changes.</p> <p>Successful recruitment of two Tenancy Support Officers.</p>									

REPORT TO: East Lothian Council

MEETING DATE: 31 October 2023

BY: Executive Director for Place

SUBJECT: The Eddleston Water Project Site Visit to Explore Natural Flood Management

4

1 PURPOSE

- 1.1 To present to East Lothian Council the lessons learned report prepared by the Musselburgh Flood Protection Team which reports on the Scottish Government's Eddleston Water Natural Flood Management Research Project, and the evolved position on Natural Flood Management (NFM) within the Musselburgh Flood Protection Scheme (the Scheme).
- 1.2 To comply with the instruction of the Motion approved at a meeting of Council in August 2023, which requested that *the scientific report from the Eddleston Water site visit to explore Natural Flood Management* is brought to a full Council meeting *to allow Members to read, debate and note* the contents.
- 1.3 To recommend to Council new actions that are considered the best way to advance Natural Flood Management and Nature-Based Solutions (NbS) over the long-term in the River Esk catchment.

2 RECOMMENDATIONS

- 2.1 It is recommended that Council:
 - a) Notes the content of the lessons learned report from the Eddleston Water site visit to explore NFM, which is provided in Appendix 1.
 - b) Agrees that further investigation of the potential for NFM measures in the River Esk catchment is undertaken through a new action on the Local Flood Risk Management Plan (Forth Estuary) processes and not the Scheme.
 - c) Encourages and supports the formation of a new independent body or equivalent, like Tweed Forum, for the River Esk catchment, which would be capable advancing both NFM and NbS for the relevant local

authorities, the regulatory organisations, other interested organisations, and community groups within that area of interest.

- d) Notes that the Scheme will continue to develop an Outline Design that includes maximum NbS as part of the design of the new physical defences in Musselburgh. This process is currently part of the ongoing Environmental Impact Assessment (EIA) process which is being undertaken and will include for all new obligations deriving from NPF4 (National Planning Framework 4) which was published in early 2023.

3 BACKGROUND

- 3.1 The town of Musselburgh has a very significant flood risk due to its geographic location: i.e. it has been built on the natural flood plains of the River Esk and the Firth of Forth. There have been three major flood events from the River Esk in the modern period – 1891, 1927 and 1948. The River Esk was re-engineered through the length of the town in the years immediately after the 1948 event. The level of flood risk to the town is projected to become much larger due to the impacts of climate change.
- 3.2 Musselburgh Flood Protection Scheme (the Scheme) is being promoted by East Lothian Council (ELC) under the Flood Risk Management (Scotland) Act 2009 (the Act). Jacobs was appointed by ELC in December 2017 to develop a flood protection scheme for Musselburgh to reduce flood risk from all sources of flooding. The project is being delivered in stages under PRINCE2 Project Management principles and is currently in its Stage 4 which is known as ‘the Outline Design’.
- 3.3 The scope of the project required Jacobs to consider natural, sustainable and catchment flood risk management options from the outset. An initial report was produced during Project Stage 2 (known as ‘the Review of Existing Studies’) and a further assessment was completed during Project Stage 3 (known as ‘The Options Appraisal Process’) supplemented this. These reports fed into the overall Options Appraisal Process in the ultimate determination of the ‘Preferred Scheme’.
- 3.4 The Scheme’s design has been advanced through an extensive consultation process with regulatory organisations, key stakeholders, community groups, businesses, and the people of Musselburgh. Throughout the Scheme’s consultation process, the project team has been asked by members of the public to identify and include more natural solutions within the Scheme’s design. Whilst Jacobs (2019, 2020) had considered the feasibility and effectiveness of such measures for delivering flood risk reduction within the Scheme, during consultation events in February 2022 East Lothian Council committed to exploring this further.
- 3.5 In January 2020 a ‘Preferred Scheme’ was approved by a meeting of East Lothian Council’s Cabinet. This ‘Preferred Scheme’ was a concept design based on the considered best combination of flood risk management options through which Musselburgh could have its substantial flood risk

reduced to an acceptable level. This was at the end of Project Stage 3. At this time, after a comprehensive Options Appraisal had been completed, the project team had concluded that Musselburgh could not be protected without new physical defences in the town, and that the 'Preferred Scheme' contained the maximum number of substantial natural and sustainable flood risk management options in the catchment that were deliverable within the Scheme.

- 3.6 The Scheme is currently within its Project Stage 4 and is developing an Outline Design which will be presented to a meeting of full Council in January 2024. This Outline Design still contains the significant Sustainable Flood Risk Management measures that were originally included in the 'Preferred Scheme' in January 2020. Specifically, these are: (i) the modification of Rosebury Reservoir to store large volumes of water during a flood event; (ii) the modification of Edgelaw Reservoir to store large volumes of water during a flood event; and (iii) the provision of a new large-debris catcher by Whitecraig. It is highlighted that, based on our current understanding, these sustainable engineering measures will contribute more to reducing flood risk in Musselburgh, than if wholesale NFM measures were delivered across the c.330km² of the River Esk catchment.
- 3.7 This Scheme is being designed within a period of substantial change in our understanding of the emerging Climate Crisis. This is particularly relevant to a flood protection scheme as it is currently understood that increase in flood risk will be the single greatest risk to Scotland deriving from climate change. The Scheme has therefore absorbed any requirements from ELC having accepted the Climate Crisis, and its Climate Change Policy. The Scheme has also fully considered the new (and substantially greater) climate change projections deriving from UKCP18: the Scheme's position on this was accepted by a meeting of council in October 2022.
- 3.8 As confirmed by the meeting of Council in October 2022, the project team is ongoing in developing an Outline Design, whilst simultaneously finalising the level of flood risk reduction (also known as the Scheme's Standard of Protection) that will be provided to Musselburgh through the Scheme. This work is not complete and will not be reported to Council until January 2024; however, it is highlighted that under no circumstances will Musselburgh have its flood risk completely removed as Musselburgh will continue to remain on the natural flood plains after the Scheme is delivered. There will always remain a risk of a larger flood event than the Scheme protects against, and all indications are that climate change will make future flood risks worse. Therefore, this report highlights that continued work on natural flood management in the River Esk catchment will be the best way to continue to reduce that future flood risk once the Scheme is completed.
- 3.9 Further to the desire of the public to see the Scheme include more NFM in the project (as highlighted in Section 3.4 of this report), and the considered position of the project team (as highlighted in Section 3.8 of this report) work continued to explore the potential for additional natural and sustainable flood risk management options in the Esk Catchment after the Cabinet meeting in January 2020. It is highlighted that the following activities are some notable activities in this process:

- a) Engagement with the Scottish Government’s NFM Research Project Team who are delivering the Eddleston Water project;
 - b) Development of a partnership working arrangement with ‘Dynamic Coast’, who are a new governmental organisation tasked with developing an understanding of Scotland’s Coastal Change;
 - c) Engagement with individuals and organisations across the River Esk catchment to identify potential new NFM options that could be included for delivery within the Scheme;
 - d) Consideration, and inclusion if appropriate, of both NFM and NbS solutions within the Outline Design through the advancement of the EIA; and
 - e) Development of the parallel new Musselburgh River Restoration multiple-benefit project further to the instruction of the Council meeting of August 2022.
- 3.10 On 29 August 2023 a motion was approved by Council to bring forward “The scientific report from the Eddleston Water site visit to explore Natural Flood management” to a future Council meeting to allow Members to read, debate and note the contents”.
- 3.11 The report contained in Appendix 1 was produced by Jacobs on behalf of ELC and represents a “Lessons Learned about NFM from the Eddleston Water project”. Further details of The Eddleston Water project are contained within section 3.14-3.17 of this report.
- 3.12 The Jacobs report is based on several references, the key ones being independent research reports produced by Tweed Forum and the University of Dundee on behalf of the Eddleston Water project. These are independent reports and the “lessons learned” are based upon those findings and the knowledge imparted on ELC (and others) at the site visit.
- 3.13 The Eddleston Water project has produced several scientific reports on NFM, based on their work in the catchment; these reports, alongside the site visit, have been used as the basis of the Jacobs “Lessons Learned” report. The conclusions from the 2021 Eddleston Water Report form a key part of the conclusions within the Jacobs report and recommendations within this Council report.

The Eddleston Water NFM Scientific Research Project

- 3.14 The Eddleston Water project was started in 2009 by the Scottish Government, SEPA and Tweed Forum, to assess the effectiveness of NFM as a means of delivering flood risk reduction and habitat improvement on a catchment scale. Tweed Forum is the project manager, and along with Scottish Government, SEPA and Scottish Borders Council, they form the Project Board. The University of Dundee was commissioned by the project in 2010 to produce a scoping study, and together with the British Geological Survey, have been the main scientific providers to the project since then.

- 3.15 The Eddleston Water catchment is 69km² in size, and the measures implemented by the project include:
- Planting 330,000 native trees;
 - Constructing 115 high-flow log structures;
 - Re-meandering 3.5km of river channel; and
 - Constructing 38 flood storage ponds.
- 3.16 A comprehensive network of monitoring was established before the measures were implemented, to facilitate a before-and-after assessment of the effectiveness of each type of measure. This was combined with fixed point photography and topographic surveys to assess physical and biological changes within the river corridor during the same period. Tweed Forum (2017 and 2022) provided updates on the outcomes of the research so far.
- 3.17 A combined hydraulic and hydrological catchment model was developed for the project, using open-access HEC-RAS software. This has recently been upgraded to the latest version and could assist both the transferability of results and scaling-up to other catchments.

The Eddleston Water Project – Lessons Learned Conclusions Relevant to Eddleston Water

- 3.18 Detailed hydraulic and hydrological modelling of the NFM measures constructed on the Eddleston Water project has indicated a 5% reduction in peak flows at downstream receptors, thereby demonstrating their effectiveness against flood events on a catchment of 69km².
- 3.19 The ability to construct those measures has depended upon the voluntary agreement of multiple landowners.
- 3.20 Further to Section 3.19 of this report, the ability to reach those agreements, and thus deliver the project, has relied upon the involvement of an ‘honest broker’ with detailed knowledge of farming practices and the individuals involved.
- 3.21 The reduction in peak flow was not known in advance, and funding was not conditional upon quantifying this during the design phase.

The Eddleston Water Project – Lessons Learned Conclusions Relevant to The Scheme

- 3.22 NFM has a role to play in flood risk management generally when combined with engineered methods as part of a whole-catchment approach to reducing flood risk. It may also be capable of delivering other desirable NbS outcomes.
- 3.23 While NFM on the Eddleston Water project has been demonstrated to reduce peak flows by 5% on a 69km² catchment, the Scheme would require a 50% reduction in the peak flow of the River Esk (330km²

catchment) to avoid the need for physical defences during a present-day 0.5% AEP Flood Event (which is also known as the 1 in 200 Years Flood Event). A 5% reduction would facilitate only a minimal reduction in the required flood defence heights.

- 3.24 The approach to implementing NFM measures taken by the Eddleston Water project may be incompatible with the approach to developing a flood protection scheme under the Act. Voluntary agreements with landowners may introduce various legal risks. Implementing NFM measures with no quantifiable reduction in flood risk at the time of design may introduce funding and design liability risks.

Advancing NFM in the River Esk Catchment

- 3.25 As detailed in Section 3.2 - 3.10 of this report, the Scheme has worked from its earliest state to deliver natural, sustainable, and catchment-based flood risk management measures to reduce the flood risk to the town of Musselburgh. The Scheme included substantial sustainable flood risk management measures within the 'Preferred Scheme' that was approved by ELC Cabinet in January 2020.
- 3.26 The Scheme will continue to work to design an environmentally acceptable Outline Design, and that it continues to aspire to include as many NbS and 'green-blue' infrastructure as possible within those designs.
- 3.27 The Scheme will continue to advance the parallel multiple-benefit project known as Musselburgh River Restoration within the Scheme's project timeframes. Thereafter any aspiration to continue to advance that project and its aims would need to be carried on by ELC through a separate delivery channel.
- 3.28 The scheme is of the view that formal recognition is made of the fact that Musselburgh cannot have its substantial flood risk reduced to an acceptable level without the provision of new physical defences in the town. Furthermore, that it is not reasonable to continue to strive to deliver more NFM measures within the Scheme given the inability of the project team to identify any further measures between 2020 and 2023 and the conclusions summarised in Section 6 of this report.
- 3.29 Given the projected increase in flood risk that climate change will bring to Scotland, as detailed in Section 3.7 of this report, that ELC continue to advance NFM research and option identification and delivery in the River Esk catchment. This is considered to be essential to build on the levels of flood risk reduction being delivered through the Scheme. This is considered to be part of a managed adaptive approach for Musselburgh in relation to climate change and in accordance with the Scottish Government's current policy approach.
- 3.30 It is considered that further investigation of the potential for NFM measures in the River Esk catchment should be undertaken through a new action on the Local Flood Risk Management Plan (Forth Estuary) processes. That this would be best delivered independently of the Scheme so that the timescales associated with achieving landowner agreement and baseline

monitoring do not delay the Scheme's ability to proceed with protecting Musselburgh from the present-day flood risk.

- 3.31 It is considered that ELC encourages and supports the formation of a new independent body or equivalent, like Tweed Forum, for the River Esk catchment, which would be capable advancing both NFM and NbS for the relevant local authorities, the regulatory organisations, other interested organisations, and community groups within that area of interest.
- 3.32 In addition to NFM, the use of NbS within the Scheme will continue to be fully leveraged to deliver as many other positive outcomes as possible in the catchment, within the river corridor in Musselburgh, and along the Musselburgh coastline. Such outcomes could include biodiversity enhancement, fish passage improvement, increased water quality and habitat creation. This approach is consistent with the ethos of Scotland's recently published National Planning Framework 4 (NPF4), (Scottish Government, 2023).

4 POLICY IMPLICATIONS

- 4.1 The Act places a statutory responsibility on the local authority to exercise their flood risk related functions with a view to reducing overall flood risk. A key responsibility for ELC is the implementation of the flood risk management measures in the Forth Estuary Local Flood Risk Management Plan.
- 4.2 The Scheme will contribute towards the East Lothian Plan 2017-27, focusing on health and wellbeing, safety, transport connectivity, sustainability and protecting our environment.
- 4.3 The Scheme will support the Council's Climate Change Strategy; however, it is highlighted that this project is an 'adaptation' project due to implications of climate change on Musselburgh.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The Scheme will undergo Integrated Impact Assessments during its development.
- 5.2 A Preliminary Environmental Appraisal Report (PEA) was undertaken during Project Stage 3 (the Outline Design), and this was included in the Preferred Scheme Report presented to Cabinet in January 2020.
- 5.3 The Scheme will undertake an Environmental Impact Assessment (EIA) on the Outline Design. This will be completed alongside the Outline Design before an update is presented to Council in January 2024.

6 RESOURCE IMPLICATIONS

6.1 Financial –

- (a) All costs associated with the development of this report and its appendices will be absorbed through the total Scheme costs of the flood protection scheme.
- (b) The Scheme is authorised under the Scottish Government’s flood protection scheme programme. The Project Team and thereby the Council update the Scottish Government every autumn on the updated estimate for the Total Scheme Cost and its Spend Profile. From this data, and in line with the authorised programme, the Council receive the 80% contribution on an annual basis as part of the capital grant settlement.

6.2 Personnel - None

6.3 Other – None

7 BACKGROUND PAPERS

- 7.1 Report to Cabinet in May 2016 – approval of the Local Flood Risk Management Plan (Forth Estuary) which included a proposed flood protection scheme for Musselburgh.
- 7.2 Report to Cabinet in January 2020 – approval of the ‘Preferred Scheme’ concept to be advanced to an Outline Design.
- 7.3 Report to Council in August 2022 – Musselburgh Flood Protection Scheme: Update on Scheme Development.
- 7.4 Report to Council in October 2022 Musselburgh Flood Protection Scheme – Update on Scheme Development.
- 7.5 Eddleston Water Report 2021
- 7.6 Motion to Council, 29 August 2023: approval to bring forward ‘The scientific report from the Eddelston Water site visit to explore Natural Flood management’

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Lessons learned about Natural Flood Management from the Eddleston Water project

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Introduction

Musselburgh Flood Protection Scheme (the Scheme) is being promoted by East Lothian Council (ELC) under the Flood Risk Management (Scotland) Act 2009 (The Act). Jacobs was appointed by ELC in December 2017 to develop a scheme for Musselburgh to reduce flood risk from all sources of flooding. The project is being delivered in stages under PRINCE2 Project Management principles and is currently in Stage 4 Outline Design. The scope of the project required Jacobs to consider natural, sustainable and catchment flood risk management options from the outset. An initial report was produced during stage 2 and a further assessment during stage 3 supplemented this.

Throughout the Scheme's consultation process, the project team has been asked by members of the public to identify and include more natural solutions within the Scheme's design. Whilst Jacobs (2019, 2020) had considered the feasibility and effectiveness of such measures for delivering flood risk reduction within the Scheme, during consultation events in February 2022 the project team committed to exploring this further. The purpose of this technical note is therefore to summarise the insight gained by visiting the Scottish Government's national Natural Flood Management (NFM) research project on the Eddleston Water, near Peebles, on 31st March 2023. During the visit the project team talked extensively with the scientific experts responsible for its delivery.

The site visit was attended by the following people:

Individual	Project affiliation	Organisation	Role
Shona McIntosh	Musselburgh FPS	ELC	Councillor for Musselburgh Ward
Ian Chalmers	Musselburgh FPS	ELC	Senior Flood Officer
Conor Price	Musselburgh FPS	CPE Consultancy	Scheme Senior Project Manager
Jim Baxter	Musselburgh FPS	Jacobs	Scheme Project Delivery Manager

Technical Memorandum

Individual	Project affiliation	Organisation	Role
Jaqueline Parker	Musselburgh FPS	-	Musselburgh Stakeholder
Roger Crofts	Musselburgh FPS	-	Musselburgh Stakeholder
Simon Shackley	Musselburgh FPS	-	Musselburgh Stakeholder
Ian Pattison	Musselburgh FPS	-	Musselburgh Stakeholder
Ann Stuart Kmicha	Musselburgh FPS	Dalkeith & District Community Council	Musselburgh Stakeholder
Chris Spray	Eddleston Water project	Tweed Forum and University of Dundee	Science Manager; Policy & Practice Specialist
Andrew Black	Eddleston Water project	University of Dundee	Hydrology Specialist
Alan Werritty	Eddleston Water project	University of Dundee	Science & Policy Specialist
Duncan Morrison	Eddleston Water project	Scottish Borders Council	Flooding Team Leader
Paul Grigor	Eddleston Water project	Scottish Borders Council	Flooding Engineer
Roy Richardson	Eddleston Water project	SEPA	Chairperson of Eddleston Project Board



Figure 1: Site visit participants viewing a length of engineered meander on the Eddleston Water

Terminology

During the Scheme's consultation, it became apparent to the project team that many terms are used interchangeably by professionals and the public to refer to 'natural' efforts to reduce flood risk. These terms include but are not limited to, 'natural solutions', 'nature-based solutions', 'natural flood management', 'sustainable flood management', 'working with nature', 'nature-based features', 'engineering with nature', and 'natural & nature-based features' etc. All the terms share similarities, but it is possible to highlight that there are also relevant distinctions between them. For the purposes of this technical note, the terms Nature-based Solutions (NbS), Natural Flood Management (NFM) and Sustainable Flood Management (SFM) have been used.

The Nature-based Solutions Initiative (2023) defines NbS as, "working with nature to address societal challenges, providing benefits for both human well-being and biodiversity". Examples of NbS may include sustainable management of forests, wetlands, and farmland. Positive outcomes of NbS could include biodiversity enhancement, fish passage improvement, increased water quality and habitat creation.

The NFM Network Scotland (2023) defines NFM as, "a catchment-scale technique that involves working with natural features and processes to manage the sources and pathways of floodwaters... restoring the natural capacity of a catchment to slow or store floodwater". NFM is therefore a form of NbS, but not all NbS will deliver flood risk reduction. Examples of NFM may include river meandering, online storage, offline storage, and tree planting. These measures may also deliver other positive NbS outcomes besides flood risk reduction.

SFM, though less well defined, is considered to mean reducing flood risk to downstream receptors through the sustainable use (and reuse) of the natural and built landscape, and its raw materials. An example of this within the Scheme is the modification of two existing reservoirs in the South Esk catchment to reduce flood risk in Musselburgh. This was proposed during the Scheme's Stage 3 Options Appraisal and was included within the Preferred Scheme published in January 2020.

Background to the Eddleston Water Project

The Eddleston Water project was started in 2009 by the Scottish Government, SEPA and Tweed Forum, to assess the effectiveness of NFM as a means of delivering flood risk reduction and habitat improvement on a catchment scale. Tweed Forum is the project manager, and along with Scottish Government, SEPA and Scottish Borders Council, they form the Project Board. The University of Dundee was commissioned by the project in 2010 to produce a scoping study, and together with the British Geological Survey, have been the main scientific providers to the project since then.

The Eddleston Water catchment is 69km² in size, and the measures implemented by the project include:

- Planting 330,000 native trees
- Constructing 115 high-flow log structures
- Re-meandering 3.5km of river channel
- Constructing 38 flood storage ponds

A comprehensive network of monitoring was established before the measures were implemented, to facilitate a before-and-after assessment of the effectiveness of each type of measure. This was combined with fixed-point photography and topographic surveys to assess physical and biological changes within the river corridor during the same period. Tweed Forum (2017 and 2022) provided updates on the outcomes of the research so far.

A combined hydraulic and hydrological catchment model was developed for the project, using open-access HEC-RAS software. This has recently been upgraded to the latest version and could assist both the transferability of results and scaling-up to other catchments.

Discussion about lessons to be learned from the Eddleston Water Project

The Scheme's project team, the Eddleston Water project team, and a selection of Musselburgh stakeholders met on 31st March 2023. The day consisted of both discussion sessions and a site visit to parts of the Eddleston Water project. The following is Jacobs' interpretation of those discussions:

What flood risk reduction did the project set out to achieve and has it been successful in this respect?

As a research project, the team did not set specific performance criteria or thresholds for success with respect to flood risk reduction.

Instead, the aim was to assess the effectiveness of a variety of different NFM measures in terms of flood risk reduction and habitat restoration. The results indicate that some of the measures reduced flood risk to downstream receptors, as might be expected. Other measures demonstrated no discernible reduction in flood risk but delivered other positive outcomes such as increased biodiversity.

Which NFM measures have been effective in reducing the peak flow in the river and what percentage reduction has been attributable to each of the different measures constructed?

Studies of channel re-meandering in the Eddleston main valley show no significant change in downstream flood risk. This may be partly attributable to flood banks which prevent the escape of water onto the floodplain in some areas. However, there was a substantial improvement in biodiversity at the location of the meanders.

The evidence also demonstrates that large floodplain storage ponds, as well as engineered log structures, increased the lag time between rainfall in the catchment and rising water levels downstream. This indirectly suggests a reduction in flood risk to downstream receptors.

Tree planting appeared to improve infiltration where the prevailing ground conditions were low in permeability, but the benefit was less discernible where the soil was already more permeable. Increased infiltration in the catchment can often be associated with reduced flood risk downstream.

Considering the Eddleston catchment as a whole, a modelled representation of a variety of NFM measures, including headwater flow deflectors and the managed increase of floodplain storage, showed that reductions in flood peak flows of 5% could be expected at all return periods that were analysed, up to 1 in 1000 years.

What other factors influence the effectiveness of the NFM measures implemented?

The location of the NFM measures within the catchment is critical to their effectiveness.

Where they are constructed in the upper catchment then there is still a substantial uncontrolled catchment below them and therefore the reduction in flood risk to downstream receptors is limited. Equally, where they are constructed furthest downstream then the catchment is not used efficiently. In this case, the peak flow reaching the NFM measures will be larger, and the measures are more likely to be overwhelmed during a larger flood event. It could therefore be considered that, for NFM to be most effective, measures need to be implemented on a whole-catchment basis rather than within selected parts of it.

All the measures in the Eddleston Water catchment were constructed with the voluntary cooperation of the landowners. Many of the optimal locations identified through the extensive modelling and assessment exercise could not be used because of their value to the farmer or landowner, for uses such as prime agricultural land. This meant that measures were constructed elsewhere, where an agreement could be reached, often resulting in sub-optimal outcomes.

Could the NFM measures constructed be scaled up for larger catchments and more extreme return periods, and are there any limitations to this?

It is considered by some (Dadson et al, 2017) that NFM is most effective against small flood events on small catchments, while others (Hankin et al, 2021) concluded that NFM effects are scale-dependent.

During large flood events, it may become more likely for individual NFM measures to be 'drowned out' by the increased flow. As the flow spills into the wider floodplain, the individual NFM measure is bypassed, and its effectiveness is reduced. It is therefore unlikely that NFM measures could deliver a greater reduction in peak flow than has been demonstrated for small flood events.

On large catchments, the NFM measures used on the Eddleston Water project could also be implemented. However, a larger catchment such as the River Esk (330km² in size) would require a greater number of individual measures to deliver a comparable reduction in peak flow to the Eddleston Water project (69km² catchment size). The effectiveness of NFM on a larger catchment would therefore depend upon securing enough locations with landowners' agreement, and enough of those NFM measures being sufficiently effective to deliver the desired reduction in peak flow.

Furthermore, there is a risk of uncertainty around scaling up natural flood management measures proportionally, for example to the Esk. Enhancing storage could potentially have the effect of synchronising runoff response particularly in a large regional-scale event. This could have un-intended negative consequences.

Could NFM be a viable alternative to traditional engineered methods of flood risk reduction?

There is evidence that NFM is a viable flood risk management technique against small flood events on small catchments but its demonstrable effectiveness against large flood events on large catchments remains unproven.

NFM has a place within flood risk management and in providing a range of other benefits; these include enhancing wildlife and fisheries, improving water quality, increasing recreation opportunities, and carbon management. NFM by itself is insufficient when large reductions in peak flow are required to meaningfully reduce flood risk to downstream receptors. Rather than an alternative to engineered methods, NFM should be seen as complimentary to them when working with landowners to take a whole catchment approach to reducing flood risk.

What challenges might be associated with incorporating NFM within a flood protection scheme under the Flood Risk Management (Scotland) Act 2009?

The Tweed Forum was instrumental in the successful delivery of the Eddleston Water project, and without them no NFM measures would have been implemented. They acted as an 'honest broker' between the project and individual farmers and landowners. Their detailed knowledge of farming practices and individuals was essential to understanding what measures and locations would be acceptable to both parties.

All the landowner agreements were reached voluntarily on a basis of trust, without contracts or payment between the parties. This approach would likely be incompatible with the legal aspects of the Act, which would make it a criminal offence to modify or remove NFM measures in the future without the permission of the local authority. In contrast, on the Eddleston Water project the farmer or landowner could, in theory, remove the NFM measures if they no longer wished to participate.

Another challenge for a Scheme delivered under the Act would be demonstrating the flood risk reduction attributable to specific NFM measures at the design stage to justify funding their construction. There are still many uncertainties associated with modelling the effectiveness of NFM measures, not least the deliverability at the optimal locations identified. The Eddleston Water project used empirical evidence to assess the effectiveness of various measures, meaning the reduction in peak flow was not known until after the measures were constructed and monitored for a prolonged period. In some cases, certain measures failed to contribute to a reduction in flood risk.

For this reason, it would be impracticable to use NFM measures to offset the required height of physical defences at a downstream receptor. Without knowing in advance how much the NFM measures would reduce peak flow, there would be no way of determining how much to reduce the height of defences by.

Furthermore, the effectiveness of specific NFM measures could vary from one catchment to another depending on environmental factors such as topography, ground conditions, and surrounding land use. An effective catchment-wide NFM strategy to deliver a defined reduction in flood risk to downstream receptors would likely require long-term monitoring of the effectiveness of individual measures. This would have to be combined with the ability to add, modify, or replace individual measures depending upon the measured outcomes. A funding mechanism for such work aligns more with a maintenance programme than with a discrete capital works project such as a flood protection scheme.

What actions might help increase the use of NFM as a form of flood risk reduction in Scotland?

As a research project, the Eddleston Water project was funded through a variety of local, national and EU funding schemes, not necessarily tied to delivering flood risk reduction. NFM has significant potential to deliver other NbS outcomes such as carbon sequestration. Generating revenue streams derived from such outcomes could be an effective model for funding long-term maintenance of NFM measures if that income was shared equitably with the landowner.

On the Eddleston Water project, prospective farmers and landowners were swayed into participating more by the participation of their neighbouring landowners than by scientific models or academia. Ensuring that they did not lose financially was a key consideration, and therefore critical to the ability to deliver NFM at a catchment scale.

Finally, since the reduction in peak flow attributable to NFM measures is not yet reliably quantifiable during design, NFM would be more suited to offsetting future increases in flood risk due to the effects of climate change rather than protecting against a defined present-day flood risk. This is because both the effectiveness of the NFM measures and the future flood risk attributable to the effects of climate change would be uncertain at the time of construction.

Conclusions relevant to the Eddleston Water Project

Detailed hydraulic and hydrological modelling of the NFM measures constructed on the Eddleston Water project has indicated a 5% reduction in peak flows at downstream receptors, thereby demonstrating their effectiveness against flood events on a catchment of 69km². The ability to construct those measures has depended upon the voluntary agreement of multiple landowners. The ability to reach those agreements, and thus deliver the project, has relied upon the involvement of an 'honest broker' with detailed knowledge of farming practices and the individuals involved. The reduction in peak flow was not known in advance, and funding was not conditional upon quantifying this during the design phase.

Conclusions relevant to the Scheme

NFM has a role to play in flood risk management generally when combined with engineered methods as part of a whole-catchment approach to reducing flood risk. It may also be capable of delivering other desirable NbS outcomes.

While NFM on the Eddleston Water project has been demonstrated to reduce peak flows by 5% on a 69km² catchment, Musselburgh FPS would require a 50% reduction in the peak flow of the River Esk (330km² catchment) to avoid the need for physical defences during a present-day 0.5% AEP event. A 5% reduction would facilitate only a minimal reduction in the required flood defence heights.

The approach to implementing NFM measures taken by the Eddleston Water project may be incompatible with the approach to developing a flood protection scheme under the Flood Risk Management (Scotland) Act 2009. Voluntary agreements with landowners may introduce various legal risks. Implementing NFM measures with no quantifiable reduction in flood risk at the time of design may introduce funding and design liability risks.

Recommendations for the Scheme

On the basis of the above conclusions relevant to the Eddleston Water Project and to the Scheme, Jacobs recommends that:

- The potential for NFM measures in the River Esk catchment should still be investigated further, with a view to them contributing to a long-term managed adaptive approach in response to future increases in flood risk to Musselburgh. This would be best delivered independently of the Scheme so that the timescales associated with achieving landowner agreement and baseline monitoring do not delay the Scheme's ability to proceed with protecting Musselburgh from the present-day flood risk.
- ELC encourages and supports the formation of an independent body, like Tweed Forum, for the Esk catchment, which would be capable of engaging with landowners to broker agreements between them and ELC for the purposes of delivering NFM in the Esk catchment.
- Besides NFM, the use of NbS within the Scheme should be leveraged fully to deliver as many other positive outcomes as possible in the catchment, within the river corridor in Musselburgh, and along the Musselburgh coastline. Such outcomes could include biodiversity enhancement, fish passage improvement, increased water quality and habitat creation. This approach is consistent with the ethos of Scotland's recently published National Planning Framework 4 (NPF4), (Scottish Government, 2023).

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REPORT TO: East Lothian Council
MEETING DATE: 31 October 2023
BY: Executive Director of Place
SUBJECT: Draft Local Heat & Energy Efficiency Strategy

5

1 PURPOSE

- 1.1 To present the draft Local Heat & Energy Efficiency Strategy (LHEES) to Council for approval, prior to a further phase of stakeholder consultation. The final strategy will be presented to Members in February 2024.

2 RECOMMENDATIONS

- 2.1 It is recommended that Members:
- Approve the draft Local Heat & Energy Efficiency Strategy; and
 - Note that the 5-year LHEES Delivery Plan is under development and will be presented together with the final Local Heat & Energy Efficiency Strategy to Members in February 2024.

3 BACKGROUND

- 3.1 Local authorities under The Local Heat and Energy Efficiency Strategies (Order) 2022 are required to prepare a Local Heat & Energy Efficiency Strategy (LHEES) with an accompanied 5-year Delivery Plan. These should set out a long-term plan for improving energy efficiency and decarbonising heat in all domestic and non-domestic buildings across East Lothian. LHEES is primarily driven by Scotland's statutory targets for greenhouse gas emissions reduction and fuel poverty:
- Net zero emissions by 2045, 90% reduction by 2040 and 75% reduction by 2030; and
 - In 2040, as far as reasonably possible, no household in Scotland is in fuel poverty.

- 3.2 The heat and energy efficiency environment in which this report has been prepared is rapidly moving in terms of policy, legislation and technology.
- 3.3 East Lothian Council commenced its work on LHEES in 2019 as part of the Scottish Government's piloting programme. ChangeWorks were appointed to carry out the first piloting stages of LHEES and an LHEES Project Officer was employed in May 2023 to produce the Strategy and Delivery Plan.
- 3.4 The LHEES draft presented today is focused around the achieving seven outcomes:
- East Lothian's communities and property decision makers are engaged to deliver Net Zero heating targets.
 - Every property owner will be supported to find a more resilient heating solution.
 - Heat solutions delivered to meet 2045 net zero target and tackle fuel poverty.
 - East Lothian's homes and buildings are as energy efficient as possible.
 - Investment and grant funding secured to deliver Net Zero projects.
 - A significant proportion of the benefits of Net Zero investment remain within the East Lothian economy.
 - Additional legislative changes and support required from Scottish and UK Governments.

See Appendix 1 for the full report - East Lothian Council's draft Local Heat & Energy Efficiency Strategy.

- 3.5 LHEES will be a key strategic document for East Lothian Council. It will impact on all three overarching objectives in the East Lothian Council Plan (2022-2027): recovering with future sustainability, reducing fuel poverty, and most significantly delivering the actions required to make East Lothian reach its net zero targets.
- 3.6 Because of the scope of LHEES, the LHEES Project Officer has engaged significantly with internal and external stakeholders. Internal engagement has been focused via the Council's Cross-Party Sustainability Forum and the membership of the Energy Transformation Board. The following external stakeholder groups have been consulted:
- Delivery Partners - Scottish Government, Energy Saving Trust, Zero Waste Scotland, Home Energy Scotland
 - Utilities
 - Waste heat providers

- Public sector estates
 - Registered social landlords
 - Landowners
 - Energy suppliers
 - Technology providers
 - Historic buildings
 - Community groups – a wide range of groups across all communities via the East Lothian Climate Action Network (ELCAN)
 - Cross-boundary local authorities
 - Non-Domestic anchor loads
 - Investors / finance
- 3.7 Further stakeholder engagement on the draft will take place with the audiences outlined above during November and early December 2023.
- 3.8 The delivery of this strategy will involve a significant need to secure funding and attract external investments.
- 3.9 East Lothian Council has been accepted on to the Scottish Government’s District Heating Mentoring Programme for 2023/24 that involves receiving support from Danish companies and communities that already operate district heat networks.

4 POLICY IMPLICATIONS

- 4.1 The national policies influencing LHEES are:
- Climate Change (Emissions Reduction Targets) (Scotland) Act 2019
 - Securing A Green Recovery on a Path to Net Zero: Climate Change Plan 2018–32
 - Heat in Buildings Strategy (2021)
 - Energy Efficiency Standard for Social Housing 2
 - Heat Networks (Scotland) Act 2021
 - Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019
 - National Planning Framework 4

4.2 It is anticipated that the final LHEES will provide a strategic context with implications on the following East Lothian Council strategies and policies:

- East Lothian Council Plan (2022-2027)
- Climate Change Strategy (2020-2025)
- [In preparation] Local Development Plan 2
- [In preparation] Local Housing Strategy (2023-2027)
- [In preparation] East Lothian Poverty Plan

5 INTEGRATED IMPACT ASSESSMENT

5.1 The subject of this report has been through the Integrated Impact Assessment process and no negative impacts have been identified.

6 RESOURCE IMPLICATIONS

6.1 Financial – The delivery of LHEES cannot have any cost implications for East Lothian Council. To successfully deliver the vision set out in the draft LHEES, significant amounts of funding and investments will have to be secured from external sources.

The Scottish Government’s Heat Network Support Unit can provide 100% funding for feasibility studies and up to 50% for business case development.

6.2 Personnel – East Lothian Council currently has one LHEES Project Officer working full-time to ensure delivery, with support from the Council’s Sustainability & Climate Change Officer. The broad scope of LHEES means that it overlaps with the responsibilities of other teams in Housing, Infrastructure, Communities, Economic Development and Transformation.

The staff capacity to successfully realise LHEES is considered limited.

6.3 Legal - The Local Heat and Energy Efficiency Strategies (Order) 2022 places a legal duty on all local authorities across Scotland to prepare a LHEES by the end of December 2023. The LHEES Project Officer has negotiated an extension on the basis that the draft strategy will be in the public domain by that date. The Scottish Government has agreed to receive the final version of East Lothian’s LHEES in March 2024.

7 BACKGROUND PAPERS

7.1 ChangeWorks LHEES Technical Report (2019)

7.2 ChangeWorks LHEES Methodology Evaluation (2022)

7.3 Synergie / Townrock – Minewater Sourced Options at Cockenzie

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DATE	13 th October 2023



**East Lothian Council's
Local Heat and Energy Efficiency Strategy**

22

years to Net Zero

October 2023

Executive Summary

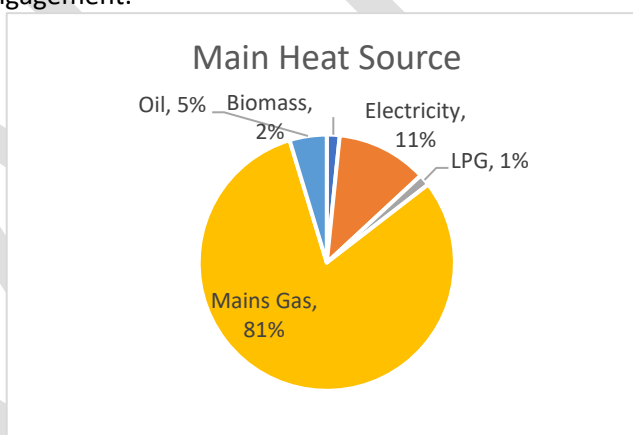
This Local Heat and Energy Efficiency Strategy (LHEES) sets out East Lothian Council’s long-term vision for improving energy efficiency and decarbonising heat in both domestic and non-domestic buildings. This is primarily driven by Scotland’s statutory targets for greenhouse gas emissions reduction and fuel poverty:

- Net zero emissions by 2045, 90% reduction by 2040 and 75% reduction by 2030
- In 2040, as far as reasonably possible, no household in Scotland is in fuel poverty

Our vision is for every property in East Lothian to have access to affordable, reliable and net zero heat. This is an ambitious vision with numerous technical, financial and capacity challenges to overcome. Our aim is to do the best we can with the resources we have to meet the Government’s targets. A 5-year LHEES Delivery Plan will accompany the final version of this report.

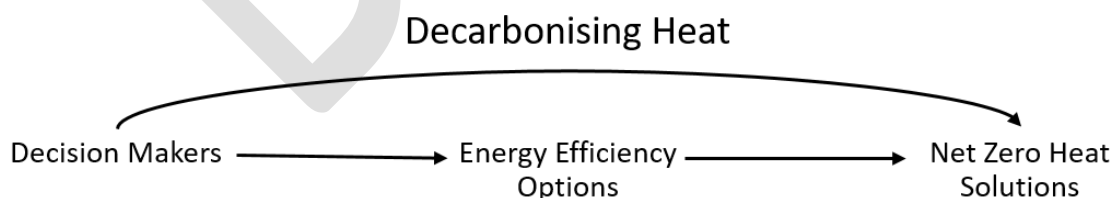
The LHEES will impact on all three overarching objectives in the 2022-2027 Council Plan – recovering with future sustainability, reducing fuel poverty and most significantly delivering the actions and change that will help East Lothian meet the net zero and climate resilience targets. It impacts on the future direction of a wide range of activities and organisations. Its preparation has involved significant internal and external stakeholder engagement.

To highlight the scale of the challenge, this chart shows the baseline main heating sources for domestic properties. 87% of homes are currently heated by fossil fuels – mains gas, oil or LPG. These all need a Net Zero heat solution.



For the remaining properties, their priority should be to ensure their property is as energy efficient as possible.

The journey to decarbonise heating is not a simple one. There are tens of thousands of individuals responsible for building level decisions who need to be engaged and empowered to make changes. We need to build a good understanding of the options available. Everyone will require reliable support to help make the most appropriate decisions. This journey is summarised below:



The analysis of data on properties and energy use has resulted in the designation of two main zones:

- **Heat Network Zone** – categorised by on-gas properties in the main towns and villages. These may be suitable to connect to a District Heat Network, where hot water would be provided by a heat centre and piped to every home and business.
- **Heat Pump Zone** – categorised by predominantly off-gas properties or those that are a significant distance from neighbours or the street. These may require an individual or communal heat solution, with the majority choosing either air source or ground source.

There are unique opportunities within East Lothian and the potential to support the delivery of large-scale district heat networks, reducing initial capital costs and the cost of ongoing operation, including:

- Council ownership and ongoing development of the former Cockenzie Power Station site with access to the sea
- The potential to access cheaper electricity via a Power Purchase Agreement due to the offshore wind farm cables coming ashore in East Lothian
- Significant mine water outflow at the northern edge of the Blindwells site
- A significant source of waste heat from the Viridor Dunbar Waste plant that has an existing commitment to provide heat for local use
- The opportunity to align major heat pipe routes with the Musselburgh Flood Prevention Scheme
- The plans for an Active Travel Corridor running along the A199 from Dunbar to Tranent that could provide a major route for heat pipes through East Lothian
- Future sources of waste heat linked with economic development, such as green hydrogen production, data centre operation or other industrial processes
- The location of a major heat centre at Millerhill in Midlothian, providing a future opportunity to connect with heat network infrastructure supplying heat to Edinburgh and Midlothian

The heat network proposals that may be considered for potential development across East Lothian are:

1. **Mine Water Heat Network** – located at Blindwells, using a mine water source heat pump to meet the needs of all future development on that site. This would be progressed by Hargreaves, the land agent for the site.
2. **Coastal Heat Network** – powered by a sea source heat pump located on the wider former Cockenzie Power Station site, with a pipe network delivering low-cost hot water initially to Prestonpans, Cockenzie/Port Seton and Tranent. Extensions might in future link to Musselburgh, Wallyford and along the coast to North Berwick.
3. **Waste Heat Network** – making use of heat from Viridor's plant outside Dunbar delivering low-cost hot water to Dunbar and then via a pipeline along the A199 to East Linton, Haddington and connecting into the wider heat network at Tranent.

The immediate priority is to ensure that all domestic and non-domestic properties are as energy efficient as possible. For homes, this would help reduce the risk of fuel poverty, and bring social, economic and public health benefits.

For properties in the Heat Network Zone, getting 'Heat Network Ready' would involve a focus on insulation and 'fabric first' in readiness to connect when the pipe network arrives. Smaller scale renovations, such as kitchen changes, could consider electric stoves over gas cookers.

For properties in the Heat Pump Zone, getting 'Heat Pump Ready' would also focus on insulation to improve energy efficiency plus exploring fitting solar PV and a battery to reduce reliance on more expensive grid electricity supplies.

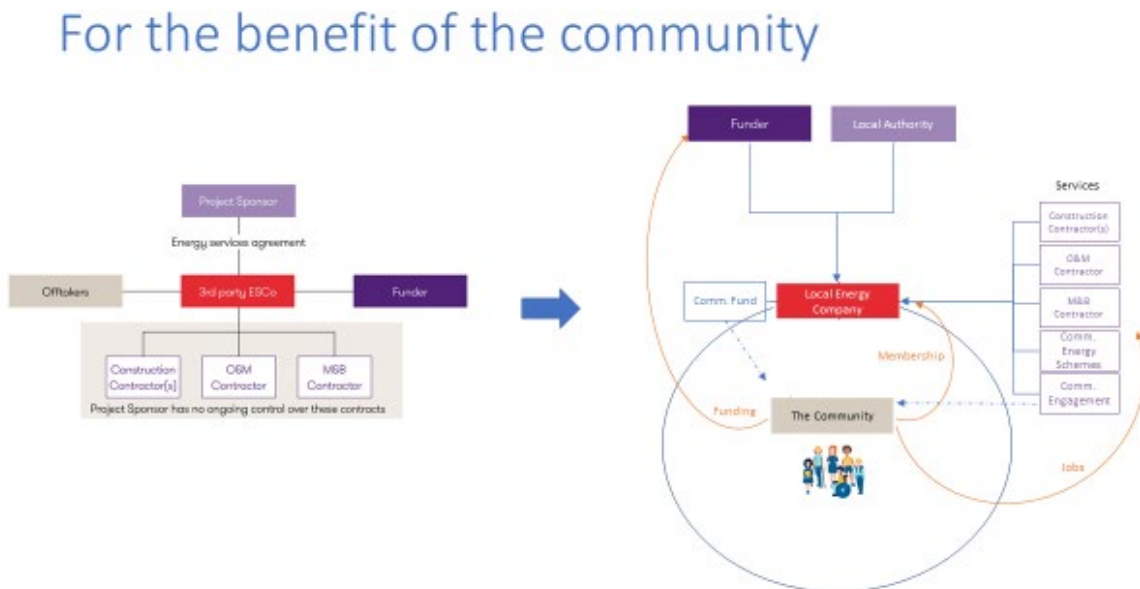
This strategy and the delivery plan focus on seven main outcomes:

1. East Lothian's communities and property decision makers are engaged and empowered to deliver Net Zero heating targets
2. Property owners will be supported to find a more resilient heating solution
3. Heat solutions delivered to meet 2045 net zero target and tackle fuel poverty

4. East Lothian's homes and buildings are as energy efficient as possible
5. Investment and grant funding is secured to deliver Net Zero projects
6. A significant proportion of the benefits of Net Zero investment remain within the East Lothian economy
7. Additional legislative changes and support required from Scottish and UK Governments

The development of heat network infrastructure has the potential to deliver significant long-term benefits to East Lothian's communities. It brings the opportunity for well planned community wealth building, creating jobs alongside the potential for the supply of cheap and reliable heat.

Decisions will be required on the governance and operation of future heat networks, taking into account the risks involved and potential to secure capital investment. This may involve establishing a local Energy Supply Company and a range of options would need to be explored and considered. The diagram below summaries the difference between a third-party energy supply company and one where the community has a central role to play.



The delivery of East Lothian's heat network infrastructure will follow the process developed by the Heat Network Support Unit as shown below. The early phases of development will rely heavily on public support from the Scottish Government's Heat Network Support Fund.



Developing district heat networks requires significant capital investment. An element of further public subsidy from the Scottish Government would definitely be required to help attract the scale of long-term investment needed. This would be determined during the Business Case development process as the overall capital requirements are calculated.

Work is already underway to engage with major potential investors. The Scottish National Investment Bank could play a crucial role in bringing together the investors. An ambitious heat network plan for East Lothian is more likely to attract investors, which could enable significant growth potential and the ability to deliver a long-term return.

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1. Introduction

1.1 Local Heat and Energy Efficiency Strategies and Delivery Plans

Local Heat and Energy Efficiency Strategies (LHEES) and Delivery Plans are at the heart of a place based, locally led and tailored approach to the heat transition. These documents set out the long-term plan for decarbonising heat in both domestic and non-domestic buildings and improving their energy efficiency. This is primarily driven by Scotland's statutory targets for greenhouse gas emissions reduction and fuel poverty:

- Net zero emissions by 2045, 90% reduction by 2040 and 75% reduction by 2030
- In 2040, as far as reasonably possible, no household in Scotland is in fuel poverty.

1.2 East Lothian's LHEES Vision

Our vision is for every property in East Lothian to have access to affordable, reliable and net zero heat. To achieve this would require reducing the demand for heat by ensuring properties are as energy efficient as possible and progressively replacing fossil fuels as a primary source of heat.

The East Lothian LHEES sets out the pathways to zero greenhouse gas emissions in the building sector, and the removal of poor energy efficiency as a driver of fuel poverty. It identifies the range of decision makers associated with homes, workplaces and community buildings. It explains the range of energy efficiency and decarbonisation opportunities and technologies available to all decision makers to reduce building emissions and ultimately reach a position of net zero.

1.3 East Lothian Council's LHEES journey

East Lothian Council participated in the second round of LHEES pilot projects in 2019. Changeworks were commissioned to carry out this work and produced a shortlist of potentially suitable energy efficiency and heat decarbonisation measures based on the baseline data analysis. More detailed investigation of the implications on the private rental sector was undertaken in recognition that this sector represents 10% of the domestic housing stock. This was completed in October 2019.

In 2021 Changeworks were commissioned to undertake additional work to apply Stages 1-4 of the Scottish Government's LHEES Methodology. The results were presented to East Lothian Council in February 2023 and provide the underlining research for this document.

In May 2023 East Lothian Council appointed an LHEES Project Officer to undertake stakeholder engagement and produce the LHEES strategy and delivery plan.

1.4 LHEES Delivery Plan

The LHEES Delivery Plan is being prepared as a separate document and will prioritise areas for delivery over the next 5 years, against national and local priorities. This Delivery Plan will be published alongside the final version of the LHEES in March 2024. This is being developed in partnership with key stakeholders and will provide a strong basis for action for local communities, government, investors, developers and wider stakeholders. It will prioritise the progression of the main heat network opportunities alongside early, low-regrets measures linked with energy efficiency improvements.

1.5 The National Context - Heat in Buildings Strategy

The Heat in Buildings Strategy outlines the targets that the Scottish Government has set to reduce greenhouse gas emissions from Scotland's homes, workplaces and community buildings and to ensure that poor energy performance is removed as a driver of fuel poverty. The focus of the Strategy is on energy demand for space and water heating in homes, workplaces and community buildings. This Strategy is focused on a series of time-limited national targets that are outlined below:

- By 2025 all private rented sector homes to reach a minimum standard equivalent to EPC C, where technically feasible and cost-effective, at change of tenancy, with a backstop of 2028 for all remaining existing properties.
- By 2030 the large majority of buildings achieve a good standard of energy efficiency.
- By 2030 emissions from buildings have to be 68% lower than 2020 levels
- By 2032 the Social Housing Sector must meet the standard of EPC B
- By 2033 all homes have the equivalent of EPC C where technically and legally feasible and cost effective.
- By 2040 all fuel poor homes to be EPC B
- By 2045 our homes and buildings are no longer contributing to climate change, as part of the wider just transition to net zero.

2. Policy and Strategy Review

East Lothian Council has completed a review of the national and local policies, targets and strategies that are linked to, impact, or could be impacted by LHEES. This provided an opportunity to consider how the national policy landscape can be linked to local drivers, where LHEES is concerned, as well as setting out what the Council should prioritise strategically.

2.1 East Lothian Policy Context

The specific strategies that have shaped this document include:

- East Lothian Council Plan 2022-2027
- Climate Change Strategy and Action Plan 2020-2025
- Local Housing Strategy – 2023-28 currently being developed
- Local Development Plan – currently being developed
- East Lothian Poverty Plan 2023-2028

2.2 National Policy Context

The national and regional strategies taken into consideration are:

- Climate Change Plan 2018-2032 - Update
- The Heat in Buildings Strategy 2021
- Heat Networks (Scotland) Act / Heat Networks Delivery Plan
- The Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019
- Programme for Government
- The National Planning Framework (NPF4)
- Hydrogen Policy Statement 2020
- Housing to 2040 (2021)
- Tenements (Scotland) Act 2004
- Historic Environment Policy for Scotland 2019
- The Planning (Listed Building Consent and Conservation Area Consent Procedure) (Scotland) Regulations 2015
- The Edinburgh and South East City Region Deal and Regional Prosperity Framework

2.3 East Lothian Council Plan 2022-2027

The 2022-2027 Council Plan is based around three overarching objectives that have been set in response to the three fundamental challenges faced by the community.

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

The LHEES will impact on all three challenges – recovering with future sustainability, reducing fuel poverty and most significantly delivering the actions and change that will help East Lothian meet the Net Zero climate resilience targets.

2.4 Tackling Fuel Poverty

The Scottish Government's target that in 2040, as far as reasonably possible, no household in Scotland is in fuel poverty underpins much of the actions that stem from this report.

With the recent rapid increase in energy costs, it is estimated that over 40% of households in East Lothian are in fuel poverty. Despite modest decreases in energy prices from the peaks of the start of 2023, the problem remains severe. Current industry projections indicate that energy prices are expected to remain high for some considerable time.

It is essential that any change away from fossil fuels for heating, particularly mains gas, does not increase heating costs as this would only add pressure on household finances and push even more into fuel poverty. There must be a just transition where the burden of paying for changes does not fall on those least able to pay. Considerable uncertainties remain on the use of hydrogen to partially or fully de-carbonise the gas network. The use of blue hydrogen, derived from natural gas would continue the risk of high and volatile market prices. The following core principles underpin the heat strategy:

- Delivery of heat to homes has to be at the same or lower than existing mains gas price
- Any connection cost should never be a barrier to joining a heat network
- For owner occupiers, any energy efficiency measures carried out could be incorporated into the long-term energy price for that property
- These would then remain linked to the property.

2.5 Climate Change Strategy and Action Plan – 2020-2025

This core strategy brings together elements of a wide range of Council strategies that were live in 2020 in relation to climate change, that impact on heat and energy efficiency. This Strategy has been updated as new priorities have been agreed by the Council.

The LHEES brief directly impacts on 4 Outcomes, 10 Key Priority Areas and a total of the 36 Actions from the Climate Change Strategy.

Each of these Actions was reviewed in consultation with the relevant internal teams, to assess whether the actions proposed in relation to heat and energy efficiency were robust enough to achieve the changes required to realistically meet Net Zero targets.

2.6 Council Strategies Under Development

The latest versions of East Lothian Council's Local Development Plan, Local Housing Plan, and East Lothian Poverty Plan are all currently been prepared. Consultation on these strategies was ongoing through 2023 in parallel with the LHEES preparation. As elements of each overlap with the LHEES, the decision was taken to work in partnership during the public consultation phase to maximise community input.

The priorities identified in LHEES will help shape each of these strategies.

2.7 Impact Assessments

Strategic Environmental Assessment (SEA) – other councils including Fife and Perth & Kinross screened out LHEES from the SEA process. On that basis, due to time constraints, East Lothian has proceeded with the strategy development without undertaking a separate screening process on the basis that the detailed proposals will be assessed as part of the Local Area Plan development.

3. Stakeholders

A heat and energy efficiency strategy impacts on a wide range of activities and organisations. Therefore, the preparation of East Lothian's LHEES has involved significant stakeholder engagement.

3.1 Internal Engagement

The internal engagement during the preparatory work on the LHEES has focused on regular reporting to the Council's Energy Transformation Board. This group has been overseeing the Council's energy strategy since 2016 and brings together senior officers from the following areas of operation:

- Sustainability and Climate Change
- Planning Delivery and Development
- Housing Strategy
- Property Maintenance
- New Build Housing
- Housing Energy Efficiency
- Infrastructure
- Engineering Building Services
- Energy Services
- Connected Communities
- Economic Development
- Legal Services
- Financial Services
- Procurement Services

3.2 Elected Representatives

Engagement with Councillors has been via the Cross-Party Climate Change and Sustainability Forum with additional briefings provided to Members on a collective and individual basis.

Regular briefings and meetings have been held with local MSPs during the LHEES preparation.

3.3 External Engagement

Heat and energy efficiency cut across so many aspects of society, business and our communities. The following organisations have been involved in the preparatory work, supplying data, providing advice and presenting opportunities:

- Delivery Partners - Scottish Government, Energy Saving Trust, Zero Waste Scotland, Home Energy Scotland and Changeworks
- Utilities - Scottish Power Energy Networks (SPEN), Scottish Gas Networks (SGN), Scottish Water Horizons
- Waste heat providers - The Coal Authority, Viridor (Dunbar), Millerhill / Vattenfall, and Bairds Maltings, Pencaitland
- Public Sector Estates – NHS Lothian, Enjoy Leisure
- Registered Social Landlords – East Lothian Housing Association
- Landowners – Hargreaves (Blindwells)
- Energy Suppliers – Community Windpower, Inchcape, Sea Green/SSE and Scottish Renewables
- Technology providers – Star Renewables and Sunamp

- Historic Buildings – Historic Environment Scotland
- Community Groups – a wide range of groups across all communities via the East Lothian Climate Action Network (ELCAN), plus those met via public consultation events
- Cross-boundary Local Authorities – Midlothian Council, City of Edinburgh Council and members of the City Region Deal
- Non-Domestic Anchor Loads – Queen Margaret University, Charles River and Bairds Maltings
- Investors / Finance – Scottish National Investment Bank, Scottish Futures Trust and 3Ci.

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4. Data and Preparatory Studies

In the preparation of this report a range of data sources were used. In addition, early reports that were commissioned prior to 2023 have been reviewed and the data, analyses and outcomes from these have been used to support the strategy development process.

4.1 Core Datasets

The following form the main sources for the modelling and analysis that underpins this LHEES:

- Home Analytics – including locations of 30 conservation areas
- Non-domestic Analytics
- Scotland Heat Map
- EPC register for domestic and non-domestic properties
- SIMD data zones

The Portfolio Energy Analysis Tool (PEAT) was made available but due to the inadequacies in the input data available and also limitations on the scenarios it was able to assess, it was decided not to undertake this element of the LHEES Methodology.

4.2 Supplementary Datasets

- East Lothian Council housing database
- Register of Social Landlords property data
- Council owned assets – non-domestic properties
- Private landlords register data for private tenure data
- District Heating Scotland database
- Non-domestic heat demand – provided by Scottish Gas Networks

4.3 Preliminary Reports

1. Local Heat and Energy Efficiency Strategy (LHEES): Technical Report – completed out by Changeworks and concluded in October 2019.

This report identified the tools, data, skills and resources required to develop and deliver an LHEES for East Lothian. It involved baseline data analysis on the domestic housing stock, their energy efficiency and insulation status, fuel types, present renewable heating used and the heat demand of the area. This identified produce a shortlist of potentially suitable energy efficiency and heat decarbonisation measures that could feed into the later LHEES process.

It also identified that the Private Rental sector makes up nearly 10% of East Lothian's housing stock. Thus, engagement with both landlords and tenants are vital to understand their challenges and prepare a successful LHEES that takes all relevant perspectives into account, including short term lets.

2. The First National Assessment of Potential Heat Network Zones – published by the Scottish Government in April 2022

The Assessment carried out an analysis to identify and characterise potential zones for heat networks in Scotland. The potential zone were identified through assessing heat demand density, providing an initial, automated assessment using national datasets of the areas that are most suited to heat networks from a demand density perspective.

The Baseline screening criteria (a linear heat density of 4,000 kWh/m/yr and at least two anchor loads) identified a small number of heat network opportunities that aligned with the modelling carried out by Changeworks in the Methodology Evaluation as outlined below.

The subsequent Stringent screening criteria (a linear heat density of 8,000 kWh/m/yr and at least five anchor loads) resulted in all of these earlier options being filtered out. This is due a limited number of anchor loads in any of East Lothian's towns.

The conclusion from this approach to heat network modelling was that East Lothian had very limited scope for heat network development.

3. Local Heat and Energy Efficiency Strategy (LHEES): Methodology evaluation - carried out by Changeworks and concluded in May 2022.

The recommended LHEES methodology involves eight stages. This report involved completing the first four of these stages relating to East Lothian.

Stage 1: Policy and strategy review – This set out the national and local policies relevant to LHEES, providing an opportunity to consider how the national policy landscape can be linked to local drivers. For each priority it set out indicators and weightings that underpin analysis across the other stages. It enabled the mapping of key internal and external stakeholders, as well as funding resources that could support future Delivery Plan actions.

Stage 2: Data and tools library – This Identified the most appropriate data and information needed to support analysis in subsequent stages. The library captured data requirements for the priorities, acting as a record of data sets used and capturing associated detail on ownership, data sharing, key contacts etc.

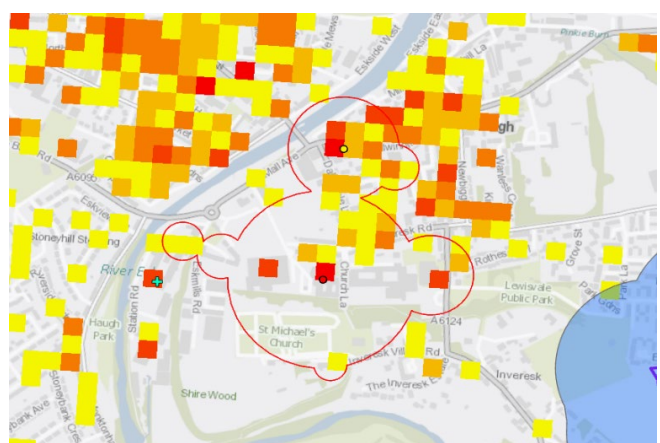
Stage 3: Baseline strategic zoning and pathways – This involved analysis and understanding of the current energy efficiency and heat decarbonisation performance of the building stock at a local authority wide level. This performance was based on assessing the building stock against the indicators from Stages 1- 2.

Stage 4: Generation of initial delivery-level areas – This phase used GIS techniques to generate initial delivery-level areas for each of the priorities.

It used a linear heat density technique recommended in the LHEES methodology to generate potential heat network zones. In total, seven very localised heat network opportunities were identified through this process. Details of these clusters are provided below:

Figure 1 – Musselburgh

This is a cluster centred around the Musselburgh, to the east of the River Esk. The main heat loads would be the Health Centre, Grammar School and Leisure Centre, extending towards the High Street. Due to errors in the background data that were not identified at the time, the heat load from Musselburgh Grammar was not included in the data used by Changeworks. Its inclusion would have impacted on the size of the cluster, but not significantly.



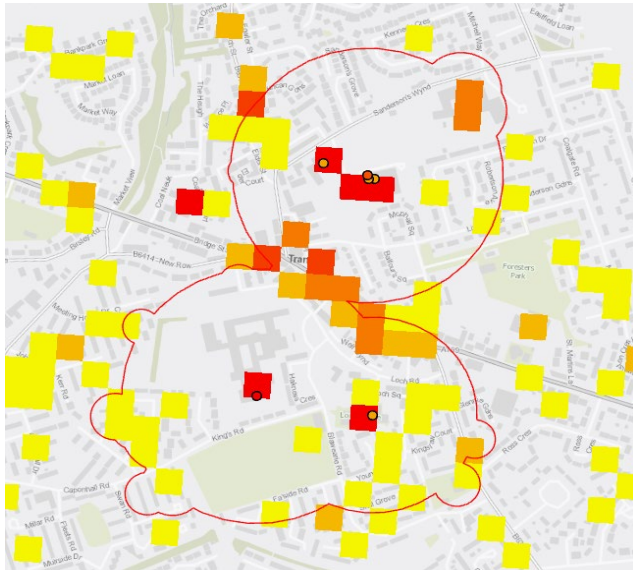


Figure 2 - Tranent

This is based around the heat loads at Ross High School, the Loch Centre and Tranent Medical Practice to the south of the High Street and Day Centre, Crookston Care Home and former Primary school site to the north of the High Street. This shows that there is a core heat demand in the centre of Tranent that could be a possible core for a heat network.

Figure 3 - Meadowmill

This was identified as the leisure centre and the attached indoor bowling centre were both attributed separate heat loads. There is clearly a significant demand on this site but not one where a heat network would be required due to the lack of surrounding properties. Other anchor loads in Prestonpans including Preston Lodge High School and the Mercat Centre were too far away, based on the linear heat density applied.

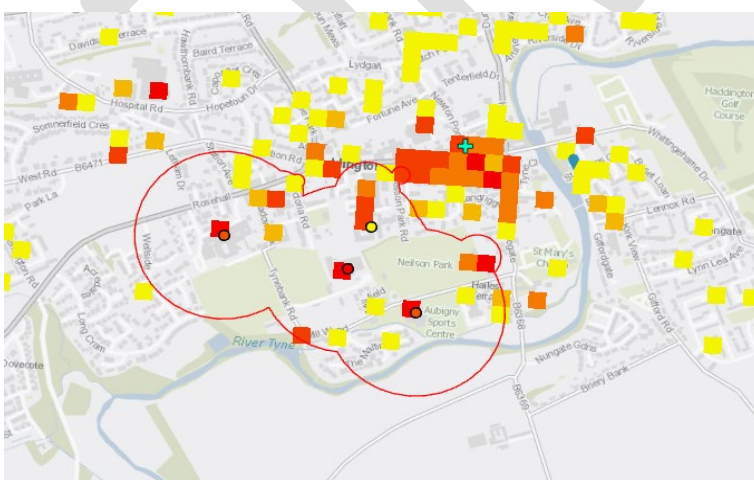


Figure 4: Haddington

This is based around Knox Academy, the two sites of Haddington Primary School and the Aubigny Sports Centre. These are of sufficient heat demand to merit combining into a network. The implications for the heat load of the town centre were not considered due the number of individual properties involved and mixed tenures.

Figure 5 – North Berwick

This is based around three sites in close proximity, the High School, Law Primary School and the Sports Centre. The combined heat demand might make this a possible local opportunity. However, the domestic heat load nearby was dispersed with the main load in the town centre some distance away.

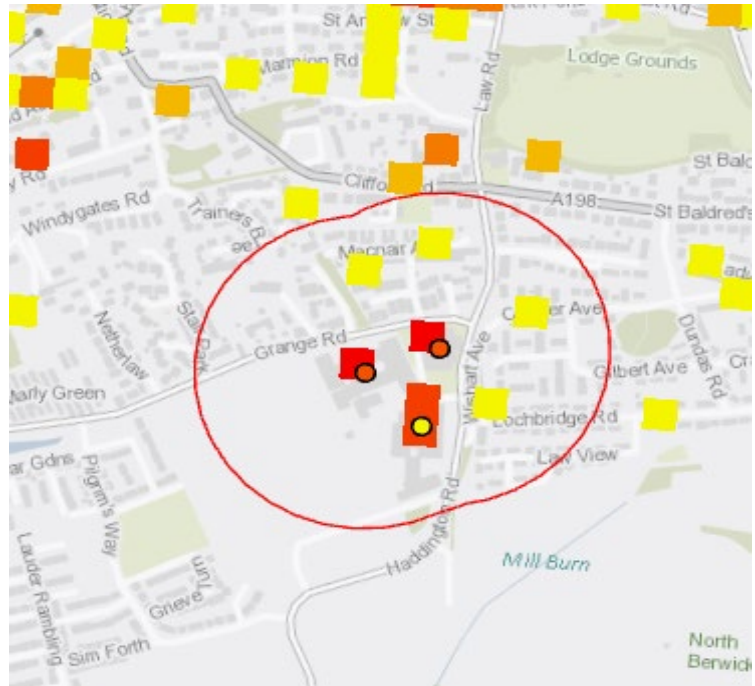
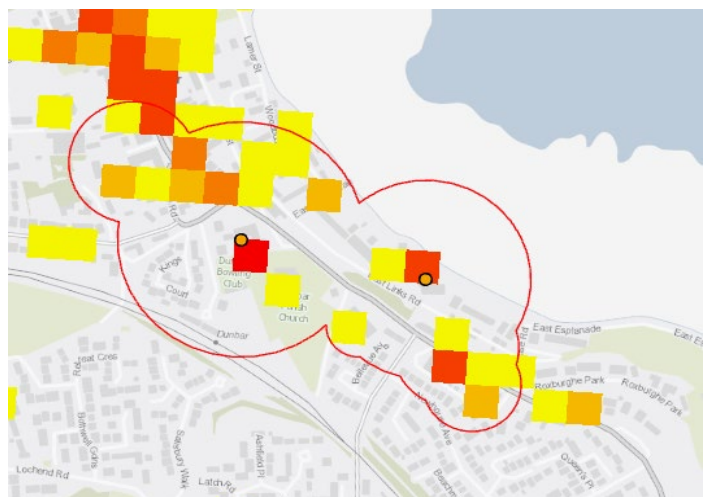


Figure 6 – Dunbar part 1

Two main heat demands of the Hallhill Sports Centre and the Primary School for the basis of this cluster. The railway between these two sites is likely to be a barrier to any opportunity to establish a link between the two. The heat data from Dunbar Grammar School was not included and only identified later. This would have added an extra anchor load and extended the scale of the cluster.

Figure 7 – Dunbar 2

This brings together the heat demands of Lammermuir House and the Dunbar Health Centre. Both are modest demands and not assessed as large enough to create an overlap with the Dunbar 1 cluster.



When the linear heat density used in the modelling was increased and the number of heat loads required for a network also increased from two to five, then all seven of these clusters were ruled out. This was due to all having fewer than five significant heat demands in close proximity.

The overall conclusion from this preliminary study was that based on the methodology recommended by the Scottish Government, East Lothian's handful of potential heat clusters are too small and too dispersed across the area to be considered as viable for heat network development.

4.4 Data Shortcomings

These early studies all relied on Home Analytics as the primary source of household data. This remains the only comprehensive household data set. However, Home Analytics has some very significant shortcomings that need to be acknowledged. These considerably limit the value of elements of the GIS based modelling work that is recommended in the LHEES methodology.

The primary source is via EPC surveys and certificates. This covers 58% of domestic properties in East Lothian. The remaining 42% are extrapolated from neighbours and subsequently given a lower confidence estimate of around 90%. Close examination of individual surveys shows inconsistencies in the surveys themselves.

Rural areas tend to have lower rates of EPCs as the turnover of sales there tends to be lower. Properties are more likely to be unique in build style and energy efficiency, so the extrapolation process is likely to result in greater errors. The confidence level of 90% that is used in the modelling seems to be too high based on the level of uncertainty.

Of EPC surveys, 18% were carried out over 10 years ago. These are still given a confidence level of 100% despite the very high probability that changes may have been made in the intervening period.

Any homeowner applying for grant or loan funding for home improvements is required to get an EPC survey done before work is carried out. In many cases they then go ahead and make changes to their property but do not get a new EPC survey afterwards. As a result, we can assume that nearly all of these EPC results will show a significantly lower performance than reality, yet still carry a 100% confidence rating.

EPC surveys are required to be carried out ahead of property sales. Any changes and improvements made by the new owners, a time when most major changes are undertaken, will not be represented in the EPC rating. This again leads to an underestimate of energy efficiency.

The number of properties listed on Home Economics as East Lothian Council owned is around 25% higher than the actual figure. This is a direct result of the extrapolation process. Future releases of Home Analytics will have this list corrected but this was not the case for the data used in all the preliminary studies.

Home Analytics (EPC) data will not necessarily reflect all energy efficiency improvements measures across all housing tenures. For example, in a social housing context, East Lothian Council have made considerable investment in recent years, which they track and calculate but do not commission a new EPC on completion of each retrofit measure.

If the base data carries considerable error margins linked with all the above, then any extrapolations from this will almost certainly carry even higher error risks. If this is then used to calculate potential cost of energy efficiency interventions then the margin for error is huge, making the results very rough estimates at best.

The use of Data Zones for special representation is inappropriate throughout most of East Lothian due to the significant level of new development since the zones were set in 2006. These originally contain between 500 and 1000 homes. Most of the new building has taken place on the outskirts of towns and villages, meaning that the originally rural data zones than ran up to the boundaries of settlements are now skewed by new-build properties. At the most extreme, the data zone that encompasses West Barns and rural area to the south of Dunbar now has in excess of 2000 properties. Zones around Haddington, North Berwick, Longniddry, Tranent, Wallyford, Prestonpans and Musselburgh all show a similar trend with new-build potentially outnumbering the rural property count. This was not corrected in any of the preliminary studies and as a result many of the maps produced in these contain inaccuracies.

The presence of thousands of modern homes suppresses the proportion of truly rural properties and hides real issues. As a result, any use of data zones to visually represent is fundamentally flawed and has not been used as a technique in this report.

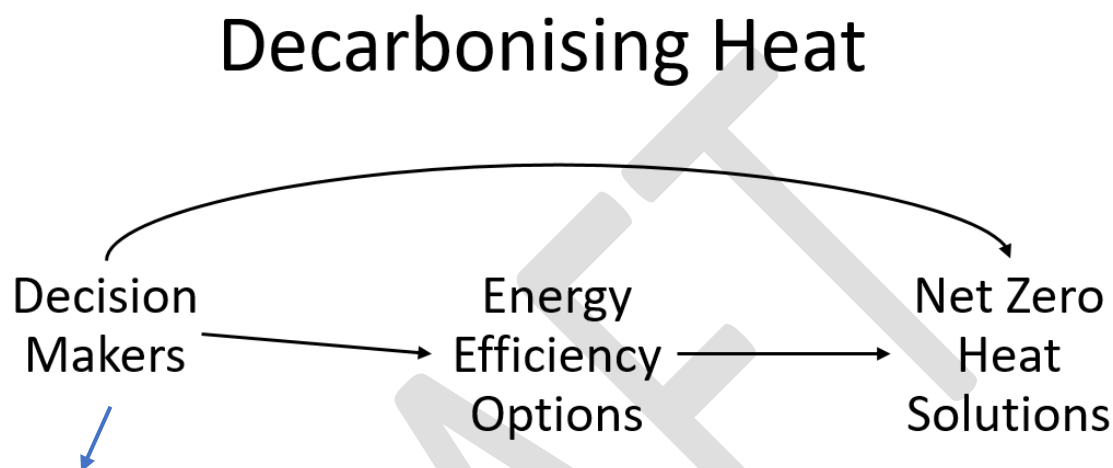
The divide between on-gas and off-gas is a far more effective demarcation between rural and non-rural areas in East Lothian. This divide has therefore been used as the basis for zoning in this report.

In the remainder of this report, any figures used that have been derived from the Home Analytics dataset will be italicised to draw attention to the risks associated.

5. Pathways to Heat Decarbonisation

This section draws on the earlier data analysis and feedback from stakeholder engagement to focus in on the possible priorities for the effective decarbonisation of heat across East Lothian.

The diagram below summarises the pathway that every decision maker for every property needs to follow to reach a net zero solution. The decisions they need to make may not be clear-cut, may involve complex analysis and could involve significant expense or investment. Understanding their perspective will shape the financing options and communications needed to help them make crucial decisions.



5.1 Decision Makers

The starting point for East Lothian’s LHEES has been to identify the individuals linked with every property who ultimately have to make a decision on the future heating for their property. Properties are either domestic or non-domestic and the decision makers fall into the following categories:

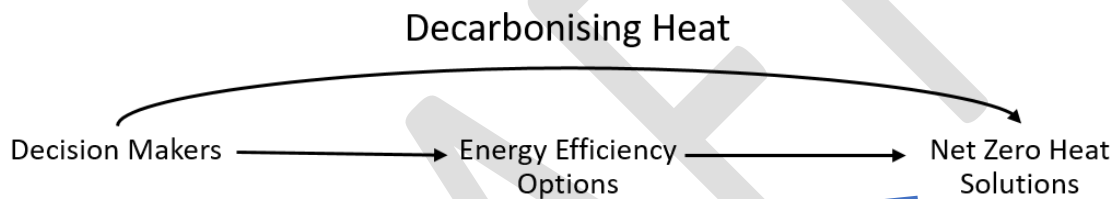
Categories	Engagement Tactics
Domestic properties:	
Individual Homeowners	Will require national multi-media campaigns combined with community-led activities
East Lothian Council – council housing	Already engaged and viewed as a priority
Private Landlords – rented accommodation and short-term lets	Some participated in the pilot project – new legislation adds urgency and should aid future engagement
Other Social Landlords – housing associations	Already engaged and viewed as a priority
Non-domestic properties:	
East Lothian Council – for council services and also properties rented to businesses	Already engaged and viewed as a priority
Other public sector buildings – NHS	Partially engaged and the requirement to complete BAR reports will assist
Business owner occupiers	Work with Economic Development, building on the existing Net Zero Carbon pilot Community-led activities
Private landlords	Will need to work through their tenants so most challenging group to reach

There are varying levels of engagement for decision makers on the needs and urgency to decarbonise their heating. Those responsible for multiple properties are considerably more engaged with the need for action on heating. For the majority of decision makers any urgency is linked with reducing overall energy costs rather than a motivation to reduce their carbon footprint. The perceived costs and uncertainty over the technology involved and the possibility of future grants schemes are a very significant barrier to making progress on decarbonising heat.

The main responsibility for raising awareness will lie with the Scottish Government via the Net Zero Nation Public Engagement Strategy. However, this will need to be enhanced at a local level, with considerable reliance on community-led activities coordinated by East Lothian Council in partnership with the East Lothian Climate Action Network.

Outcome 1: East Lothian's communities and property decision makers are engaged to deliver Net Zero heating targets

- Key Priority Area 1: Raising Awareness
- Key Priority Area 2: Building Community Teams



5.2 Net Zero Heat Solutions

Each property normally requires heat for two purposes – space heating and hot water. The following explains that main solutions for each of these to aid the decision-making process.

- District Heat Networks
- Individual Heat Pumps
- Communal Heat Networks
- Other electric heating solutions

The early study by Changeworks concluded that heat networks might only play a minor and very localised role on decarbonising heat across East Lothian. Rather than heat networks, the study pointed towards a very heavy reliance on individual heat pumps. As explained the following sections, the approach of solely relying on heat pumps brings real practical challenges across the whole domestic and non-domestic estate and is not realistic to deliver change on the scale required and within the timescale to meet Net Zero and fuel poverty targets. As a result, a more ambitious examination of district heat networks is proposed. These would aim to provide clarity for majority of decision makers.

5.2.1 District Heat Networks

The proposed solution that is being considered for East Lothian’s district heat networks involves delivery of hot water at 65-70C via an extensive retrofitted pipe network to as many domestic and non-domestic properties as possible. The extent that such a pipe network might be financially viable will depend very heavily on the cost of producing that heat and in particular the cost of the electricity required. The initial capital cost of constructing a pipe network of highly insulated pipes would be considerable. However, this could be spread over the full lifetime of the heating system

and individual bill payers would not need to be charged any connection fee. It is proposed that the financial feasibility of this approach to district heating should be tested and refined during the preparation of the Business Case.

This proposed solution could bring significant benefits for individual bill payers over other potential heat network and heat pump options.

- Each property would require a new heat exchanger to be fitted. In most cases this can fit in the space that is currently occupied by a gas boiler and could require less space.
- There would be no up-front cost of connecting to the heat network. All connection costs would be included in the unit price charged for heat
- The heat provided should be cheaper than existing gas prices and provided on a long-term rate to avoid price fluctuation
- The electricity requirement to run the system in individual properties would be small so there would be not significant increase in electricity demand to put additional pressure on local grid capacity
- The water supplied by the district heat network would be at roughly the same temperature as produced by most existing gas boilers, so would simply replace one source of heat for another with minimal internal changes required
- There could be no need to replace internal pipework or radiators. It may help the level of overall energy efficiency to do this, but it would not be a requirement.
- Properties without existing hot water tanks would not need to get one fitted. The heat exchanger would provide instant hot water in the same way that a combi boiler. Those wishing to retain a hot water tank could do so.
- It may not be necessary to make any significant energy efficiency improvement to properties to be able to access the heat network. However, it may be beneficial to make some improvements to reduce heat demand to cut costs.

The downsides to connecting to a district heat network include:

- Connection can only take place when the pipe network reaches your property. This may take several years and take longer than some property owners are prepared to wait.
- Some replacement of internal radiators or microbore pipes may be required where the existing heating uses flow temperatures above 65C
- Although internal disruption should be kept to a minimum, there may be an element of external disruption as heat pipes need to be laid from the street to individual homes
- There will be no choice of supplier as a single heat provider will operate the network. This will mean that there is no opportunity to shop around for a cheaper deal. However, the chosen approach to the structure of the supply company should protect customers from the risk that this monopoly position will be abused.
- To enable properties to disconnect from the gas supply, saving on the standing charge, any cookers using gas would need to be replaced. Knowing the timeline for connection should make planning for this easier and can be done at any time ahead of connection.
- The delay in getting heat network infrastructure developed and the pipe network constructed may result in difficult short-term decisions on heating systems, especially where an existing gas boiler breaks down or come to the end of its safe operational life.

5.2.2 Heat Pumps

Individual heat pumps are expected to be the main route to deliver net zero heat for a significant proportion of properties that currently use fossil fuels and are unable to connect to a district heat network. This may be due to their rural location or distance from neighbouring properties as explained in more detail in Section 7.

These heat pumps would normally be either air source, using an external fan box fitted to the outside of the property or ground source, using either a vertical borehole or a horizontal closed loop laid in trenches adjacent to the property.

The benefits of installing a heat pump are:

- The heat pump technology generates between 2.5 and 4 units of heat for every unit of electricity used, depending on the internal temperature required and the ability of the property to retain heat.
- Disconnecting from mains gas, LPG or oil reduces the exposure to future price fluctuations linked with global markets and could be considerable cheaper
- Using electricity will mean that the heating will progress towards net zero as the electricity grid reduces exposure to gas in coming years.

The disadvantages would vary considerably depending on the characteristics of each property and may include:

- The unit cost of electricity remains high compared with mains gas so even with the multiplier effect of a heat pump, the financial incentives to switch fuel source are marginal at best
- The property may not have the physical space externally for a fan box or for ground source bore holes – see Section 5.2.3 below.
- The flow temperature of the new heating may be lower than an existing gas boiler. This may require radiators to be replaced with larger units and the connecting pipework to be replaced, especially if this is microbore pipes of 9mm diameter.
- The lower flow temperatures are more efficient in well insulated properties where heat loss can be kept to a minimum. For many properties, achieving this level of heat retention will either be impossible, or very expensive. See Section 5.3 for more on energy efficiency.
- The need to replace gas cookers with an electric alternative to enable the gas supply to be disconnected

The most efficient heat pump solutions involve local electricity generation and storage to help reduce reliance on grid power supplies. There are significant long-term cost benefits to households in installing solar panels and battery storage alongside a heat pump. This adds significantly to the overall capital cost and additional levels of decision making. However, it may produce the most cost-effective solution that protects against changes in electricity prices.

5.2.3 Communal Heat Network

This potential solution may be an option for two or more properties that are in close proximity to each other and where there are costs benefits associated with a single heat pump solution that provides heat to a number of properties. For example, a block of flats or a steading development where there is only space for a shared air source fan unit. It could be as simple as a single heat unit for two properties. It would also reduce the visual impact which is important in Conservation Areas.

The issues for consideration are broadly similar to those outlined in 5.2.2. However, this approach brings added complications of collaboration with neighbours. Some energy supply companies are

now offering communal heat solutions, and this is likely to be an area where further service development will take place, offering a greater choice to customers.

Again, there may be considerable long-term benefits in combining local energy generation with the heat pump installation. This could also be a communal system, selecting the best sites for solar panels across all the properties involved to maximise the power output.

5.2.4 Electric heating

Around 10% of East Lothian's homes already use other electric heating systems. These can be expensive to operate, especially as a result of recent price rises. The priority for properties that already have electric heating, or where heat pump options are not feasible, is to ensure that the chosen heating system is as energy efficient as possible. This will provide an element of protection against the risk of fuel poverty if electricity prices remain high.

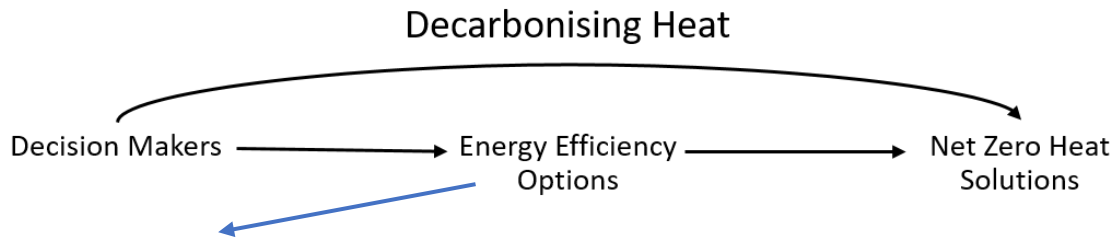
Free advice should be sought from Home Energy Scotland before deciding on the most appropriate electric heating solution. The following electric solutions may be suitable:

- Storage heating (Quantum Heaters) and high heat retention storage heaters. These benefit from using cheaper overnight tariffs to charge the heaters.
- Electric Wet Central Heating (Combi Boiler). These are probably the easiest to fit into a property that already has a wet heating system. However, when the unit cost of electricity is considerably higher than the fossil fuel it replaces, the running costs may be unaffordable and bring a risk of fuel poverty to the household.
- Infra-red Heating. This system relies on panels to heat spaces that are being occupied, rather than whole properties. There may be circumstances where this is an efficient option, especially when only part of a property is regularly in use.

5.2.5 Hydrogen

The Scottish Government do not envisage hydrogen having a role in domestic heating. The UK Government is scheduled to make a final decision on this in 2026. This delay brings uncertainty and undermines the ability to make firm decisions. Considerable uncertainties remain on the safety and economic viability of hydrogen in a domestic setting. The proposed strategy put forward by SGN shows a continuing reliance beyond 2045 on blue hydrogen, sourced from natural gas. This could make it very challenging to meet net zero emissions targets as the required technology for large scale carbon capture remains unproven. As a result, hydrogen is not considered as a heat source in this strategy. It will almost certainly have a role in high temperature industrial processes and therefore its production may become a source of waste heat that could be captured for use in heat networks.

The production of green hydrogen, using surplus renewable electricity to electrolyse water into hydrogen and oxygen produces a very significant level of waste heat. Around 25% of the input energy is lost as heat. If East Lothian is viewed as a future location for this industrial process, then it would be essential that this heat is captured for use in heat networks.



5.3 Energy Efficiency Options

These are predominantly the energy efficiency measures that could be adopted, where appropriate, to reduce energy demand within a property and can be seen as a step towards a more effective net zero solution. Any investment should bring immediate efficiency benefits ahead of a switch of the primary source of heating.

- Loft insulation
- Cavity Wall insulation
- External Wall insulation
- Glazing replacement
- Solar PV and battery
- Heat battery

There are currently a range of grant and loan schemes available to assist property owners with energy efficiency improvements. For owner occupiers more information and advice can be provided by contacting Home Energy Scotland.

For properties that are within the designated Heat Network Zone, the cost of energy efficiency improvements may be included in their connection plan. This would be explored further ahead of any heat network development and the range of opportunities presented to decision makers at that time.

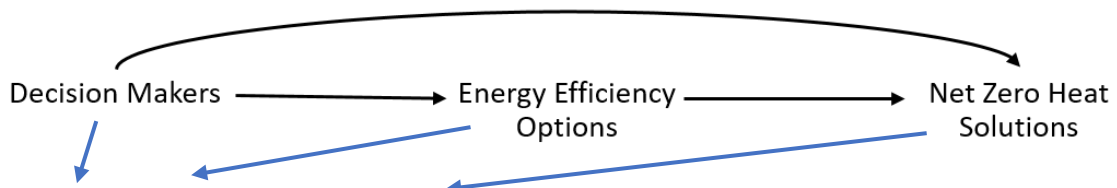
For properties that are within Heat Pump Zone, decision on the most appropriate options should be made in consultation with the free advice service available from Home Energy Scotland. They will help explain the options available and also take into account the challenges linked with the build-type of individual properties.

All property owners living in the Dunbar and East Linton Ward can also benefit from energy efficiency advice from BeGreen which is funded by Community Windpower as part of their community benefits programme.

East Lothian Council has considerable experience within its Housing teams of delivering energy efficiency improvements for council tenants and also for homeowners at greatest risk of fuel poverty.

More detailed proposals to improve energy efficiency are provided in section 8.

Decarbonising Heat



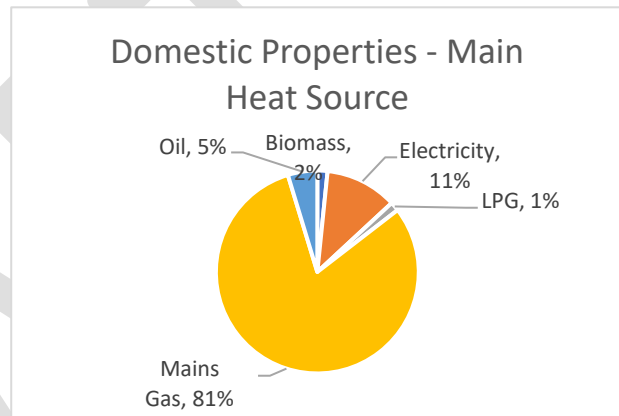
5.4 The Starting Point – Baseline Data

Every decision maker needs to identify the factors that are relevant to them and then consider the pathway they need to take. This is likely to be a complicated interaction of a number of factors and they may need additional guidance to aid that decision process.

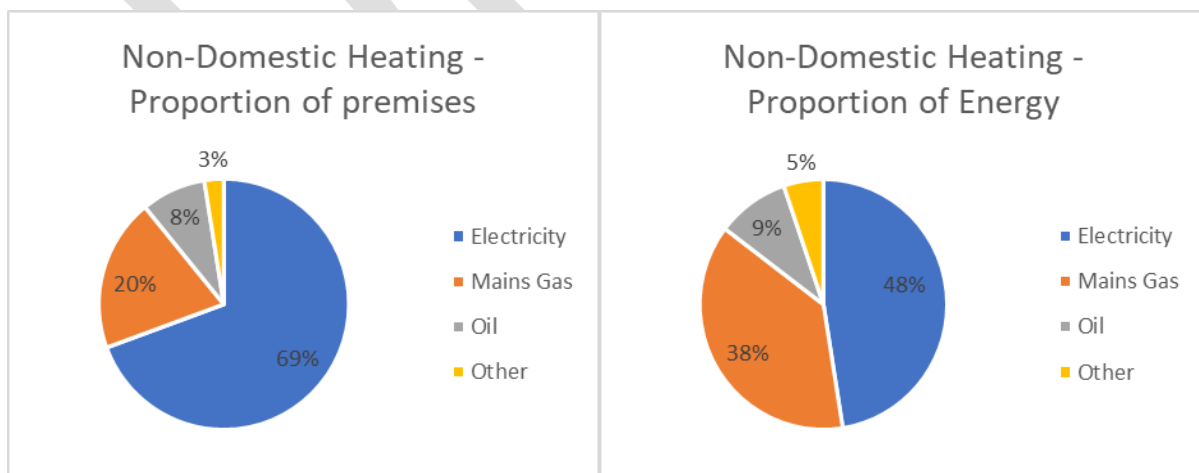
5.4.1 Most significant factors - existing source of heat and location

There is close correlation between the on-gas properties and the main centres of population.

- 43,200 properties on mains gas – almost all within towns and larger villages
- 3,300 using oil or LPG – almost exclusively in rural areas, but does include some villages
- 6,200 properties already use electricity, the majority in rural areas but a reasonable number in on-gas areas



Fossil fuels make up a smaller proportion of the primary heat source for non-domestic properties with 28% using mains gas or oil as highlighted below. However, it is clear that some of these sites have larger heat demands as mains gas and oil combined account for 47% of the overall energy use for non-domestic heating.



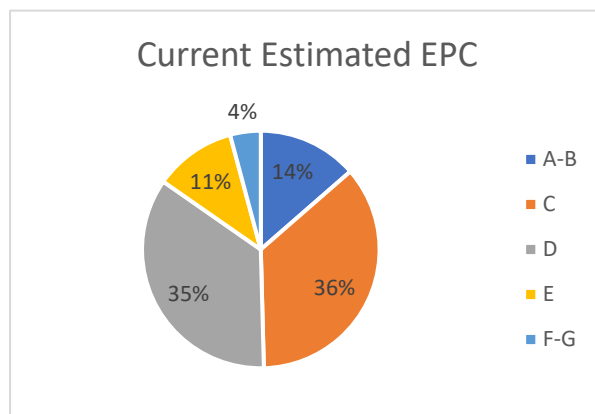
The most likely net zero heat solution for on-gas properties will be to connect to the district heat network at some stage in the future. That decision may be influenced by the timing of the expansion of heat network infrastructure.

5.4.2 Distance to Neighbours

There will be a subset of properties, both domestic and non-domestic that currently use mains gas but may be too distant from other properties or the street to make connecting to a future heat network cost effective. These calculations will only be possible once the delivery model for the heat networks is fully developed, and the cost of pipe infrastructure fully understood. At that stage a recommendation should be able to be made based on individual circumstances.

5.4.3 Current EPC rating

The percentage of domestic properties in each of the categories are provided below. The top performing properties, those rated A or B are grouped together. Similarly, the worst performing, those rated F or G are combined.



As explained in section 4.4, 40% of the ratings are based on estimates as these properties have never had a survey carried out. The margin of error in these is quite significant.

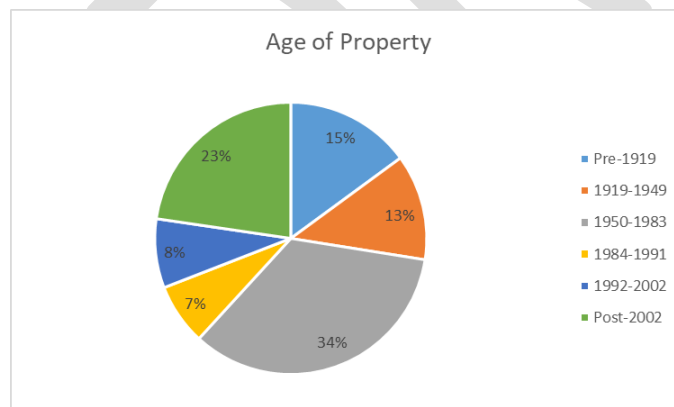
An estimated 50% of properties across East Lothian are rated poor – D to G. This is in line with the national average where it is 51%.

Although there are numerous factors that impact on the overall rating, the owners of properties with poor scores need to consider

taking action to improve energy efficiency alongside any decision on the suitable net zero heat solution.

5.4.4 Other Influencing Factors

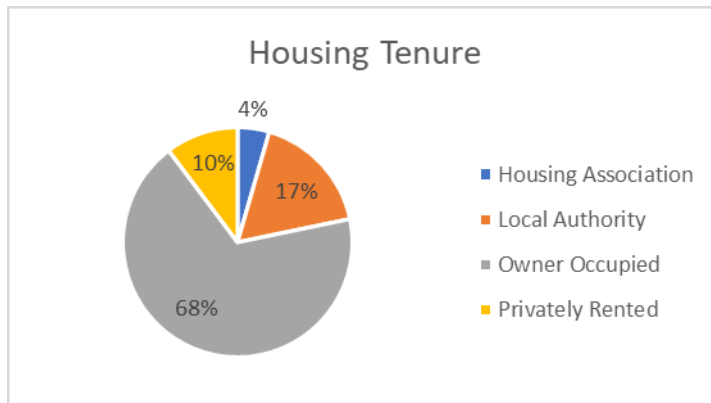
There are a range of other factors that will have an impact on energy efficiency decisions and potentially the ultimate net zero heat solution.



The age of the property plays a part. Older properties, such as many of the 15% that were built pre-1919, are often stone built. These do not have wall cavities and are far harder to insulate. External or internal cladding may not be an option due to the visual impact or the need to ensure adequate air circulation. Many are in rural locations.

18% of domestic properties are within the 30 Conservation Areas across East Lothian. 5% are Listed buildings, categories A, B or C. Due to planning restrictions that limit the changes that can be made, these properties consistently perform worst when it comes to energy efficiency. 11% of properties are single or partially single glazed and the vast majority of these are Listed or in Conservation Areas. These figures highlight the very significant challenge in ensuring all properties are energy efficient. In many cases the cost involved would be excessive.

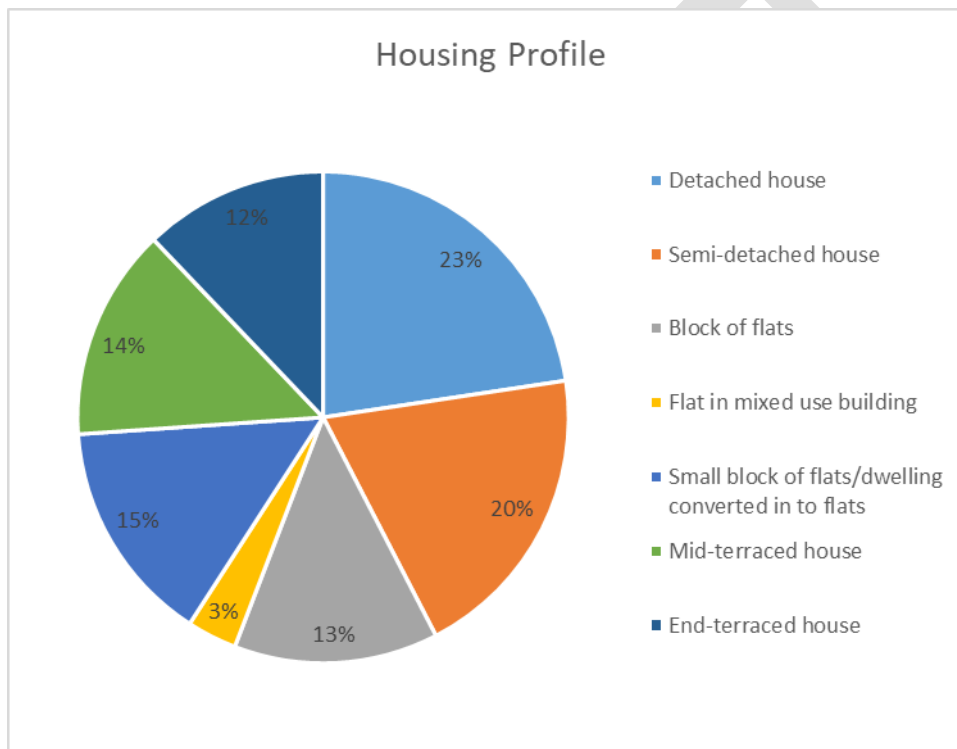
The tenure has a direct impact on decision making and who is ultimately responsible for making those crucial decisions.



15% of properties are classed as mixed tenure. These are flats where there is a mix of rented and owner-occupied properties. This can often complicate the decision-making process especially where consent of all owners is required for property improvements.

The chart below that shows the breakdown to the overall housing

profile shows that 31% of properties are in flats of various sizes. Effectively half of all flatted properties are in mixed tenure blocks.



There will be specific circumstances with many properties that will impact on the choice of heating solution. For example, the following are some of the reasons why an air source system may not be suitable:

- No space for the external fan box. These have to be a minimum of 1m away from neighbouring properties. They cannot be located on pavements. Many properties have no garden or other outside space, then an air source heat pump is not an option.
- No space for the thermal storage – either a hot water tank or heat battery. Many modern properties were designed for combi boilers and do not have the physical space for a hot water tank. Heat batteries may be a partial solution as they require an average a third of the space.
- Need to change radiators and/or microbore piping. Heat pumps tend to operate at lower flow temperatures that gas boilers. The potential internal disruption may put off some homeowners.

- More significant energy efficiency changes required. If it is not possible to improve the energy efficiency levels enough, it may not be possible for a heat pump to adequately heat some properties, such as older stone buildings.
- The local electricity grid may require upgrading to support the additional power load. SPEN would need to confirm that the existing grid supply is sufficient to provide the additional supply. Where it cannot, system upgrades may be required which could delay or prevent a heat pump installation. These costs may need to be paid by the individual customers and make any changes to heat systems unaffordable.

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6. Heat Network Zone

This section aims to provide the Council with a logical framework for identifying and prioritising opportunities and to decide whether to plan to extend the coverage of a district heat network across East Lothian.

6.1 Zone Characteristics

District heat networks are being considered as potentially the most efficient long-term heat solution to decarbonise a significant proportion of properties in East Lothian. They are an appropriate net zero heat solution for the majority of domestic and non-domestic properties that are currently connected to the gas grid. This effectively covers all the main centres of population, around 42,000 homes in total.

Choosing to connect to the heat network would be the default position for all on-gas properties unless there are circumstances linked to the property that might make connection inappropriate or not cost effective. The most significant is likely to be the distance of the property from any potential heat pipe network so effectively the distance from the street or neighbours. The detailed parameters on the distance will only become clear as the technology and financial implications are fully explored.

6.2 East Lothian's Heat Network Zone

The overarching vision for district heat networks would be:

- Provide long-term and cost-efficient solutions to mass decarbonisation of both domestic and non-domestic properties
- Directly addressing the challenges of fuel poverty by ensuring the most vulnerable households benefit from lower energy costs and can be protected from future price spikes
- Delivering a solution that combines heat provision with building energy efficiency retrofit, and in certain communities, improved electricity infrastructure
- Ensuring upfront connection costs are very small, ideally zero for most households, to minimise any barriers to connection
- Ensuring that the operation of heat networks brings significant investment into our communities, supporting sustainable jobs and reinvesting future profits into ongoing retrofit and energy efficiency programmes

6.3 Existing Heat Networks

East Lothian currently has 26 existing heat networks.

The only large-scale heat network is operated at Queen Margaret University's campus. This was originally designed to use biomass as its heat source, but for operational reasons it now uses mains gas powered boilers. The University is already actively exploring options to reach net zero.

The remainder of the heat networks are small in scale and fall into two categories:

1. 15 are based at social housing or care settings. These are owned by Housing Associations or East Lothian Council with multiple properties serviced by a central main gas boiler. To decarbonise, all these sites will need to convert to a Net Zero option and should be considered as single point anchor loads for potential heat networks. In total they currently service just 391 properties, so cover less than 0.1% of East Lothian's properties.
2. 10 are rural heat networks based around farms that have installed biomass boilers, providing heat to multiple properties. Many will have benefited from previous grant

schemes to cover the installation costs. Though biomass boilers are no longer encouraged, for the purpose of LHEES these are considered already Net Zero.

In addition, just beyond the western boundary of East Lothian there is a district heat network under development by Midlothian Energy Ltd. This is a joint venture between Midlothian Council and Vattenfall. The heat source is the energy from waste facility at Millerhill, operated by FCC Environment. The initial target will be providing heat to the new Shawfair town, with the potential to expand the district heating network into areas of East Lothian and City of Edinburgh.

6.4 Potential Major Infrastructure Opportunities

There are a number of infrastructure projects in planning across East Lothian that may provide opportunities for the delivery of heat network infrastructure. These include:

1. **Cockenzie Power Station site.** East Lothian Council owns this large site and is currently preparing a masterplan for its redevelopment for both energy and employment opportunities. This work is already underway with the major decisions being made over the next two years.

The coastal location could provide access to sea water for a sea source heat pump. The site development provides an opportunity to align major heat network pipe routes with roadways, before they are constructed. This could significantly reduce the overall construction costs. Any use of land at the Cockenzie site for district heat infrastructure would be very modest compared with the overall size of the site and could be located such as not to adversely impact the main developable areas of the site for employment and business development.

2. **Offshore Wind connections.** East Lothian is the landing site for a number of cables from offshore wind farms. There is a narrow window of opportunity, before grid agreements are secured to agree a Power Purchase Agreement that could provide an electricity supply to heat infrastructure. This could be a fixed rate deal for a period of 15 years. This would significantly reduce the risk of energy price fluctuations and help secure long-term capital investment. Provision would need to be made to take into account:
 - installation and maintenance of a physical connection into the site
 - generator downtime and in-year performance guarantees
 - long-term generation and performance guarantees

3. **Musselburgh Flood Prevention Scheme.** Design work on this scheme has already been taking place for a number of years, aiming to reduce the flood risk from the River Esk. This will involve the construction of linear flood barriers along either side of the river, connecting to the sea walls. There is an opportunity to include the pipework for a district heat network within the design so that key pipelines can be constructed at lower cost and with less additional disruption for communities.

4. **Active Travel Corridor.** In line with Scottish Government policies to promote active travel, East Lothian Council is preparing plans for an Active Travel Corridor, a combined cycle path and walkway along the route of the A199 (old A1) from Dunbar to Tranent, a distance of around 24km. A first phase of community consultation on these proposals took place earlier in 2023. With significant surplus heat in Dunbar as explained below, this provides an opportunity to bring this heat towards centre of demand via a pipeline beneath or alongside the proposed cycle path.

6.5 Capturing Waste Heat

There are a number of sources of waste heat that could be accessed to support district and local heat networks, including:

- 1. Viridor Dunbar.** This Energy Recovery Facility owned by Viridor began operation in 2019. They have a commitment to make up to 10 MW of heat available for local use. To date this has not been accessed. There is potential to capture significantly more waste heat. In a presentation given to East Lothian Council in late 2021 Viridor indicated that the plant could satisfy the heating needs of 71,000 homes. The challenge for this opportunity is having a demand sufficient to justify the considerable expense of developing the pipe network required.
- 2. Wastewater Sewers.** Heat networks utilising heat from wastewater are operational at other locations in Scotland and a major project is being planned at the Seafeld Water Treatment site in Edinburgh. This treats a significant proportion of East Lothian's waste via the coastal sewer. In addition, the sewer that transports the majority of Midlothian's waste runs to a pumping station outside Wallyford. There may be opportunities at a number of pumping station locations to access waste heat.
- 3. Glenkinchie Distillery.** This site outside Pencaitland generates heat from whisky production. Currently hot water is cooled in pond prior to release into the Kinchie Burn. There is an opportunity to utilise this heat. The distance from the distillery to the village of Pencaitland might make utilising this heat impractical, but this needs to be fully explored.
- 4. Bairds Maltings.** This site is also outside Pencaitland and generates low level waste heat from a number of processes. The site is keen to explore whether this heat could be used to provide heat to the local community via a heat network.
- 5. Green Hydrogen.** Although there are no confirmed plans for green hydrogen production in East Lothian, there have been enquiries linked with future production at both Cockenzie and Torness as the locations where offshore power cables are coming ashore. Green hydrogen production involves the generation of considerable quantities of waste heat so having heat network infrastructure planned at either or both sites would unlock a very significant additional source of net zero heat.

6.6 Zero Carbon Heat Sources

The preparation of this LHEES has involved bringing together information on a range of potential sources of net zero heat to assess the potential for each to play a role in East Lothian's future heat solutions.

1. Mine Water Source

A series of reports have been commissioned by East Lothian Council to explore the potential of utilising mine water. The most recent was completed by Synergie Environ and Townrock Energy in August 2023. This study explored various options for mine water district heating networks at the former Cockenzie power station site, and the benefits that such a heat network could bring for the council, the local area, and the resident populace.

It identified that a maximum output of 9.7MW could be delivered at the Coal Authority's treatment site at Blindwells. This is viewed as a viable source of heat for a district heat

network and development of that project is being taken forward by the land agent, Hargreaves.

This report also demonstrates that mine water has the potential to support a viable district heat network from two separate extraction sites linked with former colliery sites near Prestonpans. This could provide heat to a number of council owned assets in Prestonpans plus several hundred domestic properties.

2. Sea Source

East Lothian's coastal location makes utilising the sea as a source of heat promising. It offers a limitless supply so can be readily scaled up to meet any need. At scale, it can readily deliver a CoP of 3, delivering three units of heat for everyone unit of electricity required. The ultimate cost of the heat produced is therefore directly linked to the cost of the input electricity.

The challenge for sea source heat is identifying appropriate locations for heat infrastructure that have development land on the coast and suitable access to the sea. As previously outlined, East Lothian has one prime location, the site of the former Cockenzie Power Station.

3. Ground Source and Water Source

In March 2021, Greenspaces Scotland and ParkPower produced a report, Green Heat in Greenspaces, examining the potential to utilise parks and other green spaces within urban settlements across Scotland to support low carbon heat solutions. It also explored the potential to extract useable heat from local rivers.

This study found that those public buildings with the highest heat demand, such as leisure centres, particularly those with swimming pools, hospitals, schools and care homes and offices are often closely located to urban greenspaces. Large greenspace sites have the potential to supply 100% of the heat demand for a nearby public building with high heat demand and provide potential for supply to other buildings via district heating networks. Over time the heat network might then be expanded to supply additional heat demand in the locality.

It concluded that there are promising options in Dunbar, Haddington and Tranent for ground source heat pumps, all of which ranked within the top 2% of most suitable sites across Scotland. However, the maximum scale of any one of these developments was limited by the available green space and would not be able to expand to heat many neighbouring sites. The cost-effectiveness of any project is also closely linked with the price of electricity and with significant price rises since 2021, this has severely impacted on the viability of these options.

The results for Water Source Heat Pump solutions highlight promising options for some settlements within the East Lothian area. The most promising settlement is Whitecraig, utilising the River Esk as its heat source.

6.7 Proposed Heat Network Zone

In developing any district heat networks, East Lothian Council would follow the Heat Network Project Journey as recommended by the Scottish Government's Heat Network Support Unit. This is summarised below.



A series of potential heat networks have been identified and could be developed if there is a strong economic case that takes into account all technical, financial and capacity limitations. These would be prioritised in collaboration with the Scottish Government's Heat Network Support Unit, potentially involving feasibility studies and then a decision as to which options might then proceed to full Business Case development.

- 1. Mine Water Heat Network** – Based at the Blindwells site, Hargreaves, the land agent has already carried out a feasibility study in association with the Heat Network Support Unit and their own technical advisors. They will be responsible for progressing with any heat network development. This would involve a mine water source heat pump, developed in partnership with the Coal Authority to connect to future new-build domestic and non-domestic properties on the site. Depending on any development timeline, this might involve up to 1100 properties from the first phase of development and ultimately all properties in any future phases. At some stage a decision would be needed on the 400-500 homes that have been built or are planned with gas boilers.
- 2. Midlothian Energy Heat Network** – There is an option for the existing network that is currently being developed by the Midlothian Council and Vattenfall joint venture, to extend pipes into the western edge of East Lothian, initially to Queen Margaret University campus. This could also provide heat to proposed non-domestic developments near Queen Margaret University and any future domestic developments to the west of the East Coast mainline railway.

This heat network development would provide an opportunity to establish a wider regional heat network as part of national strategic infrastructure that could involve the export of future surplus heat from East Lothian into areas of higher demand, including Edinburgh. This could be an attractive growth proposition for investors.

East Lothian Council has already made provision for this connection by including ducting in the design of the new A1 junction so that heat network pipes could be fitted when required.

- 3. Coastal Heat Network** – This would involve constructing a heat centre with a large, modular sea source heat pump on the former Cockenzie Power Station site. This would involve a pipe network developed in phases, distributing water at 65-70C from the heat centre through an extensive network of insulated pipes that might include the following:
 - Phase 1: Prestonpans, Tranent, Cockenzie, Port Seton – approximately 12,300 currently on the gas grid
 - Phase 2: Musselburgh & Wallyford Extension – adding around 11,800 on-gas properties

- Phase 3: Coastal Extension - North Berwick via Longniddry, Aberlady, Gullane and Dirleton – adding 7,900 on-gas properties
 - Phase 4: Macmerry, Elphinstone and Ormiston extensions – 1,600 on-gas properties
4. **Waste Heat Network** – This would utilise waste heat from Viridor’s waste incinerator that is located 2km outside Dunbar. This would involve distributing hot water at 65-70C through an insulated pipe network. The major arterial pipes could be laid below the Active Travel Corridor across East Lothian.
- Phase 1: Dunbar, Belhaven and West Barns – 3,500 on-gas properties
 - Phase 2: A199 Heat Highway construction, connecting with the Cockenzie Network in Tranent
 - Phase 3: East Linton and Haddington – 5,900 on-gas properties

Combined these heat network zones contain 80% of East Lothian’s households and 97% of the properties currently connected to the gas grid. They also contain a significant majority of council owned properties, both domestic and non-domestic and most privately owned non-domestic properties.

When examined at an individual property scale, not all existing on-gas properties will ultimately be suitable for connection to district heat networks. The reasons may include:

- The property is too distant from the street to make connecting to the heat network cost-effective
- Property owners choose to convert to another Net Zero heat solution earlier than the heat network pipes arrive, such as fitting an air source heat pump.

The following villages currently on the gas grid and will require further investigation to determine whether a district heat network is the most cost-effective net zero heat solution.

- Whitecraig – This could be connected to the wider Cockenzie Heat Network via a pipeline extension along the river. Alternatively, it could utilise a water source option from the River Esk or from waste water utilising the main Midlothian sewer that runs past the village.
- Pencaitland – The distance from other heat network connections may mean the cost of connecting either to Dunbar or Cockenzie may be prohibitive. In that case a local heat network solution could be considered. This could utilise waste heat from either Glenkinchie Distillery or Bairds Maltings. This would require a separate feasibility study to assess the technical and economic viability of this to supply all the properties in the village.

6.8 Electricity Grid implications

Developing extensive heat networks to supply the majority of on-gas properties would have major implications for the electricity grid infrastructure. It may require upgrades at the Cockenzie site to ensure that there would be sufficient capacity to support the heat centre as it grows. This would be explored with SPEN as part of a feasibility study to assess whether an application for the grid capacity would be required.

The development of district heat networks should significantly reduce the scale of local electricity grid upgrades in many towns across East Lothian. SPEN will be reviewing the LHEES report to assess any other implications for their grid supply.

Outcome 2: Every property owner will be supported to find a more resilient heating solution

Key Priority Area 1: Heat Network Zone

Outcome 3: Heat solutions delivered to meet 2045 net zero target and tackle fuel poverty

Key Priority Area 1: Power Purchase Agreement

Key Priority Area 2: Heat Network Zone

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7. Heat Pump Zone

7.1 Zone Characteristics

The section is relevant for all properties that are currently not connected to the gas grid or those that may currently use mains gas but are potentially too far from neighbours or the street to make connecting to a future district heat network possible.

Properties that already use electricity or biomass for their heating and hot water will not need to make changes to their heating systems to reach net zero.

The Heat Pump Zone covers all the rural areas of East Lothian. In addition, the following villages are currently off-gas and a significant proportion of the households in these communities currently rely on oil or LPG for their heating.

- Drem
- East Saltoun
- Garvald
- Gifford
- Humbie
- Innerwick
- Oldhamstocks
- Spott
- Stenton
- Tynninghame
- West Saltoun
- Whitekirk

Most of these villages contain Conservation Areas with older, stone-built properties.

7.2 Individual Heat Pumps

The most appropriate net zero heat solution is likely to be an electric powered heat pump. As previously explained, there are two main types, air source and ground source. The suitability for any property for these heat solutions would need to be assessed on a property-by-property basis, drawing on advice from Home Energy Scotland. It may also require a technical survey to identify suitable measures. As previously outlined, there are a range of practical reasons why a heat pump may not be suitable. In summary these are:

- There is no land available for a ground source loop or vertical boreholes
- No space for the external air source fan box
- No internal space for the thermal storage needed for hot water
- For existing wet heating systems there may be a need to change radiators and/or microbore piping
- The local electricity grid is unable to support the additional power load involved

In addition, the capital cost involved, even considering any grant and loan funding available, may make this option unaffordable.

There are a growing number of properties that have already made the decision to instal heat pumps. Their experience may be useful in helping others understand the issues involved in fitting a heat pump. A concerted effort will be made to build on the existing Green Homes Network to identify

volunteers who are prepared to share their experience with others and provide reassurance on decisions being taken. This will provide another level of valuable information to aid complex decision making. This will be coordinated by community groups that form the East Lothian Climate Action Network. Developing this support network will be an action for the first year of the Delivery Plan.

7.3 Communal Heat Pump options

There may be opportunities for smaller scale heat network solutions and communal heat pumps alongside individual properties having their own net zero solutions. This could help address the lack of external space for certain properties. It may also be a more long-term cost-effective solution. Again, decisions on this may be supported by Home Energy Scotland.

Communal solutions also bring issues about the share of capital costs, billing and ongoing maintenance. No proposals on how schemes like this might operate have been developed. This is an action for the first year of the Delivery Plan.

Once a suitable governance structure has been agreed, a rapid assessment of rural communities will be carried out to try and identify those areas where a communal solution might be appropriate. This work would need to be carried out promptly to reduce the risk of some property owners taking individual action without considering the wider community possibilities. Early community driven initiatives in Innerwick and Tynninghame are helping develop the approach to this, with additional support from BeGreen.

A communal ground source heat network is being proposed as part of a new development in Dunbar. This type of initiative may be part of the solution for other new developments.

This research phase may involve student projects coordinated by ELCAN.

7.4 Electricity Grid implications

There are major limitations on the capacity of the local electricity grid, operated by SPEN to cope with the increased load involved with additional heat pumps. A software tool was provided by SPEN to help identify areas of grid weakness. This had limited use and will require additional development work to make it an effective tool.

An early action for the Delivery Plan involves continued engagement with SPEN on grid upgrades to avoid delays to any heat pump installations, especially in rural areas.

This information is particularly important for the Heat Pump Zone as the increase in electricity demand will be spread across all households. In the Heat Network Zone the major increase in electricity demand will be concentrated at the Heat Centre location.

Outcome 2: Every property owner will be supported to find a more resilient heating solution

Key Priority Area 2: Heat Pump Zone

8. Energy Efficiency

Improving energy efficiency of buildings will help reduce the overall energy demand, reduce the cost of heating properties and significantly impact on reducing fuel poverty. It will also support the rollout of net zero heat solutions by acting as preparatory step and supporting the overall decision process for individual properties.

8.1 Targets

The following energy efficiency targets set by the Scottish Government highlight the scale of the challenge involved.

Target	East Lothian implications
Private rented homes to be EPC C by 2028	3,000 across East Lothian not currently meeting this standard
All social housing to be EPC B by 2032	10,000 local authority and housing association properties rated C or lower
All other homes to be EPC C by 2033	19,000 will need to be improved
All fuel poor homes to be EPC B by 2040	Excluding social housing around 34,000 homes could fall into this category

Overall, an estimated 65% of properties are likely to need some level of energy efficiency retrofit to meet Scottish Government targets. It is not yet clear what impact being connected to a district heat network would have on future EPC ratings. This will be tested as soon as the new standards are announced. This will have an impact on the decision property owners make.

If heat networks are developed, they will not reach all communities within East Lothian in time to meet some the targets outlined above. This will also impact on decision that are made.

8.2 Differences across Tenure Types

Although the energy efficiency of domestic properties varies considerably depending on a wide range of factors, it is noticeable that there are differences across tenure types.

The best performing type are the social rented properties owned by housing associations. Less than 5% have EPC ratings of D or lower. All properties have a current EPC certificate, and these tend to be more up to date, so this is more reliable information. These tend to be well maintained by the social landlords including the council and have benefited from more consistent investment to ensure tenants are protected from rising bill and the risk of fuel poverty.

The private rented sector is the worst performing with nearly 60% of properties rated D or lower. This has huge implications for increased living costs for tenants and the associated fuel poverty. This is why the Scottish Government has focused early targets on this sector and banked this up with legislation to force improvements.

EPC data on East Lothian Council's properties is less up to date on Home Analytics as EPC surveys are not routinely carried out after any upgrade work is completed. The Council's own property database has up to date information on all properties, but this is not available via Home Analytics. The Council has an ongoing programme of property upgrades funded by the Council.

Mixed tenure properties can be the most difficult to deliver major improvements, even when there is grant funding available that can also support owner occupiers. It may be impossible to progress any energy efficiency measures such as external wall insulation in a whole block if one property owner opts not to sign up. These issues will continue to restrict progress on installing energy efficiency measures.

8.3 Historic Buildings

East Lothian has an estimated 9,600 domestic properties within the 30 Conservation Areas. As these cover the historic centres of towns and villages, they also encompass many non-domestic properties, often occupied by small businesses. Conservation Area properties are on average considerably less energy efficient.

- Only 4% of Conservation Area Properties are rated A or B compared to 16% in other areas
- 67% are estimated to be rated D-F compared to 46% in other areas

This is a factor of the nature of the properties – older and stone built. It is also impacted by the restrictions placed on these properties by planning regulations. These include restricting the fitting of certain types of double glazing. Across East Lothian 11% of properties have single or partially single glazing. That proportion rise to 31% in Conservation Areas.

There are similar issues with Listed buildings.

The Scottish Government has recently carried out a consultation on changes to the planning regulations relating to energy efficiency and renewable technology for Conservation Areas. The Council have submitted a response to this consultation, which confirms that we support the principle of increasing permitted development rights for domestic renewable technology. These changes should make it easier for property owners in Conservation Areas to improve the energy efficiency of their properties. It is important that we make the public aware of these changes, and this will form an action for the first year of the Delivery Plan.

There are significant challenges associated with making changes to the fabric of older buildings to improve energy efficiency. These can include:

- Repair work may be needed prior to retrofit
- Ensuring air flow and water vapour dispersal are not compromised to the building's detriment
- Consideration of using natural materials better able to buffer moisture and prevent condensation
- Preventing damage when retrofitting
- Maintaining historic character
- Use of lime render as external wall insulation
- Presence of lath and plaster potentially restricting internal wall insulation options

Seventeen of East Lothian's Conservation Areas are contained within the Heat Network Zone. The most efficient heat solution for properties within these will be to connect to a heat network. Every effort should still be made to improve energy efficiency, but this might involve a reduced need to make expensive and potentially risky fabric changes. The properties would remain relatively energy inefficient compared with other property types. However, the risk that this leads to excessive bills and the risk of fuel poverty will be mitigated by a stable and secure heat supply.

8.4 Improving Insulation

The most effective way to reduce energy consumption in a property is to reduce heat loss through the roof, walls, windows and floor. The nature of a building's construction has to be taken into consideration when planning changes/improvements to insulation. Maintaining adequate ventilation is essential to prevent a build-up of moisture which can lead to damp and mould.

8.4.1 Roof insulation

This is the cheapest intervention that brings the most immediate improvement in energy efficiency.

The first thing for any property owner to check is the depth of insulation in any areas of roof space that they can access. This should be at least 250mm. Homes that had insulation fitted many years

ago often have less which reduces the effectiveness. Adding additional insulation on top is a relatively cheap solution and would bring immediate benefits in reducing heat loss. It is essential that insulation coverage does not leave gaps.

For many properties, especially those with rooms in an attic or with dormer windows, there may be areas of roof space that have limited or no access. It is difficult to tell whether these have effective insulation or not. A simple test is how quickly the temperature of the room drops on a cold night when heating is turned off. The use of thermal imaging cameras may help identify areas of heat loss or poor insulation coverage. Although getting access to these areas may be disruptive, the end result on heat loss could be very dramatic.

It should be a priority for all landlords to ensure that every step has been taken to insulate roof spaces to appropriate standards.

8.4.2 Wall Insulation

The data on cavity wall insulation within Home Analytics is very uncertain. EPC surveys tend to rely on information homeowner provided information or assumptions made by the assessor rather than bore-scoping or the use of thermal imaging cameras.

Thermal imaging cameras are very effective during cold spells when the heating is on at identifying properties where there is no cavity wall insulation installed or where an installation may be defective.

If a property has uninsulated cavities, then this should be a priority for action. An element of grant funding is available for most properties though there may be difficulties finding a contractor able to undertake the work.

8.4.3 Draft proofing and ventilation

At the most basic, this involves ensuring that there are no gaps around doors and windows where heat can escape. However, in older properties that were never intended to be air-tight this can also be an issue. With low air flow there is a risk of moisture build-up that can lead to mould and unhealthy conditions. Home Energy Scotland or a technical survey should be able to advise on what measures would be suitable for any property.

8.5 Solar PV and batteries

The combination of local electricity generation with storage has the potential of effectively reducing the cost of heating for a property that relies on electricity. This is particularly important for any property in the Heat Pump Zone and considering installing a heat pump.

East Lothian benefits from an above average level of sunshine and solar panels can be expected to deliver a good performance level through most of the year. Even in winter panels can be expected to make a small contribution to electricity demand as the coldest days tend to be sunny. The positioning of panels is important, avoiding shade or partial shade. Ideally properties should face south, southeast or southwest, but using optimisers would reduce the issue for properties that don't face south.

The capacity of the local electricity grid infrastructure needs to be checked with SPEN. This needs to be able to cope with any surplus electricity that is exported at periods of high sunlight and power generated exceeds the need of the property. This may result in properties that would otherwise be suitable for solar PV being ruled out.

The addition of battery storage can nearly double the amount of self-generated electricity that can be used, and this has a very significant impact on the time taken to cover the cost of the installation. There is an additional internal space requirement for the battery and control panel. Batteries can be installed in roof spaces and control panels can be fitted next to fuse boards and relatively small.

Home Energy Scotland can advise on what would be suitable for any property. Installing battery storage would also make properties more resilient to grid disruptions.

Surplus electricity generated can be exported to the grid and a property owner will be paid a guaranteed rate for this. The rates offered by suppliers vary so it pays to look at all the options as there will almost certainly be periods over the summer when panels will generate more than is required.

Outcome 4 - East Lothian's homes and buildings are as energy efficient as possible

Key Priority Area 1: Conservation Areas

Key Priority Area 2: Owner Occupiers

Key Priority Area 3: Council Homes

Key Priority Area 4: Private Rented

Key Priority Area 5: Social Rented

Key Priority Area 6: Council owned non-domestic

Key Priority Area 7: Other non-domestic

Key Priority Area 8: Solar PV Installations

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9. Community Wealth Building

9.1 The Scale of the Opportunity

An estimated £45m is spend annually by domestic households on mains gas for heating. Almost all of this is lost to the local economy, being paid to gas supply companies. The potential establishment of a district heat network as a completely new utility would bring the opportunity to take a different approach. If, in the long-term a similar sum annually continues to be spent on heating homes, but via a radically different delivery model that involves community ownership, more of the financial benefits will remain within our community.

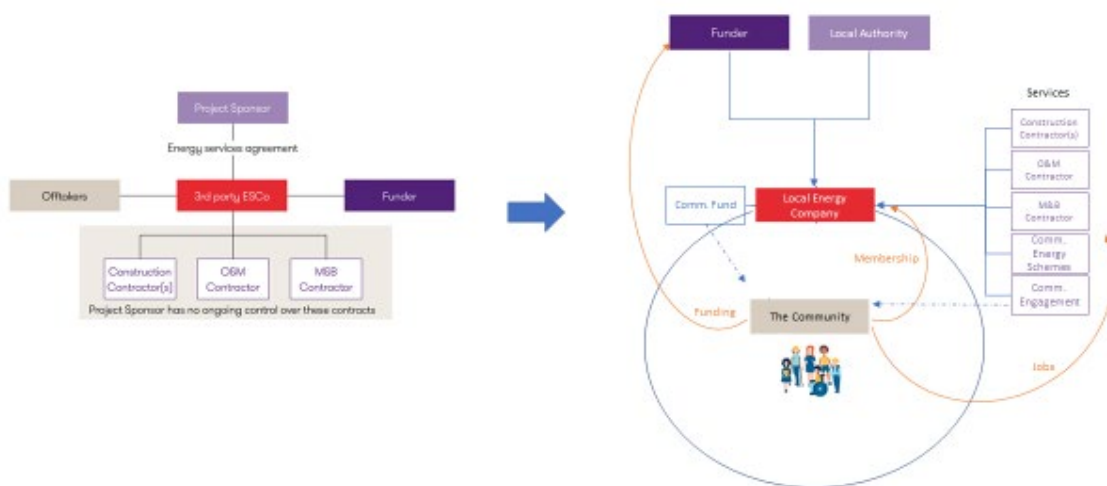
The capital investment required over the next 20 years to establish district heat networks and improve energy efficiency of all buildings would run to hundreds of millions of pounds. With the right approach, a significant proportion of this can create and sustain local jobs and businesses, helping ensure that this investment has long term economic benefits.

9.2 Community Role in Heat Networks

The establishment and long-term operation of heat networks across East Lothian creates an opportunity to retain benefits within local communities. This could support community wealth building, provide local jobs and also tackle significant factors in fuel poverty.

The diagram below highlights the difference between an energy project being delivered on a commercial basis and one where the community has a significant role to play.

For the benefit of the community

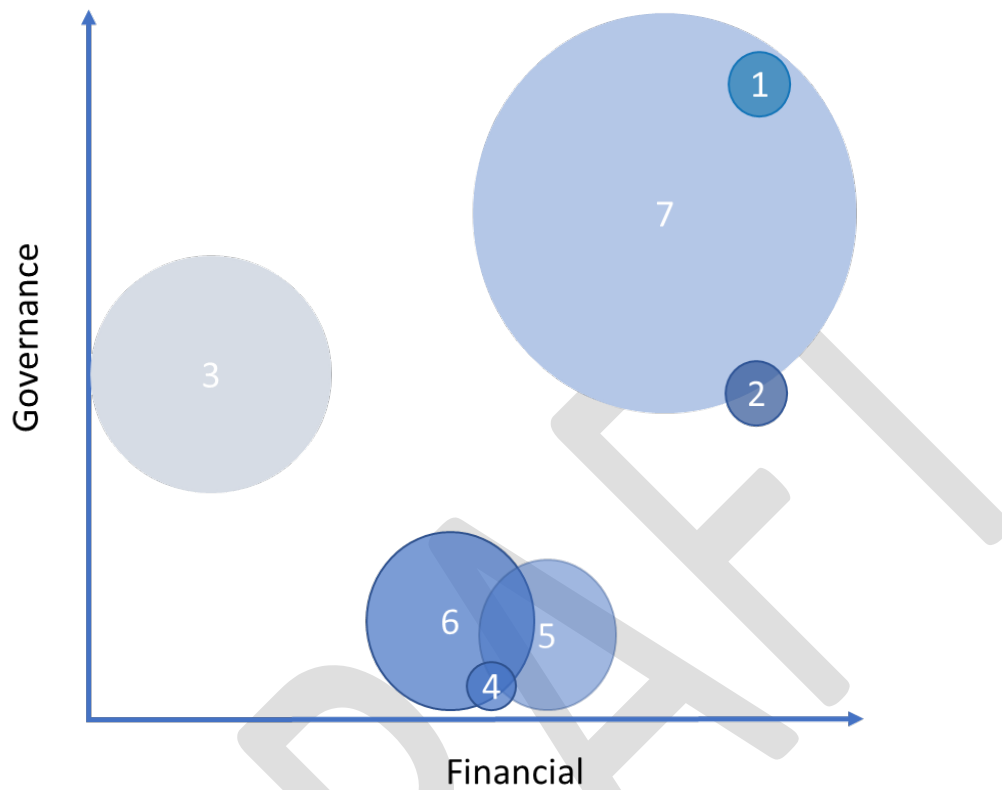


Confidential: CL - Home

Work is underway to help determine the most appropriate organisational and governance structure for East Lothian's future Heat Networks.

There are a number of different models that could be considered as possible options. These are summarised below, with the graph showing the impact each might have in terms of governance and financial benefits.

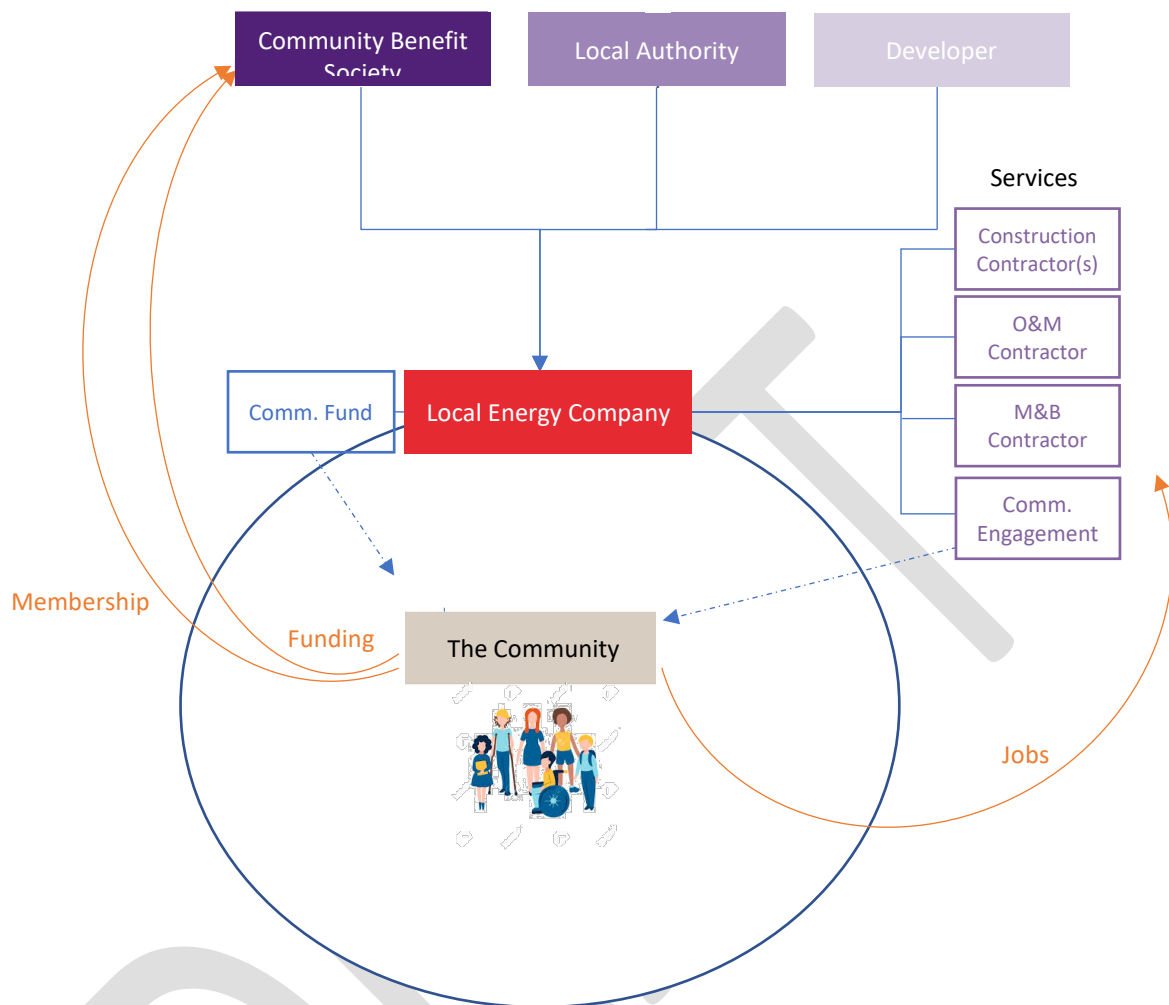
Impact in the community



○ Size of bubble indicates comparative social impact

1. **Equity** – Community investment (ownership) in the Local Energy Company
2. **Debt** – Community lends money to the Local Energy Company
3. **Membership** - In the Local Energy Company (ideally with the right to vote)
4. **PHPA (Power or Heat Purchase Agreement)** - Agreement to buy energy from other community owned energy assets
5. **Community Fund** - Money set aside to spend on enhancing the community
6. **Community Engagement** - Activities to support the community this includes fuel poverty support, door knocking, energy advice, collective switching etc.
7. **Hybrid Models** - A combination of 2 or more of the above models

For example, a model involving a hybrid model involving East Lothian Council and a Community Benefit Society might involve the following relationships.



The purpose of a community benefit society within this structure is to serve the broader interests of the community. There can be no alternative or secondary purposes, including any that may preferentially benefit members. Community benefit societies normally have members who hold shares and are accorded democratic rights on the basis of one-member-one-vote. Any profit made by a community benefit society must be used for the benefit of the community. Community benefit societies must only use their assets for the benefit of the community. If a community benefit society is sold, converted, or amalgamated with another legal entity, its assets must continue to be used for the benefit of the community and must not be distributed to members. This lock on the assets of a community benefit society can be reinforced by adopting the prescribed wording for a statutory asset lock.

An initial step will be the bringing together of an Energy Steering Group, drawing on expertise within the community and staff from East Lothian Council. This group will explore the different governance options and make recommendations on the most appropriate vehicle to deliver the best outcomes for East Lothian’s residents.

9.3 Tackling Fuel Poverty

Better homes are crucial for public health. Cold, damp homes create a lot of pressure on NHS and social care services. Improved public health through better houses would avoid huge personal and financial costs.

There is a unique opportunity to ensure that East Lothian's new heat provider has a specific priority to reduce fuel poverty. This would meet the strategic objectives of the Scottish Government, East Lothian Council and many other community organisations. This could be achieved in a number of ways:

- Ensure that the cost of heat provided by the heat network is kept as low as possible and the risk of significant price fluctuations minimised. This could be achieved through a long-term fixed rate for electricity.
- There should be no financial barrier to connecting to the heat network. This is essential otherwise it creates a significant barrier to less affluent households and they would be forced to opt out of connecting.
- The cost of any equipment required for individual properties, such as a heat exchanger should be included within the overall cost of heating. This would include the fitting cost.
- The involvement of a Community Benefit Society could direct an element of future profits towards providing a social tariff that would offer cheaper heat to those at greatest risk of extreme fuel poverty
- By coordinating energy efficiency improvement programmes with the roll out of heat networks, grant funded upgrades would continue to benefit those in greatest need

9.4 Growth opportunities for businesses

There are a range of existing local businesses with significant potential to benefit from decarbonisation, bringing growth in local employment with high paying, skilled jobs. This might include businesses such as Sunamp, Had Fab and the small number of renewable technology fitters based in East Lothian.

The need for energy efficiency retrofit and the installation of heat pumps may provide significant growth opportunities for existing heating engineers who are prepared to retrain.

R3, managed by East Lothian Housing Association has already indicated a desire to expand their scope and potentially cover installation and servicing for heat pumps and heat exchangers. There may also be a role for East Lothian Council, providing apprenticeships and scale.

Other businesses specialising in heat network infrastructure that are based elsewhere may be encouraged to locate future growth in East Lothian, covering design, manufacture and installation.

9.5 Skills shortage

The number of homes to be retrofitted and connected to heat networks each year to meet targets is significant, requiring a substantial skilled workforce. The range of roles that will be required includes:

- Insulation fitting
- Heat pump installation/ maintenance
- Heat network construction/ operation
- Pipe network design and
- Smart energy
- Data & digital services

- Emerging innovative technologies
- Funding and investment coordination
- Retrofit coordination
- Traditional skills for historic buildings
- Supporting roles (e.g. welders, scaffolders)

East Lothian Council through its East Lothian Works team already has a number of programmes in place and under development that will help address the skills shortage. This includes a Scottish Government Demonstrator Project, based at Wallyford Learning Campus, for Modern Apprenticeships in Global Infrastructure & Built Environment. This will include the facilities management qualifications that are currently only available in the West of Scotland. In addition, a partnership with Edinburgh College involves the delivery of Level 4/5 in Construction Crafts with Level 5/6 Building Services planned for early 2024. These courses are for school and post school. There is also an Edinburgh College certificated construction certificate for post school.

The Integrated Regional Employability and Skills Programme that forms part of the Edinburgh and South East Scotland City Region Deal is developing a network of Recruitment and Skills Centres to act as a tangible interface between the partners and business. There is a clear opportunity for a focus on heat and energy efficiency employment as a sector of high demand.

The college sector, supported by ESP Scotland is ready to coordinate training provision to help deliver the significant increase in skilled workers that would be required to deliver this transformation in heat and energy efficiency. Some of this training could be provided in East Lothian, taking advantage of new facilities at the Wallyford Learning Campus.

9.6 Wider economic impacts

The decisions taken as a result of LHEES have the potential open up additional economic growth opportunities, helping attract businesses linked with heat infrastructure to be based in East Lothian.

9.6.1 Cockenzie site

The location of a major heat centre on the site will make the location potentially more attractive to other businesses and job creators. A connection to a net zero heat supply will enhance marketing activities and be attractive to a range of other industries.

The infrastructure to manage waste heat will also be attractive. Any business that generates heat can improve their energy efficiency by feeding that waste heat into the heat network. This could improve their overall energy efficiency performance that could enhance their ability to secure new business.

9.6.2 Green Hydrogen production

There are no known plans for green hydrogen production in East Lothian. However, were this to come forward, this is an energy intensive process that generates significant waste heat. The ability to capture that heat and distribute it within a heat network would have a positive impact on the business model of any proposed site and help diversify the heat supply.

9.6.3 Horticulture

Recent price rises have focused attention on food security, especially out of season. A major input cost into food production out of season is heat. A relatively cheap supply might open up the potential to expand East Lothian's production utilising spare capacity within the heat network.

9.7 Local investment- for local returns

Investment rules have until recently made pension fund investment into local projects difficult. Those rules have been relaxed which opens up the possibility of long-term investment. East Lothian Council and council employees together pays tens of millions of pounds annually into the Lothian Pension Fund. Lothian Pension Fund administers the Local Government Pension Scheme (LGPS) in Edinburgh and the Lothians. This is a multi-employer scheme and the second largest LGPS fund in Scotland with over £8 billion in assets. This is invested in a diversified portfolio of assets, including equities, bonds, property and infrastructure. Lothian Pension Fund is unique in Scotland with its own FCA-regulated investment team. They claim that this results in better alignment of interests and a truly long-term investment focus. It also provides a unique opportunity for infrastructure investment into district heating that will generate secure returns.

Outcome 6: A significant proportion of the benefits of Net Zero investment remains within the East Lothian economy

Key Priority Area 1: Community Wealth Building

Key Priority Area 2: Tackling Fuel Poverty

Key Priority Area 3: Developing the local supply chain

Key Priority Area 4: Lothian Pension Fund

10. Funding and Investment

East Lothian Council does not have the capital or revenue capacity to deliver the desired outcomes of this strategy. As a result, significant funding and investment will be required if the visions outline in this document are to be realised. The various options for governance for an Energy Supply Company as outline in section 9.1 may impact on the range of funding opportunities available.

10.1 Grant and loan funding

A review was carried out of the current grant and loan funding and delivery programmes that could be utilised to support LHEES Delivery actions. This is by no means a comprehensive list of all the funding opportunities available.

Consideration should be given to potential changes in the policy landscape that may involve new delivery and funding programmes. The clear designation of zones within LHEES will help decision makers adapt quickly to new opportunities as they arise.

10.1.1 Potential sources for East Lothian Council

Scheme Name	Details	Status
Energy Efficient Scotland: Area Based Scheme (ABS)	Funded by Scottish Government. Targets energy efficiency measures for owner occupiers and private landlords owning 3 or less properties. This ongoing scheme is delivered by East Lothian Council and prioritises fuel poor areas (usually Council Tax Band A-C)	Scheme already operating and will continue to focus on priority retrofit aligned with LHEES outcomes
Heat Network Support Unit	Funded by Scottish Government to support and develop heat networks. Can offer 100% funding for feasibility studies and up to 50% of Outline Business Cases.	Initial application is underway in support of Cocksie Heat Centre feasibility
Heat Network Fund	Funded by Scottish Government with a total of £300m available before April 2026. Heat network projects must be of a large scale and demonstrate a positive social and economic benefit.	Case will be made in support of wider capital investment for heat network priorities
Public Sector Heat Decarbonisation Fund	Funded by Scottish Government via Salix. Total of £20m to help public sector decarbonise their heating systems by replacing them with zero direct emissions systems, as well as for retrofit energy efficiency measures to support the overall decarbonisation of heat in buildings	Announced in July 2023 with more information expected soon with tight application deadline
Social Housing Net Zero Heat Fund	Funded by Scottish Government and also open to other social landlords. Total of £200m by 2026 with two themes: 1 – zero direct emissions heating systems 2 – “fabric first” energy efficiency only projects	ELC application can be prepared once net zero heat solutions are agreed via LHEES. Also encourage RSLs linked with getting heat network ready

As part of the investigation into the development of the capital investment model for the district heat networks, options will be explored to unlock additional investment into East Lothian’s social housing stock.

10.1.2 Potential sources for social landlords

The main opportunity is the Social Housing Net Zero Heat Fund as mentioned above. For properties within the Neat Network Zone, confirmation of heat network plans will enable applications linked with further energy efficiency measures linked with getting heat network ready, or potentially towards the capital cost of connection.

For rural properties in the Heat Pump Zone, proposals could be considered focused on communal heat pump solutions.

10.1.3 Potential sources for private landlords

The Private Rented Sector Landlord Loan is a Scottish Government funded loan that helps landlords improve the energy efficiency of their properties and meet minimum standards. This is administered by the Energy Savings Trust.

Up to £15,000 can be borrowed per property for insulation measures and £17,500 for up to two home renewable systems per property plus an energy storage system up to a maximum of £6,000. Landlords with five properties or fewer can borrow up to £100,000 and those with six or more can borrow up to £250,000 with the loan repayable over eight years.

10.1.4 Potential sources for homeowners

Advice on the range of grant and loan funding that is currently available to support owner occupiers with energy efficiency improvements and net zero heating solutions is available via Home Energy Scotland. More information can be found at [Home Energy Scotland Grant and Loan](#).

In addition, Home Energy Scotland will be able to advise whether homeowners would be eligible for support under the Warmer Homes Scotland grant scheme - [Warmer Homes Scotland](#).

As part of the investigation into the development of the capital investment model for the district heat networks, options will be explored to enable property owners to unlock additional funding for energy efficiency improvements. This may involve an increase in unit cost paid for heat by that household for a number of years. However, any increase in unit cost should be more than offset by the overall reduction in heat required to maintain a warm home due to increased energy efficiency. Any agreement of this nature would remain with the property so if a home is sold, the next owner would continue to pay the slightly increased unit rate for heat.

10.2 Capital Investment

The Scottish National Investment Bank invests on a commercial basis but will provide patient, long-term capital for heat network projects. Early discussions have already taken place regarding East Lothian's heat network priorities, and it is expected that an approach will be prepared for investment and also for their assistance in bringing together other investors.

An engagement event for investors is planned for November 2023 to showcase East Lothian's possible heat network opportunities. The feedback received at this event will be taken into account in any feasibility studies.

10.3 Community benefits and bonds

A community benefit company would have a range of options to raise additional capital, especially to support the development phase of any infrastructure projects. This might include receiving financial support in the early years from renewable energy community benefits schemes or the

issuing of local bonds. The range of options will be fully explored to enable decision to be made on the most appropriate corporate structure.

Outcome 5 – Investment and grant funding secured to deliver Net Zero projects

Key Priority Area 1: Feasibility Studies and Business Case Development

Key Priority Area 2: Investment for Retrofit and Infrastructure

Key Priority Area 3: Grant funding from Scottish and UK Governments

Key Priority Area 4: Community Funding

DRAFT

11. Government Support

There are a number of areas relevant to the implementation of this LHEES that will be reliant on actions from the Scottish and UK Governments.

11.1 Consistency of message

Changes in policy direction by governments at any level will undermine public confidence.

The Scottish Government have committed to publishing a Public Engagement Strategy for Heat in Buildings, which will set out plans for the national awareness raising around energy efficiency and heat decarbonisation, including heat networks.

11.2 Legislative changes

There are a number of elements of heat network development that would be more effective if backed by changes in legislation. This would include:

- Classifying heat networks as a utility. This would place heat networks on the same level with gas or electricity.
- Extending the compulsory purchase

11.3 Future Public Sector Funding

The Scottish Government have made clear funding commitments for the remainder of this parliament. The vast majority of the infrastructure development for district heat networks would take place after 2026. Progress on these will certainly require significant public funds into the next parliament and beyond.

Outcome 7: Additional legislative changes and support required from Scottish and UK Governments

Key Priority Area 1: Additional changes to legislation to remove barriers to achieving ambitious targets

Key Priority Area 2: Public sector investment to unlock timely decisions and action

Key Priority Area 3: National action to facilitate local delivery

REPORT TO: East Lothian Council

MEETING DATE: 31 October 2023

BY: Executive Director for Council Resources

SUBJECT: Statutory Review of Polling Districts and Places/
Amendment to Polling Place Scheme/UK Boundary
Changes

6

1 PURPOSE

- 1.1 To inform Members of a forthcoming statutory review of polling districts and places.
- 1.2 To seek approval to relocate a polling place from the current Wallyford Community Centre, polling district ELMN3F, to the new Wallyford Learning Campus.
- 1.3 To seek approval to relocate electors remaining within Lothian East constituency polling district ELMN1C to ELMN1D, following UK Boundary changes.

2 RECOMMENDATIONS

- 2.1 To note the formal Notice of Review of Polling Districts and Places will be published on Monday 6 November 2023 and the public consultation will begin on Monday 4 December for a period of 8 weeks. Approval of the new polling scheme will be sought on completion of the review.
- 2.2 Subject to the conditions set out in paragraph 3.8, to approve the amendment to the current polling scheme for polling district ELMN3F.
- 2.3 To approve the relocation of voters within ELMN1C to ELMN1D (Musselburgh East Community Learning Centre).

3 BACKGROUND

- 3.1 Local authorities are required to review their polling districts and polling places for UK parliamentary constituencies every five years in accordance with Section 18C of the Representation of the People Act 1983.
- 3.2 The first stage of the review is the publication of the Notice of Review along with the proposed timetable. A draft of the Notice of Review is attached as Appendix 1. Members should note that, if a UK Parliamentary Election is called in spring or early summer of 2024, the timetable may be subject to amendment. Any changes as a consequence of this review will not take effect until after the next UK Parliamentary Election.
- 3.3 The Returning Officer must submit a report on the suitability of existing and any proposed new polling places as part of the consultation documents along with her suggested changes.
- 3.4 Views will be sought from interested groups and bodies including, electors, community groups, disability groups, political parties, council members, MP, MSPs.
- 3.5 Preliminary visits to existing polling places have already taken place and findings will be considered as part of the review. The following criteria will be used to assess polling places as part of this review:
 - availability of polling places
 - accessibility of polling places
 - safety of polling place, for both voters and staff
 - current electorate
 - projected electorate
 - number of postal voters
- 3.6 A Members' briefing will be arranged in advance of the public consultation in order that the Returning Officer's proposals can be shared with Members.
- 3.7 More immediately, as a result of Wallyford Community Centre closing on Friday 3 November 2023, a new polling place must be found to serve the electorate in this polling district.
- 3.8 It is proposed that the Wallyford Learning Campus be used as the permanent polling place. The venue has excellent facilities and accessibility for electors. There is a separate access to avoid any concerns with the school. A meeting has been scheduled with the Head Teacher and Head of Education to consider any potential issues for the operation of the school and, subject to these being addressed and a risk assessment of the new polling place being carried out, it would be proposed to make this an amendment to the current polling scheme. The precise location of the polling stations within the building would be determined by the Returning Officer, in consultation with the building users.

- 3.9 Local councillors have been consulted in relation to the proposal and none expressed any objection.
- 3.10 Finally, UK constituency Boundary changes mean polling districts ELMN1A, ELMN1B and the bulk of ELMN1C will move to the Edinburgh East constituency and will become the responsibility of the City of Edinburgh Council Returning Officer. The Elections Team are liaising with colleagues in City of Edinburgh Council regarding this transition. The number of voters in that part of polling district ELMN1C that will remain as part of the Lothian East constituency amounts to just under 300 electors, from a total of over 3100. It is proposed to relocate those electors to vote at a separate polling station within ELMN1D (Musselburgh East Community Learning Centre) for the upcoming UK Parliamentary Election. A proposal to amend the polling district and permanently move those electors to ELMN1D will then be part of the Review of Polling Districts and Places.
- 3.11 Local councillors have been consulted in relation to this proposal and none expressed any objection.

4 POLICY IMPLICATIONS

- 4.1 The requirement to regularly review polling places is a statutory obligation to ensure that all voters have access to such reasonable facilities for voting as are practicable and that factors such as accessibility are fully considered.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy. A full IIA will be carried out before any changes to the Polling Scheme are made as a consequence of this Review.

6 RESOURCE IMPLICATIONS

- 6.1 Financial - None
- 6.2 Personnel - None
- 6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 Current Polling Scheme – Wards 1 and 3
- 7.2 Draft Notice of Review

7.3 [New Boundary Map](#)

AUTHOR'S NAME	Morag Ferguson
DESIGNATION	Head of Corporate Support
CONTACT INFO	mferguson@eastlothian.gov.uk
DATE	11 th October 2023

Appendix 1 – Draft Notice of Review

East Lothian Council

Notice of Polling Districts and Places Review

Notice is hereby given that in accordance with Section 18C of the Representation of the People Act 1983 East Lothian Council is to carry out a review of its polling districts and polling places.

The Returning Officer for the East Lothian constituency will comment on the proposals. Those representations will be published on the Council's website, www.eastlothian.gov.uk, and will be available for inspection at John Muir House, Brewery Park, Haddington, EH41 3HA in accordance with the timetable set out below.

Publish Notice of Review	Monday 6 November 2023
Proposals Published	Monday 4 December 2023
Commencement of Public Consultation	Monday 4 December 2023
End of Public Consultation	Monday 29 January 2024
Final Proposals Considered by	Monday 8 April 2024
Approval Sought at East Lothian Council Meeting	Tuesday 23 April 2024

East Lothian Council would welcome the views of electors within East Lothian, particularly disabled residents, on the authority's proposals, the Returning Officer's representation, or any other matters. Any views should, if possible, give alternative places that may be used as a polling place. Comments should be sent to:

Elections Office
East Lothian Council
John Muir House
Haddington
EH41 3HA

Or email elections@eastlothian.gov.uk

All responses should be submitted on or before 29 January 2024.

Appendix 2 – Current Polling Scheme – Wards 1 & 3

Ward 1: Musselburgh

Polling District: ELMN1A
Polling Place: Musselburgh Rugby Football Club
Address: 3A Stoneyhill Farm Road, Musselburgh, EH21 6RN

Polling District: ELMN1B
Polling Place: North Esk Parish Church Hall
Address: 16 Bridge Street, Musselburgh, EH21 6AG

Polling District: ELMN1C
Polling Place: Our Lady of Loretto Church Hall
Address: 17 Newbigging, Musselburgh, EH21 7AJ

Polling District: ELMN1D
Polling Place: Musselburgh East Community Learning Centre
Address: Haddington Road, Musselburgh, EH21 8JJ

Ward 3: Tranent, Wallyford and Macmerry

Polling District: EL3A
Polling Place: The Fraser Centre
Address: 3a Winton Place, Tranent, EH33 1AF

Polling District: EL3B
Polling Place: Loch Centre
Address: off Blawearie Road, Tranent, EH33 2JX

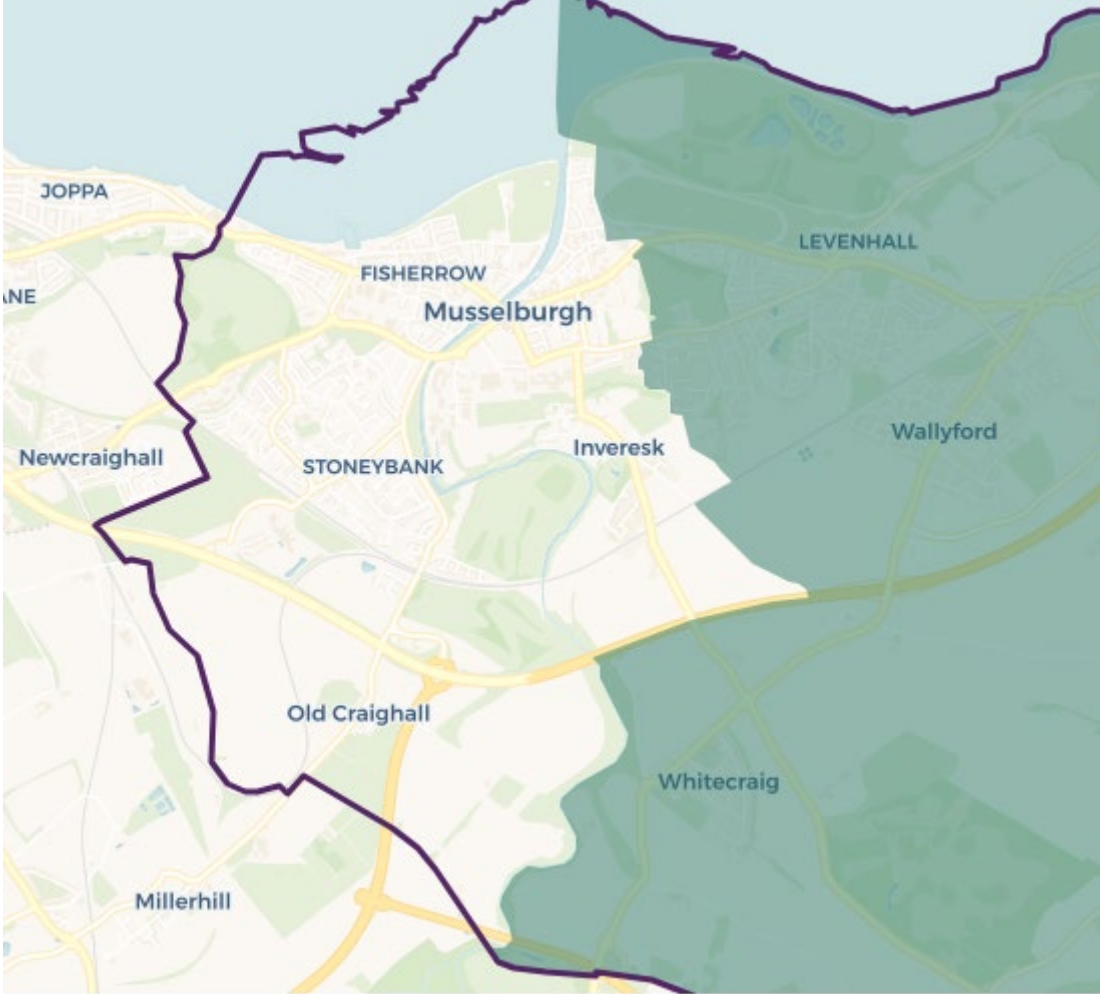
Polling District: EL3C
Polling Place: Elphinstone Community Centre
Address: Main Street, Elphinstone, EH33 2LX

Polling District: EL3D
Polling Place: Macmerry Miners' Welfare Club
Address: Main Road, Macmerry, EH33 1QF

Polling District: ELMN3E
Polling Place: The Village Hub, Whitecraig
Address: 72 Whitecraig Avenue, Whitecraig, EH21 8PB

Polling District: ELMN3F
Polling Place: Wallyford Community Centre
Address: Albert Place, Wallyford, EH21 8LE

Appendix 3 – Boundary Map – shaded area shows the new constituency boundary



REPORT TO: East Lothian Council

MEETING DATE: 31 October 2023

BY: Executive Director for Council Resources

SUBJECT: Applications for Funding to Musselburgh Common Good Committee

7

1 PURPOSE

- 1.1 To determine two applications for maintenance funding received by the Musselburgh Common Good Committee.

2 RECOMMENDATIONS

- 2.1 To consider the application for maintenance funding for the property at 118 New Street, Musselburgh, and to consider options to bring the property into useable condition, taking into account the recommendations from the Musselburgh Common Good Committee and the Head of Finance (as set out in Sections 3.2 - 3.5 and Appendix 1).
- 2.2 To consider the application for maintenance funding for Stoneyhill Community Centre, to enable the property to be advertised on the market for sale, taking into account the recommendations from the Musselburgh Common Good Committee and the Head of Finance (as set out in Sections 3.3 - 3.5 and Appendix 2).
- 2.3 In the event that the funding allocated exceeds the approved repairs and maintenance budget (£45,000), the Council will be required to approve a variation of the Musselburgh Common Good budget for 2023/24.

3 BACKGROUND

- 3.1 The Scheme of Administration for Common Good Committees administered by East Lothian Council states that Common Good Committees have the authority to approve revenue expenditure of up to £10,000 for the maintenance of assets of the fund. The Common Good Committees may make recommendations in relation to expenditure in excess of £10,000; decisions on such recommendations will be taken by

the Council. A request for maintenance funding is being presented to Council for determination, as set out in Sections 3.2–3.3 below.

- 3.2 A report was submitted by the Council's Executive Director for Place to the meeting of the Musselburgh Common Good Committee on 3 October 2023, which sought funding to carry out immediate and emergency repair works amounting to £20,000 on 118 New Street, Musselburgh, and on completion of the works to advertise both 118 and 118A New Street on the open market (see Appendix 1). The Musselburgh Common Good Committee recommended that the funding for these works should be awarded in full.
- 3.3 A second report was submitted by the Council's Executive Director for Place to the meeting of the Musselburgh Common Good Committee on 3 October 2023, which sought funding to carry out remedial works amounting to £70,000 on Stoneyhill Community Centre, Musselburgh, and on completion of the works to advertise this property on the open market (see Appendix 2). The Musselburgh Common Good Committee recommended that the funding for these works should be awarded in full, but that further consideration should be given to the proposal to advertise the property on the open market.
- 3.4 Prior to releasing these properties for sale, the Council would undertake a full consultation process with interested parties, in terms of the Community Empowerment (Scotland) Act 2015.

Financial Considerations

- 3.5 There are a number of important financial factors which Members are asked to take into consideration, and these are set out further below:
 - Common Good investment income and funds should primarily be used to maintain the Common Good asset base with any surplus funds being used to benefit the inhabitants of the area covered by the fund.
 - As set out in a previous report to Council relating to Common Good budgets, there remain structural challenges identified within Brunton Theatre which is one the main assets held by Musselburgh Common Good. Work is still ongoing to provide a detailed options appraisal which will support future investment decisions. Alongside this, work remains ongoing to review all of the future capital asset investment requirements and how this aligns to medium term financial planning to support the ongoing management of Common Good funds. A number of services involved in supporting this work requirement remain in business continuity arrangements, and as such given the collective pressures, the proposed budgets will be revisited once the outputs of this exercise are available.
 - There remain ongoing financial risks relating to Common Good investments and expected financial returns and these areas remain under wider discussion.

- Given that these applications relate to the funding of assets which are owned by the Common Good any award of funding would not be paid via a grant but through the wider expenditure budget.
- The Common Good budget for 2023/24 was set in June 2023, with an approved repairs and maintenance budget of £45,000 for Musselburgh Common Good Fund. Should the approval of funding for the two applications exceed the approved budget, a variation of that budget would be required to be approved by Council;
- Notwithstanding the wide range of growing financial pressures on the Common Good, given this investment is deemed to support existing Common Good assets, the Head of Finance supports the recommendation from the Common Good Committee to fund the works to the properties at 118 New Street, Musselburgh, and Stoneyhill Community Centre, Musselburgh, noting that it is anticipated subject to wider engagement that this investment will in turn generate a capital receipt to the Musselburgh Common Good Committee and remove on-going asset maintenance requirements.

3.6 The Council is asked to consider the recommendation made by the Musselburgh Common Good Committee in respect of the works at 118 New Street, Musselburgh, and Stoneyhill Community Centre, Musselburgh, and determine the amount of funding, if any, to be awarded.

4 POLICY IMPLICATIONS

4.1 None.

5 INTEGRATED IMPACT ASSESSMENT

5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

6.1 Financial - as set out in Section 3.5 above.

6.2 Personnel – none

6.3 Other - none

7 BACKGROUND PAPERS

7.1 Common Good Committees – Scheme of Administration

- 7.2 Report to Musselburgh Common Good Committee, 3 October 2023 – 118 New Street, Musselburgh: Repair Works and Options Appraisal
- 7.3 Report to Musselburgh Common Good Committee, 3 October 2013 – Stoneyhill Community Centre: Repair Works and Options Appraisal
- 7.4 Report to East Lothian Council, 27 June 2023 – Common Good Budget 2023/24

AUTHOR'S NAME	Ellie Dunnet
DESIGNATION	Head of Finance
CONTACT INFO	edunnet@eastlothian.gov.uk
DATE	20 October 2023



REPORT TO: Musselburgh Common Good Committee

MEETING DATE: 3 October 2023

BY: Team Manager – Estates

SUBJECT: 118 New Street, Musselburgh – Repair Works and Options Appraisal

1 PURPOSE

- 1.1 The purpose of this report is to provide information to the Musselburgh Common Good Committee on a request for expenditure required at 118 New Street, Musselburgh and to consider options to bring the property into usable condition.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Committee note the information provided and approve option 4, to carry out immediate and emergency repair works amounting to £20,000 and on completion advertise both 118 New Street and 118A New Street on the market for sale.

3 BACKGROUND

- 3.1 118 New Street, Musselburgh is held under Common Good and comprises a ground floor retail/office unit within a 2 storey detached sandstone building. There are two private self-contained flats above. In addition there is a small office premises to the rear at 118a New Street.
- 3.2 118 New Street occupies a prominent tertiary retail position close to North High Street in a predominantly residential area.
- 3.3 The property has been in a poor state of repair since the end of the previous tenancy in 2015. The property has remained vacant following completion of extensive asbestos removal works that led to a further deterioration in the condition of the property and efforts to undertake a comprehensive refurbishment stalled.

- 3.4 Condition surveys carried out by the Council in 2019 and 2020 estimated the cost of refurbishment works at £50,000. This estimate has been increased by 25% to reflect the increase in construction costs plus a further allowance for a replacement kitchen and inclusion of electric heating. These works will include an element of energy efficiency measures i.e. new LED lighting, energy efficient water heaters. The refurbishment cost is estimated at £70,000.
- 3.5 Due to more recent water damage there has been as significant deterioration in the condition of the property and there is now an urgent need to undertake immediate and essential works to address wet rot affecting the ceiling joists and flooring, to strip and replace damaged plasterwork and support the fireplace hearth in the flat above. The cost is estimated at £20,000 in addition to the refurbishment cost at 3.4.
- 3.6 The total estimated cost of the works is therefore estimated at £90,000, of which £20,000 is considered urgent and essential expenditure, to prevent a further deterioration in the condition of the building and to bring the property into a usable condition.
- 3.7 Following a full refurbishment and in good condition the property is likely to produce a rental income for the Musselburgh Common Good Fund of £7,000 per annum with a further rental income of £1,800 per annum for 118A New Street.

4 OPTIONS APPRAISAL

- 4.1 Option 1 - Do nothing – market the property for lease or sale in its current condition. This option is not recommended due to the need to undertake essential repair works to the joists and wet rot treatment. These works must be undertaken to limit further deterioration. The 118 New Street is not lettable in its current condition and a sale is not advised without first addressing the essential Health and Safety repairs.
- 4.2 Option 2 - Undertake essential repair works only – this would address the wet rot and joist repairs at a cost of approx. £20,000. Once complete, market the property for lease by offering a long lease at a reduced rental e.g. £1 per annum for 10 years then further 10 years at market rent. Income of £1,800 per annum would be received for 118A New Street throughout the period.
- 4.3 Option 3 - Undertake a full refurbishment - estimated cost of £90,000 producing a rental income of £7,000 per annum from summer 2024. If a preferred occupier is identified prior to undertaking the works, consideration could be given to adjusting or reducing the specification of some elements. Income of £1,800 per annum would be received for 118A New Street throughout the period.

- 4.4 Option 4 – Undertake immediate and emergency works at an estimated cost of £20,000. On completion of works and the legal process required to sell these alienable Common Good properties, advertise both 118 New Street and 118A New Street on the market for sale. We could potentially achieve a combined sale price of between £20,000 and £40,000.

5 POLICY IMPLICATIONS

- 5.1 None

6 INTEGRATED IMPACT ASSESSMENT

- 6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

7 RESOURCE IMPLICATIONS

- 7.1 Financial – The emergency repair costs have been estimated at £20,000, this will be paid from the Musselburgh Common Good Maintenance Fund. A capital receipt on sale is estimated between £20,000 and £40,000 and will be paid to the Musselburgh Common Good.
- 7.2 Personnel - None
- 7.3 Other – None

8 BACKGROUND PAPERS

- 8.1 None.

AUTHOR'S NAME	Wendy Gillie
DESIGNATION	Team Manager – Estates
CONTACT INFO	Jane Williamson – Ext 7634
DATE	3 October 2023



REPORT TO: Musselburgh Common Good Committee

MEETING DATE: 3 October 2023

BY: Team Manager – Operational Asset Management

SUBJECT: Stoneyhill Community Centre, Musselburgh – Repair Works and Options Appraisal

1 PURPOSE

- 1.1 The purpose of this report is to provide information to the Musselburgh Common Good Committee on a request for expenditure required at Stoneyhill Community Centre, Musselburgh and to consider options to bring the property into usable condition.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Common Good Committee note the information provided and approve Option 2, to carry out urgent remedial works amounting to £70,000 and on completion commence the process to enable the property to be advertised on the market for sale.

3 BACKGROUND

- 3.1 Stoneyhill Community Centre, Musselburgh is held under Common Good and includes a community space comprising the Main Hall and Stage Area, Office Areas, Kitchen and Male, Female and Disabled Toilets at Ground Floor Level. The First Floor comprises Multi-Purpose Rooms to the North and South within the Community Centre and there is also a separate self-contained residential flat.
- 3.2 The Community Centre is located within a largely residential area of Musselburgh with Musselburgh Rugby Club Ground immediately to the East, residential properties to the South and West and retail accommodation to the North.

- 3.3 The property has been in a poor state of repair for a number of years having been declared surplus by the Council's CAG process however was used as a Vaccination Centre for a period of time in following the COVID pandemic. It has since been mothballed and has been unoccupied since then. There has been no significant investment in the property since a partial internal refurbishment was undertaken circa 12 years ago and the building fabric and services have deteriorated since then. This has been exacerbated by a water escape in December 2022 which caused extensive water damage to the Residential Flat and Ancillary Accommodation within the Community Centre directly below.
- 3.4 A Condition Survey was carried out by the Council in 2016 and estimated the cost of refurbishment works at £425,000. This estimate has been increased by approx. 25% to reflect the increase in construction costs which includes approximately £70,000 of remedial works as a result of the recent water damage.
- 3.5 Following the water escape, dehumidifiers were initially installed to dry out the affected areas but no further remedial works were undertaken. In addition, there has been recent localised dry rot as a result of a blocked downpipe and remedial works have been carried out to resolve this. The refurbishment works required due to water damage amounts to circa £70,000 (referred to in Section 3.4) which is considered essential works to bring it up to a habitable standard.

4 OPTIONS APPRAISAL

- 4.1 Option 1 - Do nothing – Market the property for lease or sale in its current condition. This option is not recommended as the Building is not currently in a habitable condition.
- 4.2 Option 2 - Undertake essential repair works only – this would address the remedial works required as a result of the water damage. Once complete, the property can be placed on the market for sale.
- 4.3 Option 3 – Undertake refurbishment works at an estimated cost of £425,000 whereby a preferred occupier or use could be identified.

5 POLICY IMPLICATIONS

- 5.1 None

6 INTEGRATED IMPACT ASSESSMENT

- 6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

7 RESOURCE IMPLICATIONS

- 7.1 Financial – The urgent remedial costs have been estimated at £70,000, this would require to be paid from the Musselburgh Common Good Maintenance Fund. A capital receipt on sale is estimated between £300K and £400K (est) and will be paid to the Musselburgh Common Good.
- 7.2 Personnel - None
- 7.3 Other – None

8 BACKGROUND PAPERS

- 8.1 None.

AUTHOR'S NAME	Neil Irvine
DESIGNATION	Team Manager – Operational Asset Management
CONTACT INFO	Neil Irvine – E-Mail: nirvine@eastlothian.gov.uk
DATE	3 October 2023

REPORT TO: East Lothian Council
MEETING DATE: 31 October 2023
BY: Executive Director for Council Resources
SUBJECT: Appointments to Committees and Outside Bodies

8

1 PURPOSE

- 1.1 To advise Council of the appointment of Councillor George McGuire as leader of the Conservative Group, replacing Councillor Lachlan Bruce, and of the implications of this change for committee and outside body membership.

2 RECOMMENDATIONS

Council is asked:

- 2.1 to note that Councillor George McGuire has been appointed as Leader of the Conservative Group, replacing Councillor Lachlan Bruce
- 2.2 to approve the appointment of Councillor McGuire to the Petitions and Community Empowerment Review Committee, replacing Councillor Bruce
- 2.3 to approve the appointment of Councillor Jeremy Findlay to the East Lothian Integration Joint Board (IJB) and the IJB Audit & Risk Committee, replacing Councillor Bruce
- 2.4 to approve the appointment of Councillor McGuire to the CoSLA Convention, replacing Councillor Bruce.

3 BACKGROUND

- 3.1 Councillor Lachlan Bruce has intimated that he is stepping down from his role as Leader of the Conservative Group with immediate effect, and that Councillor George McGuire has been appointed as Leader of the Group.
- 3.2 As a result of this change of leadership, officers have considered the impact on committee and outside body membership. As the membership of the Petitions and Community Empowerment Review Committee

comprises the Provost and three main Group Leaders, Councillor McGuire will replace Councillor Bruce on this committee.

- 3.3 Councillor Bruce has also intimated that he will be stepping down as a member of the IJB and IJB Audit & Risk Committee, and it is proposed that Councillor Findlay be appointed as his replacement on both.
- 3.4 As agreed at the Council meeting of 24 May 2022, the leaders of the three largest groups would be appointed to the CoSLA Convention. It is therefore proposed that Councillor McGuire replaces Councillor Bruce on this body.

4 POLICY IMPLICATIONS

- 4.1 None

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – None
- 6.2 Personnel – None
- 6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 East Lothian Council's Standing Orders

AUTHOR'S NAME	Lel Gillingwater
DESIGNATION	Team Manager – Democratic Services & Licensing
CONTACT INFO	lgillingwater@eastlothian.gov.uk x7292
DATE	10 October 2023

MOTION TO EAST LoTHIAN COUNCIL
31 October 2023

Declaration of Nature Emergency

Council:

- (1) Notes the body of evidence which outlines the alarming extent of the global nature and biodiversity crisis. Nature is in decline and urgent action must be taken to reverse this.
- (2) Recognises the inherent value of nature, as well as its crucial importance as an integral part of culture and society, and for our health, wellbeing, and economy; this being demonstrated through placemaking, tourism, food, energy, water and air quality regulation, etc.
- (3) Additionally, recognises that the nature and climate emergencies are intrinsically linked and that nature plays a key role in meeting climate targets, particularly for climate change adaptation and resilience.

Further, Council:

- (4) Welcomes the revised national Scottish Biodiversity Strategy and forthcoming statutory targets for public bodies, including local authorities, required to meet the challenges of the nature crisis.
- (5) Welcomes the Kunming-Montreal Global Biodiversity Framework (GBF) agreed at COP15 in December 2022 and celebrates the role played by the Edinburgh Process as part of this.
- (6) Recognises the key role subnational governments and local communities will play in realising delivery of the GBF and notes the long and strong history of work on biodiversity in East Lothian, including a range of strategies, partnerships and projects that are currently delivering action related to the nature emergency.

Therefore, Council agrees:

To declare a Nature Emergency, akin to the Council declaration of a Climate Emergency in 2019, recognising the state of nature, its inherent value, and the crucial role its recovery and restoration will play in realising climate targets.

The Council requests a report to be presented to Council in 2 committee cycles, which

- (1) Outlines how existing Council strategies, such as the Biodiversity Action Plan, Climate Strategy, Tree and Woodland Strategy, Green Network Strategy, Open

Space Strategy, Local Development Plan, align with the GBF, Scottish Biodiversity Strategy and the Berlin Urban Nature Pact, and notes any changes to existing strategies required to deliver against these.

- (2) Provides an update on the development of our Biodiversity Action Plan including specific considerations of how the plan is impacting:
 - (a) The adoption of an ecological coherence approach to effectively identify and target actions required to tackle the nature emergency and deliver the various strategies listed above, including through the further development of the regions Nature Network.
 - (b) The adoption of a partnership approach, working with East Lothian's community Biodiversity and Sustainability Groups, and all National Agencies like Nature Scotland to maximise opportunities for delivery of the strategies listed above and taking learning from our Cross-Party Climate Change & Sustainability Forum that is part of our 2045 Climate Change Strategy Work.

Proposed by (name): Councillor Norman Hampshire
Date: 28 August 2023

Seconded by (name): Councillor Colin McGinn
Date: 28 August 2023

Received by (name of officer): Lel Gillingwater, Team Manager, Democratic and Licensing
Date: 28 August 2023

REPORT TO: East Lothian Council
MEETING DATE: 31 October 2023
BY: Executive Director for Council Resources
SUBJECT: Submissions to the Members' Library Service,
15 August – 16 October 2023

1 PURPOSE

- 1.1 To note the reports submitted to the Members' Library Service since the last meeting of Council, as listed in Appendix 1.

2 RECOMMENDATIONS

- 2.1 Council is requested to note the reports submitted to the Members' Library Service between 15 August and 16 October 2023, as listed in Appendix 1.

3 BACKGROUND

- 3.1 In accordance with Standing Order 3.4, the Chief Executive will maintain a Members' Library Service that will contain:
- (a) reports advising of significant items of business which have been delegated to Councillors/officers in accordance with the Scheme of Delegation or officers in conjunction with Councillors, or
 - (b) background papers linked to specific committee reports.
- 3.2 All public reports submitted to the Members' Library are available on the Council website.

4 POLICY IMPLICATIONS

- 4.1 None

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – None
6.2 Personnel – None
6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 East Lothian Council's Standing Orders – 3.4

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DATE	16 October 2023

**MEMBERS' LIBRARY SERVICE RECORD FOR THE PERIOD
15 August – 16 October 2023**

Reference	Originator	Document Title	Access
82/23	Executive Director of Place	SATC Members Briefing	Public
83/23	Head of Finance	Common Good Grant Awards	Public
84/23	Head of Infrastructure	East Lothian Nature Network Project	Public
85/23	Head of Infrastructure	Mothballing of Humbie Nursery School	Private
86/23	General Manager, ELHSCP	ELHSCP Commissioned Community Support Report 2023/24	Public
87/23	Head of Infrastructure	Acquisition of Land (Gladsmuir)	Private
88/23	Executive Director for Council Resources	Service Review – Pastoral Restructure of Ross High School	Private
89/23	Head of Corporate Support	Quarterly Customer Feedback Reporting	Public
90/23	Executive Director for Council Resources	Impact Assessment – Scottish Welfare Fund	Public
91/23	Executive Director for Place	East Lothian Consultative Draft Local Housing Strategy 2024-29	Public
92/23	Executive Director for Place	Electric Vehicle Infrastructure Strategy	Public
93/23	Head of Infrastructure	Sale of land at Spott Road Industrial Estate, Dunbar	Private
94/23	Head of Corporate Support	Establishment Changes for August 2023	Private
95/23	Head of Housing	Delivery of Private Sector Adaptations	Public
96/23	Head of Corporate Support	Establishment Changes for September 2023	Private
97/23	Executive Director for Council Resources	Creation of a Bereavement Coordinator within Amenity Services	Private
98/23	Executive Director for Place	Edinburgh Innovation Hub and Edinburgh Innovation Park Update	Private
99/23	Executive Director for Council Resources	Creation of a Bereavement Coordinator within Amenity Services	Private
100/23	Executive Director for Council Resources	Creation of a Care Coordinator Post within Home Care and Emergency Care Service	Private
101/23	Executive Director for Council Resources	Staffing Report for the Creation of an Assistant Team Manager within Homecare	Private
102/23	Executive Director for Place	City Deal Annual Report Incorporating an Update on Regional Prosperity Framework Project Development	Public

16 October 2023