

REPORT TO: East Lothian Council

MEETING DATE: 18 February 2025

BY: Executive Director for Corporate Resources

SUBJECT: Appointment of Chief Executive and Interim Arrangements

1

1 PURPOSE

- 1.1 The purpose of this report is to advise Council of the decision of the Chief Officer and Head Teacher Appointments Sub-Committee to appoint Laurence Rockey, subject to satisfactory pre-employment checks, as the new Chief Executive of East Lothian Council, and of various matters that arise as a result, including interim arrangements that have been put in place prior to the new Chief Executive taking up position.

2 RECOMMENDATIONS

- 2.1 To note the decision of the Chief Officer and Head Teacher Appointments Sub-Committee to appoint, subject to satisfactory pre-employment checks, Laurence Rockey to the post of Chief Executive.
- 2.2 To approve the minute from the Chief Officer and Head Teacher Appointments Sub-Committee, 3 February 2025, attached at Appendix A.
- 2.3 Subject to satisfactory pre-employment checks, to appoint Laurence Rockey as Head of Paid Service on the day he takes up post, expected to be 22 April 2025.
- 2.4 To note the interim arrangements that have been put in place prior to the new Chief Executive taking up post.

3 BACKGROUND

- 3.1 The Local Government and Housing Act 1989, Section 4, requires the Council to designate a person as “Head of Paid Service”. This is a statutory function conducted by the Chief Executive.

- 3.2 On 25 November 2024, Monica Patterson, then Chief Executive, submitted her resignation from Sunday 16 February 2025.
- 3.3 A public recruitment and selection campaign has since taken place supported by SOLACE in Business. Following a series of rigorous recruitment exercises including independent external pre-interview candidate profiling, psychometric testing, a competency interview led by an independent SOLACE professional advisor, a written exercise, presentation and questioning from a stakeholder panel, the Chief Officer and Head Teacher Appointments Sub-Committee conducted a formal interview on 3 February 2025. The Sub-Committee agreed to appoint Laurence Rockey – currently Director of the Scotland Office to the post, subject to formal pre-employment checks.
- 3.4 Laurence Rockey will complete his formal notice period with his current employer and, subject to satisfactory formal pre-employment checks, is expected to take up his role on 22 April 2025.
- 3.5 At the December Meeting of Council, Council delegated authority to the Head of Corporate Support, following consultation with the Council Leader and political group leaders, to put in place interim arrangements to cover the role of Chief Executive (Head of Paid Service) prior to a new Chief Executive taking up post.
- 3.6 Lesley Brown, Executive Director has agreed to take on the position of Interim Chief Executive during this interim period prior to the new Chief Executive taking up post. This will ensure effective leadership during this period.

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 – The costs of the recruitment process were met from the existing staffing budget for the Chief Executive.
- 6.2 Personnel – The terms and conditions of employment applicable to the post of Chief Executive are enshrined within the SJC Conditions of Service for Chief Officials and the salary is nationally determined with other local terms and conditions applying in accordance with East Lothian Council employment policies.

6.3 Other – None

7 BACKGROUND PAPERS

7.1 [Report to Council 10 December 2024](#)

AUTHOR'S NAME	Hayley Barnett
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DATE	10/02/2025



MINUTES OF THE MEETING OF CHIEF OFFICER AND HEAD TEACHER APPOINTMENTS SUB-COMMITTEE

**3 FEBURARY 2025
JOHN MUIR HOUSE**

Chief Officer and Head Teacher Appointments Sub-Committee:

Councillor Norman Hampshire (Chair)

Councillor John McMillan

Councillor Shamin Aktar

Councillor Lyn Jardine

Councillor George McGuire

In Attendance:

Amy Billington, Head of Executive Recruitment and Assessment, SOLACE in Business

Council Officials:

Hayley Barnett, Head of Corporate Support

Paul Ritchie, Service Manager People and Council Support

Declarations of Interest:

None

Each candidate was seen in turn. Candidates began their interview by giving a ten-minute presentation on the same pre-set subject to the Sub-Committee. This was followed by a series of set competency-based questions from the Sub-Committee members supplemented by additional questions where required.

Following the conclusion of formal interviews, Members received feedback from SOLACE officials on the feedback from the Stakeholder Panel. The Sub-Committee then discussed the relative merits of each candidate. The Sub-Committee scored the candidates. Laurence Rockey scored the highest and the Sub-Committee agreed to appoint him, subject to satisfactory pre-employment checks.

The Service Manager – People and Council Support explained that the pre-employment checks would be carried out prior to formal offer being made.

Signed

Councillor Norman Hampshire
Convener of the Sub-Committee

REPORT TO: East Lothian Council

MEETING DATE: 18 February 2025

BY: Executive Director for Council Resources

SUBJECT: Budget, Council Tax and Rent Setting 2025-26 Onwards

2

1 PURPOSE

- 1.1 To provide Council with an overview of the national funding settlement for local government, and the implications of this for East Lothian.
- 1.2 To set the General Services revenue budget and council tax levels for 2025-26 and agree strategic level budgets for 2026-27 to 2029-30.
- 1.3 To set the General Services Capital budget for 2025-26 to 2029-30.
- 1.4 To set the Housing Revenue Account budgets for 2025-26 to 2029-30 and agree rent levels for 2025-26.
- 1.5 To set out the next steps towards delivering the council's financial strategy 2025-26 to 2029-30.

2 RECOMMENDATIONS

Council is recommended to:

- 2.1 Note the local and wider economic context within which budgets have been developed, including the factors which have contributed to the funding gap.
- 2.2 Note the content of the 2025-26 local government finance settlement and the funding implications for East Lothian Council.
- 2.3 Note the key assumptions used to develop the budget proposals which are set out at paragraph 3.11.
- 2.4 Note the statement on robustness of the budget, adequacy of reserves and key budget risks included at Appendix 1.

- 2.5 In line with agenda item 2a:
- Approve the housing revenue account revenue and capital budgets for 2025/26 to 2029/30;
 - Approve a 6.5% increase in rents for 2025/26.
- 2.6 Agree to a review of oversight and scrutiny arrangements for housing policy, performance and strategic planning which ensures effective engagement with all stakeholders.
- 2.7 In line with agenda item 2b:
- Approve the General Services revenue and capital budgets for 2025/26 to 2029/30;
 - Approve the council tax level for 2025/26.
- 2.8 Note the draft IJB budget offer letter attached within Appendix 2.
- 2.9 Agree the indicative timetable and next steps for developing budget projections and closing the budget gap for 2026-27 onwards, as set out at paragraphs 3.54 to 3.61.

3 BACKGROUND

- 3.1 This report accompanies the proposed General Services and HRA revenue and capital budgets for 2025-26 onwards. Budget proposals have been developed in the context of significant ongoing demand and cost pressures arising from East Lothian's growing population, alongside wider economic challenges facing the whole of the public sector.
- 3.2 Growth in particular has continued to present financial challenges for the council in recent years. As one of the fastest growing areas in Scotland over the past two decades, the cumulative impact of growth has resulted in a growing gap between expenditure demands and available resources. Alongside the opportunities this presents for East Lothian to contribute to the national economy and housing supply targets, if the costs of providing services and infrastructure for the county's growing population cannot be met through proportionate uplifts in external funding, this will become increasingly difficult for the Council to sustain over the medium term. These pressures apply to both revenue and capital budgets and remain the subject of ongoing dialogue with Scottish and UK Government.
- 3.3 In December 2024, Council approved the Financial and Capital Strategies for the period 2025-26 to 2029-30 which set out how the Council will seek to manage its resources during this period to achieve financial sustainability in the context of these significant challenges and risks.

Draft Settlement Overview & Updates

- 3.4 Scottish Government's budget for the 2025-26 financial year was announced on 4 December 2024, with the provisional funding settlement for Scottish local authorities following on 12 December. This is a one-year settlement and key features of this were set out within the report to Cabinet on 21 January 2025.
- 3.5 Key developments since the Cabinet report are set out below. It should be noted that these updates have been shared as draft and remain provisional and subject to change until the settlement is finalised through the parliamentary process:
- As part of the stage one budget debate, the Cabinet Secretary has announced £144 million funding to support with the cost of the increase to employer national insurance contributions. It is estimated that this will cover approximately 60% of the direct costs of this increase. The Council's share of this funding is estimated to be £2.75 million, although this is yet to be confirmed.
 - An additional £6.1 million increase has been announced for the Whole Family Wellbeing Fund. The Council's expected share of this is £0.112 million, meaning that the total uplift in this funding stream for 2025-26 is £0.122 million.
 - A further £0.4 million uplift to the School Clothing Grant has been announced. The Council's expected share of this is £0.007 million, meaning that the total uplift in this funding stream for 2025-26 is £0.022 million.
 - An anticipated uplift of £0.036 for Scottish Disability Assistance, which will be passed to the IJB, is also anticipated.
- 3.6 The parliamentary process for finalising the Local Government Finance Order is underway and expected to conclude on 27 February. Any further changes to the settlement which arise over the coming weeks will be reported to a future Council meeting.
- 3.7 Aside from the £144 million noted above for direct costs, the settlement is not expected to reflect any funding uplift to offset the impact of employer national insurance increases on commissioned contracts or ALEOs. Along with the anticipated shortfall of 40% in the funding being made available to support the direct cost, this represents a significant demand on the previously announced £289 million of funding to support local priorities.
- 3.8 Further commitments against the new funding announced in the draft settlement include the implementation of the Scottish Local Authorities Remuneration Committee's recommendations following the independent review of councillor remuneration, alongside pay, inflation and growing demand for services.

- 3.9 In addition, Scottish Government remains committed to a number of measures relating to teacher numbers, including restoring these to 2023 levels, making meaningful progress towards reducing class contact time and exploring the introduction of minimum learning hours. The combined financial impact of these measures on the Council present cost pressures in excess of £5 million. Therefore, if these policies are imposed without significant additional funding, the financial consequences for the Council would be severe, and the implications on the settlement would effectively mean a reduction in unringfenced funding.

Budget Proposals – General Services Revenue

- 3.10 Budget proposals have been updated to reflect the implications of the provisional settlement updates along with revised assumptions around employer national insurance funding.

- 3.11 Alongside the impact of the draft settlement, the proposed budgets reflect:

- A provision of 3% for pay increases in 2025-26, 2026-27 and 2027-28, which represents consistency with the updated Public Sector Pay Policy. The later years include an allowance of 2%.
- Updates to estimated inflationary pressures, debt charges, revenue costs of capital and other service pressures.
- An assumption that savings previously agreed by Council will be delivered, after reprofiling £2.5 million of savings linked to the asset review and income generation into later years.
- £0.9 million further budget reductions in 2025-26.
- An assumption that a 3% inflationary uplift will be applied to fees and charges in 2025-26.
- Use of the capital reserve to smooth debt charges between 2025-26 and 2027-28.
- An uplift of £7.453 million in the funding offer from the Council to the IJB (comprised of settlement uplifts totalling £3.207 million, assumed employer national insurance contributions funding of £0.349 million and additional investment from the East Lothian Council of £3.897 million).
- Additional investment in other demand led services including Children's Services (£2.756 million) and Homelessness, to offset the growing range of pressures these services face.
- Investment in other key priority areas including increased funding for external partners.
- An assumption that funding allocated for Packaging Extended Producer Responsibility have a cost neutral impact on the 2025-26 budget. The Council's allocation of this funding for 2025-26 is £2.63

million. This funding comes from DEFRA and does not form part of the provisional settlement, and details are awaited on the specific expectations linked to this funding, along with the impact on future finance settlements.

- A 10% increase in council tax charges in 2025-26, with indicative annual increases of 5% in the years subsequent to that.

- 3.12 The budget model reflects a balanced position for 2025-26. However, the funding position beyond this remains very uncertain and there is an estimated 5-year funding gap for the Council and IJB of £79.718 million. After taking account of planned savings and indicative annual council tax increases of 5%, the residual gap remains at £45.911 million. Without significant additional funding, this gap will require further budget reductions and/or additional council tax increases to achieve a balanced position from 2026-27 onwards. As an indication of the scale of the challenge, the table below sets out the required reduction in service budgets (or increase in income) required in order to close this gap, along with the required increase in council tax charges over and above the planned increases of 5%:

	26-27	27-28	28-29	29-30
Percentage reduction in service budgets required to balance budget	4.6%	3.2%	3.1%	2.8%
Total additional council tax increase (above 5%) required to balance budget	24.3%	14.4%	12.4%	10.5%

Table 1: Future budget gaps closed by budget reductions / council tax increases

Growth Pressures

- 3.13 Reports to Council and Cabinet over the last year have continued to highlight the challenging financial environment facing local government and the wider public sector.
- 3.14 At a local level, the Council continues to face significant challenges as a result of population growth and demographic change. These factors, along with growing demand for statutory services, are continuing to increase the gap between available funding and expenditure requirements. As one of the fastest growing council areas in Scotland, this remains a significant challenge for East Lothian and is set alongside other pressures facing the whole of the public sector, including pay and contract inflation, along with increasing expectations arising from new policy commitments at a national level. Officers and Members have continued to raise awareness of these challenges through the appropriate channels within Scottish Government and CoSLA.
- 3.15 The Scottish Parliament Information Centre (SPICe) analysis of the provisional 2025-26 local government finance settlement sets out the local authority revenue allocation per head of population, presented as % of Scottish average and shows that East Lothian's funding share means that

the Council continues to have the third lowest per capita funding in Scotland, with 81.4% of the Scottish average.

- 3.16 The anticipated uplift in the funding settlement for 2025-26, combined with a 10% council tax increase, make it possible for some of the key risk areas within the budget to be addressed, and the proposed budget reflects growth in the following priority areas:

Adult social care (IJB)	£3.897 million
Children's Services	£2.756 million
Education	£1.943 million
Inclusion & wellbeing	£0.875 million
Homelessness & supported accommodation	£0.845 million

- 3.17 The funding uplift for these services is provided alongside ongoing efforts to deliver transformational change within the areas to improve outcomes and reduce the need for high-cost interventions. It will also help to mitigate some of the significant budget risks which the Council has faced throughout the current and previous years in relation to managing spend within the budget envelope.
- 3.18 The need for additional investment within Children's Services is evidenced through the significant increase in demand for statutory social work services, with a 30% increase observed since 2017, along with growing cost pressures which have resulted in budget overspends in recent years. This is partly driven by population growth alongside a combination of other pressures which have increased demand on children's services and increased the costs of providing these services.
- 3.19 The service is committed to taking a holistic approach, prioritising ongoing efforts to prevent children and young people from requiring accommodation and returning children to East Lothian when this is in their best interests. The increased funding reflected within the draft budget model will enable this focus to continue, and this will come with the ongoing expectation that services continue to operate within approved budget levels.
- 3.20 For adult social care, significant overspends are anticipated in the current financial year (£2.8 million, quarter 2), with further cost pressures forecast for 2025-26 and beyond. This presents a significant risk to the Council's financial resilience, with a £2.8 million reduction in general balances anticipated as a result of the 2024-25 IJB budget overspend (based on the quarter 2 forecast). This has been a growing area of pressure in recent years which has resulted full depletion of IJB reserves. These growing pressures without any reserve balances to mitigate overspends significantly increase the risk of unplanned overspends needing to be met through additional funding from partners.

- 3.21 As with Children's Services, population growth and demographic change have been key drivers of the cost pressures within the IJB, and these pressures have not been recognised by increased funding allocations through the finance settlement in recent years. Although this challenge is not unique to East Lothian, as one of the fastest growing local authority areas in Scotland, these pressures remain particularly acute.
- 3.22 Increased investment in these areas demonstrates alignment of resources with the short-term focus areas in the Council Plan, specifically targeting resources on statutory services and focussing on the highest risks and those most in need.

IJB

- 3.23 Following approval of the Council's budget, a letter will be issued to the IJB with notification of the anticipated allocation of funding from the Council for 2025-26. The draft letter is attached at Appendix 2 to this report and reflects the existing (2024-25) budget allocation for the IJB, uplifted by:
- £3.2 million additional funding notified through the draft settlement which the Council must passport to the IJB;
 - £3.7 million further budget uplift to support pay, inflationary and demographic pressures; and
 - £0.6 million funding to fully offset the employer costs of the employer national insurance contribution increase (comprised of a proportionate share of the anticipated grant funding, along with a further allocation from the council budget to meet the funding shortfall).
- 3.24 The IJB has agreed savings as part of the 2024-25 budget. £0.801 million of the planned savings have been assessed as deliverable. If the IJB is able to deliver these savings it is expected that this will close the budget gap in relation to adult social care. However, the overall IJB budgets may still reflect a funding gap linked to NHS services.
- 3.25 The additional funding set out above equates to a recurring revenue uplift of £7.5 million (9%) from the Council. Alongside this, the proposed General Services capital budget includes £1.7 million to secure a sustainable future for the Haddington Day Centre by enabling its relocation to the Tynebank Resource Centre, alongside continued investment in community alarms' transition to digital.
- 3.26 The planned capital investment comes with an assumption that the IJB will commit to ongoing investment in community-based services including day centres, reflecting alignment with strategic plan priorities. Alongside this, the proposed funding uplift to the IJB in 2025-26 will be provided with a clear expectation that this is used first and foremost to offset budget pressures within social care and reduce the risk of overspends being transferred back to the Council.
- 3.27 The IJB will also receive a letter from NHS Lothian, setting out the 2025-26 budget allocation from its other key funding partner. Together, these

letters will be used to set the IJB budget for 2025-26 which will be considered at the board meeting in March. Effective partnership working across the Council, IJB and NHS Lothian will be key to ensuring the development of sustainable budgets over the medium term.

Council Tax

- 3.28 Income from council tax covers approximately a quarter of the Council's annual running costs. The proposed budget includes a council tax increase of 10% in 2025-26, aligned to previous planning assumptions along with indicative annual increases of 5% in the subsequent 4 years. This follows the council tax freeze for the current year and, if agreed, will represent the first increase in council tax charges since 2023-24.
- 3.29 As noted already within this report, despite seeing an uplift in revenue funding through the settlement, the Council continues to face significant demand and pressures which have resulted in budget overspends in recent years. Alongside the risks this presents to financial sustainability, the Council also faces significant risks if adequate resources cannot be made available to meet statutory responsibilities, including keeping the most vulnerable in communities safe from harm. The preceding paragraphs highlight the pressures on key front line services which require investment. Council tax increases are applied in order to balance the budget after taking account new funding and planned savings.
- 3.30 A 10% increase in the council tax charge represents a weekly increase to an average (band D) property of £2.76 and is estimated to result in increased council tax income of £9.456 million in 2025-26, which will support investment in Council services and mitigate the need for further budget reductions. This uplift also reflects estimated housing growth which is informed by data held by the Planning Service.
- 3.31 The Residents' Survey conducted in 2024 included focussed questions around the budget and council tax levels. The majority of respondents indicated a preference for moderate council tax increases rather than further cuts to Council services, with 61% indicating that they would support a council tax increase of not more than £3 per week, which supports the rationale for a 10% increase in 2025-26.
- 3.32 The proposed council tax charges for 2025-26 are set out below, along with the weekly and monthly increases (based on payment over 12 months):

	Annual charge	Annual increase	Weekly increase	Monthly Increase
A	£1,052.79	£95.71	£1.84	£7.98
B	£1,228.25	£111.66	£2.15	£9.31
C	£1,403.71	£127.61	£2.45	£10.63
D	£1,579.18	£143.56	£2.76	£11.96
E	£2,074.86	£188.62	£3.63	£15.72
F	£2,566.17	£233.29	£4.49	£19.44
G	£3,092.56	£281.14	£5.41	£23.43
H	£3,868.99	£351.73	£6.76	£29.31

Table 2: 2025-26 Council Tax Charges (excluding Water & Sewerage)

- 3.33 Approximately 37% of households fall within bands E-H for council tax purposes, and will therefore see an increase to the standard charge which is in excess of £3 per week. However, 2,671 of these households are eligible for reductions or exemptions which reduce the weekly increase below this level, meaning that just under 68% of households will see an increase in their council tax bills of below £3 per week.

General Services Capital

- 3.34 The report to Cabinet in January set out the changes to the Council's capital funding in 2025-26 arising from the provisional Local Government Finance Settlement. Alongside uplifts to a number of funding streams, the draft settlement also reflected a significant clawback of forward funding for flood prevention schemes which has been paid to the Council in 2024-25. While this represents a change to the timing of expected cash flows for flood scheme funding and does not impact on the availability of funding to support capital expenditure plans, the clawback resulted in a distorted impact on the funding available for 2025-26.
- 3.35 Through discussion between officers and civil servants, agreement has now been reached on a mechanism which will enable the clawback to effectively be spread over the next three years and therefore enable the positive presentation of capital funding to support a number of key schemes in 2025-26, although it should be noted that this position remains provisional at this stage.
- 3.36 In addition to this change, since the report to Cabinet in January the Council has received indicative notification of £0.8 million climate emergency funding which was previously undistributed.
- 3.37 The proposed capital budgets for 2025-26 to 2029-30 reflect the following:
- Commitment to invest £211.104 million in infrastructure over the next 5 years;
 - Net new borrowing requirement of £103.589 million after taking account of grants and other funding streams;

- Significant investment in the education estate including improvements to security, increasing ASN provision space and the completion of 3 new primary schools which are due to open in 2025;
- An uplift of £1 million to the roads budget in 2025-26, bringing overall investment in roads over the next 5 years to £22.7 million.
- An uplift of £1 million to the property renewals budget in 2025-26, bringing overall investment in property renewals over the next 5 years to £11 million.
- Commitment to relocation of the Haddington Day Centre to the Tynebank Resource Centre (£1.76 million);
- Ongoing commitment to the Musselburgh Flood Prevention Scheme;
- A number of projects which are paused pending a wider strategic review.

3.38 Capital expenditure demands are principally driven by the need to deliver infrastructure to support housing growth in the county. However, this growth is not matched by increases in capital grant, and developer contributions are not sufficient to meet the full cost of these requirements, which has given rise to significant increases in borrowing demands. This issue remains subject to ongoing national discussions at both officer and political level. Furthermore, the revenue consequences associated with the creation of these assets are resulting in increased pressure on revenue budgets.

3.39 Council has already taken steps to try and reduce borrowing demands by introducing a £20 million target for capital receipts which can be used to fund capital investment and offset increases in borrowing demands. Realising this target will be reliant on the place-based review of assets progressing at pace over the next 2-3 years.

3.40 Work to review the Capital Programme in the context of affordability constraints is ongoing, with a view to identifying priority areas for investment and ensuring that capital expenditure plans yield the maximum benefit for the residents of East Lothian. This work encompasses a review of planned investment in the learning estate, including projects which are currently paused, to ensure that capital expenditure delivers maximum value and aligns with the longer-term requirements of the education service. Once complete, the outcomes of this review will be reported to Council during 2025-26 financial year for consideration, along with any recommended changes to the capital programme. This work will also be used to inform future budget development proposals for 2026-27 onwards.

Housing Revenue Account (HRA)

3.41 In the context of the affordable housing emergency declared by Council in November 2024, funding to support the delivery of new affordable housing

is a key consideration for developing the HRA budgets. However, the Council's share of this subsidy has not yet been confirmed for 2025-26. Proposed budgets therefore reflect an assumed level of subsidy, and this remains a risk within the projections.

- 3.42 The consultation on 2025-26 rent levels closed on 20 December, and the results of this are detailed in a Members' Library Service report. Tenants were asked for their views on a 7% rent increase, which would give rise to an average weekly increase of £5.75, along with feedback on priority areas for maintaining services and target areas of investment such as windows and doors, damp and mould, roofing and render together with other major works.
- 3.43 In response to consultation feedback, the proposed budgets reflect the following:
- 6.5% increase in rents in 2025-26;
 - Extra £1 million investment in modernisation in all five years;
 - Plans to deliver an additional 774 new affordable homes by 2029-2030 (cumulative total since 2022-23)
- 3.44 The Financial Strategy also includes a commitment to delivering the planned rent restructure and plans are under way to address this during 2025-26.
- 3.45 Council will be aware that the financial strategy sets the following two key financial controls to ensure the sustainability of the HRA:
1. Recommended upper limit for the ratio of debt charges to income to 40% both in the short and longer term
 2. In support of contingency planning, ensuring that the reserve or balance left on the HRA does not fall below £1.0 million
- 3.46 The proposed budget and 6.5% rent increase for 2025-26 allows for both of these tests to be met. However, taking all factors into account, the five-year projections stretch affordability to the limits of these control measures, with the ratio of debt charges to income projected to be met by a very small margin between 2026-27 and 2029-30, assuming 5% rent increases in line with the financial strategy.
- 3.47 On average, a new-build house will bring in under £5,000 in rent each year but will cost the HRA £10-12,000 each year in debt costs. Without additional government funding or a review of the rent strategy this approach will become unsustainable over the medium term.
- 3.48 In the context of elevated interest rates and increased unit costs to deliver new build affordable housing, alongside lack of certainty in government funding and increasing demands for modernisation, it is considered appropriate to review the longer-term strategy for the HRA, encompassing the business plan and future rent levels. This report therefore

recommends a review of oversight and scrutiny arrangements for housing policy, performance and strategic planning in order to enable this.

- 3.49 The development of the longer-term sustainable strategy underpinned by a longer-term business model for the HRA needs to be informed by effective engagement with all stakeholders, and consideration will need to be given to ensuring that the work required to achieve this is adequately resourced.

Statement of robustness of estimates and adequacy of reserves

- 3.50 A statement setting out the s.95 officer's opinion on the robustness of estimates reflected within the proposed budgets and adequacy of reserves is attached at Appendix 1 to this report.
- 3.51 Although this is not a statutory requirement in Scotland, CIPFA's Financial Management Code, which the Council has adopted, does include a specific requirement that this is included as part of the budget report, and this was also a specific recommendation arising from the internal audit of financial sustainability undertaken in 2024.
- 3.52 The statement includes a summary of the factors that have been taken into account in assessing the robustness of budget estimates, key risks, general balances and earmarked reserves as well as consideration of the Housing Revenue Account. It concludes that while the budget proposals for the forthcoming financial year are considered to be competent, the funding gap for the period beyond this remains significant and presents a risk to the Council's capacity to set balanced budgets in future years. It also highlights that unallocated general balances, which the Council holds to offset the impact of unforeseen risks and emergencies, remains low relative to the overall risk environment.
- 3.53 This is intended to support consideration by Council of the budget proposals, and Council is asked to note the statement as part of the recommendations of this report.

Next Steps

- 3.54 As noted above, the proposed budgets are based on the draft local government finance settlement and any changes to the projected grant levels will be reported to Council. The stage one debate took place on 8 February and the remaining stages are as follows:
- **Stage 2** – 18 February 2025
 - **Stage 3** – 25 February 2025
 - **Local Government Finance Order** – 27 February
- 3.55 The Council continues to face a significant funding gap over the medium term and it is essential that work to close this and ensure that balanced budgets can be set in the years from 2026-27 onwards resumes as early as possible. With this in mind, officers across all service areas are being

asked to progress further work to develop a range of options which will meet the funding gap, aligned to levers set out within the Financial Strategy, and Council Plan objectives. This work will be presented to the cross-party budget working group and details will be shared through future Council meetings.

- 3.56 This work will need to incorporate effective and meaningful engagement with the public and other key stakeholders, aligned to the findings of Audit Scotland's recent report: *Transparency, transformation and the sustainability of council services*, which highlights that councils need to be more transparent in how they report and monitor the financial decisions underpinning their annual budgets, and how these impact services, noting that this information needs to form a central part of engagement and consultation with partners and citizens.
- 3.57 Future planning will also take cognisance of the outcomes of the spending review. It is hoped that the spending review will provide greater certainty around funding to enable realistic planning over the medium term, and that future settlements may cover a period longer than one year.
- 3.58 The recommended next steps to supporting the development of the Council's future budget plans are outlined below:

Date	Meeting	Action
June 2025	Council	To consider the financial landscape and context for budget setting for 2026-27 onwards, including an update on progress with discussions aligned to closing the funding gap.
June 2025	Council	Provisional outturn report 2024-25.
August 2025	Council	Q1 financial update report, to include an overview of progress towards delivering agreed savings for 2025-26.
October 2025	Council	Draft financial outlook report to Council, setting out high level budget forecasts and measures to balance the budget for 2026-27 onwards.
December 2025	Council	Q2 financial update report, to include an overview of progress towards delivering agreed savings for 2026-27.
December 2025	Council	Consider the Financial and Capital Strategies for 2026-27 onwards.

January 2026	Cabinet	Budget development update, including implications of the draft local government finance settlement.
February 2026	Council	Council budget meeting to agree budgets for 2026-27 onwards, and set council tax and rent levels for the forthcoming financial year.

Table 3: Budget development next steps

- 3.59 In line with the budget development framework, the cross-party budget group has continued to meet throughout the last year to consider matters related to budget, including options to reduce spending across all service areas.
- 3.60 It is assumed that the cross-party budget working group will continue to meet on a regular basis throughout the year, to support the development of proposals to balance the budget from 2026-27 and beyond. Although not a forum for decision making, this approach is intended to support the budget development process by ensuring that Members are sighted on the detail and impact of changes linked to budget decisions, to ensure that progress towards delivery of budget savings is on target, and to act as an informal sounding board for ideas. Audit Scotland's most recent Annual Audit Report also highlights the importance of cross party working.
- 3.61 As part of the cross-party group's ongoing work to support strategic financial planning and budget development, focus areas over the coming year will include a renewed emphasis on poverty and inequality, ensuring that resources are prioritised towards progressing work in this area, and developing the longer-term financial relationship with external partners including the IJB, Enjoy Leisure and the Brunton Theatre Trust.

4 POLICY IMPLICATIONS

- 4.1 The Council's budget and financial strategies should be a representation of the Council Plan and strategic priorities in financial terms. The proposals within this report are intended to support the effective delivery of policy objectives as far as possible. Without significant additional funding over the medium term there is a risk to that the Council may not have sufficient resources to deliver on all of the policy commitments within the Council Plan.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 Integrated impact assessments are required for budget some of the proposals where these involve a significant change to delivery of services by East Lothian Council.

6 RESOURCE IMPLICATIONS

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

7 BACKGROUND PAPERS

- 7.1 Members Library – Impact of Austerity
- 7.2 Cabinet, 21 January 2025 - Budget Development Update
- 7.3 Council, 10 December 2024 - Financial & Capital Strategies 2025-30
- 7.4 Council, 27 August 2024 - Budget Development 2025-26 onwards
- 7.5 Members Library Service - Rent Consultation

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DATE	7 February 2025

Statement on the Robustness of the Budget and Adequacy of Reserves

Introduction

This statement relates to the 2025/26 budget setting process for East Lothian Council. The council's Section 95 Officer is responsible for ensuring the proper administration of the council's financial affairs, including the robustness of the budget and the adequacy of reserves. Council will consider detailed budgets for 2025/26 for general services revenue and capital as well as the housing revenue account. In line with the council's budget development framework and financial strategy, the 2025/26 budgets also comprise high level budget planning for the years 2026/26 to 2029/30.

Robustness of the budget

The aim of the budget is to provide a realistic and sustainable medium term framework that reflects Council Plan priorities within the estimated resources available. The detailed estimates take into account past outturn, current spending plans and likely future demand levels and pressures. Factors taken into account for the 2025/26 budget are:

Council Plan priorities	<p>The proposed budgets for 2025/26 onwards reflect alignment with the following short-term focus areas agreed by Council:</p> <ol style="list-style-type: none"> 1. Ensure the financial sustainability of the Council through the delivery of approved savings and transforming the way we deliver services. 2. Target resources on statutory services and focus on the highest risks and those most in need. 3. Target resources on statutory services and focus on the highest risks and those most in need.
Consultation with residents	Budget planning reflects consideration of the feedback received through the budget focussed questions in the 2024 Residents Survey, including views around council tax increases.
Provisional Local Government Finance Settlement	The budget estimates reflect the impact of the draft local government finance settlement and subsequent updates up to 6 February 2025.
CIPFA's Prudential Code and its impact for capital planning	Capital expenditure and borrowing plans have been developed with reference to existing debt levels and future affordability. Details are included in the Treasury Management Strategy Statement.
Capital Programme	The capital programme reflects a 5 year window with a commitment to pause and review certain projects which are not yet committed in the context of affordability risks.

Statement on the Robustness of the Budget and Adequacy of Reserves

Interest rates	Interest rate assumptions are based on projections provided by the council's treasury management advisors and detailed within the Treasury Management Strategy. Any increase to projected interest rates in future years will have a significant impact on the revenue cost of borrowing, and also on the deliverability of the capital programme.
Pay & price inflation	Budget plans include a 3% annual provision for pay increases in the first 3 years and 2% in the years subsequent to that. Assumptions made regarding the level of inflation over the medium term aligned to the target level of 2%. Variations against these estimates will result in significant budget impacts.
Emerging Growth Pressures	The proposed budget for 2025/26 reflects growth for demand led services including childrens services, IJB and homelessness as well as revenue consequences of delivering the capital infrastructure required to meet the needs of East Lothian's growing population. The cumulative impact of population growth remains a key driver of budget pressures and the funding gap facing the council over the medium term.
Delivery of savings	The draft budget proposals for 2025/26 onwards reflect a number of savings plans. Progress to deliver savings will remain a key area of focus for budget monitoring, and if savings cannot be delivered as planned, then alternative options will need to be identified.
Adequacy of reserves	At 31/03/2024 the provisional unallocated balance on the general fund was £7.6 million. At this time the council also held earmarked reserves of £26.6 million. The financial strategy 2025-30 agreed by Council sets a target minimum unallocated balance of 2.5% of the net revenue budget, which would be £8.6 million based on the draft 2025/26 budget. The adequacy of reserves is discussed in more detail below.
Financial Management	The Council's financial information and reporting arrangements are sound and the in year position is reported to Council at regular intervals throughout the year. The Council expects to receive an unqualified audit opinion for the 2023/24 financial statements although work to finalise the audit remains ongoing at present.

Statement on the Robustness of the Budget and Adequacy of Reserves

Adequacy of reserves and key budget risks

The minimum prudent level of unallocated balances and earmarked reserves that the council should maintain is a matter of judgement. It is the Council's safety net for unforeseen or other circumstances. The minimum level cannot be judged merely against the cumulative risks facing the Council, as these can and will change over time. The target minimum unallocated balance on the general fund is currently set at 2.5% of the net revenue budget, which equates to approximately £8.6 million. Additional information on the adequacy of HRA reserves is set out below.

When considering the adequacy of reserves, the key risks that could affect the viability of the budget must be taken into account. The main factors are:

- Delivery of planned savings

Given the scale of the financial challenge being faced, the budget and financial strategy rely on the delivery of a significant amount of savings in order to achieve a balance position.

The draft budget proposals for 2025/26 onwards include the delivery of over £8m of efficiencies over the next 5 years. Many of these savings proposals will require development, review and consultation by officers, and therefore require adequate lead time to implement.

Officers are currently working to deliver previously identified savings, and proposals totalling £2.5 million have been reprofiled due to changes to anticipated delivery timescales in order to mitigate the budget impact of implementation delays.

Officer capacity to deliver savings also presents a risk, in the context of reduced staffing due to recruitment market challenges and enhanced recruitment control, delivery of some of the planned savings will require significant input from officers and ensuring that resources are adequate will be key to this.

If savings cannot be delivered as planned then alternative action will be required to mitigate the impact, and may include the suspension of some council services, reductions in staffing levels or changes to Council policy. Ultimately if these risks materialise and suitable alternative options cannot be identified, this could create in year budget overspends which would need to be funded from reserves. Progress and risks associated with the delivery of planned savings will remain a critical focus of 2025/26 Financial Reviews.

- Income levels

The budget projections for both general services and the HRA rely on a range of key assumptions around income levels which also reflect a significant degree of risk.

Statement on the Robustness of the Budget and Adequacy of Reserves

Officers continue to monitor and implement key income streams very closely and work hard to ensure that the Council can maximise income collection and recover income which is due wherever possible. We seek to mitigate this through provisions (amounts set aside to reflect that a proportion of income may not be recoverable) but even marginal variations in key revenue streams like council tax and rents will be hugely significant in value.

Furthermore, in accordance with the council's financial strategy, the council is developing new income streams which can be difficult to forecast as there is no historical data on which to base the projections. Collectively these areas will remain subject to close monitoring and review.

- Pay

There remains a risk that that pay negotiations may result in a greater increases than the 3% allowed for within the current budget projections. Every 1% increase in pay will result in a further pressure on the council's budget of approximately £2 million.

- Teacher support grant conditions

The Cabinet Secretary for Education and Skills wrote to COSLA on 30 January to reaffirm Scottish Government's commitment to restoring teacher numbers to 2023 levels, freezing learning hours and to make meaningful progress towards reducing class contact time for teachers. In this letter, she indicated the Government's expectation that the phased implementation of reduced class contact time can commence from the start of the next school year in August 2025. Collectively, these measures could have a significant financial impact for the council, resulting in an increased financial burden in excess of £6 million which is significantly higher than the teacher support grant.

- HRA Affordable Housing Subsidy

The Scottish Government's budget provides year 1 (2025/26) allocations of affordable housing subsidy allocations only, and the council's share of this allocation remains unknown at this point in time. The budget therefore assumes a level of grant subsidy that will be received in 2025/26 and beyond. If this funding does not materialise this presents an enhanced risk to the delivery of the planned number of affordable homes. Furthermore, this may present a further risk in terms of managing additional borrowing costs and may ultimately result in a delay to planned projects until clarity of future grant subsidy is provided. Given there remains a critical need for the supply of affordable housing this will be difficult to balance to manage the delivery of the programme and financial risk.

- IJB Budgets

Budget monitoring reports during 2024/25 have identified significant financial challenges facing the IJB resulting in increased risk of overspends with very limited

Statement on the Robustness of the Budget and Adequacy of Reserves

capacity within reserves to mitigate these. The proposed budget for 2025/26 reflects a significant funding uplift from the council to the IJB in order to mitigate these financial pressures and risk of overspending in 2025/26. However, the IJB continues to face a significant funding gap over the medium term that will need to be closed through careful financial management, additional savings, transformation initiatives and potentially service reductions. The IJB also faces a particular risk in relation to the impact of the employer national insurance contribution increase on commissioned services.

If the IJB is unable to identify options to reach a breakeven budget position, then any overspends which cannot be contained within reserves will fall to partners to meet. A large proportion of the current IJB pressures are driven by demands within council delegated adult social care services including commissioned services, and therefore working in partnership with IJB to ensure that clear and deliverable plans aligned to meet this funding gap remains critical.

- Council tax base

Council tax projections reflect assumed housing growth over the next 5 years. The projections are based on a series of assumptions and informed by data on housebuilding completions and intelligence from the planning service. There are a number of variables which could impact on the actual movement in the number of band D equivalent properties added to the rating list during the year, which are outside of the council's control. Should this arise, this may result in a lower or higher than anticipated Council Tax income.

- Inflation

Inflation remains slightly above the UK Government target of 2%. Inflation impacts on many of the council's input costs and unexpected rises will create an unbudgeted pressure on the revenue account which may mean that the council will be unable to achieve its objectives without further unplanned use of reserves.

- Interest rates

Interest rate assumptions are based on projections provided by the council's treasury management advisors and detailed within the Treasury Management Strategy. Any increase to projected interest rates in future years will have a significant impact on the revenue cost of borrowing, and also on the deliverability of the capital programme.

- National funding and employer national insurance contributions

The 2025/26 budget has been developed on the basis of the provisional local government finance. Given that this will not be finalised until early March, there remains a risk that funding allocations may still be subject to some change. The high-level budget projections for 2026/27 to 2029/30 reflect a flat cash settlement. However, the

Statement on the Robustness of the Budget and Adequacy of Reserves

projections are based on a one year funding settlement which mean that the position beyond 2025/26 remains uncertain.

The proposed budget for 2025/26 assumes that the council will receive a grant equivalent to 60% of the direct costs of the employer national insurance contribution increase announced by UK Government.

It is hoped that the spending review may provide greater clarity over funding for the next 3 years which would enable the council to plan with greater certainty over the medium term.

Variations to any of the funding assumptions may have a direct and significant impact on the council's financial outlook.

- Demand management

External factors including rising costs of living, poverty and demographic change are continuing to place upward pressure on current demand for council services. This represent a risk where funding allocations for demand led services are insufficient to meet the expenditure demands, or where the level of demand is significantly in excess of the assumptions incorporated into the budget.

- Timing of section 75 contributions

There remains a potential risk to recovery of section 75 contributions, driven by the speed of housebuilding and solvency of developers and well as the obligations being met through the delivery of the council's capital programme. If the contributions do not materialise in line with the projections, this could result in temporary pressures which may increase the council's borrowing requirement over the short term. This increases the overall cost of the council's capital programme as the council incurs the cost of borrowing to deliver its obligations for a longer period of time.

- Capital Accounting Review

Plans and timescales for progressing the capital account review remain unclear at the present time. However, on the basis of initial modelling of the potential changes that were consulted on, changes which may be implemented in the future have the potential to result in significant budget pressures for both general services and HRA budgets.

- Growing Population

The East Lothian population continues to grow, and the impact on Council services has been subject to significant local and national discussions and has resulted in a number of significant 'asks' to the Scottish Government including additional revenue funding and the establishment of a 'Growth Fund' to support growing local authority areas in meeting the increased demands on local services and infrastructure requirements. The

Statement on the Robustness of the Budget and Adequacy of Reserves

recurring impact on both revenue and capital spending will further increase as the population grows, and will become further challenging should the Council meet the additional Scottish Government national housebuilding allocation targets. Without a holistic and joined up intervention, this will present a significant risk and threat not only to the financial sustainability of this Council, the services we can provide to our local community, and will impact on delivery of many of the outcomes which are supported nationally and locally.

The council's general and uncommitted reserves levels are considered to remain at a low level relative to these risks. Given the level of savings identified and wide range of concurrent risks facing the council, there remains a key risk that the council will not be able to fully mitigate any events, including overspends or timing differences aligned to the delivery of planned savings.

If the minimum unallocated balance on the general fund falls below the level set out in the financial strategy, then action will need to be taken to replenish balances accordingly. In the first instance, we would seek to use other earmarked balances for this purpose. If this is not possible then a recovery plan would need to be implemented, with a view to replenishing reserves from the revenue account over the subsequent twelve months

The minimum General Fund balance will be kept under regular review in light of these risks and any further factors which arise during the year.

Earmarked Reserves

A number of earmarked reserves exist to cover items that require revenue expenditure in the future, or are held for specific purposes. At 31 March 2024, provisional earmarked reserves totalled approximately £26.6 million. These are amounts which have been earmarked for specific purposes in line with previous Council decisions including transformation, devolved school management and affordable housing delivery. It should be noted that in the event of in year overspends occurring, or where the minimum unallocated balance cannot be maintained, it may be necessary to divert funds from earmarked reserves to restore this.

Housing Revenue Account

The Council operates a Housing Revenue Account (HRA) for income and expenditure relating to the Council's housing stock. By law, the HRA must be self-financing and the financial strategy reflects the following key controls to ensure that HRA budgets remain financially sustainable:

1. Recommended upper limit for the ratio of debt charges to income to 40% both in the short and longer term
2. In support of contingency planning, ensuring that the reserve or balance left on the HRA does not fall below £1.0 million

Opinion of the Council's Section 95 Officer

The Section 95 Officer is of the opinion that the approach taken in developing the 2025/26 budget meets the requirements contained in CIPFA's financial management code, ensures the robustness of the budget and the adequacy of reserves. While this ensures that a competent budget can be set for the forthcoming financial year, the funding gap for the period beyond this

Statement on the Robustness of the Budget and Adequacy of Reserves

remains significant and presents a risk to the council's capacity to set balanced budgets in future years.

18 February 2025

Mike Porteous
Chief Finance Officer
East Lothian Integration Joint Board

John Muir House
Haddington
East Lothian
EH41 3HA
Tel 01620 827827

Dear Mike,

Revised Financial resource proposal from East Lothian Council to East Lothian Integration Joint Board – 2024-25 and 2025-26

This letter sets out the level of financial resources that will be delegated by the Council to the IJB in 2025-26 and is aligned to the Council budget approved on 18 February 2025.

2024-25 Revised Financial Resource Proposal

Firstly, I want to confirm that the final IJB funding for 2024-25 has increased from £74.977 million to £75.262 million reflecting the transfer of the Community Justice Officer post to the IJB (£59,000), and additional £226,000 of pay funding which the Council has agreed to pass over to the IJB. The revised baseline funding is set out below:

2023-24 Adult Wellbeing Budget	£68.493m
Excluding Non-Delegated services	(£0.540m)
Baseline Pay Award and Staffing	£0.522m
2024-25 Council Funding for Pay Award	£0.226m
Community Justice Officer Budget Transfer	£0.059m
TOTAL - Opening Baseline	£68.760m
New National Investment (Adult Services)	
£12 per hour Real Living Wage National Uplift	£4.637m
Free Personal and Nursing Care Uprating	£0.366m
Self-Directed Support	£0.005m
TOTAL - New National Investment	£5.008m
Other Delegated Budgets	
Non-HRA Private Sector Housing Grant	£0.256m
HRA - Disabled Adaptations (Capital)	£1.000m
HRA - Garden Aid	£0.238m
TOTAL - Other Delegated Budgets	£1.494m
2024-25 Total IJB Financial Resource	£75.262m

2025-26 Financial Resource Proposal

The budget proposal to the IJB has been set in the context of the total resources available to the Council during 2025-26. The financial environment remains challenging and the Council continues to balance a growing range of cumulative risks and financial pressures, including managing increased demand arising from a growing population. I am also aware that many of these cost pressures are equally being faced by the IJB. The resource proposal agreed by the Council for 2025-26 has been set in the context of managing these collective challenges faced by both organisations.

The specific details setting out the resource proposal remains aligned to the delegated functions set out within the approved Integration Scheme. As previously highlighted those areas set out within 'Other Delegated Budget lines' remain subject to on-going review and aligned to the Integration Scheme. The Council and IJB will be kept fully updated as to the outcome of this review and the potential impact.

The 2025-26 resource proposal includes:

- Total additional funding of £7.453 million (9%) which is in addition to the 2024-25 baseline budget. This funding offer includes:
 - o £3.207 million provided within the national funding settlement to support a range of national policy commitments;
 - o £349,000 anticipated share of national funding to support the estimated employers' National Insurance increase. This is estimated to cover approximately 60% of the direct costs;
 - o £3.897 million additional funding provided by the Council including:
 - £3.665 million to support a range of pressures including pay uplift, inflationary and demographic pressures as well as funding to support the 2024-25 recurring baseline pressure;
 - £232,000 additional contribution to meet the full estimated direct cost of employers national insurance increase to the IJB.
- Taking these factors into consideration the total financial resource to be made available to the IJB for 2025-26 is £82.715 million. The breakdown of this funding is set out in more detail within the table below.

2025-26 Financial Resource offer to IJB

2024-25 Adult Wellbeing Budget	£73.768m
Employers' National Insurance – Anticipated share of SG Funding	£0.349m
Employers' National Insurance – Additional ELC investment	£0.232m
ELC Additional Investment	£3.665m
TOTAL - Opening Baseline	£78.014m
New National Investment	
£12.60 per hour Real Living Wage National Uplift	£2.742m
Free Personal and Nursing Care Uprating	£0.208m
Mental Health Recovery & Renewal	£0.221m
Scottish Disability Assistance	£0.036m
TOTAL - New National Investment	£3.207m
Other Delegated Budgets	
Non-HRA Private Sector Housing Grant	£0.256m
HRA - Disabled Adaptations (Capital)	£1.000m
HRA - Garden Aid	£0.238m
TOTAL - Other Delegated Budgets	£1.494m
2025-26 Total IJB Financial Resource	£82.715m

As you know, the national Scottish Government budget is not expected to be formally approved until end of February, and as such the figures will remain in draft until this is finalised. In addition, there remain a number of ongoing national discussions to take place during the year including the outcome of national pay negotiations. As such I will keep you updated should any changes materialise.

The budget offer to the IJB sits alongside capital investment provided by the Council. This includes ongoing investment to support the community based alarms transition to Digital, as well as £1.7 million new additional investment to secure a sustainable future for the Haddington Day Centre by enabling its relocation of Tynebank Resource Centre. Collectively this represents a significant uplift in funding to support adult social care services.

In return, there remains a very clear expectation that this additional funding will be used first and foremost to offset social care budget pressures and reduce the risk of overspends being transferred back to the Council. Furthermore, given the capital investment provided, it is expected that the IJB will continue to support ongoing and sustained investment in community-based services including day centres.

It is the responsibility for the IJB to develop sustainable and deliverable financial plans for 2025-26, and it is expected that the Council delegated functions will operate within the total available resources made available. Aligned to the Scheme of Integration,

should any financial pressures arise during 2025-26, it is expected that appropriate recovery action is taken by the IJB to bring financial plans back into financial balance, and details of emerging financial risks should be reported to be as early as possible.

Following the IJB 2025-26 budget considerations, it is requested that the Director of Health and Social Care Partnership bring back a full and detailed report to the next appropriate Council meeting setting out the outcome of the IJB budget and implications for Council delegated services. This will also include details as to how the planned additional investment will be used.

I remain acutely aware that there remain significant and ongoing financial and demand pressures facing East Lothian IJB to support the delivery of its delegated functions, and much of these pressures are also being experienced nationally. I can assure you that the Council will continue to actively promote and support these national discussions as to how these collective challenges can be addressed. This will also include continuing discussions around the cumulative financial impact arising from a growing population.

Going forward, the Council has a significant budget gap to address in 2026-27 and beyond. It remains essential that the IJB continues to develop robust and deliverable medium term financial plans, that can meet the full extent of the projected budget gap including that arising from Council delegated functions. This I appreciate will not be easy, and it is vital that we continue to work in partnership through the IJB and funding partners to meet these shared challenges. Discussions around the development of further savings options for Council will continue to be explored and as always, the holistic impact of these decisions and shared outcomes will be an important consideration for all partners.

I look forward to continuing with these discussions during 2025-26 and beyond.

Yours sincerely

Sarah Fortune
Executive Director for Council Resources (Chief Financial Officer)
East Lothian Council

Cc: Lesley Brown – Interim Chief Executive, ELC
Caroline Hiscox – NHS Lothian Chief Executive
Fiona Wilson – Chief Officer East Lothian
David Hood – Head of Operations East Lothian
Shamin Akhtar – Chair East Lothian IJB
Andrew Cogan – Vice Chair East Lothian IJB
Ellie Dunnet – Head of Finance, ELC
Craig Marriott – NHS Lothian Director of Finance
David Henderson – Service Manager, Service Accounting, ELC

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**CROSS-PARTY
RENT PROPOSALS
2025/26 – 2029/30**

EAST LoTHIAN COUNCIL

HOUSING REVENUE ACCOUNT BUDGET PROPOSALS 2025/26 TO 2029/30

2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
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Rent Increase	6.50%	5.00%	5.00%	5.00%	5.00%
New Homes	94	117	90	47	17
Cumulative New Homes since 22/23	503	620	710	757	774

BUDGET	£000	£000	£000	£000	£000
Income					
House Rents	(42,135)	(44,884)	(47,728)	(50,501)	(53,173)
Garage Rents	(779)	(818)	(859)	(902)	(947)
Services/Service Charges	(766)	(805)	(845)	(887)	(932)
Other Income	(130)	(136)	(143)	(150)	(158)
Interest	(133)	(133)	(133)	(133)	(133)
Total Income	(43,943)	(46,776)	(49,708)	(52,573)	(55,343)
Expenditure					
Employee Costs	3,486	3,590	3,712	3,800	3,891
Repair Costs	13,280	13,742	14,174	14,762	15,256
Void Rents	838	893	950	1,005	1,058
Garage Void Rents	178	189	202	215	229
Bad Debt Provision	421	449	477	505	532
Operating Payments	1,464	1,498	1,533	1,569	1,606
Transfer Payments	256	261	266	272	277
Internal Recharges	4,701	4,793	4,887	4,982	5,079
Debt Charges	16,334	18,417	19,812	20,988	21,899
Total Expenditure	40,958	43,832	46,013	48,098	49,827
Management of Balances					
Opening (Surplus) / Deficit	(2,017)	(1,602)	(1,646)	(1,641)	(1,616)
Capital from current revenue	3,400	2,900	3,700	4,500	5,600
(Surplus)/ Deficit for Year	(2,985)	(2,944)	(3,695)	(4,475)	(5,516)
Closing (Surplus) / Deficit	(1,602)	(1,646)	(1,641)	(1,616)	(1,532)

Debt to Income Ratio	37.17%	39.37%	39.86%	39.92%	39.57%
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Capital Expenditure						5 Year Total
Modernisation/Extensions	13,375	14,248	15,911	16,716	17,381	£000 77,631
Energy Efficiency	2,500	2,500	2,500	2,500	2,500	12,500
New Affordable Council Housing	26,169	20,914	20,326	8,958	3,400	79,767
Fees	1,496	1,500	1,500	1,500	1,500	7,496
Mortgage to Rent	280	280	280	280	280	1,400
Total	43,820	39,442	40,517	29,954	25,061	178,794

EAST LoTHIAN COUNCIL
HOUSING REVENUE ACCOUNT BUDGET PROPOSALS 2025/26 TO 2029/30

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
HRA Income					
House Rents					
Rent income adjustments relating to rent increases and new council house additions <i>Changes as result of 6.5% rent increase 25-26 and 5% each subsequent year plus impact of new council housing additions</i>	(2,939)	(2,749)	(2,844)	(2,773)	(2,672)
Garage Rents					
Rent income increased in line with House rents <i>Changes as result of 6.5% rent increase 25-26 and 5% each subsequent year plus impact of new council housing additions</i>	(27)	(39)	(41)	(43)	(45)
Service Charges					
Income adjustments relating to service charge adjustments <i>Changes as result of 6.5% rent increase 25-26 and 5% each subsequent year plus impact of new council housing additions</i>	(62)	(39)	(40)	(42)	(45)
Other Income					
Homeless Rents, Renewable Energy Income, Refugee Support-Home Office Funding <i>Year 1 reduction reflective of forecast income for 24-25.</i>	54	(6)	(7)	(7)	(8)
Interest					
Interest on accumulated balances <i>Interest for 25-26 based on forecast for 24-25 then at same rate for subsequent years</i>	(115)	-	-	-	-
TOTAL INCOME CHANGE	(3,089)	(2,833)	(2,932)	(2,865)	(2,770)
HRA Expenditure					
Staffing					
General Inflation Increase <i>Increase 3% for 25/26 to 27/28 and 2% each subsequent year.</i>	254	104	122	88	91
Repairs					
General Inflation Increase <i>Increase in line with agreed SOR of 7.3% for 24-25 then 4.1% forecast for 25-26, 3.5% each subsequent year</i>	823	462	432	588	494
Void Rents					
Rent adjustments relating to rent increases and new council house <i>Void costs based on historical rates pre Covid at 1.99% of House Rents</i>	58	55	57	55	53
Garage Void Rents					
Increase in line with forecast voids for 24-25 then increasing at 5% in line with budgeted rent increases	36	11	13	13	14
Bad Debts					
Rent adjustments relating to rent increases and new council house additions <i>Bad debt budgeted at 1% of House rents due to lower actual bad debts in previous years.</i>	29	28	28	28	27
Operating Expenses					
<i>Year 1 reflective of extra utility costs and IT costs for new Housing system</i>	97	34	35	36	37
Transfer Payments					
<i>Year 1 reflective of lower transfers due to less new build properties in 24-25 & 25-26 than previously forecast</i>	(148)	5	5	6	5
Internal Recharges					
General Inflation Increase <i>Reflective of actual charges and General Inflation Increases.</i>	142	92	94	95	97
Debt Charges					
Debt Charges <i>Increase reflects previous capital work and the impact of rises in interest rates.</i>	1,517	2,083	1,395	1,176	911
TOTAL EXPENDITURE CHANGE	2,808	2,874	2,181	2,085	1,729
TOTAL CHANGE	(281)	41	(751)	(780)	(1,041)

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**CROSS-PARTY
GENERAL SERVICES
BUDGET PROPOSALS
2025/26 – 2029/30**

East Lothian Council Cross Party Budget
High Level Revenue Summary - General Services
2025/26 - 2029/30

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	Total £000
Base Budget	316,358	344,103	342,264	346,182	347,552	
Growth						
Pay	6,214	6,566	7,319	5,854	5,336	31,289
Employer National Insurance Increase	4,581	0	0	0	0	4,581
Inflation & Indexation	2,073	3,752	4,024	4,195	4,362	18,406
Growth including RCC	6,952	5,748	3,153	5,701	4,593	26,147
Growth Pressures - Children's Services	2,756	0	0	0	0	2,756
Growth Pressures - IJB	3,665	0	0	0	0	3,665
Growth Pressures - Inclusion & Wellbeing	875	0	0	0	0	875
Growth Pressures - Education	1,943	0	0	0	0	1,943
Investment in Other Priority Areas (breakdown below)	805	0	0	0	0	805
Debt Charges	8,395	-3,099	1,739	1,044	1,448	9,527
Total Growth	38,259	12,967	16,235	16,794	15,739	99,994
Funding / income changes						
RSG - additional funding	-7,459	0	0	0	0	-7,459
RSG - funding for new policy commitments (Council)	-2,422	0	0	0	0	-2,422
RSG - funding for new policy commitments (IJB)	-3,207	0	0	0	0	-3,207
RSG - funding for Employer National Insurance Increase	-4,581	0	0	0	0	-4,581
Contingency for National Insurance Funding	1,832	0	0	0	0	1,832
RSG - funding for existing policy commitments	-1,217	0	0	0	0	-1,217
DEFRA - Producer Responsibility Obligations	-2,630	630	0	0	0	-2,000
SFT funding	269	73	63	6	0	411
Service Concessions Flexibility	-1,193	-107	42	-98	-277	-1,633
Total Funding Changes	-20,608	596	105	-92	-277	-20,276
FUNDING GAP COUNCIL + IJB	17,651	13,563	16,340	16,702	15,462	79,718
Service Concessions - Contribution to Reserves	1,193	107	-42	98	277	1,633
SFT funding - Contribution to Reserves	0	1,595	-63	-6	0	1,526
Use of capital reserve	-8,045	7,878	2,102	0	0	1,935
Reverse use of 2024/25 Reserves	1,000	0	0	0	0	1,000
General Fund Balance	0	0	0	0	0	0
Total Reserve Movements	-5,852	9,580	1,997	92	277	6,094
Existing savings plans (breakdown below)	-3,120	-2,094	-1,585	0	0	-6,799
Risk to savings delivery	2,500	0	-1,000	-1,000	-500	0
Existing savings plans (IJB)	-801	0	0	0	0	-801
Total Savings	-1,421	-2,094	-2,585	-1,000	-500	-7,600
BUDGET GAP REMAINING	10,378	21,049	15,752	15,794	15,239	78,212
PROPOSED ADDITIONAL SERVICE REDUCTIONS	-922	-260	-40	-120	0	-1,342
Council tax increase y1-5 10%/ 5% / 5% / 5%/ 5%	-9,456	-5,165	-5,196	-5,408	-5,734	-30,959
REVISED BUDGET GAP COUNCIL + IJB	0	15,624	10,516	10,266	9,505	45,911
For Information - Future Year Budget Gaps						
Percentage reduction in service budgets required to balance budget		4.5%	3.2%	3.1%	2.8%	
Further council tax increase (above 5%) required to balance budget		24.3%	14.4%	12.4%	10.5%	

Breakdown of Planned Savings

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	Total £000
EXISTING SAVINGS (previously agreed by Council)						
<u>Deliverable Savings</u>						
Finance staffing reductions	0	0	-85	0	0	-85
Shared Services Arrangement - Internal Audit	-45	-14	0	0	0	-59
Project Manager cost saving City Deal	0	-80	0	0	0	-80
Income generation	0	-1,000	-500	0	0	-1,500
Asset Review	0	-1,000	-1,000	0	0	-2,000
Income generation	-100	0	0	0	0	-100
Reduction in budget for Instrumental Music Service	-235	0	0	0	0	-235
Redesign of libraries service	-120	0	0	0	0	-120
Income generation	-120	0	0	0	0	-120
						0
<u>Savings with Delivery Risks</u>						0
Income generation	-900	0	0	0	0	-900
Asset Review	-1,000	0	0	0	0	-1,000
Further asset review savings	-600	0	0	0	0	-600
	-3,120	-2,094	-1,585	0	0	-6,799
<u>Reprofile of Savings with Delivery Risks</u>						
Income generation	900	0	-900	0	0	0
Asset Review	1,000	0	-100	-400	-500	0
Further asset review savings	600	0	0	-600	0	0
	2,500	0	-1,000	-1,000	-500	0
Further Savings - Education	-286	0	0	0	0	-286
Further Savings - Infrastructure	-52	-120	0	-120	0	-292
Further Savings - Development	-355	0	0	0	0	-355
Further Savings - Housing	-50	-50	-20	0	0	-120
Further Savings - Finance	-75	0	0	0	0	-75
Further Savings - Council Support	-104	-90	-20	0	0	-214
TOTAL PROPOSED ADDITIONAL SAVINGS	-922	-260	-40	-120	0	-1,342
TOTAL BUDGET SAVINGS & EFFICIENCIES	-1,542	-2,354	-2,625	-1,120	-500	-8,141

Investment in Other Priority Areas

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	Total £000
Instrumental Music Service	85	0	0	0	0	85
Investment in Libraries	135	0	0	0	0	135
Enjoy Leisure	200	0	0	0	0	200
Brunton Theatre Trust	200	0	0	0	0	200
Summer Holiday Clubs (West of County)	60	0	0	0	0	60
Nature Restoration (Natural Flood Management)	30	0	0	0	0	30
Investment in Community Protection	90	0	0	0	0	90
Commuter Survey	5	0	0	0	0	5
TOTAL INVESTMENT IN PRIORITY AREAS	805	0	0	0	0	805

Reconciliation of IJB Position

Growth

Pay	757	785	907	665	673	3,787
Employer National Insurance Increase	581	0	0	0	0	581
Inflation & indexation	2,553	2,816	2,957	3,104	3,257	14,687
Growth including RCC	4,363	530	487	260	153	5,793
TOTAL	8,254	4,131	4,351	4,029	4,083	24,848

Funding / income changes

Additional Investment from East Lothian Council	-3,665	0	0	0	0	-3,665
RSG - funding for new policy commitments	-3,207	0	0	0	0	-3,207
RSG - funding for Employer National Insurance Increase	-349	0	0	0	0	-349
East Lothian Council - Additional National Insurance Funding	-232	0	0	0	0	-232
TOTAL	-7,453	0	0	0	0	-7,453

FUNDING GAP - IJB	801	4,131	4,351	4,029	4,083	17,395
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Existing savings plans	-801	0	0	0	0	-801
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FUNDING BUDGET GAP - IJB	0	4,131	4,351	4,029	4,083	16,594
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Area	2025/26 Budget			2026/27 Budget			2027/28 Budget			2028/29 Budget			2029/30 Budget		
	2024/25 Base Budget £'000	Changes £'000	Total Budget £'000	2025/26 Base Budget £'000	Changes £'000	Total Budget £'000	2026/27 Base Budget £'000	Changes £'000	Total Budget £'000	2027/28 Base Budget £'000	Changes £'000	Total Budget £'000	2028/29 Base Budget £'000	Changes £'000	Total Budget £'000
CORPORATE INCOME															
General Revenue Grant	(248,265)	(17,054)	(265,319)	(265,319)	-	(265,319)	(265,319)	-	(265,319)	(265,319)	-	(265,319)	(265,319)	-	(265,319)
Specific Grants	(1,823)	(5)	(1,828)	(1,828)	-	(1,828)	(1,828)	-	(1,828)	(1,828)	-	(1,828)	(1,828)	-	(1,828)
Other Grants	-	(2,630)	(2,630)	(2,630)	630	(2,000)	(2,000)	-	(2,000)	(2,000)	-	(2,000)	(2,000)	-	(2,000)
Council Tax	(77,767)	(9,712)	(87,479)	(87,479)	(5,650)	(93,129)	(93,129)	(5,686)	(98,815)	(98,815)	(5,917)	(104,732)	(104,732)	(6,273)	(111,005)
Social Care Fund	(6,240)	-	(6,240)	(6,240)	-	(6,240)	(6,240)	-	(6,240)	(6,240)	-	(6,240)	(6,240)	-	(6,240)
Other Corporate Income	-	(100)	(100)	(100)	(1,000)	(1,100)	(1,100)	(1,400)	(2,500)	(2,500)	-	(2,500)	(2,500)	-	(2,500)
Planned Use / Refund of Reserves - General Fund Reserves	(1,000)	2,193	1,193	1,193	1,702	2,895	2,895	(105)	2,790	2,790	92	2,882	2,882	277	3,159
Planned Use / Refund of Reserves - Capital Fund	(1,935)	(8,045)	(9,980)	(9,980)	7,878	(2,102)	(2,102)	2,102	-	-	-	-	-	-	-
EXPENDITURE LIMIT	(337,030)	(35,353)	(372,383)	(372,383)	3,560	(368,823)	(368,823)	(5,089)	(373,912)	(373,912)	(5,825)	(379,737)	(379,737)	(5,996)	(385,733)
LESS CORPORATE COMMITMENTS															
Valuation Board Requisition	742	39	781	781	-	781	781	-	781	781	-	781	781	-	781
Council Tax Reduction Scheme	6,709	362	7,071	7,071	456	7,527	7,527	460	7,987	7,987	478	8,465	8,465	507	8,972
Council Tax Earmarked for Affordable Housing	560	(106)	454	454	29	483	483	30	513	513	31	544	544	32	576
Asset Management	(1,999)	(843)	(2,842)	(2,842)	(107)	(2,949)	(2,949)	42	(2,907)	(2,907)	(98)	(3,005)	(3,005)	(277)	(3,282)
Debt Charges	17,935	8,045	25,980	25,980	(3,099)	22,881	22,881	1,739	24,620	24,620	1,044	25,664	25,664	1,448	27,112
Review of Council Assets	(1,598)	-	(1,598)	(1,598)	(1,000)	(2,598)	(2,598)	(1,100)	(3,698)	(3,698)	(1,000)	(4,698)	(4,698)	(500)	(5,198)
Management of Staffing Budgets	(2,475)	-	(2,475)	(2,475)	-	(2,475)	(2,475)	-	(2,475)	(2,475)	-	(2,475)	(2,475)	-	(2,475)
Corporate Pressures	-	83	83	83	2,000	2,083	2,083	-	2,083	2,083	4,000	6,083	6,083	4,000	10,083
Apprenticeship Levy	798	28	826	826	-	826	826	-	826	826	-	826	826	-	826
TOTAL CORPORATE COMMITMENTS	20,672	7,608	28,280	28,280	(1,721)	26,559	26,559	1,171	27,730	27,730	4,455	32,185	32,185	5,210	37,395
FUNDING FOR COUNCIL SERVICES	(316,358)	(27,745)	(344,103)	(344,103)	1,839	(342,264)	(342,264)	(3,918)	(346,182)	(346,182)	(1,370)	(347,552)	(347,552)	(786)	(348,338)
SERVICE PLANNED EXPENDITURE															
Education & Children's Services															
Children's															
Children's	20,647	4,024	24,671	24,671	637	25,308	25,308	697	26,005	26,005	569	26,574	26,574	(81)	26,493
Children's total	20,647	4,024	24,671	24,671	637	25,308	25,308	697	26,005	26,005	569	26,574	26,574	(81)	26,493
Education															
Inclusion & Wellbeing	13,413	1,286	14,699	14,699	1,386	16,085	16,085	443	16,528	16,528	207	16,735	16,735	242	16,977
Pre-school Education & Childcare	16,580	660	17,240	17,240	41	17,281	17,281	45	17,326	17,326	35	17,361	17,361	24	17,385
Schools - Primary	57,475	4,960	62,435	62,435	3,616	66,051	66,051	2,772	68,823	68,823	2,232	71,055	71,055	2,660	73,715
Schools - Secondary	59,585	2,406	61,991	61,991	2,453	64,444	64,444	2,144	66,588	66,588	1,812	68,400	68,400	1,040	69,440
Schools Support Services	3,800	70	3,870	3,870	83	3,953	3,953	92	4,045	4,045	75	4,120	4,120	66	4,186
East Lothian Works	1,274	52	1,326	1,326	65	1,391	1,391	75	1,466	1,466	54	1,520	1,520	54	1,574
Education total	152,127	9,434	161,561	161,561	7,644	169,205	169,205	5,571	174,776	174,776	4,415	179,191	179,191	4,086	183,277
Education & Children's Services total	172,774	13,458	186,232	186,232	8,281	194,513	194,513	6,268	200,781	200,781	4,984	205,765	205,765	4,005	209,770
Council Resources															
Finance															
Financial Services	3,782	77	3,859	3,859	83	3,942	3,942	26	3,968	3,968	83	4,051	4,051	84	4,135

Area	2025/26 Budget			2026/27 Budget			2027/28 Budget			2028/29 Budget			2029/30 Budget		
	2024/25 Base Budget £'000	Changes £'000	Total Budget £'000	2025/26 Base Budget £'000	Changes £'000	Total Budget £'000	2026/27 Base Budget £'000	Changes £'000	Total Budget £'000	2027/28 Base Budget £'000	Changes £'000	Total Budget £'000	2028/29 Base Budget £'000	Changes £'000	Total Budget £'000
Revenues & Financial Support	4,599	479	5,078	5,078	106	5,184	5,184	121	5,305	5,305	90	5,395	5,395	91	5,486
Procurement, Transformation & Digital	1,239	64	1,303	1,303	40	1,343	1,343	47	1,390	1,390	34	1,424	1,424	36	1,460
Finance total	9,620	620	10,240	10,240	229	10,469	10,469	194	10,663	10,663	207	10,870	10,870	211	11,081
Corporate Services															
IT Services	3,566	404	3,970	3,970	239	4,209	4,209	247	4,456	4,456	253	4,709	4,709	281	4,990
People & Council Support	4,670	383	5,053	5,053	14	5,067	5,067	181	5,248	5,248	133	5,381	5,381	136	5,517
Governance	2,400	253	2,653	2,653	95	2,748	2,748	108	2,856	2,856	77	2,933	2,933	82	3,015
Communications	557	22	579	579	13	592	592	16	608	608	11	619	619	11	630
Corporate Services total	11,193	1,062	12,255	12,255	361	12,616	12,616	552	13,168	13,168	474	13,642	13,642	510	14,152
Council Resources Total	20,813	1,682	22,495	22,495	590	23,085	23,085	746	23,831	23,831	681	24,512	24,512	721	25,233
Health & Social Care Partnership															
Adult Wellbeing	73,768	7,453	81,221	81,221	4,131	85,352	85,352	4,351	89,703	89,703	4,029	93,732	93,732	4,083	97,815
Health & Social Care total	73,768	7,453	81,221	81,221	4,131	85,352	85,352	4,351	89,703	89,703	4,029	93,732	93,732	4,083	97,815
Place Services															
Development															
Planning	1,111	(109)	1,002	1,002	83	1,085	1,085	98	1,183	1,183	70	1,253	1,253	73	1,326
Economic Development	856	(27)	829	829	(61)	768	768	20	788	788	15	803	803	16	819
Development total	1,967	(136)	1,831	1,831	22	1,853	1,853	118	1,971	1,971	85	2,056	2,056	89	2,145
Housing															
Housing & Strategic Regeneration	289	29	318	318	20	338	338	21	359	359	16	375	375	16	391
Community Housing	3,309	559	3,868	3,868	(24)	3,844	3,844	33	3,877	3,877	30	3,907	3,907	31	3,938
Property Maintenance Trading Activity	(1,153)	-	(1,153)	(1,153)	-	(1,153)	(1,153)	-	(1,153)	(1,153)	-	(1,153)	(1,153)	-	(1,153)
Housing total	2,445	588	3,033	3,033	(4)	3,029	3,029	54	3,083	3,083	46	3,129	3,129	47	3,176
Infrastructure															
Facility Support Services	4,128	(280)	3,848	3,848	89	3,937	3,937	90	4,027	4,027	89	4,116	4,116	89	4,205
Facility Trading Activity	(428)	-	(428)	(428)	-	(428)	(428)	-	(428)	(428)	-	(428)	(428)	-	(428)
Landscape & Countryside Management	6,387	614	7,001	7,001	226	7,227	7,227	264	7,491	7,491	198	7,689	7,689	203	7,892
Asset Maintenance & Engineering Services	3,528	486	4,014	4,014	221	4,235	4,235	1,452	5,687	5,687	(1,142)	4,545	4,545	159	4,704
Strategic Asset & Capital Planning	(1,215)	126	(1,089)	(1,089)	85	(1,004)	(1,004)	99	(905)	(905)	73	(832)	(832)	75	(757)
Roads Network & Flood Protection	4,159	205	4,364	4,364	116	4,480	4,480	127	4,607	4,607	103	4,710	4,710	105	4,815
Roads Trading Activity	(670)	-	(670)	(670)	-	(670)	(670)	-	(670)	(670)	-	(670)	(670)	-	(670)
Transportation	2,259	140	2,399	2,399	108	2,507	2,507	115	2,622	2,622	100	2,722	2,722	98	2,820
Waste Services	9,665	2,491	12,156	12,156	(470)	11,686	11,686	298	11,984	11,984	2,049	14,033	14,033	271	14,304
Active Business Unit	3,806	311	4,117	4,117	64	4,181	4,181	74	4,255	4,255	59	4,314	4,314	60	4,374
Infrastructure total	31,619	4,093	35,712	35,712	439	36,151	36,151	2,519	38,670	38,670	1,529	40,199	40,199	1,060	41,259
Communities & Partnerships															
Connected Communities	6,310	143	6,453	6,453	98	6,551	6,551	114	6,665	6,665	89	6,754	6,754	90	6,844
Protective Services	2,098	198	2,296	2,296	71	2,367	2,367	80	2,447	2,447	59	2,506	2,506	61	2,567
Customer Services Group	4,564	266	4,830	4,830	157	4,987	4,987	184	5,171	5,171	134	5,305	5,305	135	5,440
Communities & Partnerships total	12,972	607	13,579	13,579	326	13,905	13,905	378	14,283	14,283	282	14,565	14,565	286	14,851

Area	2025/26 Budget			2026/27 Budget			2027/28 Budget			2028/29 Budget			2029/30 Budget		
	2024/25 Base Budget	Changes	Total Budget	2025/26 Base Budget	Changes	Total Budget	2026/27 Base Budget	Changes	Total Budget	2027/28 Base Budget	Changes	Total Budget	2028/29 Base Budget	Changes	Total Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Place Total	49,003	5,152	54,155	54,155	783	54,938	54,938	3,069	58,007	58,007	1,942	59,949	59,949	1,482	61,431
TOTAL SERVICE EXPENDITURE	316,358	27,745	344,103	344,103	13,785	357,888	357,888	14,434	372,322	372,322	11,636	383,958	383,958	10,291	394,249
Budget Deficit/(Surplus)	-	-	-	-	15,624	15,624	15,624	10,516	26,140	26,140	10,266	36,406	36,406	9,505	45,911

Band D Council Tax
% increase / (decrease) in Band D

1,579.18
10.00%

Bar Band D Multiplier	2024/25		2025/26
	Council Tax	% Increase	Council Tax
A 240/360	957.08	10.00%	1,052.79
B 280/360	1,116.59	10.00%	1,228.25
C 320/360	1,276.10	10.00%	1,403.71
D 360/360	1,435.62	10.00%	1,579.18
E 473/360	1,886.24	10.00%	2,074.86
F 585/360	2,332.88	10.00%	2,566.17
G 705/360	2,811.42	10.00%	3,092.56
H 882/360	3,517.26	10.00%	3,868.99

* Note the Council operates Joint Billing alongside Scottish Water

Area	Description	2025/26			2026/27			2027/28			2028/29			2029/30		
		Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change
CORPORATE INCOME																
General Revenue Grant	GRG Increase (Additional Funding excluding Health & Social Care)	(7,459)	-	(7,459)	-	-	-	-	-	-	-	-	-	-	-	-
General Revenue Grant	GRG Increase (2024/25 Additional GRG - Baselined 2025/26)	(1,217)	-	(1,217)	-	-	-	-	-	-	-	-	-	-	-	-
General Revenue Grant	GRG Increase (New Policy Commitments excluding Health & Social Care)	(2,422)	-	(2,422)	-	-	-	-	-	-	-	-	-	-	-	-
General Revenue Grant	GRG Increase (Funding for National Insurance Increase)	(2,749)	-	(2,749)	-	-	-	-	-	-	-	-	-	-	-	-
General Revenue Grant	GRG Increase (Health & Social Care)	(3,207)	-	(3,207)	-	-	-	-	-	-	-	-	-	-	-	-
Total General Revenue Grant Changes		(17,054)	-	(17,054)	-	-	-	-	-	-	-	-	-	-	-	-
Specific Grants	Gaelic Adjustment	(5)	-	(5)	-	-	-	-	-	-	-	-	-	-	-	-
Total Specific Grants		(5)	-	(5)	-	-	-	-	-	-	-	-	-	-	-	-
Other Grants	DEFRA - Producer Responsibility Obligations	(2,630)	-	(2,630)	630	-	630	-	-	-	-	-	-	-	-	-
Total Other Grants		(2,630)	-	(2,630)	630	-	630	-	-	-	-	-	-	-	-	-
Council Tax	10% Increase (Year 1) 5% Increase (Years 2-5) and Additional Properties	(9,562)	-	(9,562)	(5,650)	-	(5,650)	(5,686)	-	(5,686)	(5,917)	-	(5,917)	(6,273)	-	(6,273)
Council Tax	Empty Homes Premium	(150)	-	(150)	-	-	-	-	-	-	-	-	-	-	-	-
Total Council Tax		(9,712)	-	(9,712)	(5,650)	-	(5,650)	(5,686)	-	(5,686)	(5,917)	-	(5,917)	(6,273)	-	(6,273)
Other Corporate Income		-	(100)	(100)	-	(1,000)	(1,000)	-	(1,400)	(1,400)	-	-	-	-	-	-
Total Other Corporate Income		-	(100)	(100)	-	(1,000)	(1,000)	-	(1,400)	(1,400)	-	-	-	-	-	-
Planned Use / Refund of Reserves - General Fund Reserves	General Fund - Used 2024/25	1,000	-	1,000	-	-	-	-	-	-	-	-	-	-	-	-
Planned Use / Refund of Reserves - General Fund Reserves	SFT Funding (Wallyford & Whitecraig Schools)	-	-	-	1,595	-	1,595	(63)	-	(63)	(6)	-	(6)	-	-	-
Planned Use / Refund of Reserves - General Fund Reserves	Service Concession Flexibility	1,193	-	1,193	107	-	107	(42)	-	(42)	98	-	98	277	-	277
Total Planned Use / Refund of Reserves - General Fund Reserves		2,193	-	2,193	1,702	-	1,702	(105)	-	(105)	92	-	92	277	-	277
Planned Use / Refund of Reserves - Capital Fund	Capital Fund	(8,045)	-	(8,045)	7,878	-	7,878	2,102	-	2,102	-	-	-	-	-	-
Total Planned Use / Refund of Reserves - Capital Fund		(8,045)	-	(8,045)	7,878	-	7,878	2,102	-	2,102	-	-	-	-	-	-
CORPORATE INCOME TOTAL		(35,253)	(100)	(35,353)	4,560	(1,000)	3,560	(3,689)	(1,400)	(5,089)	(5,825)	-	(5,825)	(5,996)	-	(5,996)
CORPORATE COMMITMENTS																
Valuation Board Requisition	Joint Requisition Adjustments	39	-	39	-	-	-	-	-	-	-	-	-	-	-	-
Total Valuation Joint Board Requisition		39	-	39	-	-	-	-	-	-	-	-	-	-	-	-
Council Tax Reduction Scheme	Council Tax Reduction Scheme Adjustment	362	-	362	456	-	456	460	-	460	478	-	478	507	-	507
Total Council Tax Reduction Scheme		362	-	362	456	-	456	460	-	460	478	-	478	507	-	507
Council Tax Earmarked for Affordable Housing	Council Tax Earmarked for Affordable Homes	(106)	-	(106)	29	-	29	30	-	30	31	-	31	32	-	32
Total Council Tax Earmarked for Affordable Housing		(106)	-	(106)	29	-	29	30	-	30	31	-	31	32	-	32
Asset Management	Lease Principal and Bad Debt Adjustments	350	-	350	-	-	-	-	-	-	-	-	-	-	-	-
Asset Management	Service Concession Flexibility	(1,193)	-	(1,193)	(107)	-	(107)	42	-	42	(98)	-	(98)	(277)	-	(277)
Total Asset Management		(843)	-	(843)	(107)	-	(107)	42	-	42	(98)	-	(98)	(277)	-	(277)
Debt Charges	Debt Charges Adjustments	8,045	-	8,045	(3,099)	-	(3,099)	1,739	-	1,739	1,044	-	1,044	1,448	-	1,448
Total Debt Charges		8,045	-	8,045	(3,099)	-	(3,099)	1,739	-	1,739	1,044	-	1,044	1,448	-	1,448
Review of Council Assets	Asset Review	-	-	-	-	(1,000)	(1,000)	-	(1,100)	(1,100)	-	(400)	(400)	-	(500)	(500)
Review of Council Assets	Further Asset Review Savings	-	-	-	-	-	-	-	-	-	-	(600)	(600)	-	-	-
Total Review of Council Assets		-	-	-	-	(1,000)	(1,000)	-	(1,100)	(1,100)	-	(1,000)	(1,000)	-	(500)	(500)
Corporate Pressures	Future Pressures	83	-	83	2,000	-	2,000	-	-	-	4,000	-	4,000	4,000	-	4,000
Total Service Pressures		83	-	83	2,000	-	2,000	-	-	-	4,000	-	4,000	4,000	-	4,000
Apprenticeship Levy	Apprenticeship Levy Adjustment	28	-	28	-	-	-	-	-	-	-	-	-	-	-	-
Total Apprenticeship Levy		28	-	28	-	-	-	-	-	-	-	-	-	-	-	-
CORPORATE COMMITMENTS TOTAL		7,608	-	7,608	(721)	(1,000)	(1,721)	2,271	(1,100)	1,171	5,455	(1,000)	4,455	5,710	(500)	5,210
EXPENDITURE LIMIT		(27,645)	(100)	(27,745)	3,839	(2,000)	1,839	(1,418)	(2,500)	(3,918)	(370)	(1,000)	(1,370)	(286)	(500)	(786)
SERVICE EXPENDITURE																
EDUCATION & CHILDREN'S SERVICES																
Children's Services																
Children's	Pay - 3% years 1-3, 2% years 4-5	558	-	558	349	-	349	407	-	407	296	-	296	304	-	304
Children's	Demographics	200	-	200	-	-	-	-	-	-	-	-	-	-	-	-
Children's	Baseline Recurring Pressures	2,756	-	2,756	-	-	-	-	-	-	-	-	-	-	-	-

Area	Description	2025/26			2026/27			2027/28			2028/29			2029/30		
		Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change
Children's	Childrens Social Care Pay - Real Living Wage	257	-	257	-	-	-	-	-	-	-	-	-	-	-	-
Children's	Whole Family Wellbeing	122	-	122	-	-	-	-	-	-	-	-	-	-	-	-
Children's	Inflation - Utilities	(12)	-	(12)	1	-	1	1	-	1	1	-	1	-	-	-
Children's	Inflation - External Placements	143	-	143	127	-	127	129	-	129	112	-	112	115	-	115
Children's	Review of Foster Provision	-	-	-	160	-	160	160	-	160	160	-	160	(500)	-	(500)
Total Children's Services		4,024	-	4,024	637	-	637	697	-	697	569	-	569	(81)	-	(81)
Education																
Inclusion & Wellbeing	Pay - 3% years 1-3, 2% years 4-5	91	-	91	61	-	61	64	-	64	58	-	58	45	-	45
Inclusion & Wellbeing	Demographics	19	-	19	81	-	81	44	-	44	38	-	38	89	-	89
Inclusion & Wellbeing	ASL Education Workforce/Revenue Consequences of Capital	875	-	875	397	-	397	230	-	230	6	-	6	3	-	3
Inclusion & Wellbeing	Service Review Savings	-	(83)	(83)	-	-	-	-	-	-	-	-	-	-	-	-
Inclusion & Wellbeing	Inflation - External Placements	56	-	56	49	-	49	49	-	49	49	-	49	49	-	49
Inclusion & Wellbeing	Inflation - Contract Transport	33	-	33	-	-	-	56	-	56	56	-	56	56	-	56
Inclusion & Wellbeing	Children & YP Community Mental Health	295	-	295	-	-	-	-	-	-	-	-	-	-	-	-
Inclusion & Wellbeing	Contract Transport New Contract	-	-	-	798	-	798	-	-	-	-	-	-	-	-	-
Total Inclusion & Wellbeing		1,369	(83)	1,286	1,386	-	1,386	443	-	443	207	-	207	242	-	242
Pre-school Education & Childcare	Pay - 3% years 1-3, 2% years 4-5	62	-	62	41	-	41	45	-	45	35	-	35	24	-	24
Pre-school Education & Childcare	Service Review Savings	-	(80)	(80)	-	-	-	-	-	-	-	-	-	-	-	-
Pre-school Education & Childcare	Early Learning & Childcare Workers - Real Living Wage	680	-	680	-	-	-	-	-	-	-	-	-	-	-	-
Pre-school Education & Childcare	Inflation - Utilities	(2)	-	(2)	-	-	-	-	-	-	-	-	-	-	-	-
Total Pre-school Education & Childcare		740	(80)	660	41	-	41	45	-	45	35	-	35	24	-	24
Schools - Primary	Pay - 3% years 1-3, 2% years 4-5	2,860	-	2,860	1,750	-	1,750	1,872	-	1,872	1,623	-	1,623	1,346	-	1,346
Schools - Primary	Demographics	-	-	-	-	-	-	-	-	-	-	-	-	401	-	401
Schools - Primary	Investment in Priority Areas - Instrumental Music Service	85	-	85	-	-	-	-	-	-	-	-	-	-	-	-
Schools - Primary	Revenue Consequences of Capital	1,425	-	1,425	1,086	-	1,086	394	-	394	202	-	202	499	-	499
Schools - Primary	Inflation - Utilities	(341)	-	(341)	32	-	32	33	-	33	34	-	34	34	-	34
Schools - Primary	NDR	58	-	58	59	-	59	60	-	60	61	-	61	62	-	62
Schools - Primary	Inflation - Contracts/Service Deductions	650	-	650	339	-	339	388	-	388	287	-	287	293	-	293
Schools - Primary	Inflation - Contract Transport	14	-	14	-	-	-	25	-	25	25	-	25	25	-	25
Schools - Primary	Contract Transport New Contract	-	-	-	350	-	350	-	-	-	-	-	-	-	-	-
Schools - Primary	FSM Expansion Primary 6/7	439	-	439	-	-	-	-	-	-	-	-	-	-	-	-
Schools - Primary	Increase in Gaelic Funding	5	-	5	-	-	-	-	-	-	-	-	-	-	-	-
Schools - Primary	Review of Instrumental Music Service	-	(235)	(235)	-	-	-	-	-	-	-	-	-	-	-	-
Total Schools - Primary		5,195	(235)	4,960	3,616	-	3,616	2,772	-	2,772	2,232	-	2,232	2,660	-	2,660
Schools - Secondary	Pay - 3% years 1-3, 2% years 4-5	2,036	-	2,036	1,333	-	1,333	1,401	-	1,401	1,262	-	1,262	996	-	996
Schools - Secondary	Revenue Consequences of Capital/Service Deductions	513	-	513	234	-	234	215	-	215	252	-	252	67	-	67
Schools - Secondary	Inflation - Utilities	(324)	-	(324)	31	-	31	31	-	31	32	-	32	32	-	32
Schools - Secondary	PPP	147	-	147	178	-	178	431	-	431	200	-	200	(122)	-	(122)
Schools - Secondary	NDR	31	-	31	44	-	44	45	-	45	46	-	46	47	-	47
Schools - Secondary	Inflation - Contracts	(24)	-	(24)	(26)	-	(26)	(26)	-	(26)	(27)	-	(27)	(27)	-	(27)
Schools - Secondary	Inflation - Contract Transport	27	-	27	-	-	-	47	-	47	47	-	47	47	-	47
Schools - Secondary	Contract Transport New Contract	-	-	-	659	-	659	-	-	-	-	-	-	-	-	-
Total Schools - Secondary		2,406	-	2,406	2,453	-	2,453	2,144	-	2,144	1,812	-	1,812	1,040	-	1,040
Schools Support Services	Pay - 3% years 1-3, 2% years 4-5	118	-	118	83	-	83	92	-	92	75	-	75	66	-	66
Schools Support Services	Service Review Savings	-	(70)	(70)	-	-	-	-	-	-	-	-	-	-	-	-
Schools Support Services	School Clothing Grants	22	-	22	-	-	-	-	-	-	-	-	-	-	-	-
Total Schools Support Services		140	(70)	70	83	-	83	92	-	92	75	-	75	66	-	66
East Lothian Works	Pay - 3% years 1-3, 2% years 4-5	105	-	105	65	-	65	75	-	75	54	-	54	54	-	54
East Lothian Works	Service Review Savings	-	(53)	(53)	-	-	-	-	-	-	-	-	-	-	-	-

Area	Description	2025/26			2026/27			2027/28			2028/29			2029/30		
		Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change
Total East Lothian Works		105	(53)	52	65	-	65	75	-	75	54	-	54	54	-	54
Total Education		9,955	(521)	9,434	7,644	-	7,644	5,571	-	5,571	4,415	-	4,415	4,086	-	4,086
TOTAL EDUCATION & CHILDRENS		13,979	(521)	13,458	8,281	-	8,281	6,268	-	6,268	4,984	-	4,984	4,005	-	4,005
COUNCIL RESOURCES																
Finance																
Financial Services	Pay - 3% years 1-3, 2% years 4-5	190	-	190	91	-	91	105	-	105	77	-	77	78	-	78
Financial Services	External Audit Fee Increase	7	-	7	6	-	6	6	-	6	6	-	6	6	-	6
Financial Services	Income from Treasury Investments	-	(75)	(75)	-	-	-	-	-	-	-	-	-	-	-	-
Financial Services	Service Review - Early Delivery of Staff Savings	-	-	-	-	-	-	-	200	200	-	-	-	-	-	-
Financial Services	Service Review - Corporate Accounting (Staff Reduction)	-	-	-	-	-	-	-	(135)	(135)	-	-	-	-	-	-
Financial Services	Service Review - Service Accounting (Staff Reduction)	-	-	-	-	-	-	-	(150)	(150)	-	-	-	-	-	-
Financial Services	Shared Service Arrangement - Internal Audit	-	(45)	(45)	-	(14)	(14)	-	-	-	-	-	-	-	-	-
Total Financial Services		197	(120)	77	97	(14)	83	111	(85)	26	83	-	83	84	-	84
Revenues & Financial Support	Pay - 3% years 1-3, 2% years 4-5	179	-	179	106	-	106	121	-	121	90	-	90	91	-	91
Revenues & Financial Support	Housing Benefit	300	-	300	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues & Financial Support		479	-	479	106	-	106	121	-	121	90	-	90	91	-	91
Procurement, Transformation & Digital	Pay - 3% years 1-3, 2% years 4-5	64	-	64	40	-	40	47	-	47	34	-	34	36	-	36
Total Procurement, Transformation & Digital		64	-	64	40	-	40	47	-	47	34	-	34	36	-	36
Total Finance		740	(120)	620	243	(14)	229	279	(85)	194	207	-	207	211	-	211
Corporate Services																
IT Services	Pay - 3% years 1-3, 2% years 4-5	131	-	131	80	-	80	95	-	95	69	-	69	71	-	71
IT Services	Cyber Security	200	-	200	-	-	-	-	-	-	-	-	-	-	-	-
IT Services	Microsoft Enterprise Agreement & IDOX/Service Deductions	20	-	20	103	-	103	93	-	93	124	-	124	140	-	140
IT Services	Increased Licence Costs	53	-	53	56	-	56	59	-	59	60	-	60	70	-	70
Total IT Services		404	-	404	239	-	239	247	-	247	253	-	253	281	-	281
People & Council Support	Pay - 3% years 1-3, 2% years 4-5	272	-	272	152	-	152	178	-	178	130	-	130	133	-	133
People & Council Support	System Enhancements	141	-	141	(48)	-	(48)	3	-	3	3	-	3	3	-	3
People & Council Support	Income from Salary Sacrific Schemes	-	(30)	(30)	-	(90)	(90)	-	-	-	-	-	-	-	-	-
Total People & Council Support		413	(30)	383	104	(90)	14	181	-	181	133	-	133	136	-	136
Governance	Pay - 3% years 1-3, 2% years 4-5	153	-	153	95	-	95	108	-	108	77	-	77	82	-	82
Governance	SLARC	100	-	100	-	-	-	-	-	-	-	-	-	-	-	-
Total Governance		253	-	253	95	-	95	108	-	108	77	-	77	82	-	82
Communications	Pay - 3% years 1-3, 2% years 4-5	22	-	22	13	-	13	16	-	16	11	-	11	11	-	11
Total Communications		22	-	22	13	-	13	16	-	16	11	-	11	11	-	11
Total Corporate Services		1,092	(30)	1,062	451	(90)	361	552	-	552	474	-	474	510	-	510
TOTAL COUNCIL RESOURCES		1,832	(150)	1,682	694	(104)	590	831	(85)	746	681	-	681	721	-	721
Health & Social Care Partnership																
Adult Wellbeing	Additional Investment from East Lothian Council	3,665	-	3,665	-	-	-	-	-	-	-	-	-	-	-	-
Adult Wellbeing	Additional investment per SG settlement - Real Living Wage	2,742	-	2,742	-	-	-	-	-	-	-	-	-	-	-	-
Adult Wellbeing	Additional investment per SG settlement - FPNC	208	-	208	-	-	-	-	-	-	-	-	-	-	-	-
Adult Wellbeing	Additional investment per SG settlement - Mental Health Recovery & Renewal	221	-	221	-	-	-	-	-	-	-	-	-	-	-	-
Adult Wellbeing	Additional investment per SG settlement - Scottish Disability Assistance	36	-	36	-	-	-	-	-	-	-	-	-	-	-	-
Adult Wellbeing	Employer National Insurance - Share of SG Funding	349	-	349	-	-	-	-	-	-	-	-	-	-	-	-
Adult Wellbeing	Employer National Insurance - Additional Funding from East Lothian Council	232	-	232	-	-	-	-	-	-	-	-	-	-	-	-
Adult Wellbeing	Growth Pressures	801	-	801	-	-	-	-	-	-	-	-	-	-	-	-
Adult Wellbeing	Efficiency Savings	-	(801)	(801)	-	-	-	-	-	-	-	-	-	-	-	-
Adult Wellbeing	Future Pressures	-	-	-	4,131	-	4,131	4,351	-	4,351	4,029	-	4,029	4,083	-	4,083
Total Adult Wellbeing		8,254	(801)	7,453	4,131	-	4,131	4,351	-	4,351	4,029	-	4,029	4,083	-	4,083

Area	Description	2025/26			2026/27			2027/28			2028/29			2029/30		
		Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change
TOTAL HEALTH & SOCIAL CARE		8,254	(801)	7,453	4,131	-	4,131	4,351	-	4,351	4,029	-	4,029	4,083	-	4,083
Place Services																
Development																
Planning	Pay - 3% years 1-3, 2% years 4-5	131	-	131	83	-	83	98	-	98	70	-	70	73	-	73
Planning	Head of Development Post	60	-	60	-	-	-	-	-	-	-	-	-	-	-	-
Planning	Fee Increase - Section 36 Applications	-	(300)	(300)	-	-	-	-	-	-	-	-	-	-	-	-
Total Planning		191	(300)	(109)	83	-	83	98	-	98	70	-	70	73	-	73
Economic Development	Pay - 3% years 1-3, 2% years 4-5	28	-	28	19	-	19	20	-	20	15	-	15	16	-	16
Economic Development	Service Deductions	-	(55)	(55)	-	-	-	-	-	-	-	-	-	-	-	-
Economic Development	City Deal Project Manager Cost Saving	-	-	-	-	(80)	(80)	-	-	-	-	-	-	-	-	-
Total Economic Development		28	(55)	(27)	19	(80)	(61)	20	-	20	15	-	15	16	-	16
TOTAL DEVELOPMENT		219	(355)	(136)	102	(80)	22	118	-	118	85	-	85	89	-	89
Housing																
Housing & Strategic Regeneration	Pay - 3% years 1-3, 2% years 4-5	29	-	29	20	-	20	21	-	21	16	-	16	16	-	16
Total Housing & Strategic Regeneration		29	-	29	20	-	20	21	-	21	16	-	16	16	-	16
Community Housing	Pay - 3% years 1-3, 2% years 4-5	59	-	59	26	-	26	53	-	53	30	-	30	31	-	31
Community Housing	Inflation - Utilities	(5)	-	(5)	-	-	-	-	-	-	-	-	-	-	-	-
Community Housing	Service Pressure - Temporary Accommodation	160	-	160	-	-	-	-	-	-	-	-	-	-	-	-
Community Housing	Supported Accommodation	395	-	395	-	-	-	-	-	-	-	-	-	-	-	-
Community Housing	Review of Housing Options Service	-	(50)	(50)	-	(50)	(50)	-	(20)	(20)	-	-	-	-	-	-
Total Community Housing		609	(50)	559	26	(50)	(24)	53	(20)	33	30	-	30	31	-	31
Property Maintenance Trading Activity	Pay - 3% years 1-3, 2% years 4-5	533	-	533	331	-	331	383	-	383	280	-	280	287	-	287
Property Maintenance Trading Activity	Increase in Schedule of Rates	(533)	-	(533)	(331)	-	(331)	(383)	-	(383)	(280)	-	(280)	(287)	-	(287)
Total Housing & Strategic Regeneration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL HOUSING		638	(50)	588	46	(50)	(4)	74	(20)	54	46	-	46	47	-	47
INFRASTRUCTURE																
Facility Support Services	Pay - 3% years 1-3, 2% years 4-5	31	-	31	17	-	17	19	-	19	14	-	14	16	-	16
Facility Support Services	Revenue Consequences of Capital	-	-	-	3	-	3	-	-	-	4	-	4	-	-	-
Facility Support Services	Inflation - Utilities	(345)	-	(345)	25	-	25	25	-	25	25	-	25	26	-	26
Facility Support Services	NDR	21	-	21	21	-	21	22	-	22	22	-	22	23	-	23
Facility Support Services	Inflation - Contracts	13	-	13	23	-	23	24	-	24	24	-	24	24	-	24
Total Facility Support Services		(280)	-	(280)	89	-	89	90	-	90	89	-	89	89	-	89
Landscape & Countryside Management	Pay - 3% years 1-3, 2% years 4-5	359	-	359	214	-	214	248	-	248	182	-	182	185	-	185
Landscape & Countryside Management	Investment in Priority Areas - Nature Restoration (Natural Flood Management)	30	-	30	-	-	-	-	-	-	-	-	-	-	-	-
Landscape & Countryside Management	Budget Realignment - Transfer from Communities & Partnerships	215	-	215	-	-	-	-	-	-	-	-	-	-	-	-
Landscape & Countryside Management	Inflation - Utilities	(14)	-	(14)	1	-	1	1	-	1	1	-	1	1	-	1
Landscape & Countryside Management	NDR	2	-	2	2	-	2	2	-	2	2	-	2	2	-	2
Landscape & Countryside Management	Inflation - Contracts	9	-	9	9	-	9	13	-	13	13	-	13	15	-	15
Landscape & Countryside Management	Service Pressure - Flytipping	85	-	85	-	-	-	-	-	-	-	-	-	-	-	-
Landscape & Countryside Management	Service Pressure - Ash Dieback	(50)	-	(50)	-	-	-	-	-	-	-	-	-	-	-	-
Landscape & Countryside Management	Fee Increase - Burials	-	(22)	(22)	-	-	-	-	-	-	-	-	-	-	-	-
Total Landscape & Countryside Management		636	(22)	614	226	-	226	264	-	264	198	-	198	203	-	203
Asset Maintenance & Engineering Services	Pay - 3% years 1-3, 2% years 4-5	86	-	86	55	-	55	64	-	64	46	-	46	48	-	48
Asset Maintenance & Engineering Services	Revenue Consequences of Capital	59	-	59	29	-	29	1,260	-	1,260	(1,260)	-	(1,260)	43	-	43
Asset Maintenance & Engineering Services	Inflation - Contracts	72	-	72	64	-	64	65	-	65	66	-	66	68	-	68
Asset Maintenance & Engineering Services	SFT Funding (Wallyford & Whitecraig Schools)	269	-	269	73	-	73	63	-	63	6	-	6	-	-	-
Total Asset Maintenance & Engineering Services		486	-	486	221	-	221	1,452	-	1,452	(1,142)	-	(1,142)	159	-	159
Strategic Asset & Capital Planning	Pay - 3% years 1-3, 2% years 4-5	132	-	132	84	-	84	98	-	98	72	-	72	74	-	74
Strategic Asset & Capital Planning	Inflation - Contracts	(6)	-	(6)	1	-	1	1	-	1	1	-	1	1	-	1
Total Strategic Asset & Capital Planning		126	-	126	85	-	85	99	-	99	73	-	73	75	-	75
Roads Network & Flood Protection	Pay - 3% years 1-3, 2% years 4-5	116	-	116	76	-	76	88	-	88	64	-	64	66	-	66
Roads Network & Flood Protection	Inflation - Utilities	(133)	-	(133)	28	-	28	28	-	28	28	-	28	28	-	28

Area	Description	2025/26			2026/27			2027/28			2028/29			2029/30		
		Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change
Roads Network & Flood Protection	NDR	2	-	2	2	-	2	2	-	2	2	-	2	2	-	2
Roads Network & Flood Protection	Inflation - Contracts	235	-	235	10	-	10	9	-	9	9	-	9	9	-	9
Roads Network & Flood Protection	Fee Increase - Coastal Car Parking	-	(20)	(20)	-	-	-	-	-	-	-	-	-	-	-	-
Roads Network & Flood Protection	Investment in Priority Areas - Commuter Survey	5	-	5	-	-	-	-	-	-	-	-	-	-	-	-
Total Roads Network & Flood Protection		225	(20)	205	116	-	116	127	-	127	103	-	103	105	-	105
Roads Trading Activity	Pay - 3% years 1-3, 2% years 4-5	143	-	143	89	-	89	103	-	103	75	-	75	76	-	76
Roads Trading Activity	NDR	2	-	2	2	-	2	2	-	2	2	-	2	2	-	2
Roads Trading Activity	Inflation - Contracts	31	-	31	32	-	32	33	-	33	34	-	34	34	-	34
Roads Trading Activity	Contract Income	(176)	-	(176)	(123)	-	(123)	(138)	-	(138)	(111)	-	(111)	(112)	-	(112)
Total Roads Trading Activity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	Pay - 3% years 1-3, 2% years 4-5	91	-	91	56	-	56	62	-	62	47	-	47	46	-	46
Transportation	Inflation - Utilities	(9)	-	(9)	1	-	1	1	-	1	1	-	1	1	-	1
Transportation	NDR	1	-	1	1	-	1	1	-	1	1	-	1	1	-	1
Transportation	Inflation - Vehicle Fuel	2	-	2	2	-	2	3	-	3	3	-	3	2	-	2
Transportation	Inflation - Contracts	55	-	55	48	-	48	48	-	48	48	-	48	48	-	48
Total Transportation		140	-	140	108	-	108	115	-	115	100	-	100	98	-	98
Waste Services	Pay - 3% years 1-3, 2% years 4-5	183	-	183	108	-	108	126	-	126	93	-	93	95	-	95
Waste Services	Inflation - Utilities	(10)	-	(10)	1	-	1	1	-	1	1	-	1	1	-	1
Waste Services	NDR	3	-	3	3	-	3	3	-	3	3	-	3	3	-	3
Waste Services	Inflation - Vehicle Fuel	8	-	8	8	-	8	9	-	9	9	-	9	9	-	9
Waste Services	Inflation - Contracts	156	-	156	160	-	160	159	-	159	163	-	163	163	-	163
Waste Services	DEFRA - Producer Responsibility Obligations	2,271	-	2,271	(630)	-	(630)	-	-	-	-	-	-	-	-	-
Waste Services	Incineration Tax on Waste	-	-	-	-	-	-	-	-	-	1,900	-	1,900	-	-	-
Waste Services	Uplift in Garden Waste Charge	-	(120)	(120)	-	(120)	(120)	-	-	-	-	(120)	(120)	-	-	-
Total Waste Services		2,611	(120)	2,491	(350)	(120)	(470)	298	-	298	2,169	(120)	2,049	271	-	271
Active Business Unit	Pay - 3% years 1-3, 2% years 4-5	80	-	80	48	-	48	57	-	57	42	-	42	42	-	42
Active Business Unit	Revenue Consequences of Capital	70	-	70	-	-	-	-	-	-	-	-	-	-	-	-
Active Business Unit	Inflation - Utilities	(51)	-	(51)	4	-	4	4	-	4	4	-	4	5	-	5
Active Business Unit	Investment in Priority Areas - Enjoy Leisure	200	-	200	-	-	-	-	-	-	-	-	-	-	-	-
Active Business Unit	NDR	1	-	1	1	-	1	1	-	1	1	-	1	1	-	1
Active Business Unit	PPP	9	-	9	9	-	9	10	-	10	10	-	10	10	-	10
Active Business Unit	Inflation Contracts	2	-	2	2	-	2	2	-	2	2	-	2	2	-	2
Total Active Business Unit		311	-	311	64	-	64	74	-	74	59	-	59	60	-	60
TOTAL INFRASTRUCTURE		4,255	(162)	4,093	559	(120)	439	2,519	-	2,519	1,649	(120)	1,529	1,060	-	1,060
Communities & Partnerships																
Connected Communities	Pay - 3% years 1-3, 2% years 4-5	142	-	142	77	-	77	92	-	92	67	-	67	68	-	68
Connected Communities	Investment in Priority Areas - Brunton Theatre Trust	200	-	200	-	-	-	-	-	-	-	-	-	-	-	-
Connected Communities	Investment in Priority Areas - Summer Holiday Clubs (West of County)	60	-	60	-	-	-	-	-	-	-	-	-	-	-	-
Connected Communities	Budget Realignment - Transfer to Infrastructure	(215)	-	(215)	-	-	-	-	-	-	-	-	-	-	-	-
Connected Communities	Inflation - Utilities	(59)	-	(59)	6	-	6	6	-	6	6	-	6	6	-	6
Connected Communities	NDR	6	-	6	6	-	6	7	-	7	7	-	7	7	-	7
Connected Communities	PPP	7	-	7	7	-	7	7	-	7	7	-	7	7	-	7
Connected Communities	Inflation - Contracts	2	-	2	2	-	2	2	-	2	2	-	2	2	-	2
Total Connected Communities		143	-	143	98	-	98	114	-	114	89	-	89	90	-	90
Protective Services	Pay - 3% years 1-3, 2% years 4-5	108	-	108	71	-	71	80	-	80	59	-	59	61	-	61
Protective Services	Investment in Priority Areas - Investment in Community Protection	90	-	90	-	-	-	-	-	-	-	-	-	-	-	-
Total Protective Services		198	-	198	71	-	71	80	-	80	59	-	59	61	-	61
Customer Services Group	Pay - 3% years 1-3, 2% years 4-5	266	-	266	155	-	155	182	-	182	132	-	132	133	-	133
Customer Services Group	Investment in Priority Areas - Investment in Libraries	135	-	135	-	-	-	-	-	-	-	-	-	-	-	-
Customer Services Group	Inflation - Utilities	(16)	-	(16)	1	-	1	1	-	1	1	-	1	1	-	1
Customer Services Group	NDR	1	-	1	1	-	1	1	-	1	1	-	1	1	-	1
Customer Services Group	Library Service Redesign	-	(120)	(120)	-	-	-	-	-	-	-	-	-	-	-	-

		2025/26			2026/27			2027/28			2028/29			2029/30		
Area	Description	Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change	Budget Change £'000	Efficiencies	Total Change
Total Customer Services Group		386	(120)	266	157	-	157	184	-	184	134	-	134	135	-	135
TOTAL COMMUNITIES & PARTNERSHIPS		727	(120)	607	326	-	326	378	-	378	282	-	282	286	-	286
TOTAL PLACE		5,839	(687)	5,152	1,033	(250)	783	3,089	(20)	3,069	2,062	(120)	1,942	1,482	-	1,482
SERVICES TOTAL		29,904	(2,159)	27,745	14,139	(354)	13,785	14,539	(105)	14,434	11,756	(120)	11,636	10,291	-	10,291
TOTAL		2,259	(2,259)	-	17,978	(2,354)	15,624	13,121	(2,605)	10,516	11,386	(1,120)	10,266	10,005	(500)	9,505

East Lothian Council

Cross Party Capital Budget 2025/26 to 2029/30

	P9 (Q3) Outturn	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total	External Funding	GCG funding/ Borrowing Requirement
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30			
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Community Projects									
Community Intervention	150	200	200	200	200	200	1,000	-	1,000
Community Facility Transformation	-	100	100	100	100	100	500	-	500
Community Intervention Fund - Pump Tracks	240	360	-	-	-	-	360	(223)	137
Community Public Art	200	-	-	-	-	-	-	-	-
Bleachingfield Centre Remodelling Works	105	2	-	-	-	-	2	(2)	-
Dunbar Conservation Area Regeneration Scheme (CARS)	150	575	12	-	-	-	587	(492)	95
North Berwick Skatepark	10	-	-	-	-	-	-	-	-
Support for Business	6	-	-	-	-	-	-	-	-
Fisherrow - spend to save project	250	-	-	-	-	-	-	-	-
CCTV	8	169	-	-	-	-	169	-	169
Town Centre Regeneration	558	-	-	-	-	-	-	-	-
Total Community Projects	1,676	1,406	312	300	300	300	2,619	(718)	1,901
ICT									
IT Programme & Digital Opportunities	2,400	2,200	2,300	2,325	2,300	2,300	11,425	-	11,425
Telecare system - Analogue to Digital	335	121	103	106	-	-	330	-	330
Total ICT	2,735	2,321	2,403	2,431	2,300	2,300	11,755	-	11,755
Fleet									
Amenties - Machinery & Equipment - replacement	169	200	200	200	200	200	1,000	-	1,000
Vehicles	3,380	5,774	2,081	1,943	3,708	2,500	16,006	-	16,006
Total Fleet	3,549	5,974	2,281	2,143	3,908	2,700	17,006	-	17,006

	P9 (Q3) Outturn	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total	External Funding	GCG funding/ Borrowing Requirement
	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	£000	£000	£000
Open Space									
Synthetic Pitch Replacement Programme	324	350	700	260	1,075	-	2,385	-	2,385
Cemeteries (Burial Grounds)	911	400	500	400	500	-	1,800	-	1,800
Climate Change Emergency	-	800	-	-	-	-	800	(800)	-
Coastal / Flood Protection schemes - Musselburgh	1,575	1,394	2,011	4,741	21,334	34,494	63,973	(42,273)	21,700
Coastal Change Management	40	166	-	-	-	-	166	-	166
Coastal Car Park Toilets	298	4	-	-	-	-	4	(2)	2
Core Path Plan	100	100	-	50	50	50	250	-	250
Harbour Walls	375	250	-	-	-	-	250	-	250
Nature Restoration	59	120	-	-	-	-	120	-	120
Polson Park	20	140	-	-	-	-	140	-	140
Replacement Play Equipment	459	545	100	100	100	100	945	-	945
Sports and Recreation LDP	1,532	2,237	2,444	-	424	2,583	7,688	(5,387)	2,301
- Aberlady Sports & Play Capacity	1	-	-	-	-	-	-	-	-
- Aubigny Sports Centre Expansion	1,061	16	220	-	-	-	236	(236)	-
- Blindwells Allotments	-	-	-	-	-	-	-	-	-
- Blindwells Cemetery Plots	-	-	-	-	-	-	-	-	-
- Blindwells Community Sports	-	-	-	-	-	2,333	2,333	(2,333)	-
- Blindwells Equipped Play	-	-	-	-	424	-	424	(424)	-
- Craighall Sports Pitches	-	59	-	-	-	-	59	(59)	-
- Craighall Allotments	-	-	-	-	-	23	23	(23)	-
- Craighall Pavilion	64	475	611	-	-	-	1,086	(1,086)	-
- Dirleton Play Equipment	-	-	23	-	-	-	23	(23)	-
- East Linton Memorial Park	-	66	-	-	-	-	66	(66)	-
- Elphinstone Pavilion	-	-	32	-	-	-	32	(32)	-
- Fa'side Path	8	161	-	-	-	-	161	(161)	-
- Gullane Pitches	-	116	-	-	-	-	116	(116)	-
- Gullane Play Equipment	126	29	-	-	-	-	29	(29)	-
- Hallhill Sports Pitch & Changing	236	239	-	-	-	-	239	(239)	-
- Heritage Implementation Plan	1	-	5	-	-	-	5	(5)	-
- Letham Path Network	4	-	-	-	-	-	-	-	-
- Letham Pavillon	1	-	-	-	-	-	-	-	-
- Longniddry-Haddington Path Improvements	-	13	-	-	-	-	13	(13)	-
- Macmerry Sports Facilities	-	108	-	-	-	-	108	(108)	-
- Wallyford 4 Team Pavilion	11	801	-	-	-	-	801	-	801
- Whitecraig Pavilion & Pitch	-	-	-	-	-	227	227	(227)	-
- Windygoul Sports Pitch	20	145	53	-	-	-	199	(199)	-
- Windygoul Allotments	-	8	-	-	-	-	8	(8)	-
Street litter bin replacement	40	40	40	40	40	40	200	-	200
Waste - New Bins	201	150	150	150	150	150	750	-	750
Waste - Machinery & Equipment - replacement	19	50	50	50	50	50	250	-	250
Total Open Space	5,953	6,746	4,495	5,791	23,723	37,466	78,221	(48,462)	29,759

	P9 (Q3) Outturn	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total	External Funding	GCG funding/ Borrowing Requirement
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30			
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Roads, Lighting and related assets									
Cycling Walking Safer Streets	1,040	496	-	-	-	-	496	-	496
Parking Improvements	296	878	851	5,000	-	-	6,729	-	6,729
Roads	5,500	-	-	-	-	-	-	-	-
Roads - Structures, Traffic Signals, Area Partnerships	-	620	620	620	620	620	3,100	-	3,100
Roads - Carriageways	-	4,480	3,480	3,480	3,480	3,480	18,400	-	18,400
Roads - Footways	-	950	950	950	950	950	4,750	-	4,750
Roads - Street Lighting	-	450	450	450	450	450	2,250	-	2,250
Roads - externally funded projects	8,462	3,459	3,270	280	100	100	7,209	(7,209)	-
Total Roads, Lighting and related assets	15,298	11,333	9,621	10,780	5,600	5,600	42,934	(7,209)	35,725
Property - Education									
Aberlady Primary - extension	30	3,935	75	-	-	-	4,010	(649)	3,362
Blindwells Primary - new school	19,702	1,632	326	-	-	-	1,958	(1,815)	143
Craighall Primary - New School	19,101	1,572	319	-	-	-	1,891	(319)	1,572
Free School Meals Expansion to P6-7	100	-	-	-	-	-	-	-	-
Haddington Primary School (Lower Campus)	-	47	-	-	-	-	47	(47)	-
Kingsmeadow Primary (Upper Campus)	-	25	-	-	-	-	25	(25)	-
Kingsmeadow Primary - Toilet Reinstatement	-	-	-	103	-	-	103	(103)	-
Law Primary - extension including Early Learning and 1140	143	-	-	-	-	-	-	-	-
Letham Primary - New School	17	47	-	-	-	-	47	-	47
North Berwick High School - Extension	688	-	-	-	-	-	-	-	-
Ormiston Primary - extension	82	100	-	-	-	-	100	-	100
Pencaitland PS	-	-	90	693	-	-	783	(783)	-
Pinkie St Peter's Primary - extension including Early Learning and 1140	150	-	-	-	-	-	-	-	-
Pinkie St Peter's Primary - sports hall extension	115	-	-	-	-	-	-	-	-
Ross High School - extension	147	-	-	-	-	-	-	-	-
School Estate - Curriculum Upgrades	1,083	-	-	-	-	-	-	-	-
School Estate - Security Upgrades	-	232	216	212	144	56	860	-	860
School Estate - ASN Provision Space	-	140	-	-	-	-	140	-	140
St Gabriel's Primary - extension including Early Learning and 1140	3	-	-	-	-	-	-	-	-
Wallyford Primary - New School	17	115	-	-	-	-	115	-	115
Wallyford Learning Campus	1,412	-	-	-	-	-	-	-	-
Whitecraig Primary - new school including Early Learning and 1140	10,164	2,297	278	-	-	-	2,574	(838)	1,737
Windygoul Primary - Early learning and 1140 extension	-	156	-	-	-	-	156	(156)	-
Total Property - Education	52,660	10,296	1,304	1,008	144	56	12,808	(4,734)	8,074

	P9 (Q3) Outturn	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total	External Funding	GCG funding/ Borrowing Requirement
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30			
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Property - Other									
Accelerating Growth	20,227	8,533	-	-	-	-	8,533	(7,287)	1,246
- Cockenzie	4,964	2,369	-	-	-	-	2,369	(2,369)	-
- Levelling Up Project Cockenzie	5,669	6,164	-	-	-	-	6,164	(4,918)	1,246
- Blindwells	194	-	-	-	-	-	-	-	-
- Innovation Hub	9,390	-	-	-	-	-	-	-	-
- A1/QMU Junction	10	-	-	-	-	-	-	-	-
Court Accommodation	874	22	-	-	-	-	22	-	22
Demolitions - various sites	-	369	-	-	-	-	369	-	369
Eskmill Fire Station Demolition	-	17	-	-	-	-	17	-	17
Relocation of Haddington Day Centre to Tynebank Resource Centre	-	1,325	434	-	-	-	1,759	-	1,759
Loch Centre Tranent - Major Refurbishment Works	55	276	4,614	64	-	-	4,953	-	4,953
Demolition of TUs	-	84	-	-	-	-	84	-	84
New ways of working Programme	250	990	100	-	-	-	1,090	-	1,090
Prestongrange Museum	400	833	-	-	-	-	833	(348)	485
Property Renewals	2,000	3,000	2,000	2,000	2,000	2,000	11,000	-	11,000
Replacement Childrens House	-	1,101	701	27	-	-	1,830	-	1,830
Sports Centres	240	240	240	240	240	240	1,200	-	1,200
Whitecraig Community Centre	-	-	-	-	-	-	-	-	-
Total Property - Other	24,046	16,791	8,089	2,331	2,240	2,240	31,691	(7,635)	24,055

	P9 (Q3) Outturn	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total	External Funding	GCG funding/ Borrowing Requirement
	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	£000	£000	£000
Projects subject to external funding									
Future Theatre Provision	-	-	-	-	-	-	-	-	-
Town Centre Investment - Tranent & Western Villages	-	-	-	-	-	-	-	-	-
River Tyne/ Haddington Flood Scheme	-	-	-	-	-	-	-	300	300
Total Projects subject to external funding	-	-	-	-	-	-	-	300	300
PPP Projects	-	-	-	-	-	-	-	-	-
Capital Plan Fees	2,617	2,650	2,730	2,812	2,896	2,983	14,070		14,070
Total Gross Expenditure	108,533	57,517	31,235	27,595	41,111	53,645	211,104		142,645
Income									
Developer contributions	(9,425)	(4,758)	(1,695)	(796)	(424)	(2,583)	(10,257)		
1140 grant income	-	(173)	-	-	-	-	(173)		
Town centre regeneration grant income	(774)	(208)	-	-	-	-	(208)		
Flood scheme general capital grant	-	14,134	3,071	(3,648)	(13,699)	(20,979)	(21,121)		
Other	(17,305)	(9,907)	(3,584)	(460)	(5,110)	(9,270)	(28,331)		
Capital receipts	(8,068)	(7,369)	(5,000)	(5,000)	(2,000)	(4,000)	(23,369)		
Scottish Government general capital grant	(26,486)	(1,282)	(2,338)	(6,014)	(7,211)	(7,211)	(24,056)		
Total Income	(62,058)	(9,563)	(9,546)	(15,918)	(28,444)	(44,043)	(107,514)	(68,459)	(39,056)
Net Borrowing Requirement	46,475	47,954	21,688	11,677	12,667	9,603	103,589		103,589
POST COMPLETION DEVELOPER CONTRIBUTIONS - FOR CAPITAL FUND	(4,158)	(267)	(2,102)	(3,692)	(2,606)	(9,386)	(18,052)		

	P9 (Q3) Outturn	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total	External Funding	GCG funding/ Borrowing Requirement
	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	£000	£000	£000
Paused projects - for review									
Spott Road - Replacement Depot	-	-	-	-	-	-	-	-	-
East Linton Amenity Provisions	-	-	1,500	-	-	-	1,500	-	1,500
Harbour Walls	-	750	1,000	1,000	-	-	2,750	-	2,750
East Linton Primary - extension including Early Learning and 1140	-	325	2,343	2,203	66	-	4,937	(574)	4,363
Elphinstone Primary - extension	-	-	-	-	-	-	-	-	-
Knox Academy Extension	52	261	394	120	2,202	8,764	11,740	(6,027)	5,714
Letham Primary - Extension	-	-	318	3,336	963	54	4,672	(2,760)	1,912
Longniddry Primary - extension	-	-	104	301	4,415	969	5,789	(3,307)	2,482
Macmerry Primary - extension	-	-	-	251	1,651	1,179	3,082	(1,119)	1,963
North Berwick High School - Extension (phase 2)	-	-	-	-	-	-	-	-	-
Pinkie St Peter's Primary - sports hall extension	-	478	6	-	-	-	484	-	484
Preston Lodge High School - extension (phase 1)	-	1,000	-	-	-	-	1,000	(1,000)	-
Prestonpans Primary - upgrades	-	253	7	-	-	1,144	1,403	(1,144)	259
Wallyford Primary - New School - Phase 2	-	-	-	104	551	1,529	2,185	(819)	1,366
Wallyford Learning Campus- Phase 2	-	-	-	-	118	3,544	3,662	(3,662)	-
Windygoul Primary - extension	-	-	-	104	540	1,462	2,106	(2,106)	-
PAUSED - Total Gross Expenditure	52	3,067	5,672	7,419	10,507	18,646	45,310	(22,518)	22,792
PAUSED - Income									
Developer contributions	(52)	(1,586)	(1,065)	(3,322)	(6,921)	(9,624)	(22,518)		
Other	-	-	-	-	-	-	-		
Capital receipts	-	-	-	-	-	-	-		
PAUSED - Total Income	(52)	(1,586)	(1,065)	(3,322)	(6,921)	(9,624)	(22,518)	-	-
Net Borrowing Requirement	-	1,481	4,607	4,097	3,586	9,022	22,792		22,792

REPORT TO: East Lothian Council

MEETING DATE: 18 February 2025

BY: Executive Director for Council Resources

SUBJECT: Treasury Management Strategy 2025-26 to 2029-30

3

1 PURPOSE

- 1.1 To seek the approval of the Council of the Treasury Management and Investment Strategies for 2025-26 to 2029-30.

2 RECOMMENDATIONS

2.1 The Council is recommended to:

- i. Note that the General Services and HRA capital investment plans for 2025-26 to 2029-30 are subject to consideration and approval by the previous agenda item considered by Council on 18 February 2025. Should there be any change to the approved figures, there will be a need to update the specific boundaries and limits set out below.
- ii. Approve the Treasury Management Strategy referenced within sections 3.5-3.19.
- iii. Approve the Investment Strategy referenced in sections 3.20-3.22.
- iv. Approve the repayment of loans fund advances using the methodology detailed in section 3.7.
- v. Approve the operational boundaries for external debt as detailed in section 3.15.
- vi. Approve the authorised limits for external debt as detailed in section 3.16.
- vii. Approve the delegation of authority to the Chief Financial Officer in conjunction with the Head of Finance to effect movement between external borrowing and other long-term liabilities as detailed in section 3.18.

- viii. Note the detailed Treasury Management Strategy Statement which has been submitted to the Members' Library (February 2025 Bulletin).

3 BACKGROUND

- 3.1 Treasury management is defined as the management of the local authority's borrowing, investments and cash flows; its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 3.2 The Treasury Management Code of Practice requires the Council to approve a Treasury Management Strategy and an Investment Strategy in advance of each financial year.
- 3.3 This strategy is also supported by the Financial and Capital Strategies, which were approved by Council on 10 December 2024, and is intended to firmly place decisions around borrowing in the context of the overall longer-term financial position of the authority and to provide improved links between the revenue and capital budgets.
- 3.4 The full Treasury Management and Investment Strategy for the period 2025-26 to 2029-30 has been lodged in the Members' Library. This report outlines the key points from those strategies. The figures used are based on those reflected in the draft General Services and HRA capital budgets amendment being considered by Council at this meeting.
- 3.5 Each year a local authority must calculate the revenue costs that flow from capital financing decisions. This means that capital expenditure must be limited to a level that is affordable and within the projected income of the Council for the foreseeable future, taking into account the elements below:
- Increases in principal and interest charges caused by increased borrowing to finance additional capital expenditure, and
 - Any additional running costs from new capital projects

Treasury Management Strategy

- 3.6 The table below provides details setting out the capital investment plans for 2025-26 to 2029-30, in line with the proposed General Services and HRA capital budgets. As a reminder, the actual capital expenditure incurred in 2023-24 and provisional estimates of total gross capital expenditure plans and how these are to be financed for 2024-25 are also detailed below. Not all of the projected expenditure will be funded by borrowing, but any shortfall of other funding resources results in a borrowing need.

Table 1

Capital Expenditure £'000	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate	5 Year Total Estimate
General Services	51,589	112,810	57,517	31,235	27,595	41,111	53,645	211,104
HRA	42,849	28,533	43,820	39,442	40,517	29,954	25,061	178,793
Total	94,438	141,343	101,337	70,677	68,112	71,065	78,706	389,897

Financing of capital expenditure £'000	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate	5 Year Total Estimate
General Services								
Capital grants	-17,938	-52,932	-4,805	-7,851	-15,122	-28,020	-41,460	-97,257
Capital receipts	-11,158	-9,804	-5,054	-2,002	-1,113	-753	-2,924	-11,846
CFCR	-166	0	0	0	0		0	0
General Services Total	-29,262	-62,736	-9,859	-9,853	-16,236	-28,773	-44,383	-109,104
HRA								
Capital grants	-10,340	-1,897	-6,236	-479	-1,716	-1,716	-196	-10,343
Capital receipts	-154	0	0	0	0	0	0	0
CFCR	-1,293	-2,200	-3,400	-3,200	-4,200	-5,100	-6,100	-22,000
HRA Total	-11,788	-4,097	-9,636	-3,679	-5,916	-6,816	-6,296	-32,343
Net financing need for the year	53,389	74,510	81,842	57,145	45,961	35,476	28,027	248,451

3.7 The net financing need for the year is financed by Loans Fund advances. The operation of the loans fund is regulated by statute: (The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 (the 2016 Regulations) which came into force on 1 April 2016. The Council will apply the following strategy for loans fund advances, and this remains consistent with the Loans Fund Review principles previously approved by Council in June 2019:

- Any income/receipts applied in year are where possible aligned to shorter-life assets. However, if appropriate, they may be used to reduce loans fund advances. Where it is thought to be prudent funds will be applied to the capital fund for future use for principal debt repayment or to reduce loans fund advances. Any loans fund advances in year are matched to assets with longer economic lives.

General Services

- Capital expenditure funded by loans fund advances from 2001 is reflected within the loans fund on an individual asset basis, rather than an overall pooled approach.
- Capital expenditure funded by loans fund advances incurred between 2001 and 2016 has been aligned to the asset life which was given at the time capital expenditure had been incurred (i.e. in line with depreciation charged through the Council's statutory accounts). These have been aligned to the asset lives provided for the rolling valuation programme as required by the Council's statutory accounting process.
- From 2016, in line with the statutory guidance, all asset lives have been reviewed and aligned to the estimated economic life of the asset.

HRA

- Capital expenditure funded by loans fund advances incurred from 2001 has been reflected within the loans fund and categorised as new council housing, modernisation expenditure on existing properties and open market acquisitions.
- Capital expenditure funded by loans fund advances incurred between 2001 and 2012-13 has been aligned to the asset life which was given at the time capital expenditure has been incurred (i.e. in line with depreciation charged through the Council's statutory accounts).
- From 2013-14, there was a change to the approach required to value Council dwellings through the statutory accounts. As a result, all of the Council dwellings have been depreciated using a pooled approach and given the same life, regardless of each asset's age.
- It is not considered prudent and commensurate with the economic benefit of the asset life to match loans fund advances in such a way. As such, from 2013-14, all of the asset lives have been reviewed, and all HRA loans fund advances are now aligned to the estimated economic life of the asset.

3.8 For illustrative purposes, assuming projected expenditure is in line with approved plans and further extended to a 10-year period, the General Services and HRA expected loans fund balances are shown in tables 2 and 3 below.

Table 2 - General Services

General Services £'000	Opening Balance	Advances	Repayments	Closing Balance
Year 1	356,642	47,659	13,478	390,823
Year 2-5	390,823	54,342	40,884	404,280
Year 6-10	404,280	28,463	60,467	372,277
Year 11-15	372,277	0	62,716	309,561
Year 15-20	309,561	0	58,603	250,958
Year 21-30	250,958	0	74,704	176,255
Year 31-40	176,255	0	46,364	129,890
Year 41-50	129,890	0	58,590	71,301
Year 51-60	71,301	0	67,167	4,133
Year 61-70	4,133	0	4,133	0

Table 3 - HRA

HRA £'000	Opening Balance	Advances	Repayments	Closing Balance
Year 1	284,351	34,184	6,293	312,242
Year 2-5	312,242	112,266	30,601	393,907
Year 6-10	393,907	56,107	45,929	404,085
Year 11-15	404,085	0	50,436	353,649
Year 16-20	353,649	0	46,323	307,326
Year 21-30	307,326	0	83,848	223,478
Year 31-40	223,478	0	74,926	148,552
Year 41-50	148,552	0	76,070	72,483
Year 51-60	72,483	0	62,250	10,233
Year 61-70	10,233	0	10,233	0

- 3.9 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The Council does not associate borrowing with particular items or types of expenditure. The authority has an integrated Treasury Management Strategy and has adopted the CIPFA Code of Treasury Management. The Council has at any point in time a number of cash flows both positive and negative. In day-to-day cash management, no distinction is made between revenue cash and capital cash. External borrowing arises as a consequence of

all the financial transactions of the Council and not simply those arising from capital spending. Other than to manage short-term cash flows, the Council is not allowed to borrow for revenue purposes.

- 3.10 Table 4 below sets out the Capital Financing Requirement (CFR) and the movement in CFR for the Council across the 5-year strategy period from 2025-26 to 2029-30. The table also includes a reminder of the actual CFR in 2023-24 and current projections for 2024-25.

Table 4 - CFR

£'000	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
Capital Financing Requirement (including PPP & Finance Leases)							
CFR - General Services	359,295	408,580	440,363	450,811	450,442	457,366	453,868
CFR – HRA	265,745	284,350	312,242	341,078	368,206	383,388	393,907
Total CFR	625,041	692,930	752,605	791,890	818,648	840,754	847,775
Movement in CFR	57,384	67,889	59,675	39,285	26,758	22,106	7,021
Movement in CFR represented by:							
Net financing need for the year	67,986	83,311	82,241	57,933	46,919	43,378	28,046
GS -Less loan fund repayments and other financing movements	-5,221	-9,591	-16,274	-11,722	-12,688	-13,315	-12,780
HRA - Less loan fund repayments and other financing movements	-5,382	-5,831	-6,293	-6,926	-7,473	-7,956	-8,246
Movement in CFR	56,428	67,889	59,675	39,285	26,758	22,107	7,021

- 3.11 Capital investment decisions should be made in accordance with the following fundamental principles of the Prudential Code:

- Service objectives, e.g. achieving the Council Plan objectives
- Stewardship of assets, e.g. asset management planning
- Affordability, e.g. implications for Council Tax and Rent levels
- Value for money, e.g. option appraisal
- Prudence and sustainability, e.g. implications for external borrowing
- Practicality, e.g. is the investment proposal practical given other competing pressures on the service involved

- 3.12 Prudential indicators are also required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. Some of these are set out in more detail below.

- One of the main prudential indicators is the ratio of financing costs to net revenue streams which identifies the trend in the cost of capital

against income. Actual 2023-24 figures and estimates of the ratio of financing costs to net revenue stream for the current and future years are set out in the table 5 below.

Table 5 – Ratio of financing costs to net revenue streams

£'000	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
GS Revenue Stream	304,916	321,422	354,626	360,276	365,926	371,879	378,152
GS Financing Costs	13,000	16,857	25,874	22,464	23,682	24,147	25,370
General Services	4.26%	5.24%	7.30%	6.24%	6.47%	6.49%	6.71%
HRA Revenue Stream	37,789	40,854	44,149	46,994	49,940	52,818	55,601
HRA Financing Costs	12,521	14,308	16,322	18,335	19,676	20,802	21,628
HRA	33.13%	35.02%	36.97%	39.02%	39.40%	39.38%	38.90%

- The increase in the General Services 2024-25 compared to the 2023-24 ratio is due to the use of the benefit from earlier reviews of the loans fund, which had been substantially used in 2023-24. If this had not been applied both the financing costs and the ratio would have increased. The ratio reflects the size of the cost of the capital investment budgets associated with current and future plans compared to taxpayer income. The phased payback of the 2022-23 fiscal flexibility was included from 2023-24.
- The increase in the ratio for General Services in 2025-26 is due, in part, to the final principal payment in relation to assets pre 2001 and the reprofiling of the same assets after the use of the fiscal flexibilities, as well as the benefit from earlier reviews of the loans fund finishing in 2024-25.
- The HRA ratio reflects the large planned investment in new council housing programme, which is mainly financed through borrowing. This borrowing has to be repaid with interest and this leads to increased financing costs.
- The incremental impact of capital investment decisions on council tax and housing rent levels are set out in Tables 6 and 7 below.

Table 6 - Impact on Council Tax

	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
General Services Debt £'000	313,376	356,643	390,824	403,367	404,733	406,593	404,280
Band D Equivalents	61,228	61,456	63,235	63,957	64,577	65,167	65,798
Debt per Band D Equivalent £	£5,118	£5,803	£6,180	£6,307	£6,267	£6,239	£6,144

Table 7 - Impact on Rent

	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
HRA debt £'000	265,745	284,350	312,242	341,078	368,206	383,388	393,907
Number of HRA dwellings	9,361	9,431	9,525	9,642	9,732	9,779	9,796
Debt per dwelling £	£26,254	£28,852	£32,781	£35,374	£37,835	£39,205	£40,211

- 3.13 The Council's forecasted treasury portfolio position at 31 March 2025 and forward projections are shown in Table 8 below. The table shows the actual external debt (the treasury management operations) against the underlying capital borrowing need (the Capital Financing Requirement – CFR) highlighting any over or under borrowing.

Table 8 – Treasury Portfolio

£'000	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
External Debt							
Debt at 1 April	441,503	493,789	564,755	637,466	658,702	679,493	686,437
Expected change in Debt	52,286	70,965	72,711	21,236	20,791	6,944	-1,919
Other long-term liabilities (OLTL)	32,214	30,688	35,633	32,041	28,685	25,732	29,484
Expected change in OLTL	-1,526	4,945	-3,591	-3,356	-2,953	3,752	-2,850
Actual gross debt at 31 March	524,477	600,387	669,507	687,387	705,225	715,921	711,153

The Capital Financing Requirement	625,040	692,930	752,604	791,889	818,648	840,754	847,775
Under / (over) borrowing	100,563	92,542	83,097	104,502	113,422	124,833	136,623

- 3.14 The key treasury management indicator of prudence is that external borrowing should not exceed the CFR for the preceding year (2023-24) plus additional CFR in the current (2024-25) and two following years (2025-26 and 2026-27).

	2023/24 Actual CFR	2024/25 Estimate Gross Debt	2024/25 Estimate CFR Increase	2025/26 Estimate CFR Increase	2026/27 Estimate CFR Increase	CFR Total
£m	579	565	62	62	41	744

This year is projected to be within this indicator - External Debt £565 million and CFR £641 million. At the close of the 2023-24 financial year, the Council was well within this indicator, as the CFR for the actual year was £579million and external borrowing was £494 million.

The application of IFRS 16 is currently estimated to have an opening increase of £7.8m to both the CFR and the Other Long-Term Liabilities. Work is on-going in the closing figure and the effect of the impact of any in year changes will be reported later.

Boundaries for Debt

- 3.15 In line with the requirements, the Council is asked to approve limits beyond which external debt is not normally expected to exceed in the proceeding 5 years of the strategy. The operational boundaries for gross external debt are set out in Table 9 below.

Table 9 – Operational Boundary

Operational boundary £'000	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
Debt	657,296	720,562	763,203	792,915	811,269	821,140
Other long term liabilities	35,633	32,041	28,685	25,732	29,484	26,635
Total	692,929	752,604	791,889	818,647	840,754	847,774

- 3.16 Furthermore, the Council must set maximum levels of borrowing by way setting authorised limits for its gross external debt for the strategy period. Table 10 below sets out the maximum authorised limits for the next five

years. These limits separately identify borrowing from other long-term liabilities such as finance leases.

Table 10 – Authorised Limits

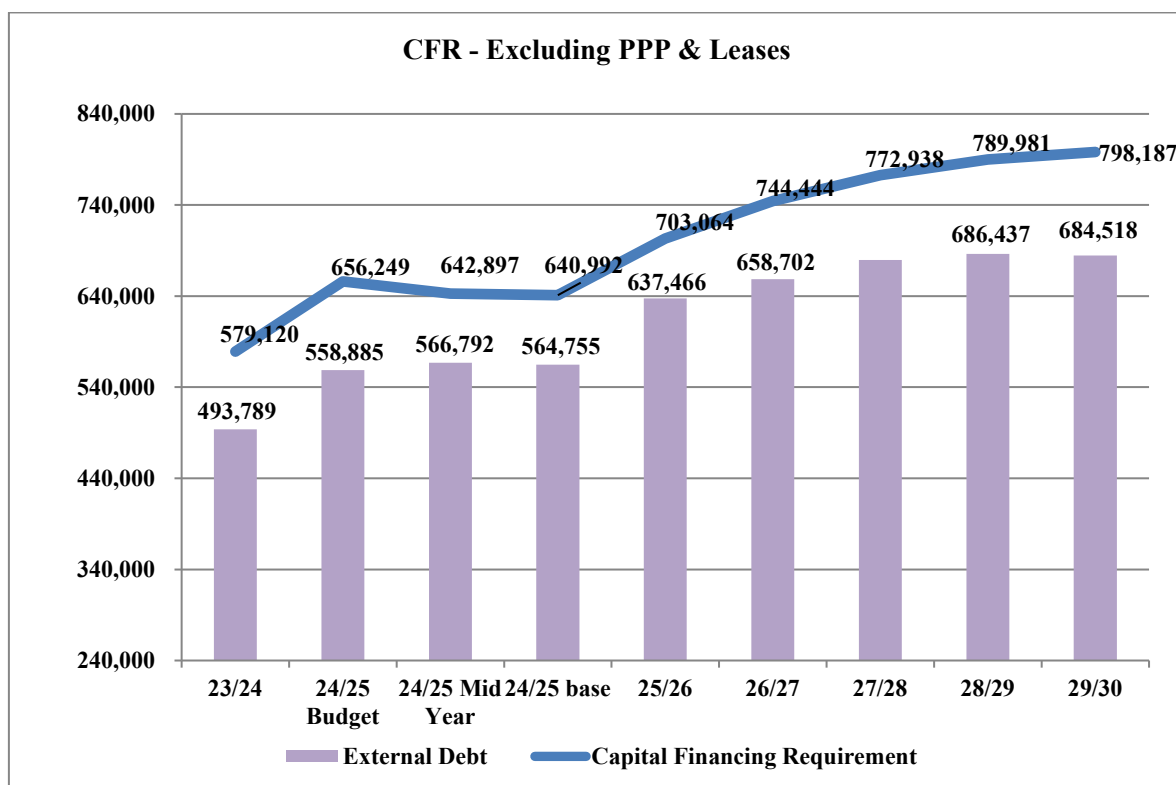
Authorised limit £'000	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
Debt	724,000	741,000	777,000	816,000	847,000	872,000
Other long term liabilities	36,000	30,000	28,000	26,000	24,000	22,000
Total	760,000	771,000	805,000	842,000	871,000	894,000

3.17 These authorised limits are consistent with the Council's current commitments, and approved budget for capital expenditure and financing. The limits are based on the estimate of the most likely, prudent but not worst-case scenario which includes sufficient headroom over and above this to allow for the operational management of unusual cash flows, such as debt restructuring, or timing issues with expected capital income. Any revision required to the authorised limit must be approved by Council. External debt is prohibited beyond the authorised limit.

3.18 A summary of the CFR excluding PPP and leases against the planned external debt is set out in Table 11 and the graph shown below.

Table 11

£'000	2023/24	2024/25 Budget	2024/25 Mid year	2024/25 Outturn	2025/26	2026/27	2027/28	2028/29	2029/30
Authorised Limit	636,000	726,000	726,000	724,000	741,000	734,000	774,000	817,000	847,000
Operational Boundary	594,352	656,249	659,202	657,296	720,562	763,203	792,915	811,269	821,140
Capital Financing Requirement	579,120	656,249	642,897	640,992	703,064	744,444	772,938	789,981	798,187
External Debt	493,789	558,885	566,792	564,755	637,466	658,702	679,493	686,437	684,518



- 3.19 In line with existing financial regulations, the Council has delegated authority to the Chief Financial Officer in conjunction with the Head of Finance to effect movement between borrowing and long-term liabilities within the total authorised limits and operational boundaries approved. Any such movement would be reported to Council / Cabinet via the Members' Library and as part of Treasury Management update reports.

Investment Strategy

- 3.20 The Council's Investment strategy is developed in line with Local Government Investments (Scotland) Regulations 2010, (and accompanying Finance Circular 5/2010) and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes, 2021 edition, ("the CIPFA TM Code").
- 3.21 The Investment Strategy details the approach which the Council will take to minimise the risk to investments and lists the investments which the Council will be permitted to use. The regulations and guidance place a high priority on the management of risk. The Council's investment priorities will be **security first, liquidity second and then return**.
- 3.22 Common Good and Charitable Trust funds are managed on behalf of the Council by an external investment management firm. The strategy details the Council's policy on the investment of these funds. The indicator below sets a limit on the total level of investments held for longer than 365 days.

Upper limit for principal sums invested for longer than 365 days			
£m	2025/26	2026/27	2027/28
Principal sums invested for longer than 365 days	£10m	£10m	£10m

4 POLICY IMPLICATIONS

- 4.1 There are no direct policy implications associated with this report although clearly, the report provides a strategic context and direction within which all future financial plans should be considered. Ongoing monitoring and reporting of the Council's financial performance is a key part of the approved Treasury Management Strategy.

5 INTEGRATED IMPACT ASSESSMENT

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

6 RESOURCE IMPLICATIONS

- 6.1 Financial – these strategies are consistent with the draft General Services and HRA capital budgets being considered by Council on 18 February 2025.
- 6.2 Personnel - none
- 6.3 Other – none

7 BACKGROUND PAPERS

- 7.1 CIPFA (2021) – “Treasury Management in the Public Services, Cross Sectoral Guidance notes”
- 7.2 CIPFA (2021) – “The Prudential Code for capital finance in local authorities”
- 7.3 The Local Government Investments (Scotland) Regulations 2010
- 7.4 The Local Authority (Capital Financing and Accounting) (Scotland) Regulations 2016
- 7.5 Financial Strategy and Capital Strategy 2025-26 to 2029-30 - Council 10 December 2024
- 7.6 Capital Investment and Treasury Management Strategy 2025-26 to 2029-30 (lodged in Members' Library Service – February 2025 Bulletin)
- 7.7 Council 18 February 2025 – budget papers

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