



MINUTES OF THE SPECIAL MEETING OF EAST LoTHIAN COUNCIL

**TUESDAY 18 FEBRUARY 2025
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON
AND VIA HYBRID MEETING FACILITY**

Committee Members Present:

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

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

Council Officials Present:

Ms L Brown, Interim Chief Executive
Ms S Fortune, Executive Director for Council Resources
Ms F Wilson, Director of Health and Social Care
Ms H Barnett, Head of Corporate Support
Ms L Byrne, Head of Children's Services
Ms E Dunnet, Head of Finance
Mr D Hood, Head of Operations (Health and Social Care)
Ms N McDowell, Head of Education
Ms W McGuire, Head of Housing
Mr T Reid, Head of Infrastructure
Ms C Rodgers, Head of Communities
Ms E Barclay, Democratic Services Assistant
Mr S Cooper, Service Manager – Communications
Ms A-M Glancy, Service Manager – Corporate Accounting
Ms P Gray, Communications Adviser
Mr C Grilli, Service Manager - Governance
Mr D Henderson, Service Manager – Service Accounting

Visitors Present:

None

Clerk:

Mrs L Gillingwater

Apologies:

Councillor C Cassini

Declarations of Interest/Transparency Statements:

Transparency Statement – Councillor Menzies stated that she was employed by Paul McLennan MSP, and that she had a close family member working within the Council's Amenity Services team. She also stated that she was a board member of EnjoyLeisure. Having applied the objective test, she believed there was no conflict of interest.

Transparency Statement – Councillors Allan and Jardine stated that they were employed by Paul McLennan MSP. Having applied the objective test, they believed there was no conflict of interest.

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

The clerk recorded the attendance of Members by roll call.

1. APPOINTMENT OF CHIEF EXECUTIVE AND INTERIM ARRANGEMENTS

A report was submitted by the Executive Director for Corporate Resources advising the 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.

The Head of Corporate Support, Hayley Barnett, presented the report, advising of the appointment of Laurence Rockey as the new Chief Executive (Head of Paid Service) of East Lothian Council, subject to pre-employment checks, noting that it was expected that he would take up his position on 22 April 2025. She reminded Members of the authority delegated to her, in consultation with Group Leaders, to put in place interim arrangements, and she advised that Lesley Brown had agreed to take on the role of Interim Chief Executive.

The Provost paid tribute to the recently retired Chief Executive, Monica Patterson, and he thanked Ms Brown for agreeing to take on the role of Interim Chief Executive. He looked forward to working with Mr Rockey.

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

Decision

The Council agreed:

- i. 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;

- ii. to approve the minute from the Chief Officer and Head Teacher Appointments Sub-Committee, 3 February 2025 (attached as Appendix A to the report);
- iii. 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; and
- iv. to note the interim arrangements that have been put in place prior to the new Chief Executive taking up post.

2. BUDGET, COUNCIL TAX AND RENT SETTING 2025/26 ONWARDS

A report was submitted by the Executive Director for Council Resources providing the Council with an overview of the national funding settlement for local government, and the implications of this for East Lothian; setting the General Services revenue budget and council tax levels for 2025/26 and agreeing strategic level budgets for 2026/27 to 2029/30; setting the General Services capital budget for 2025/26 to 2029/30; setting the Housing Revenue Account (HRA) budgets for 2025/26 to 2029/30 and agreeing rent levels for 2025/26; and setting out the next steps towards delivering the Council's Financial Strategy 2025/26 to 2029/30.

The Executive Director for Council Resources and Chief Financial Officer, Sarah Fortune, introduced the report, stressing the ongoing financial challenge faced by both the Council and the wider public sector. She advised that the scale of this challenge was a key focus for the Council, and difficult decisions would be required in the years to come. She referenced the forthcoming spending review, which she hoped would provide some certainty as regards medium-term financial planning.

The Head of Finance, Ellie Dunnet, went on to provide a summary of the report, drawing attention to key aspects such as draft settlement, challenges facing both General Services and the HRA, and the position as regards the East Lothian Integration Joint Board (IJB).

In response to questions from Members in relation to the IJB position, Ms Dunnet and Fiona Wilson (Director for Health and Social Care) indicated that many of the pressures on this service were related to the level of demand on social care services and efforts to support people to stay within their own home. Ms Wilson confirmed that work was underway to review day centre provision, but this had to be considered in the context of risk and available resources. Ms Dunnet also highlighted the additional costs associated with the forthcoming increase in employer national insurance contributions; further detail on the impact of this would be included in the regular finance updates.

Councillor Jardine suggested that community engagement could be more effective. Ms Dunnet assured her that this was under consideration, and invited Members to put forward their ideas.

Councillor Ritchie asked questions in relation to debt levels and partnership working. Ms Dunnet indicated that the Council is borrowing more each year, so the Capital Financing Requirement (CFR) also increases. She also noted that the impact of rising interest rates had had a direct impact on the affordability of the Council's debts. On partnership working, Ms Dunnet highlighted the importance of supporting partners to develop more sustainable operating models. She noted the proposal to increase funding to both the Brunton Theatre Trust and EnjoyLeisure by £200,000.

Noting that the Council's financial settlement had not yet been finalised, Councillor Hampshire asked about what would happen should there be a variation from the draft settlement. Ms Dunnet explained that any change to funding levels would be reported to Council.

Responding to a series of questions from Councillor Menzies, Ms Dunnet advised that c.75% of the Council's funding was provided through government funding, with c.25% being raised through council tax. She stressed that it would not be advisable to use reserves to support the budget, as per the approved Financial Strategy. She added that much of the funding received had to be used to meet statutory obligations, and that there remained a risk to the Council of not being able to meet those responsibilities. Ms Fortune explained that in the event of the Council not being able to set a balanced budget, then the Council would go through a formal process involving key agencies such as the Scottish Government and Audit Scotland; however, there were significant financial and reputational risks associated with this, hence the importance of setting a balanced budget.

The Provost then moved to Item 2a, inviting the Cabinet Spokesperson for Housing, Councillor Forrest to present the cross-party rent proposals.

2a. CROSS-PARTY HOUSING REVENUE ACCOUNT INCLUDING COUNCIL HOUSE RENT PROPOSALS 2025/26 TO 2029/30

Councillor Forrest presented the cross-party rent proposals, drawing attention to the pressures on the Council's housing services, due to growth and demand, demographic changes, and an increase in homelessness, as well as the ongoing financial challenges. He welcomed the recent Scottish Government announcement on funding for new homes, but noted that there was only a small number of new sites available and the Council could not commit to additional sites without confirmation of longer-term funding. He made reference to rising costs of construction materials, the need to meet quality and energy efficiency standards, and the housing emergency declared by the Council in November 2024. Despite these challenges, he announced that the Council was on target to deliver 154 new kitchens, 438 new bathrooms, 49 new adapted bathrooms, 314 new windows and doors, and 13 new extensions as part of the modernisation programme. He also welcomed the improvements made regarding the turnover of void properties. On the proposal to increase rent levels by 6.5%, Councillor Forrest stressed that this was essential to ensure that the ongoing modernisation programme could be delivered. In moving the proposals, he confirmed that he was committed to the review of rent structures and to building on the good relationship with tenants.

The cross-party rent proposals were seconded by Councillor Menzies. She was of the view that rent levels should be higher, given that East Lothian currently had the third lowest rent levels in Scotland but the highest house prices and high private rent levels. She believed that the increase in homelessness presentations was due to the high costs of renting. She provided a comparison of the Council's rent levels with those of neighbouring authorities, noting that the Council had a responsibility to have a HRA that was fit for purpose and to invest in its housing stock, and she believed that a 6.5% increase did not go far enough to achieve this. She stressed, therefore, that it was vital to bring the Council's rent levels into line with those of neighbouring authorities.

There followed a debate, with a number of other Members speaking in support of the proposed rent increase. The provision of quality housing for people's health and wellbeing, and for accessible housing, was highlighted, as was the need to provide a greater number of mid-market properties to compete with private rental properties. The improvement regarding void properties was welcomed, as was the proposed review of rent structures. There was general agreement that the ability to plan for the longer term was important, and that effective engagement with tenants and residents was also a key aspect.

Having been invited to sum up, Councillor Forrest advised that he had nothing to add to his previous statement.

The Provost moved to the roll call vote on the recommendations (with the exception of Recommendation 2.7), which were approved unanimously.

Decision

The Council agreed:

- i. to note the local and wider economic context within which budgets had been developed, including the factors which had contributed to the funding gap;
- ii. to note the content of the 2025/26 local government finance settlement and the funding implications for East Lothian Council;
- iii. to note the key assumptions used to develop the budget proposals, set out in paragraph 3.11 of the report;
- iv. to note the statement on robustness of the budget, adequacy of reserves and key budget risks included at Appendix 1;
- v. that, in line with agenda item 2a:
 - o to approve the Housing Revenue Account revenue and capital budgets for 2025/26 to 2029/30
 - o to approve a 6.5% increase in rents for 2025/26
- vi. to a review of oversight and scrutiny arrangements for housing policy, performance and strategic planning which ensures effective engagement with all stakeholders;
- viii. to note the draft Integration Joint Board budget offer letter, attached at Appendix 2 to the report; and
- ix. to agree the indicative timetable and next steps for developing budget projections and closing the budget gap for 2026/27 onwards, as set out in paragraphs 3.54 to 3.61 of the report.

2b. CROSS-PARTY GENERAL SERVICES REVENUE AND CAPITAL BUDGET INCLUDING COUNCIL TAX PROPOSALS 2025/26 TO 2029/30

The Provost invited the Council Leader, Councillor Hampshire, to present the cross-party General Services budget proposals.

Councillor Hampshire presented the proposals, thanking officers for their support and advice throughout the process, and other Members for their collaborative approach to this first-ever cross-party budget. He welcomed the increase in unringfenced funding to the Council, but noted that the Council still faced considerable challenges as regards rising costs, inflation, growth, and an increasing demand for services. He highlighted a number of key aspects of the cross-party proposals, including additional funding for social care and children's services, an extra £200,000 for the Brunton Theatre Trust, and the same for EnjoyLeisure, and investment in library services and instrumental music tuition. An additional £211m would be directed to infrastructure projects, to meet the demands of growth. Despite this investment in services, Councillor Hampshire stressed that it would be challenging to deliver a balanced budget in future years, and so managers would be asked to submit action plans outlining how their services could be delivered at a lower cost. Moving the proposals, he declared that the cross-party budget would protect services, education, the environment and the vulnerable.

Councillor Jardine seconded the proposals, welcoming in particular the additional funding for social care and children's services. She drew attention to a number of challenges facing the Council, including the increase in employers' national insurance contributions and continued austerity, which had resulted in an increasing number of people using foodbanks and relying on benefits. She spoke of the need to continue with the transformation of services, which would be required to address the projected budget gap over the coming years. She also stressed the need for more effective community engagement.

Speaking against the proposal to increase council tax by 10%, Councillor McGuire remarked that the financial challenges facing the Council were being put ahead of individuals in the community. He set out a number of efficiency measures that his group had suggested, including saving the £1.4m allocated to Area Partnerships; generating £100,000 of savings through counter-fraud measures; updating staff terms and conditions, saving £3m per year; ending the trade union subsidy; saving £400,000 by way of changes to the management structure; withdrawing from CoSLA, thereby saving £66,000 per year; appointing fewer senior councillors; and reducing Members' administrative support. He declared that he would not be supporting the budget and called on the Council to confront inefficiencies.

Councillor McIntosh spoke in support of the cross-party proposals, remarking that the proposed increase in council tax was necessary for the Council to continue delivering services. She welcomed, in particular, the proposed investment in adult social care, children's services, cultural services, climate change and nature restoration.

Councillor McLeod was also supportive of the proposals, and he looked forward to ideas for income generation coming forward.

Councillor Menzies emphasised the importance of tackling inequality and poverty. She argued that Councillor McGuire's suggestions were not competent and accused him of 'political posturing'.

Speaking in support of Councillor McGuire's comments, Councillor Findlay was critical at the proposed 10% council tax increase. He also claimed that the additional investment in libraries was insufficient.

Councillor Dugdale welcomed the additional investment in Education, particularly the provision of three new primary schools, and extra funding for additional support needs (ASN), and also extra funding to meet the demand within Children's Services. She believed that the proposals would ensure that children and young people had opportunities to flourish and thrive.

Despite the significant challenges facing the Council, Councillor Allan believed that the proposed cross-party budget would support communities and invest in services. She hoped that local contractors would benefit from the construction of new affordable housing, and she stressed that the Council would need to support community wealth building, cultural services, tourism, rural diversification and agri-tourism. She also spoke of the Council's position as regards renewable energy and the need to prioritise achieving the transition to net zero.

In response to Councillor McGuire's comments in relation to Area Partnerships, Councillor Bennett highlighted the positive community work carried out by those groups during the cost-of-living crisis. He was also critical of the suggestion that staff terms and conditions should be reviewed.

Councillor Ritchie spoke in support of the proposals and was proud that the Council could deliver a cross-party budget. In particular, she welcomed the proposed summer holiday clubs in the west of the county, which would provide opportunities and food for young people. She accepted that it would be difficult for the Council to deliver the required savings whilst protecting services and investing in communities.

Councillor Gilbert focused on the need to provide additional high-quality affordable housing, as well as the associated infrastructure, such as schools, health care, transport and public amenities. He was concerned that it was becoming more difficult for people to remain within East Lothian due to high house prices and a shortage of housing, and he hoped that the next Local Development Plan would help to rectify this.

Councillor Forrest drew attention to the community work undertaken by Community Councils, Area Partnerships and other community groups. He also welcomed the additional investment in the school estate and the Brunton Theatre Trust.

Councillor Akhtar voiced her disappointment that the Conservative Members were not supportive of the cross-party proposals. She highlighted the additional investment in health and social care services, noting in particular the funding for a new day centre in Haddington. She stressed the need for day centre services in the Musselburgh area, noting the valuable preventative work carried out by day centres that allowed people to remain within their own communities. She mentioned that the Council continued to receive one of the lowest funding settlements in Scotland and the need to continue lobbying the government on this issue.

Councillor McGinn welcomed the additional investment in libraries, noting that the recent reduction in hours at some libraries had had an impact on those communities. He also made reference to forty-six local organisations who had recently benefited from £1.3m of One Council funding, and to the work done by the Sport, Countryside and Leisure Service in enhancing the local environment and the restoration work undertaken following storms, as well as the improvements made to playparks, and additional investment in the Loch Centre, the Brunton Theatre Trust and EnjoyLeisure.

The Provost paid tribute to those Members who had worked together to bring forward the cross-party budget proposals. He stressed the need for the Council to have a greater focus on the economy, including agri-tourism, golf, and food and drink. He also mentioned the important role played by CoSLA and the need to work in partnership with others.

Summing up, Councillor Hampshire thanked those Members who had spoken in support of the cross-party budget proposals. He expressed his disappointment at the views put forward by Councillor McGuire, remarking that he had not raised those points during the cross-party group discussions. Councillor Hampshire was especially critical at the suggestion to review terms and conditions, noting that such a move would affect all staff. He accepted that the Council would need to make difficult decisions going forward but welcomed the opportunity to work on a cross-party basis. He called on the Council to support the cross-party budget proposals.

The Provost moved to the roll call vote on the recommendations (with the exception of Recommendations 2.5 and 2.6, which had been approved at Item 2a):

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

Decision

The Council agreed:

- i. to note the local and wider economic context within which budgets had been developed, including the factors which had contributed to the funding gap;

- ii. to note the content of the 2025/26 local government finance settlement and the funding implications for East Lothian Council;
- iii. to note the key assumptions used to develop the budget proposals, set out in paragraph 3.11 of the report;
- iv. to note the statement on robustness of the budget, adequacy of reserves and key budget risks included at Appendix 1;
- vii. that, in line with agenda item 2b:
 - o to approve the General Services revenue and capital budgets for 2025/26 to 2029/30;
 - o to increase the council tax level for 2025/26 by 10%
- viii. to note the draft Integration Joint Board budget offer letter, attached at Appendix 2 to the report; and
- ix. to agree the indicative timetable and next steps for developing budget projections and closing the budget gap for 2026/27 onwards, as set out in paragraphs 3.54 to 3.61 of the report.

The Provost announced that in approving the cross-party budget proposals, the Council was agreeing to increase council tax levels by 10% in 2025/26, with a Band D level of £1579.18, and with indicative increases of 5% for each subsequent year up to 2029/30.

3. TREASURY MANAGEMENT STRATEGY 2025/26 TO 2029/30

A report was submitted by the Executive Director for Council Resources seeking approval of the Treasury Management and Investment Strategies for 2025/26 to 2029/30.

The Service Manager – Corporate Accounting, Ann-Marie Glancy, presented the report, setting out the Council's responsibilities in relation to treasury management. She drew attention to the key aspects of the report (as set out in Sections 3.6-3.22 of the report), noting that there would be a mid-year report on treasury management presented to the Audit and Governance Committee, as well as regular updates to Council.

A number of Members thanked Ms Glancy and her team for their work in this area and for the advice provided to Members.

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

Decision

The Council agreed:

- i. to approve the Treasury Management Strategy, referenced within Sections 3.5 to 3.19 of the report;
- ii. to approve the Investment Strategy, referenced within Sections 3.20 to 3.22 of the report;

- iii. to approve the repayment of loans fund advances using the methodology detailed in Section 3.7 of the report;
- iv. to approve the operational boundaries for external debt, as detailed in Section 3.15 of the report;
- v. to approve the authorised limits for external debt, as detailed in Section 3.16 of the report;
- vi. to approve the delegation of authority to the Chief Financial Officer in conjunction with the Head of Finance to effect movement between external borrowing and other long-term liabilities, as detailed in Section 3.19 of the report; and
- vii. to note the detailed Treasury Management Strategy Statement, available in the Members' Library (Ref: 15/25, February 2025 Bulletin).

Signed

Provost John McMillan
Convener of the Council