



MINUTES OF THE MEETING OF EAST LoTHIAN COUNCIL

TUESDAY 28 OCTOBER 2025
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON
AND VIA HYBRID MEETING FACILITY

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Committee Members Present:

Councillor S Akhtar
Councillor E Allan (R)
Councillor R Bennett
Councillor L Bruce
Councillor D Collins (R)
Councillor F Dugdale
Councillor J Findlay (R)
Councillor A Forrest
Councillor N Hampshire
Councillor L Jardine

Councillor C McFarlane
Councillor C McGinn
Councillor G McGuire
Councillor S McIntosh
Councillor K McLeod
Councillor J McMillan (Provost and Convener)
Councillor L-A Menzies
Councillor B Ritchie
Councillor T Trotter
Councillor C Yorkston

Council Officials Present:

Mr L Rockey, Chief Executive
Ms L Brown, Executive Director for Education and Children's Services
Ms S Fortune, Executive Director for Council Resources
Ms H Barnett, Head of Corporate Support
Ms L Byrne, Head of Children's Services (R)
Mr K Dingwall, Head of Development
Mr D Hood, Head of Operations – Health & Social Care (R)
Mr E John, Head of Communities
Ms N McDowell, Head of Education (R)
Mr T Reid, Head of Infrastructure
Ms E Barclay, Democratic Services Assistant
Ms P Gray, Communications Officer (R)
Mr R MacDonald, Surveyor
Ms C Molloy, Project Manager (Edinburgh Innovation Hub)
Ms T Murray, Principal Solicitor (Commercial) (R)
Mr M Nelson, Team Manager – Property Asset Review

(R) = remote participant

Visitors Present:

Mr A Nichol, Edinburgh and South East Scotland City Region Deal

Clerk:

Mrs L Gillingwater

Apologies:

Councillor C Cassini

Councillor N Gilbert

The Convener 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 five years from the date of the meeting.

The clerk recorded the attendance of Members by roll call.

Declarations of Interest/Transparency Statement:

Item 8: Transparency statements – Councillor Jardine noted that she had a child at Dunbar Grammar School; Councillor McIntosh noted that she had two children at Pinkie St Peter's Primary School; the Provost noted that he had a grandchild at Aberlady Primary School.

Prior to the commencement of business, the Provost advised that an emergency motion had been submitted by Councillors Findlay and Allan. Whilst recognising the intent behind the motion, he did not consider it to be urgent and therefore had not accepted it for consideration at the meeting.

1. MINUTES FOR APPROVAL

The minutes of the following meetings of East Lothian Council were approved:

- a. East Lothian Council, 26 August 2025
- b. Special East Lothian Council, 30 September 2025

2. ACTION LOG

The Council agreed to note the list of actions and to close those actions recommended for closure.

As regards Action 25/14 (Motion on Renewables Infrastructure), Hayley Barnett, Head of Corporate Support, advised that Group Leaders were working to finalise the letters to the Scottish and UK Governments, and recommended that, subject to agreement on the letters, this action be closed. She added that this action would effectively also close Actions 25/02 (Motion on Global Fossil Fuel Non-proliferation Treaty) and 25/05 (Motion on Security of the Nation's Energy Supply). Members agreed to close these actions subject to agreement on the letters.

As regards Action 25/17 (Musselburgh Flood Protection Scheme), Tom Reid, Head of Infrastructure, reported that the letter and associated documentation had now been submitted to the Scottish Government. He undertook to provide a copy of the letter to Members.

3. SUBMISSIONS TO THE MEMBERS' LIBRARY SERVICE, 9 JUNE – 11 AUGUST 2025

A report was submitted by the Executive Director for Council Resources noting the reports submitted to the Members' Library since the meeting of the Council in August 2025.

The Head of Education responded to questions relating to the suite of Education policy documents (refs: 87-90/25), particularly in relation to engagement with parents/carers on policy changes, and exclusion data.

Decision

The Council agreed to note the reports submitted to the Members' Library Service between 11 August and 12 October 2025, as listed in Appendix 1 to the report.

4. ASSET REVIEW – PLACE MAKING PROJECT PROPOSALS

A report was submitted by the Executive Director for Place presenting key findings from the Place Making Project engagement and seeking approval for proposals aimed at securing and enhancing service delivery.

The Head of Infrastructure, Tom Reid, presented the report. He advised of the engagement process undertaken and the feedback received, and he drew particular attention to proposals for creating Library & Area Hubs (as set out at Sections 3.13-3.41 of the report) and Community Hubs (as outlined at Sections 3.42-3.50). He also pointed out that the Preliminary Market Consultation (PMC) for the Brunton Hall had been issued on 27 October. Mr Reid indicated that a further report on the Place Making Project would come to Council in late 2026, following further community consultation on the proposals.

Mr Reid responded to questions from Members in relation to the timing of the creation of Community Hubs; proposed work with community groups to create viable solutions and avoid duplication; benchmarking with other local authorities; monitoring of community benefits and social value; and the level of investment required for buildings to reach net zero, and the need to identify funding opportunities to achieve that.

The report was welcomed by Members, who recognised the importance of providing community spaces. It was pointed out that community engagement and support was key to the success of the proposals, as was empowering different communities to operate facilities in the way that would work best for them. The importance of continuing to provide library services was also stressed, as was monitoring the capacity of communities to run facilities.

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

Decision

The Council agreed:

- i. to instruct the Head of Infrastructure to develop an Outline Business Case to present options and costings for the creation of six core Library & Area Hubs, which would include undertaking a range of feasibility studies, as outlined in the report;
- ii. that officers would consider alternative service delivery models at various libraries in partnership with local communities;

- iii. that officers would engage with local communities to assess the feasibility of implementing a revised operating model at various community centres, village halls, Haddington Town House and Dunbar Town House;
- iv. to instruct the Head of Infrastructure to develop a Community Benefits Subsidised Lease Policy to provide clarity and transparency around the process for applying discounts on rent for community organisations;
- v. to establishing the feasibility of relocating North Berwick Youth Project to the former nursery adjacent to North Berwick Community Centre which arose from the place-based engagement;
- vi. to note the decision by Council on 24 June 2025 as part of 'Learning Estate Paused Capital Projects' to incorporate the Elphinstone Community Centre into the Primary School to address future pupil roll requirements;
- vii. that officers should engage with community representatives to investigate the feasibility and benefits of greater commercialisation of Dunbar Town House; and
- viii. to assess the feasibility of creating a publicly accessible list of all community facilities available in East Lothian, in conjunction with the Council's community partners.

5. ENERGY REPORT AND LOCAL HEAT AND ENERGY EFFICIENCY STRATEGY DELIVERY PLAN UPDATE

A report was submitted by the Executive Director for Place providing Council with an update on the Local Heat and Energy Efficiency Strategy (LHEES) Delivery Plan and on energy-related matters, and seeking agreement on next steps.

The Provost noted that an amendment to the recommendations had been submitted by Councillors McIntosh and Hampshire.

The Head of Development, Keith Dingwall, presented the report, highlighting progress made on the Delivery Plan actions to date, and proposing a number of changes to the Delivery Plan (outlined at Section 3.8 of the report). Mr Dingwall also advised of discussions with neighbouring authorities in relation to heat networks (detail on an East Lothian heat network is outlined at Section 3.21 of the report), and noted that work had commenced on a Regional Energy Masterplan through the City Region Deal.

Mr Dingwall responded to questions from Members as regards the involvement of the Council in SGN Ltd's proposals; funding and delivery mechanisms open to the community group following the feasibility study; the potential for using mine water as a heat source, currently being explored by developers at Blindwells; progress on setting up small-scale trial heat network projects in East Lothian; issues with serving rural communities by way of heat networks; the opportunities for using hydrogen to heat homes, with trials currently underway in Fife; and the need to avoid exposing the Council to financial risk.

Councillor McIntosh presented the amendment, noting her desire for the Council to strengthen its commitment to working with communities and other stakeholders to reduce carbon emissions and achieve net zero by 2045. She stressed the need to reduce dependency on fossil fuels, and highlighted options for electrifying heating systems, which would also result in financial benefits to consumers. She noted that she felt uneasy about giving SGN Ltd a

letter of support; however, she accepted the need to ensure that there would no risk to the Council.

Councillor Hampshire seconded the amendment, emphasising the need for heating to be affordable. He was not entirely convinced that the heat network proposal was the right solution, but was happy to work with the community group and to consider this alongside other proposals.

The report and amendment were welcomed by Members, who stressed the need for projects to be affordable and deliverable.

The Provost then moved to the roll call vote on the report recommendations versus the amendment. Support for the amendment was unanimous.

Decision

The Council agreed:

- i. to note progress made on the actions in the LHEES Delivery Plan;
- ii. to approve the amendments to the actions in the LHEES Delivery Plan (set out in Section 3.8 of the report);
- iii. that officers should continue to explore the potential for district heat networks across the authority, noting the particular opportunities on the potential for a district heat network at Cockenzie using waste heat from a data centre, along with the existing sources of waste heat already identified in the LHEES report, and the potential of utilising mine water geothermal energy for the Blindwells development and surrounding area;
- iv. that officers continue to work regionally, in partnership with other Councils, to further develop the Regional Energy Masterplan, and ensure that the full potential of regional infrastructure is utilised effectively and efficiently and for this work to explicitly include the potential from heat networks;
- v. with the principle of a partnership with Lothian Heat Community Interest Company, which should be aligned with regional discussions, and subject to officers developing an MOU to be agreed at a future Council meeting; noting the various deadlines for future funding opportunities to progress aspects of the LHEES delivery plan, this MoU should be brought to the December 2025 meeting of the Council for a report and decision;
- vi. to note in principle that while committed to exploring the development of heat networks, their delivery cannot be dependent on capital resources from, or underwriting of debt by, this Council, given the financial position and wider demands on resources; however, also to note that in some cases a heat network may represent best value as a decarbonisation option for Council estates and housing and could also be a key enabler to reduce fuel poverty among residents, and therefore instructs officers to work with Lothian Heat CIC to facilitate access to funding and advice, including but not limited to, the Scottish Government's Heat Network Support Unit and Heat Network Fund, the UK National Wealth Fund, GB Energy and SPEN; and
- vii. to ask officers to write to SGN Ltd to confirm that the Council in principle supports the Caledonia H2 project, while recognising that this project seeks to connect industrial sites and therefore is entirely separate from the issue of heat in buildings and the Council's obligations under the Local Heat and Energy Efficiency Strategy.

6. EDINBURGH INNOVATION HUB UPDATE

A report was submitted by the Executive Director for Place providing an update on the Edinburgh Innovation Hub.

The Project Manager, Catherine Molloy, presented the report. She reported that the Innovation Hub building was now complete, and the handover would take place on 10 November. She provided a summary of various aspects of the project, including operational activities, community wealth building and economic benefits.

There followed a series of questions from Members on risk management arrangements, the monitoring of future community wealth building and economic benefits, projections for the occupancy of the building, ongoing discussions to address issues at the new road junction, and the promotion of the Innovation Hub facilities.

The report was welcomed by Members. Tributes were paid to Douglas Proudfoot (former Executive Director for Place) and to Ms Molloy for their work in successfully delivering the Innovation Hub, which would bring benefits to the local area. It was pointed out that this was a commercial venture that would not be funded by the Council, and the Joint Venture was called upon to be open and transparent about the social value of the project. It was also noted that improvements to the cycle network would be explored.

The Provost asked the Council to note the recommendations, which were duly noted.

Decision

The Council agreed to note the update on the Edinburgh Innovation Hub.

7. EDINBURGH AND SOUTH EAST SCOTLAND CITY REGION DEAL: ANNUAL REPORT 2024/25 AND UPDATE

A report was submitted by the Executive Director for Place summarising the key findings of the City Region Deal Annual Report (attached as Appendix 1 to the report), which was approved by the City Region Deal Joint Committee on 5 September 2025).

The Provost welcomed Mr Andy Nichol, Head of the Project Management Office for the Edinburgh and South East Scotland City Region Deal, to the meeting.

The Head of Development, Keith Dingwall, presented the report. He provided an overview of the progress and achievements regarding the City Region Deal Programme for 2024/25, including the completion of the Innovation Hub, the positive response to the Blindwells Strategic Outline Business Case by the UK and Scottish Governments, and progress made regarding the upgrading of Sheriffhall Roundabout.

Mr Dingwall and Mr Nichol responded to a series of questions from Members regarding measuring benefits of the Programme (a measurement framework and dashboard was under development), the impact and benefits of the Employability and Skills Programme, and the provision of regular progress reporting to Council and the Members' Library.

The report was welcomed by Members, particularly the partnership working between councils, universities and the business community. It was suggested that a case for City Region Deal 2 should be prepared, and also that the work done through the City Region Deal should be

better promoted. The development of the benefits dashboard was welcomed as this would allow people to see the impact of the investment in the various projects.

The Provost asked the Council to note the recommendations, which were duly noted.

Decision

The Council agreed:

- i. to note the summary findings of the seventh City Region Deal Annual Report; and
- ii. to note the date for the next Annual Conversation.

8. MOTION: BAN ON SMARTPHONES AND SIMILAR DEVICES IN EAST LOTHIAN SCHOOLS

A motion was submitted by Councillors Bruce and Findlay, as follows:

That East Lothian Council:

Notes the growing body of evidence showing the detrimental impact of smartphones on children and young people, including:

- Significant negative effects on learning outcomes, attention spans, and behaviour in schools;
- Widespread exposure to harmful online content, including bullying, sexual harassment, and explicit material;
- Increasing concerns from teachers, parents, and international organisations regarding the safeguarding, health, and wellbeing of young people in the context of smartphone use.

Further notes that international comparators such as France, the Netherlands, South Australia, and Denmark, alongside UK local authorities such as Barnet Council, Moray Council, and Edinburgh City Council, have already moved to implement comprehensive bans on smartphones in schools.

Additionally notes that evidence from the Scottish Secondary Teachers' Association (SSTA) behaviour survey shows that 71% of members reported mobile phones were negatively affecting behaviour and learning, while 92% reported lessons are interrupted by mobile phones.

Believes that East Lothian Council has a duty under the United Nations Convention on the Rights of the Child (Articles 3, 19, and 31) to act in the best interests of children and to take steps to safeguard them from harms.

Council is asked to:

1. Consult on how to introduce a full ban on smartphones, smartwatches, and similar devices on all primary school estates in East Lothian.

2. Consult on the introduction of a ban on smartphones, smartwatches, and similar devices for students in S1 to S6 during the school day (“bell to bell”), including break and lunchtimes, enforced through the use of lockable pouches or a similar system to ensure devices are securely and safely stored away from students.
3. Consult on permitting, at the discretion of individual Headteachers, the creation of pre-designated areas where S6 students may access smartphones outside of class time.
4. Consult on the establishment clear exemptions for students with medical needs (e.g. medication reminders) or Additional Support Needs where smartphone use is required.
5. Instruct officers to bring forward an implementation plan for the above, following consultation with headteachers, parents, carers, pupils, and trade unions, to ensure smooth and consistent delivery across all schools in East Lothian.
6. Agree that the outcomes of the consultation, an integrated impact assessment, and the financial implications of the ban be reported back to full Council before the end of the current school year, in order to allow a final decision and implementation for the 2026/27 academic year.

Cllr Bruce presented the motion, pointing out the effects of smartphone use on children’s learning, behaviour and sleep, as well as children having access to inappropriate and harmful content online. He noted that other areas within Scotland and beyond had introduced smartphone bans during the school day, and he was of the view that such a policy should be introduced across all schools in East Lothian, in order to protect the learning time and wellbeing of young people.

Cllr Findlay seconded the motion, noting that he had received correspondence from many parents in support of the motion.

An amendment to the motion was submitted by Councillors Jardine and Hampshire:

The amendment seeks to amend the motion, as follows:

1. Amends the motion title by deleting the words *‘Ban on Smartphones and Similar Devices in East Lothian Schools’* and replacing them with:
‘Supporting our Head Teachers to Develop a Phone-Free Learning Environment in East Lothian Schools’
2. Deletes paragraphs 1–3 of the motion preamble (from ‘Notes the growing body of evidence...’ to ‘... regarding the safeguarding, health, and wellbeing of young people in the context of smartphone use.’) and replaces them with:
‘Notes the growing body of evidence on the impact of smartphones and similar devices on learning, behaviour and wellbeing, alongside the need to equip children and young people with the digital and social skills to use technology responsibly.

‘Recognises the investment in Chromebook-based digital learning for several years, and that a universal 1:1 pilot at Dunbar Grammar School commenced in August 2025, providing every pupil with a device; and notes this pilot will inform any wider roll-out.

‘Acknowledges the Scottish Government’s *Guidance on the Use of Mobile Phones in Schools* (August 2024), which supports locally developed, rights-based approaches consistent with the Council’s duties under the *United Nations*

Convention on the Rights of the Child and recognises that significant consultation activity has already taken place across most secondary schools. 'Notes that East Lothian Primary Schools have phone-free learning environments.'

3. Deletes paragraph beginning 'Further notes that international comparators ... and replaces it with:
'Further notes the emerging international and national practice on phone-free learning and acknowledges the importance of evaluating the evidence from pilots already under way in other local authorities, including Edinburgh and Moray.'
4. Deletes all paragraphs under "Council is asked to:" (points 1–6 inclusive) and replaces them with:

'Council therefore agrees to:

1. Develop, in partnership with Head Teachers, Parent Councils, Pupil Councils and Trade Unions, a draft *Phone-Free Learning Policy Framework* for consultation across all East Lothian schools. The framework will emphasise responsible use, local flexibility and clear exemptions for pupils with medical or additional-support needs.
2. Identify one or more *test-of-change* schools willing to pilot enhanced phone-free measures (which may include locker storage or policy-based arrangements) and to evaluate the impacts on learning, behaviour, wellbeing and equity.
3. Ensure that all consultation and pilot design explicitly include *pupil voice* in line with the Council's UNCRC duties and that equality, digital-inclusion and data-protection impacts are fully assessed.
4. Bring an update to the December Council with a view for a full report with evaluation and costings being brought back to a future Council with recommendation at the earliest opportunity.'

Presenting the amendment, Cllr Jardine made reference to a recent petition heard by the Petitions and Community Empowerment Review Committee, where the Committee had agreed that personal mobile phones and devices should not be used in the classroom, and that there should be structured and managed digital access. She advised that feedback on the Chromebook initiative at Dunbar Grammar School had been positive, and she suggested that the Council should build on this, working in partnership with schools and undertaking a fully costed evaluation. She believed that a ban on phones would not work without investment in the digital infrastructure and support from families.

Councillor Hampshire seconded the amendment, suggesting that implementing a ban would be difficult for schools to manage. His preference was to have a policy whereby pupils, parents and teachers could manage and control the use of devices within the classroom. He noted that a consultation on this subject was already underway, and added that where inappropriate content was being shared, action could be taken.

During the debate, a number of Members voiced their support for controlled use of digital devices, with schools having the power to manage this. It was recognised that learning time should be protected, but that it was important to listen to the views of young people, parents and teachers on this subject. It was also noted that young people would require digital skills,

and that the amendment acknowledged this. Concerns were voiced about the impact of social media on young people's mental health and wellbeing, and that social media companies should take greater responsibility for content on their platforms.

Summing up, Councillor Bruce indicated that he had spoken to teachers about this issue, and they had concerns about the impact of social media in particular. He was in favour of providing Council-issued devices to pupils, as they would not need to bring their own device to school.

The Provost then moved to the roll call vote on the motion versus the amendment:

In favour of motion (4):	Councillors Bruce, Collins, Findlay, McGuire
In favour of amendment (16):	Councillors Akhtar, Allan, Bennett, Dugdale, Forrest, Hampshire, Jardine, McFarlane, McGinn, McIntosh, McLeod, McMillan, Menzies, Ritchie, Trotter, Yorkston
Against (0)	
Abstentions (0)	

The amendment was therefore carried.

Decision

The Council agreed:

- i. to develop, in partnership with Head Teachers, Parent Councils, Pupil Councils and Trade Unions, a draft *Phone-Free Learning Policy Framework* for consultation across all East Lothian schools. The framework will emphasise responsible use, local flexibility and clear exemptions for pupils with medical or additional-support needs;
- ii. to identify one or more *test-of-change* schools willing to pilot enhanced phone-free measures (which may include locker storage or policy-based arrangements) and to evaluate the impacts on learning, behaviour, wellbeing and equity;
- iii. to ensure that all consultation and pilot design explicitly include *pupil voice* in line with the Council's UNCRC duties and that equality, digital-inclusion and data-protection impacts are fully assessed; and
- iv. to bring an update to the December Council with a view for a full report with evaluation and costings being brought back to a future Council with recommendation at the earliest opportunity.

9. MOTION: STRENGTHENING PLANNING ENFORCEMENT POWERS

A motion was submitted by Councillors Collins and McGuire, as follows:

East Lothian is the fastest-growing county in Scotland. With this growth has come a significant increase in housing developments across the county. However, too often, developers appear to act with disregard for the planning conditions they have agreed to, leaving residents and Council officers to deal with the consequences.

There have been repeated instances where developers have failed to comply with planning conditions, have operated in breach of those conditions, or have sought

retrospective permission after unauthorised works have already taken place. Such actions can cause major disruption to local communities, pose safety risks, and place considerable strain on Council departments including Planning and Roads.

One recent example includes construction traffic using residential streets rather than agreed access routes, creating risks and disturbance for residents. When such breaches occur, Council officers face the difficult task of enforcing compliance, often under the shadow of potential legal action and significant financial costs to the authority.

While local authorities in Scotland have access to a range of statutory planning enforcement powers – including Enforcement Notices, Breach of Condition Notices, Stop Notices, and Fixed Penalty Notices, these powers are often limited in practice by cost, complexity, and the potential for appeals. Scottish Government planning statistics show that in 2023–24 there were 5,991 enforcement cases across Scotland, resulting in just 634 notices served, six reports to the Procurator Fiscal, and only one prosecution.

There have been no significant changes to planning enforcement powers in recent years, nor are there current proposals to strengthen these powers at a national level.

Council is asked to:

1. Instruct the Chief Executive of the Council to write to the Scottish Government urging them to review and strengthen the planning enforcement powers available to local authorities;
2. Request that this review consider providing councils with greater ability to ensure compliance with planning conditions and deal effectively with breaches, without the constant fear of costly legal action from developers;
3. Instruct officers to review East Lothian Council's current approach to planning enforcement, including resources, response times, and communication with residents, and report back to Council with recommendations;
4. Request that the Council's Planning Enforcement Charter be reviewed and actively promoted to ensure residents understand how to report potential breaches and what actions the Council can take;
5. Request that an annual summary of enforcement activity be presented to the Planning Committee to improve transparency and oversight; and
6. Agree that East Lothian Council should work with COSLA and other local authorities to continue sharing best practice and support a coordinated call for stronger and more effective enforcement powers across Scotland.

Cllr Collins presented the motion, making reference to a number of recent planning breaches within her ward. She believed that certain developers were getting away with poor behaviour as Council officers did not want to face the threat of legal action, and that this exposed the Council to risk. She stressed the need for the Council to have greater powers to enforce planning conditions, as, in her view, the provisions in 2019 Planning Act were not adequate. Whilst speaking in agreement of some parts of the amendment, she urged Members to support the motion.

Cllr McGuire seconded the motion, noting that he had received complaints about developer behaviour from residents of a Haddington housing development, and he questioned why no action had been taken.

An amendment to the motion was submitted by Councillors Jardine and Cassini, as follows:

The amendment seeks to amend the motion, as follows:

1. Deletes the fifth paragraph of the motion (beginning *'There have been no significant changes to planning enforcement powers in recent years ...'*) and replaces it with:

'Council recognises that the Planning (Scotland) Act 2019 strengthened the enforcement framework by increasing penalties, modernising Temporary Stop Notices and introducing fixed-penalty provisions. The key challenge now is not the absence of powers but ensuring councils are adequately resourced and confident to use these powers effectively and transparently.'

2. Deletes paragraph 1 of the 'Council is asked to' section (beginning *'Instruct the Chief Executive ...'*) and replaces it with:

'Instruct the Chief Planning Officer to bring forward within three months an options paper setting out:

- a. how existing enforcement powers are currently deployed;
- b. opportunities to make fuller and timelier use of Stop and Temporary Stop Notices and Fixed Penalty Notices;
- c. indicative timelines from complaint to action; and
- d. any resource implications for consideration through the budget process.'

3. Deletes paragraph 2 of the 'Council is asked to' section (beginning *'Request that this review consider providing councils ...'*) and replaces it with:

'Recognise that effective use of existing enforcement powers depends on clear corporate backing for officers acting within statutory powers and on sustainable staffing levels within Planning and Legal Services.'

4. Amends paragraph 5 (beginning *'Request that an annual summary of enforcement activity ...'*) by replacing the words 'an annual summary' with 'a quarterly dashboard' and inserting after 'Planning Committee' the words:

'to include data on cases opened and closed, notices served, recovery rates and appeals, to improve transparency and oversight.'

5. Deletes paragraph 6 (beginning *'Agree that East Lothian Council should work with COSLA ...'*) and replaces it with:

'Agree that East Lothian Council should continue to work with COSLA and other local authorities to share best practice in delivering effective enforcement and to highlight resource and skills needs within the planning system.'

Cllr Jardine presented her amendment, noting that, in terms of point 4, it should read 'Policy & Performance Review Committee' rather than 'Planning Committee'. She felt that the 2019 Planning Act provided the Council with sufficient enforcement powers, and that the issue was about having the capacity and confidence to use those powers. She recognised that the process was complex and resource intensive, adding that having more powers without additional resources would be meaningless. She stressed the need for a practical and evidence-driven approach to the matter.

In Councillor Cassini's absence, Councillor Menzies formally seconded the amendment.

There followed a debate, with Members sharing the frustrations voiced by Councillor Collins. It was noted that the Head of Development had already confirmed that the Council had sufficient powers to enforce planning conditions. However, some Members took the view that the 2019 Act did not provide the powers the Council needed, and several Members highlighted issues within their wards that had not been addressed. It was acknowledged that resourcing planning enforcement was a factor. The proposal to report issues to PPRC on a quarterly basis was welcomed.

Sederunt: Councillor Bruce left the meeting during the debate.

Summing up, Councillor Collins pointed out that the motion was seeking to support officers to use their existing powers, and to get additional powers. She indicated that she would be prepared to accept the amendment on the condition that the option to write to the Scottish Government (as set out in Section 1 of the motion) would be available should the PPRC recommend that course of action. Councillor Jardine accepted including that provision in her amendment. Councillor Collins duly withdrew her motion.

The Provost then moved to the roll call vote on the motion versus the amendment, as amended. The amendment, as amended, was supported unanimously.

Decision

The Council agreed:

- i. to instruct the Chief Planning Officer to bring forward within three months an options paper setting out:
 - a. how existing enforcement powers are currently deployed
 - b. opportunities to make fuller and timelier use of Stop and Temporary Stop Notices and Fixed Penalty Notices
 - c. indicative timelines from complaint to action
 - d. any resource implications for consideration through the budget process;
- ii. to recognise that effective use of existing enforcement powers depends on clear corporate backing for officers acting within statutory powers and on sustainable staffing levels within Planning and Legal Services;
- iii. to instruct officers to review East Lothian Council's current approach to planning enforcement, including resources, response times, and communication with residents, and report back to Council with recommendations;
- iv. to request that the Council's Planning Enforcement Charter be reviewed and actively promoted to ensure residents understand how to report potential breaches and what actions the Council can take;
- v. to request that a quarterly dashboard of enforcement activity be presented to the Policy and Performance Review Committee to include data on cases opened and closed, notices served, recovery rates and appeals, to improve transparency and oversight, and with the option to write to the Scottish Government (as set out in Section 1 of the original motion), should the PPRC recommend this course of action; and

- vi. to agree that East Lothian Council should continue to work with COSLA and other local authorities to share best practice in delivering effective enforcement and to highlight resource and skills needs within the planning system.

SUMMARY OF PROCEEDINGS – EXEMPT INFORMATION

The Council agreed to exclude the public from the following business containing exempt information by virtue of Paragraph 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

Revisions to Chief Officer Structure

A private report submitted by the Chief Executive regarding proposed changes to the Council's Chief Officer Structure was approved.

The webcast for this meeting will be available at the link below for five years from the date of the meeting: https://eastlothian.public-i.tv/core/portal/webcast_interactive/1031365

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East Lothian Council
Action Record, February – October 2025

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Action Ref.	Meeting Date	Item Number and Title	Action(s) Agreed	Action Owner(s)	Target Completion Date	Actual Completion Date	Comments/Responses/ Additional Information
25/03	25 02 25	09 Motion: Local Heat and Energy Efficiency Strategy	Motion Motion continued (under SO11) to allow for consideration of detail and impact	Cllr Jardine	n/a		Report to Council in October 2025 on this matter. Recommended for closure
25/18	30 09 25	01 Musselburgh Flood Protection Scheme – Preliminary Decision on Proposed Scheme	Additional question: To provide Members with further information on the increased costs of the proposed Scheme, in particular how much of this is due to inflation and how much is due to the larger project	Head of Infrastructure			Response provided by the Head of Infrastructure (issued to Members on 21 10 25) The full breakdown of costs won't be available until the detailed design phase. Recommended for closure
25/19	28 10 25	05 Energy Report and LHEES Delivery Plan Update	Amended report recommendation: v. to bring the MoU to the December 2025 meeting of the Council for a report and decision	Head of Development	December 2025		Verbal update to be provided
25/20	28 10 25	05 Energy Report and LHEES Delivery Plan Update	Amended report recommendation: v. to ask officers to write to SGN Ltd to confirm that the Council in principle	Head of Development			In progress

Action Ref.	Meeting Date	Item Number and Title	Action(s) Agreed	Action Owner(s)	Target Completion Date	Actual Completion Date	Comments/Responses/ Additional Information
			supports the Caledonia H2 project, while recognising that this project seeks to connect industrial sites and therefore is entirely separate from the issue of heat in buildings and the Council's obligations under the Local Heat and Energy Efficiency Strategy				
25/21	28 10 25	05 Energy Report and LHEES Delivery Plan Update	Additional question: To provide Members with information on requirement for developers to ensure decarbonisation of new homes	Head of Development			In progress; response to be issued to Members
25/22	28 10 25	08 Supporting our Head Teachers to Develop a Phone-free Learning Environment in East Lothian Schools [amended title]	Amended motion: iv. to bring an update to the December Council with a view for a full report with evaluation and costings being brought back to a future Council with recommendation at the earliest opportunity	Head of Education	December 2025 (update)		Verbal update to be provided
25/23	28 10 25	09 Strengthening Planning Enforcement Powers	Amended motion: i. to instruct the Chief Planning Officer to bring forward within three	Head of Development	February 2026		In progress – expected to report to Council in February 2026

Action Ref.	Meeting Date	Item Number and Title	Action(s) Agreed	Action Owner(s)	Target Completion Date	Actual Completion Date	Comments/Responses/ Additional Information
			<p>months an options paper setting out:</p> <ul style="list-style-type: none"> a. how existing enforcement powers are currently deployed b. opportunities to make fuller and timelier use of Stop and Temporary Stop Notices and Fixed Penalty Notices c. indicative timelines from complaint to action d. any resource implications for consideration through the budget process 				
25/24	28 10 25	09 Strengthening Planning Enforcement Powers	<p>Motion:</p> <ul style="list-style-type: none"> iii. to instruct officers to review East Lothian Council's current approach to planning enforcement, including resources, response times, and communication with residents, and report back to Council with recommendations 	Head of Development	February 2026		In progress – expected to report to Council in February 2026

Action Ref.	Meeting Date	Item Number and Title	Action(s) Agreed	Action Owner(s)	Target Completion Date	Actual Completion Date	Comments/Responses/ Additional Information
25/25	28 10 25	09 Strengthening Planning Enforcement Powers	Motion: iv. to request that the Council's Planning Enforcement Charter be reviewed and actively promoted to ensure residents understand how to report potential breaches and what actions the Council can take	Head of Development	February 2026		In progress – expected to report to Council in February 2026
25/26	28 10 25	09 Strengthening Planning Enforcement Powers	v. to request that a quarterly dashboard of enforcement activity be presented to the Policy and Performance Review Committee to include data on cases opened and closed, notices served, recovery rates and appeals, to improve transparency and oversight	Head of Development			To be added to PPRC workplan Recommended for closure

COMMITTEE: East Lothian Council

MEETING DATE: 9 December 2025

BY: Depute Chief Executive – Resources and Economy

REPORT TITLE: Submissions to the Members' Library Service, 13 October to 21 November 2025

REPORT STATUS: Public

3

1 PURPOSE OF REPORT

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

2 RECOMMENDATIONS

Members are recommended to:

- 2.1 Note the reports submitted to the Members' Library Service between 13 October and 21 November 2025, as listed in Appendix 1.

3 BACKGROUND

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

4 POLICY IMPLICATIONS

4.1 None

5 RESOURCE AND OTHER IMPLICATIONS

5.1 Finance: None

5.2 Human Resources: None

5.3 Other (e.g. Legal/IT): None

5.4 Risk: None

6 INTEGRATED IMPACT ASSESSMENT

6.1 ***Select the statement that is appropriate to your report by placing an 'X' in the relevant box.***

An Integrated Impact Assessment screening process has been undertaken and the subject of this report does not affect the wellbeing of the community or have a significant impact on: equality and human rights; tackling socio-economic disadvantages and poverty; climate change, the environment and sustainability; the Council's role as a corporate parent; or the storage/collection of personal data.

X

or

The subject of this report has been through the Integrated Impact Assessment process and impacts have been identified as follows:

Subject	Impacts identified (Yes, No or N/A)
Equality and human rights	
Socio-economic disadvantage/poverty	
Climate change, the environment and sustainability	
Corporate parenting and care-experienced young people	
Storage/collection of personal data	
Other	

[Enter information on impacts that have been identified]

The Integrated Impact Assessment relating to this report has been published and can be accessed via the Council's website:

https://www.eastlothian.gov.uk/info/210602/equality_and_diversity/12014/integrated_impact_assessments

7 APPENDICES

- 7.1 Appendix 1 – Bulletin of business submitted to the Members' Library, 13 October – 21 November 2025

8 BACKGROUND PAPERS

- 8.1 East Lothian Council Standing Orders: Standing Order 3.4

9 AUTHOR AND APPROVAL DETAILS

Report Author(s)

Name	Lel Gillingwater
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Date	21 November 2025

Head of Service Approval

Name	Hayley Barnett
Designation	Head of Corporate Support
Confirmation that IIA and other relevant checks (e.g. finance/legal) have been completed	Confirmed
Approval Date	24 November 2025

**MEMBERS' LIBRARY SERVICE RECORD FOR THE PERIOD
13 OCTOBER – 21 NOVEMBER 2025**

Reference	Originator	Document Title	Access
114/25	Head of Communities & Partnerships	Customer Services and Libraries Annual Impact Report 2024/25	Public
115/25	Depute Chief Executive – Resources & Economy	Building Warrants Issued Under Delegated Powers - October 2025	Public
116/25	Depute Chief Executive – Resources & Economy	Creation of a Team Leader – Learning Estate	Private
117/25	Depute Chief Executive – Resources & Economy	Service Review Report – Restructure of Dunbar Primary School	Public
118/25	Depute Chief Executive – Resources & Economy	Sale of Units 4.1, 4.2, 4.3 & 4.4 Inveresk Mills Industrial Estate	Private

24 November 2025

COMMITTEE:	East Lothian Council
MEETING DATE:	9 December 2025
BY:	Depute Chief Executive – Resources and Economy
REPORT TITLE:	Dunbar – Parking Management Proposal
REPORT STATUS:	Public

4a

1 PURPOSE OF REPORT

The purpose of this report is to:

- 1.1 Advise Council of the outcome of the public consultation on the parking interventions proposed in Dunbar;
- 1.2 Present the resultant amendments made to improve the scheme and to mitigate public concerns raised; and
- 1.3 Recommend that the Council progresses to next stage of the Traffic Regulation Order process, the intent to make the Order.

2 RECOMMENDATIONS

Members are recommended to:

- 2.1 Note the extensive consultation exercise carried out between 11 March and 9 June 2025, the level of community engagement, the welcome receipt of varied and detailed responses to the survey questionnaire, and the explanation as to how these have influenced the proposals for Dunbar;
- 2.2 Approve the proposals shown in Appendix B and summarised in paragraphs 3.76 and 3.77, noting the amendments made to improve the scheme and mitigate public concerns raised through the consultation and engagement exercise.

- 2.3 Note the completion of the consultation stage of the Local Authorities' Traffic Orders (Procedures) (Scotland) Regulation 1999 (as amended), and that the intent to make the Order, will allow opportunity for the public to raise further representations and objections to the proposals as amended. Following this a report will be brought back to Council.

3 BACKGROUND

- 3.1 The principles of parking management have evolved over time, to achieve a wide variety of outcomes benefiting society. Early parking policies were based on a 'predict and provide' model, when car ownership was lower than it is today. More recently, we have looked to parking management strategies to encourage the use of alternative and more sustainable modes of travel, as well as to reduce congestion and increase the turnover and thus generate parking opportunities in the spaces available. East Lothian Council set out its parking management Strategy in 2018, which provides the policy toolkit that the initial proposals for Dunbar are consulted on. These interventions also accord with National Policy context, National Transport Strategy 2, the National Planning Framework 4, the Scottish Government's Climate Change Plan 2018-2032, and reduction in car kilometres – updated June 2025 and East Lothian Council's Climate Change Strategy 2025 – 2030.
- 3.2 At the regional and local level parking is recognised as having an impact on economic and development opportunities and town centre performance, which is recognised through local place-based strategies. As parking is a derivative of vehicular transport that supports wider growth opportunities it is essential that it is managed appropriately to maximise economic prosperity. Appropriate parking management tools can improve space availability, improve road safety and generate an income to incentivise alternative transport modes and reduce unsolicited car journeys.
- 3.3 Road and parking infrastructure requires significant investment. The Roads Authority maintains the local road network at considerable expense; has significant responsibilities but receive limited revenue out with public finance. This is in direct competition with health and social care, education and all other Council services.
- 3.4 In accordance with Section 55 of the Road Traffic Regulation Act 1984, an account of all income and expenditure will be reported annually.
- 3.5 The East Lothian Parking Strategy 2018 set out the policy context that maybe applicable to resolve some parking problems and issues. The strategy provides options to improve parking supply, to address parking shortages and/or a predicted increase in parking demand, which can generate safety risks and as a result may need more effective enforcement or to consider parking management proposals, rather than simply increasing supply. Parking management options may include time

limitations, price setting, and improved enforcement, with the aim of making the most efficient use of the space available.

- 3.6 The introduction of new parking management proposals will require the existing Traffic Regulation Orders to be amended.
- 3.7 To help understand the impact of parking management proposals on the Dunbar economy, Stantec were commissioned to build an Economic Impact Assessment to determine whether the proposals addressed the problems, is compliant with national, regional and local policy and strategy guidelines, delivered positive outcomes benefiting society and long-term impact resulting in positive change. The assessment has been organised against the five Scottish Transport Appraisal Guidance (STAG) criteria as detailed in the STAG Manager's Guide issued in January 2022, considering the impacts on environment, climate change, health, safety and wellbeing, economy and equality and accessibility. **Appendix E: Dunbar Parking – Impact Assessment** provides further details.
- 3.8 In addition, to align with better decision making the business case has adopted the key principles of the HM Treasury Green Book which recommends a four-stage process, which requires on-going review and update of risks to ensure that effective controls are implemented during project development and delivery. This is necessary to effectively mitigate risks through well-defined steps to understand potential risks inherent in the scheme and their likely impact. **Appendix D: East Lothian Council Parking Review – Dunbar Business Case** provides further details.

Consultation and Engagement

- 3.9 Meetings were held with members of Dunbar Community Council on 11 March 2025 and the Area Partnership, Dunpender Community Council and East Lammermuir Community Council on the 17 March 2025. Outcomes from those meetings helped shape the initial draft proposals, which were then subject to wider public engagement.
- 3.10 The Council's consultation on parking management in Dunbar ran from 5 May 2025 to 9 June 2025. A website was provided via an ArcGIS StoryMap to explain the initial proposals for Dunbar. The website also provided online access to the survey questionnaire. A face-to-face event held in the Dunbar Town House Museum & Gallery, also ran on Thursday 22 May from 14:00-16:30 and 18:00-20:30. This event allowed participants to study the proposals in more detail with Council officers and Stantec staff available to answer questions before completing their questionnaires.
- 3.11 A total of 1795 questionnaire responses were received, of which 1,682 responses were online and 113 paper responses. A total of 1,510 identified as Dunbar residents. In addition, a total of 113 emails and 17 letters were received.

3.12 The initial proposals were:

- The introduction of controlled parking; areas could be designated as short, medium or long-term parking.
- Short-stay car parking areas would offer a limited period of free parking time. Once this time has elapsed, a charge would be required.
- The introduction of resident parking permit scheme. These permits would allow unlimited parking throughout the day without a daily charge but annual administration fee for the issue and management of permits. Mitigating the impact on residents where on street charging is proposed and where there would likely to be displacement impacting residential roads due to the introduction of parking charges.
- A provision for healthcare workers to obtain parking permits. Healthcare providers would need to apply to the Council to receive permits for their staff.
- Improved car park direction signage throughout the town. The signage would clearly define the car park locations and the type of car park, e.g. short, medium, or long stay, as well as any charges that may apply.
- Greater enforcement of Dunbar's parking regulations. This should leave to a higher turnover of parking spaces, positively impacting the local economy by providing more parking options for shoppers and visitors. Additionally, better enforcement would improve pedestrian safety by reducing instances of illegal parking.

3.13 Plans showing the initial and recommended parking management proposals are provided in **Appendix B: Dunbar Initial Parking Management Proposals** and **Dunbar Recommended Parking Management Proposals**.

3.14 The public engagement questionnaire was made available via the Parking Management Review website or hard copy from libraries. A QR code to the questionnaire was displayed on posters around Dunbar including libraries, leisure centres, community centres and GP surgeries. The questionnaire was also advertised in the East Lothian Courier.

3.15 All the questions in the online questionnaire were mandatory to answer except open-ended responses and the demographic questions. The paper version of the questionnaire did not have the capability to make questions mandatory, so some questions were not answered by all participants. The proportions presented are as a percentage of those who provided a response. There were also opportunities to make open comments and provide more detailed feedback. The wide range of comments made were analysed carefully to obtain a full picture of people's thoughts on the initial proposals.

- 3.16 **Appendix C: Dunbar Parking Management Strategy – Public Engagement Report** provides a detailed analysis of the consultation feedback. For convenience the most important points are set out below.
- 3.17 The questionnaire sought to understand the respondents' relationship with Dunbar,
- 84% were residents of Dunbar (n=1,510)
 - 30% were local shoppers of Dunbar (n=540)
 - 5% were local traders (n=93)
 - 13% were local workers (n=230)
 - 10% were visitors from outlying communities (n=179)
 - 2% were non-local visitors (n=36)
- 3.18 From the responses provided, the age analysis showed 27% (n=455) of respondents were 44 years of age or under, with 73% (n=1,207) being over 44 years of age. Three people under the age of 18 years of age responded to the questionnaire and 23% (n=406) over 65 years of age. This conforms with survey work carried out in Dunbar that most respondents are over 44 years of age presenting over representation by older generations.
- 3.19 We sought to ascertain whether people who live in Dunbar have a difficulty with parking and whether the difficulty was due to a specific matter. Of the respondents, only 7% (n=108) said they found it difficult to park at their homes, the main reason being lack of available parking spaces.
- 3.20 We also asked all respondents, if they experienced a parking problem when visiting Dunbar. 34% (n=613) of respondents reported they found the lack of parking spaces to be a problem, with inconsiderate parking (22%, n=390) the second most reported concern and lack of parking enforcement 18% (n=325) third.
- 3.21 We also specifically asked about parking for the rail station being adequate with 35% (n=617) it wasn't, 34% (n=610) saying it was and 22% (n=397) unsure. 9% (n=160) of respondents stated this was not applicable to them.
- 3.22 We sought to understand whether businesses needed further loading and unloading assistance, if they could conveniently make deliveries at their premises. This data was not site/location specific, so analysis does not highlight problem areas, however, the majority reported there was adequate provision.
- 3.23 We asked whether motorhome provision should be made in Dunbar, with 37% (n=664) saying there was no need and 33% (n=591) thinking there was and 30% (n=531) unsure.

- 3.24 We asked whether people experienced difficulties walking in Dunbar due to inconsiderate park vehicles. 16% (n=286) of people responded saying they had difficulties.
- 3.25 We also asked which modes of travel respondents used to travel in Dunbar with respondents providing a combination of modes with driving being 93% (n=1,666), walking 75% (n=1,340) and cycling 28% (n=498), travel by train was not an option provided on the questionnaire. People main reason for travel was shopping at 87% (n=1,568), leisure and outdoor activities at 68% (n=1,218) and meeting friends and family at 60% (n=1,076).
- 3.26 In connection to the initial proposals, we looked to ascertain whether they were correctly targeted to areas of most need. 50% (n=885) of all correspondents felt they did not, 17% (n=293) agreeing, 14% (n=241) partially agreeing and 20% (n=355) being unsure.
- 3.27 We also sought to understand whether residents felt that a residents parking permit should be available to resident within the zones proposed. 63% (n=394) did not believe a permit was necessary, 27% (n=171) agreed and 10% (n=61) unsure.
- 3.28 We asked what respondents' opinion was on the length of stay for free parking proposed on the High Street. 62% (n=1,108) believed 90 minutes was the right length of time with 23% (n=413) wanting 60 minutes, and 8% (n=143) and 6% (n=109) wanting 45 minutes and 30 minutes respectively.
- 3.29 We asked what respondents considered was the optimum maximum length of stay for medium stay car parking. 39% (n=685) of respondents recommended 6-hours.
- 3.30 We sought to understand the length of stay for long stay car parking in Dunbar. 60% (n=1,052) of all respondents preferred 23 hours with 23% (n=409) opting for 12 hours.
- 3.31 Finally, we asked whether people thought a higher charge than 50p for half hour parking should be levied for long stay parking. 87% (n=1,544) felt that we should not exceed this charge with 5% (n=86) opting for a high charge and 8% (n=143) not knowing.

More Detailed Analysis of Concerns

- 3.32 To help understand people's concerns, respondents had the opportunity to set out their views and comments. Detailed analysis of comments was recorded by theme and are detailed in **Appendix C: Dunbar Parking Management Strategy – Public Engagement Report** – Table 4-2 Number of Respondents Opposing Initial Proposals. This highlighted that 150 respondents did not consider the scheme necessary, 49 had concerns about the viability of businesses and the town centre, 32 thought it was a money-making scheme, 27 disagreed with residents parking and another 27 felt that existing parking restrictions should be enforced.

Amendments Made to Improve the Scheme and Mitigate Concerns Raised

- 3.33 A number of amendments are presented to Council to mitigate the impact of the scheme where respondents expressed concerns about the initial proposals.

Concern for Town Centre and Businesses

- 3.34 The impact on local retail businesses was the greatest concern raised by respondents to the initial proposals. This has been a consistent across all the towns which have been surveyed.
- 3.35 The initial proposal within the town centre is for the areas with current 90-minute maximum stay having the first 30 minutes stay to be free of charge with a charge for the next 60 minutes retaining the maximum overall stay of 90 minutes.
- 3.36 Direct representation from Dunbar Traders Association (DTA) following their own questionnaire of DTA member, presents their position as:
- 3.37 Does not accept that there are significant parking problems in Dunbar
- 3.38 Does not agree that parking charges and permits should be introduced in Dunbar
- 3.39 In addition, Dunbar Community Council undertook a survey and held a public meeting on 8 July. The Dunbar Community Council stated that that the survey shows that 85% of people will use the town centre less often if these proposals go ahead. It states, 'the proposals will affect business owners, customers, residents, staff and tourists in a wholly negative and destructive way. The effects can be seen in small towns and villages up and down the country.'
- 3.40 The analysis of Public Engagement (**Appendix C: Dunbar Parking Management Strategy – Public Engagement Report**) against Parking Demand Data (**Appendix H: Dunbar Parking Demand Data Analysis**) highlights a lack of public support and that the data analysis supported a mechanism for a higher level of turn-over, the median length of stay was over the recommendation therefore further consideration of free length of stay should be explored.
- 3.41 Specifically, the parking survey data shows that parking demand on the High Street is high. Space availability is never less than 75% occupancy and approach capacity most of the surveyed date. Surveys of vehicle length of stay also showed that the median length of stay was 30 minutes and 77 to 80% of vehicle who parked on the High Street were leaving within 60 minutes and 45% of vehicles parked up to 30 minutes.
- 3.42 An issue raised by traders was that removing free parking would reduce footfall. People would be less likely to visit the High Street. Footfall in Dunbar has declined 19% between 2016 and 2022. The scheme seeks to maintain an element of free parking in close proximity to retail

businesses. Research has shown that increasing parking turnover can increase visitor numbers to local businesses and space availability increases. Improved enforcement of parking restrictions encourages turn-over/space availability and consequently increases potential footfall and access to shops.

- 3.43 There is a lot of complexity in determining influences and impacts on shopping footfall. Changing shopping habits, quality and selection of goods, price, accessibility, competition and UK economic performance all impact shoppers. Research undertaken in the development of the economic impact assessment states that businesses overestimate the impact the car has on footfall (Smith Lea et al, 2017) and (4 Reasons Retailers Don't Need Free Parking to Thrive - Bloomberg¹). In addition, the factors that influence footfall are not straight forward. From research undertaken in Wales (Caerphilly.gov.uk) pricing is of lower importance than availability of space, time, proximity to destination, traffic flow, signage, overall retail offering, out of town retail offering, security of parking.
- 3.44 The fear from traders and communities stems from their perception of mode of transport used to access services because they perceive all users to be the same as themselves and, as such, will travel similarly. This is perhaps reflected in the Dunbar Traders Association Survey, which indicated that 73% of respondents travel by car. There are multiple studies that point to this perception being wrong. One key takeaway is that traders' perceptions as based on their own practice and this stems from where they live.
- 3.45 Figure 1 indicates that traders' perceptions significantly overestimate travel by car, and underestimate people walking compared with the mobility behaviour reported by shoppers.

¹ [Bloomberg UK article](#)

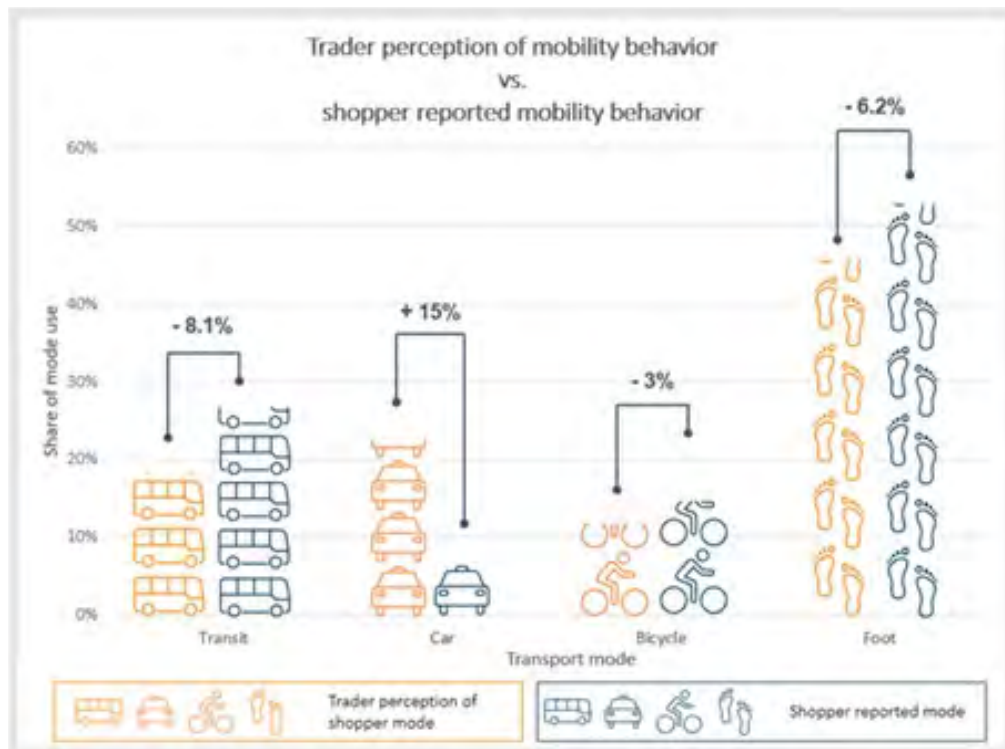


Figure 1: Mobility behaviour of reported by shoppers and trader perception of custom mobility behaviour²

3.46 Figure 2 shows that traders were found to overestimate the distance customers travel to visit their businesses, with the survey revealing over half of shoppers (denoted by the dark blue bars in the graphic) lived less than one kilometre from the shops. Conversely, traders estimated that just over 10% of customers live within this distance.

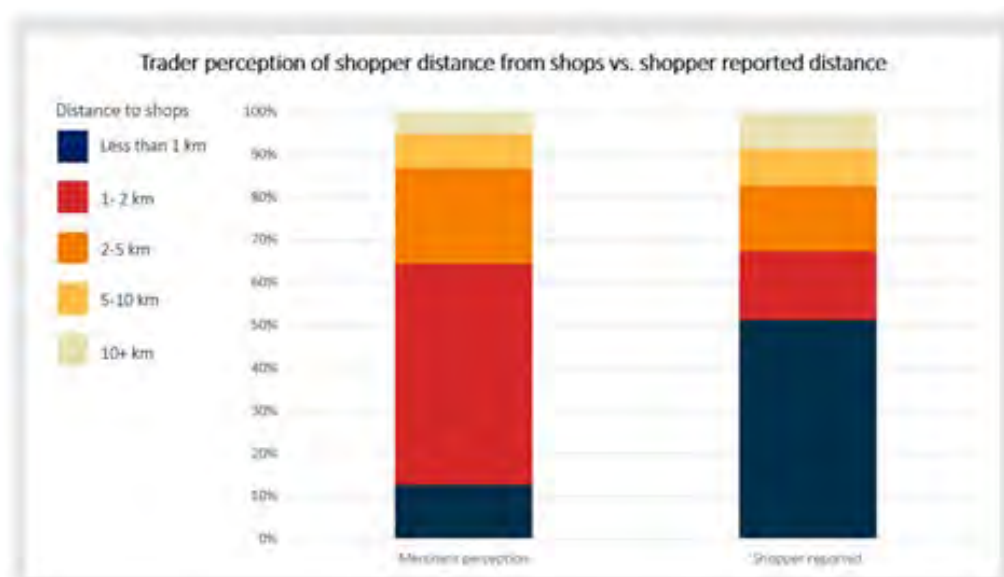


Figure 2: Distance from the street that shoppers live and merchant/trader perception of distance that shoppers travel to their shop³

² [Survey Findings from Local Business Perception vs Mobility Behaviour of Shoppers](#)

³ [Survey Findings from Local Business Perception vs Mobility Behaviour of Shoppers](#)

- 3.47 Conversely, Dunbar Trader Association argue strongly that they have a unique position in the town to understand their retail trends, customers and car parking and their opinion is charging will damage trade. Although it is not qualified as to the impact on staff or the duration of stay beyond the proposed free period.
- 3.48 It is also important to reflect on wider societal benefits that can be delivered through enhanced parking management. Table 3-2 of **Appendix D: East Lothian Council Parking Review – Dunbar Business Case** provides a summary of appraisal impacts as a consequence of parking management proposals from 3+ to 3- on the STAG criteria assessment scale; considering environmental impacts, climate change, health safety and well-being, economy, and equality and accessibility.
- 3.49 Further detailed consideration of the Dunbar High Street parking proposal is presented in **Appendix G: Dunbar Analysis of Proposals, Representations and Recommended Mitigations**, G.1 On Street Short Stay Parking – Dunbar High Street.
- 3.50 Considering the competing factors, the high level of public opposition, Dunbar traders' position, the public engagement results and balancing this against the wider societal benefits and the overarching parking objectives, it is recommended:
- 3.51 That the 30-minute period of free parking is amended to increase the free period to 45 minutes.

Resident and Other Permit Concerns

- 3.52 The main concern expressed by residents of Dunbar who live within one of the proposed resident parking areas was that they would pay to park outside their house.

The initial proposal was to introduce on street charging for areas adjacent to the core shopping area with an associated permit scheme for residents and the introduction of permit only parking on residential streets with limited amount of on street parking or poor access. This would mitigate the impact on residents where on street charging is proposed and where there would likely to be displacement impacting residential roads due to the introduction of parking charges. The areas identified for this treatment were Lauderdale area, Parsonspool, Castle Street/Church Street and Countess area in Dunbar.

- 3.53 **Appendix G: Dunbar Analysis of Proposals, Representations and Recommended Mitigations**, G.2 On Street Medium Stay and Resident Parking Permits, G.3 On Street Long Stay and Resident Permits and G.4 Resident Parking Permit Only, considered the free text questionnaire responses and the themes raised. The analysis considered both the on-street charging and permit parking as one proposal as the introduction of permit parking was a mitigation for on street charging as part of the initial proposals. This reflected the questionnaire with 63% of

respondents did not believe a permit was necessary. Consideration is given to other representations and mitigations on other aspects of the parking proposals.

- 3.54 As set out in **Appendix C: Dunbar Parking Management Strategy – Public Engagement Report**, 84% of respondents indicated that they were a resident of Dunbar, with 58% stating they had a private driveway / private off-street parking. Only 7% of all respondents stated they had difficulty parking at their own home, with the most cited reasons being a lack of parking spaces, which would indicate parking demand in excess of the available parking spaces, inconsiderate parking and a lack of parking enforcement.
- 3.55 Removing the on-street charging and associated residents parking permit proposal from Dunbar is considered to have a material impact on the proposals, which may result in negative consequences. Therefore, it is recommended to closely monitor and evaluate public opinion, levels of parking infringement and inconsiderate parking practice going forward.
- 3.56 It is recommended that the initial proposal is amended to remove medium stay and long stay on street charging and the associated resident parking permit proposals.

Impact on Visitors

- 3.57 A similar argument and opposition to the concern for businesses is that payment for parking would have an impact on visitors and tourists. The belief is that visitors will no longer come to the town if they must pay for parking. Opposition to the proposal intimates that tourists will not visit the town and thus not spend in the local shops.
- 3.58 The initial proposal for the High Street recommends the first 30 minutes stay to be free of charge. The proposals look to charge for the next 60 minutes to encourage turn-over on the High Street maintaining the existing maximum stay of 90 minutes. In off-street car parks the proposal is to charge 50p for each half hour length of stay.
- 3.59 Tourism is a key economic driver with Dunbar being the second most visited town in East Lothian. A separate survey in 2021 suggested that parking was a factor in the satisfaction of visitors with lack of parking availability, condition of infrastructure and information where to park all matter to visitors. Visit Scotland survey of 2023 indicated that 69% of visitors to Scotland used a car on their trip with a further 7% using a motorhome. Tourist visits and day trips are likely to be longer than 90 minutes, and therefore visitors would look to park in areas offering parking for longer periods.
- 3.60 There is a misconception that parking is free. In real terms the provision of parking requires on going inspection and maintenance of parking spaces, which is paid for through council tax and business rates charge to the residents and businesses of East Lothian. For tourists to visit and

use local facilities with parking provision such as hotels, holiday lets, restaurants it is expected that they pay at point of use.

- 3.61 The public engagement provides a narrower view on the support of visitors with 37% opposed to motorhome parking to support local businesses and 30% undecided.
- 3.62 It was also noted the 2% of respondents were non-local visitors, and 10% visitors from outlying communities. It may be argued that visitors would take no interest in completing a parking survey for a town they visit, but conversely visitors do not necessarily concern themselves with parking charges when they visit a place as charging it is the norm rather than the exception.
- 3.63 As with the argument extended above for shopping habits, quality and selection of goods, price, accessibility, competition and UK economic performance all impact where and when tourists visit.
- 3.64 It is recommended that no change is made to the principal introducing parking charges due to the comments made on the perceived detriment to tourist visitors because of the parking charges.

Criticism of Consultation

- 3.65 Over 100 responses criticised the public engagement questionnaire. Specifically, comments received where the questionnaire was biased, poorly framed, and designed to come to a pre-determined outcome.
- 3.66 Considering the feedback received it is appropriate to reflect on the questionnaire and review its design for future considerations. The existing questionnaire results/outputs are appropriate for the stage within the process and reflect the overarching decisions already made in respect of parking management.

Lack of Parking Enforcement

- 3.67 A high percentage of individuals acknowledged that parking enforcement was lacking in the town. This might have been heightened due to the lack of parking attendants' resource across the county in recent months. It is clear that respondents see the relationship between poor parking practice and parking availability. However, while the view is that enforcement should be increased, there is little awareness that this requires charges to be applied.
- 3.68 Evidence gathered from the questionnaire revealed that 34 % of people's main concern was the lack of parking spaces, 22% believed inconsiderate parking as a problem, 18% thought the lack of parking enforcement and 13% people parked too long; all of which are directly related to enforcement and management of parking stock.
- 3.69 Improved parking enforcement will help address the issues identified above. Increased enforcement, having a strengthened presence in town, will resolve most problems highlighted by respondents, although with an

associated cost. As the argument is extended, income generated from charging will fund increased enforcement, which cannot be funded direct from general Council fund. Guidance from Transport Scotland⁴ and the Scottish Government is that DPE arrangements should be self-financing.

- 3.70 It is recommended that the principal of introducing parking charges is not amended, and increased enforcement will be financed from parking charge income although at a lower level than originally anticipated and not from the General Fund.

No Parking Problem in Dunbar – General Criticism

- 3.71 A general objection received from respondents with 87 comments made was that there was not a problem with parking in Dunbar. No evidence was given to these statements, and it is surmised this opinion is based on individual observation and assessment. The drive behind this point is that if there is no problem there is no requirement to make change to parking.
- 3.72 The questionnaire asked several questions on existing parking issues with 34% stating that there is a lack of parking spaces, 22% felt there are problems with inconsiderate parking, 18% a lack of enforcement, 14% seasonal events, 13% people parked too long, and 18% other problems.
- 3.73 **Appendix H: Dunbar Parking Demand Data Analysis** shows high occupancy levels on the High Street, Victoria Street, Church Street and Castle Street with all near or over capacity. Victoria Street, West Port and Delisle Street shows a high propensity for contravention parking, creating safety concerns.
- 3.74 It is not considered appropriate to halt the introduction of parking management arrangements based on a perception of no problem with parking, where the questionnaire and parking survey data contradicts this position.
- 3.75 It is recommended that the proposals are not withdrawn on the opinion that no parking problems exist.
- 3.76 Taking cognisance of the feedback on the initial proposals, the following table provides a summary of the mitigation and changes to proposals overall. Further detailed analysis of the overall proposed mitigation and recommendations can be found in **Appendix G: Dunbar Analysis of Proposals, Representations and Recommended Mitigations**. A plan showing the recommended parking management proposals is also provided in **Appendix B**.

⁴ <https://www.transport.gov.scot/media/52668/decriminalised-parking-enforcement-local-authorities-income-and-expenditure-2021-to-2022.pdf>

Summary of Mitigation and Changes to the Proposals

Initial Proposal	Mitigation Considered	Recommended Proposal
High Street and North end of Queens Road - short-stay parking 90-minute maximum stay with 30 minutes free parking, with £1 per 30 minutes after that, up to a maximum stay of 90 minutes.	Extend the free parking period from 30 minutes to 45 minutes with parking up to 75 minutes £1 and parking up to 90 minutes £2.	Remove Queens Road from the proposal. Free parking period extended to 45 minutes, £1 for up to 75 minutes parking and £2 for up to 90 minutes maximum stay parking.
On street charged parking with the provision of resident parking permits.	Remove on street charging and associated permit parking from residential roads in the north of Dunbar.	Areas of on street parking charges and associated permit scheme in residential areas have been removed from the proposals.
Countess Road, Countess Crescent and West Port on street long stay parking with associated charging and the provision of resident parking permits.	Remove long stay on street charging with associated permit parking. Introduction of limited waiting bays with time restriction on parking varying between 2 hours and 12 hours with associated yellow line restrictions.	Remove long stay on street charging with associated permit parking. On-street short stay parking on Delise Street and east section of Countess Road. On-street long stay parking on mid-section of Countess Road with a maximum stay of 23 hours. Limited waiting on the west section of Countess Road with parking areas allocated between 2 and 12 hours maximum stay.

Initial Proposal	Mitigation Considered	Recommended Proposal
Areas adjacent to the High Street assigned as resident permit parking only.	Remove the proposal for resident only parking permits.	All areas with resident only parking permits removed from the proposals.
Lauderdale car park proposed as medium stay parking with an associated length of stay and parking charge.	Remove parking charge and provide a reduced medium parking duration up to 3 hours.	Removal of parking charge and introduction of a maximum length of stay of 3 hours in the Lauderdale car park.
Countess Crescent (Bleachingfield Centre) proposed as medium stay parking with an associated length of stay and parking charge	Remove parking charge. Provide free parking for centre users. Registration of centre user vehicles.	Introduction of maximum length of stay of 5 minutes except for centre users. No charge for centre users.
Dunbar Leisure Centre. Proposed as medium stay parking with an associated length of stay	Provide overnight parking with a charge for motor caravans. Day time parking charge linked to use of leisure centre. Increase maximum length of stay	Medium stay parking increased to a maximum stay of 6 hours. 90 minutes free parking for Leisure Centre users Introduction of overnight motor caravan parking with a charge.
Abbeylands car park proposed as long stay parking with an associated length of stay and parking charge.	Long stay parking with charging limited to between 9am and 4pm Introduction of flat fee for parking based on maximum charge for long stay £5	No amendments proposed.

Initial Proposal	Mitigation Considered	Recommended Proposal
Smaller Countess Crescent car park proposed as disabled parking only with non-blue badge holders prohibited.	Reduce the number disabled parking only spaces within the car park.	No changes to existing car park proposed.
Countess Road car park proposed as long stay parking with an associated length of stay and parking charge.	Remove the proposed car park charge.	No proposed amendments.
Harbour car park (part of Roads Authority adopted area) assigned as medium stay parking with an associated length of stay and parking charge.	Remove proposed parking charges	Removal of parking restrictions and charges.
The Vennel car park assigned as medium stay parking with an associated length of stay and parking charge.	Remove proposed car park parking charge Introduce maximum day time stay.	Removal of parking restrictions and charges.
Introduce parking management scheme to include the introduction of parking charges and enhanced enforcement	Parking management scheme not progressed	No amendments proposed.

3.77 It is recommended that the scheme progresses to detailed design and draft Traffic Regulation Orders (TROs) are prepared taking account of the above recommendations and mitigations set out within this report. Formal advertising of the draft TROs, in accordance with regulations, will provide further opportunity to refine the proposed scheme as part of the statutory consultation process.

4 POLICY IMPLICATIONS

- 4.1 The proposals have multiple policy implications across many national, regional and local themes. **Appendix A: Policy and Legislative Context** provides further detail of these matters.

5 RESOURCE AND OTHER IMPLICATIONS

- 5.1 Finance: A financial business case for the proposals is provided in **Appendix F: Technical Note – Dunbar Parking Management Financial Model**. The model uses the Flexible, Appropriate, Structured, and Transparent (FAST) financial modelling standard and provides a conservative estimate considering the benefits potential. The year one capital cost is estimated at £196,000. The annual predicted cost of operating the scheme is £163,000 and annual income is forecast to be £193,000 (gross). The surplus revenue over the 10-year period is forecast to be approximately £10,000 per annum.
- 5.2 Human Resources: There are no implications to human resources at this time.
- 5.3 Other (e.g. Legal/IT): The proposals are being considered in accordance with the Road Traffic Regulation Act 1084 as amended and the Local Authorities Traffic Orders Procedure Regulations (Scotland) as amended.
- 5.4 Risk: Risks identified at this stage include potential public opposition to the introduction of the proposed parking measures which may impact the projected income levels. Operational and implementation risks have also been noted. These risks are recorded within the project and corporate risk registers and will be actively assessed, monitored, and managed throughout the lifecycle of the project.

6 INTEGRATED IMPACT ASSESSMENT

- 6.1 ***Select the statement that is appropriate to your report by placing an 'X' in the relevant box.***

An Integrated Impact Assessment screening process has been undertaken and the subject of this report does not affect the wellbeing of the community or have a significant impact on: equality and human rights; tackling socio-economic disadvantages and poverty; climate change, the environment and sustainability; the Council's role as a corporate parent; or the storage/collection of personal data.

☐

or

The subject of this report has been through the Integrated Impact Assessment process and impacts have been identified as follows:

x

Subject	Impacts identified (Yes, No or N/A)
Equality and human rights	yes
Socio-economic disadvantage/poverty	yes
Climate change, the environment and sustainability	yes
Corporate parenting and care-experienced young people	no
Storage/collection of personal data	no
Other	yes

[Enter information on impacts that have been identified]

The Integrated Impact Assessment relating to this report has been published and can be accessed via the Council's website:

https://www.eastlothian.gov.uk/info/210602/equality_and_diversity/12014/integrated_impact_assessments

7 APPENDICES

Appendices A–B are attached to this report.

Appendices C–H are available in the Members' Library (Ref: 122/25, December 2025 Bulletin):

https://www.eastlothian.gov.uk/meetings/meeting/17561/members_library_service

- 7.1 Appendix A: Policy and Legislative Context
- 7.2 Appendix B: Dunbar Initial Parking Management Proposals and Dunbar Recommended Parking Management Proposals
- 7.3 Appendix C: Dunbar Parking Management Strategy – Public Engagement Report
- 7.4 Appendix D: East Lothian Council Parking Review – Dunbar Business Case
- 7.5 Appendix E: Dunbar Parking – Impact Assessment
- 7.6 Appendix F: Technical Note – Dunbar Parking Management Financial Model

- 7.7 Appendix G: Dunbar Analysis of Proposals, Representations and Recommended Mitigations.
- 7.8 Appendix H: Dunbar Parking Demand Data Analysis

8 BACKGROUND PAPERS

- 8.1 Report to Council on 10th December 2024 – Update on North Berwick Traffic Regulation Orders
- 8.2 Report to Council on 27th February 2024 – Update on Parking Management Traffic Regulation Order for North Berwick
- 8.3 Report to Council on 25 April 2023 – Town Centre Parking Management: Introduction of Parking Management Proposals in North Berwick
- 8.4 Report to East Lothian Council on Tuesday 28th June 2022 – Town Centre Parking Management: Consultation
- 8.5 Members' Library Report – Economic Impact Assessment Report (Ref: 34/23, April 2023 Bulletin)
- 8.6 Members' Library Report – Consultation Report (Ref: 35/23, April 2023 Bulletin)
- 8.7 Integrated Impact Assessment
- 8.8 Report to East Lothian Council on Tuesday 30th October 2018 – East Lothian Council Proposed Local Transport Strategy
- 8.9 East Lothian Council Proposed Local Transport Strategy 2018-24 – Draft Parking Strategy, Members' Library Ref: 142/18 (October 2018 Bulletin)
- 8.10 East Lothian Council Proposed Local Transport Strategy 2018-24 – Draft Active Travel Improvement Plan, Members' Library Ref: 141/18 (October 2018 Bulletin)
- 8.11 Policy and Performance Review Committee – 04 Roads Asset Management – Annual Status and Options Report
- 8.12 Report to East Lothian Council on Tuesday 25 April 2023 - Town Centre Parking Management: Introduction of Parking Management Proposals in North Berwick
- 8.13 Report to East Lothian Council on Tuesday 27 February 2024 – Update on Parking Management Traffic Regulation Order North Berwick
- 8.14 Members' Library Report – East Lothian by Numbers: Travel and Transport (Ref: 152/24, November 2024 Bulletin):

9 AUTHOR AND APPROVAL DETAILS

Report Author(s)

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Date	Oct 2025

Head of Service Approval

Name	Tom Reid
Designation	Head of Infrastructure
Confirmation that IIA and other relevant checks (e.g. finance/legal) have been completed	Yes
Approval Date	Oct 2025

Appendix A: Policy and Legislative Context

A1. The policy context at a national, regional and local level supports a move to increase existing and to implement new parking demand management processes across the county.

A2. At a national level the development and publication of the National Transport Strategy (NTS), National Planning Framework (NPF4) and the Scottish Transport Projects Review (STPR2) all support moving towards more sustainable town centres. The NTS vision is that 'we will have a sustainable, inclusive, safe and accessible transport system, helping deliver a healthier, fairer and more prosperous Scotland for communities, businesses and visitors'.

A3. The national strategy outlines how the 'the benefits of place-making and sustainable and active travel infrastructure/modes will also play an important role in helping to re-vitalise town centres'.

A4. At its meeting on 29 March 2022 Council was asked to approve the outline of the 2022–2027 Council Plan. The 2017–2022 Council Plan set out the vision of 'an even more prosperous, safe and sustainable East Lothian, with a dynamic and thriving economy, that enables our people and communities to flourish'.

A5. New and increased management of parking across the county supports the overarching objective of reducing inequalities within and across our communities, and with the development of the four thematic objectives: Growing our Economy, Growing our People, Growing our Communities and Growing our Capacity.

A6. East Lothian's Climate Change Strategy was adopted in 2020 in response to the climate emergency. The strategy has a significant emphasis on the need to manage journeys made by the private car across the county.

A7. East Lothian Council – Local Transport Strategy (2018–2024). In 2018, East Lothian Council published a Local Transport Strategy sets out the challenges that town centres within East Lothian have been facing in the context of the wider transport network. Accessing town centres and the management of parking is a key challenge articulated throughout the strategy document.

A8. East Lothian Council – Local Parking Strategy (2018–2024). There are a number of actions set out within the strategy to achieve many objectives when it comes to managing parking including that East Lothian Council will implement a parking management hierarchy in towns. The parking management hierarchy model states that 'in general, on-street parking will be for the purposes of short- stay parking, especially in our town centres, as it is essential that people have easy access to shops and services to maintain the economic vitality of our towns. Medium and long-stay parking will be

accommodated in off-street car parks but these are more likely to be at the edge of the town centre.'

A9. This proposal will contribute towards fulfilling the Local Parking Strategy 2018 -2024:

- Objective 1 – to provide balanced and appropriate parking facilities that support the economic, environmental and accessibility requirements of towns in East Lothian.
- Objective 2 – to maximise the efficient use of parking provision.
- Parking Policy 5 – The council will assess the demand on town centre parking supply and appraise, where appropriate the introduction of charging for off street car parks and/or for on-street parking places. The introduction of restrictions and charging has the potential to boost the financial viability and community/business prosperity on an area by increasing turnover. All parking regimes would require annual monitoring.

A10. The Council's Local Economy Strategy 2024 to 2034 was approved in April 2024. Consultation and analysis identified a number of issues facing town centres in East Lothian, stakeholders and community members reported that a limited availability and low turnover of town-centre parking spaces, competition from edge-of town retail developments, competition from Edinburgh, and changes in shopping habits have all deterred some residents from using their town centres. However, increased home working is driving increased demand for town centre service businesses and leisure opportunities. It was also argued that narrow pavements and conflicts with traffic can make town centres feel inaccessible and unsafe for older people, those with physical impairments, and pram and buggy users. Local challenges were identified where town centre congestion and parking was highlighted as an issue with implications for locals, visitor experiences, and public safety. Greater turnover of town centre parking to improve capacity was highlighted as a need. The Strategy highlights the distinctiveness of East Lothian's towns and villages as a key attribute of the area and includes actions to support thriving and district communities, vibrant town and rural centres. A key area where the Council can intervene is to improve safe and sustainable access for all users.

A11. Further, the proposals contribute to the Economic Development Strategy by offering 'the potential for increasing resident spend by improving town centres in East Lothian'. With short-stay parking freeing up spaces close to shops, residents would be able to quickly access shops and services, thereby supporting local and independent shops.

A12. East Lothian Council – Town Centre Strategies (2017–2022). Town Centre Strategies have been prepared for each of the 6 main settlements in

East Lothian. The purpose of the town centre strategies is to adopt a strategic approach to guide the improvement of town centres.

A13. The vision for Dunbar town centre as articulated is 'Dunbar town centre serves the needs of all of its users with inspiring shopping and leisure opportunities and a diverse evening offer. It is recognisably a part of a historic burgh, with links to its attractive harbours and the John Muir Way, making Dunbar a go-to destination for locals and visitors alike'.

A14. The Citizen's Panel Survey (2018) identified a need for a wider range of shops, more parking and a more attractive town centre environment.

A15. Action 2 from the Dunbar town centre strategy looks to progress the reorganisation of town centre car parking with the introduction of specific waiting times.

Climate Change and Road Safety Benefits

A16. In February 2020, Transport Scotland published its National Transport Strategy 2 (NTS2) which set out a vision for Scotland's transport system over the next 20-years to 2040, including a statement of transport's contribution to achieving net zero by 2045. Its 'Vision' is:

'We will have a sustainable, inclusive, safe and accessible transport system, helping deliver a healthier, fairer and more prosperous Scotland for communities, businesses and visitors'.⁵

A17. The NTS2 establishes two 'hierarchies' which define the principles upon which future transport investment decision making and services should be planned. The 'Sustainable Travel Hierarchy' defines the priority which will be given to each mode of transport in future investment planning which includes the 'Sustainable Investment Hierarchy' which establishes a structured set of steps to be followed when planning investment in transport provision.

A18. In summary, the Sustainable Travel Hierarchy prioritises walking & wheeling and cycling, with investment to support the single occupant private car being the lowest priority. Measures promoted through the strategy, and which will emerge from it, should prioritise active travel and accessible public transport connections, whilst at the same time discouraging short, single car occupant journeys. On this basis, the proposed parking interventions are highly consistent with the NTS2 Sustainable Travel Hierarchy.

A19. The implication of this hierarchy is that investment in new infrastructure should only be considered once a wider package of options to reduce the need to travel, reduce the need to travel unsustainably, optimise use of existing infrastructure, influence travel behaviour or manage demand have been explored. Parking management interventions can be classified as 'making better use of existing capacity' and would therefore be more

⁵ [National Transport Strategy 2 \(Transport Scotland, 2020\), p. 5.](#) .

appropriate than measures that sought to increase parking capacity through construction of infrastructure.

A20. Following the commitment to reduce car kilometres by 20% within the Securing a Green Recovery on a Path to Net Zero: Climate Change Plan 2018 – 2032 policy document Transport Scotland published a stakeholder consultation report setting out a route map for how this target can be achieved. The framework recognises that any solution must include a holistic framework of interventions to provide car-use reduction options for different trip types in different geographical areas. To encourage the reduction in car usage, the framework outlines the need for a behaviour change by users through positive messaging. This has led to the development of four desired behaviours which are displayed in Figure A1 below. Parking interventions can contribute to helping people to live well locally by enabling them to access local services and amenities whilst also supporting switching modes to walking, wheeling, cycling and public transport where appropriate.



Figure A1: Route Map to 20% Car KM Reduction – Four Behaviours

A21. The policy documents listed above provide a framework for the proposed parking interventions within Dunbar. Scottish Government policy has seen a significant shift towards prioritising walking, wheeling and cycling as preferred methods of transport for shorter journeys, with public transport and shared mobility the preferred mode for medium to longer journeys. This shift will require a behavioural change which can require a ‘carrot and stick’ approach. The implementation of parking controls within Dunbar will provide a demand reducing measure that would fall within the Scottish Government’s ambitions to reduce car kilometres by 20% by 2030.

A22. East Lothian Council – Climate Change Strategy also looks to reduce transport emission and increase active travel and sustainable transport options for everyday journeys. Data shows that more people walk in East Lothian than surrounding local authorities and Scotland generally, with 59% making short journeys by foot but 33% still choice to drive this relatively short distance. Only 1% choice to cycle. (East Lothian by Numbers – Members Library Report).

A23. Currently 83% of East Lothian's residents have access to one or more cars or vans and 35% have access to two or more cars or vans. Access to a car is greater in East Lothian than Midlothian (79%) and Scotland (75%) averages. Access to a private car or van has increased in East Lothian by 3% since 2014. This suggests that if residents have access to parking, they may be more likely to use their cars for short journeys to the town centre for economic / leisure purposes as cars are more prevalent.

A24. Nationally vehicular traffic accounted for 35.6% of emissions in 2018. It remains the largest CO₂ producing sector and presents a singular challenge to mitigate the transport sector to meet net zero targets. Transport is a derived demand, driven by the essential need to move people, goods, and services to drive economic growth. National objectives seek to promote walking, cycling and public transport over private car use as these present the greatest benefits to communities allowing improved mobility, safety, health and accessibility enhancements to be delivered through place making initiatives. Management of demand for parking provides a push behavioural change approach which can be incentivised with other pull initiatives to enhance the place for all users, over time.

A25. Interventions which increase walking, wheeling, cycling, or use of public transport can reduce car use and free up space on streets. A literature review by ClimateXChange⁶ shows there is considerable evidence to suggest that improved sustainable travel has environmental, economic, and social benefits to local high streets and towns. Evidence collected showed that there is a wide breadth of potential benefits of sustainable travel to communities, but that evaluation and measurement of impacts does not always capture this.

A26. The review found significant evidence of decrease in air pollution in all geographies across large sample sizes with a strong focus on sustainable transport. Modelling suggests that if 10% of the population switched from cars to bikes and public transport, emissions would decrease by about 10% (car to bike) and 3% (car to public transport).⁷ There is also significant evidence of a decrease in carbon emissions in all geographies across large sample sizes. In one case study, carbon emissions decreased by 66% over a 15-year period following pedestrianisation of a city centre⁸.

A27. There is also evidence of the short-term impact of suitable transport on increased land values and rental prices for businesses, making an area more attractive for investment and desirable to live in more than one geography across large sample sizes. The impact varied from an increase in land values between 70–300% with retail commercial rates increasing in the range of 10–

⁶ [The benefits of sustainable travel to local high streets and town centres | ClimateXChange](#)

⁷ [The climate change mitigation impacts of active travel: Evidence from a longitudinal panel study in seven European cities - ScienceDirect](#)

⁸ Council of Pontevedra, 2017. Fewer cars, more city.

30%.^{9,10} ClimateXChange review found evidence of higher footfall in businesses across large sample sizes in all geographies, as well as increased time and money spent in local businesses. Several UK studies found that footfall increase by approximately 30% after the introduction of sustainable travel measures.¹¹

A28. Nationally vehicular traffic accounted for 35.6% of emissions in 2018. It remains the largest CO2 producing sector and presents a singular challenge to mitigate the transport sector to meet net zero targets. Transport is a derived demand, driven by the essential need to move people, goods, and services to drive economic growth. National objectives seek to promote walking, cycling and public transport over private car use as these present the greatest benefits to communities allowing improved mobility, safety, health and accessibility enhancements to be delivered through place making initiatives. Management of demand for parking provides a push behavioural change approach which can be incentivised with other pull initiatives to enhance the place for all users, over time.

A29. Road collision incidents in East Lothian's towns are generally low with three serious injuries being recorded over the 5-year period 2019–2023 in the whole of Dunbar. It is noted that no fatal personal injury collisions have been recorded in proposed controlled parking area within Dunbar for this period. However, within the built environment an unacceptable risk remains due to the high demand of parking space and constant search for parking opportunity close to the driver's destination. On-street parking contraventions or restricted parking abuse during busy times can place the public at risk.

Legislative Context

A30. The Road Traffic Regulation Act 1984 – the legislation laid out in the Act provides powers to local authorities to implement parking demand management processes including tariffs for on and off-street facilities.

A31. The general provisions of the Act allows an authority to make an order where it considers that it is expedient to do so:

- (a) for avoiding danger to persons or other traffic using the road or any other road or for preventing the likelihood of any such danger arising, or
- (b) for preventing damage to the road or to any building on or near the road, or

⁹ <https://www.livingstreets.org.uk/policy-reports-and-research/pedestrian-pound/>

¹⁰ Litman, T., 2023. Guide to Valuing Walking and Cycling Improvements and Encouragement Programs. Transportation Research Record.

¹¹ Momentum Transport Consultancy, 2022. Funding Healthy Streets Assets: Guidance for Effective Public Private Partnerships in Delivering Healthy Streets Projects.

- (c) for facilitating the passage on the road or any other road of any class of traffic (including pedestrians), or
- (d) for preventing the use of the road by vehicular traffic of a kind which, or its use by vehicular traffic in a manner which, is unsuitable having regard to the existing character of the road or adjoining property, or
- (e) (without prejudice to the generality of paragraph (d) above) for preserving the character of the road in a case where it is specially suitable for use by persons on horseback or on foot, or
- (f) for preserving or improving the amenities of the area through which the road runs
- (g) for any of the purposes specified in paragraphs (a) to (c) of subsection (1) of section 87 of the Environment Act 1995 (air quality).]

A32. Provision 32 within the Act describes the powers local authorities have where for the purpose of relieving or preventing congestion provision of parking spaces can be provided.

A33. Provision 33 within the Act goes on to detail the additional powers of local authorities in connection with off-street parking places.

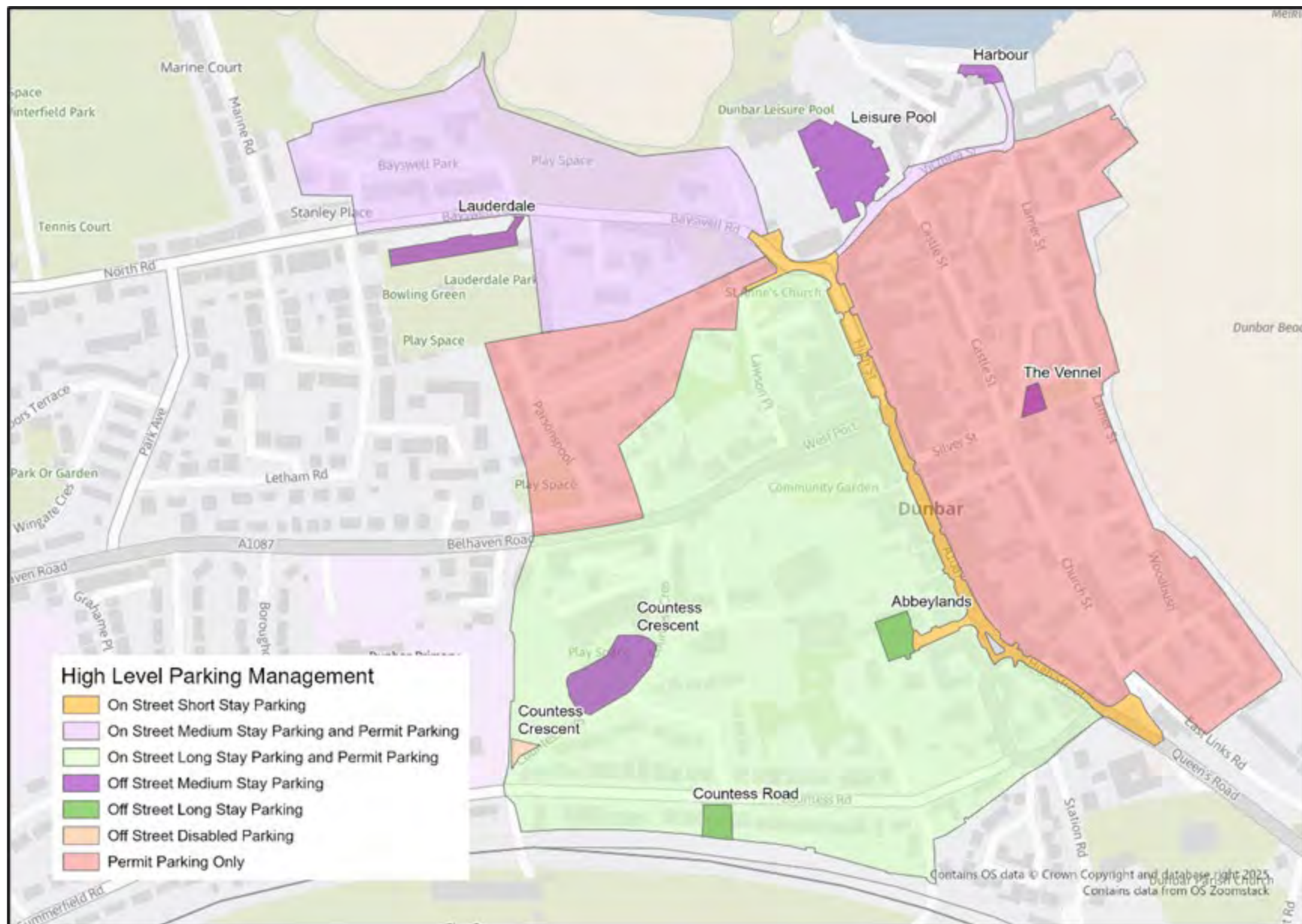
A34. Provision 45 within the Act details that a local authority may by order designate parking places on roads in their area for vehicles or vehicles of any class specified in the order; and the authority may make charges for vehicles left in a parking place so designated.

A35. The Local Authorities' Traffic Orders (Procedure) (Scotland) Regulations 1999 sets out the requirements of advertising traffic orders, the means and requirements for objection and the basis of holding a hearing.

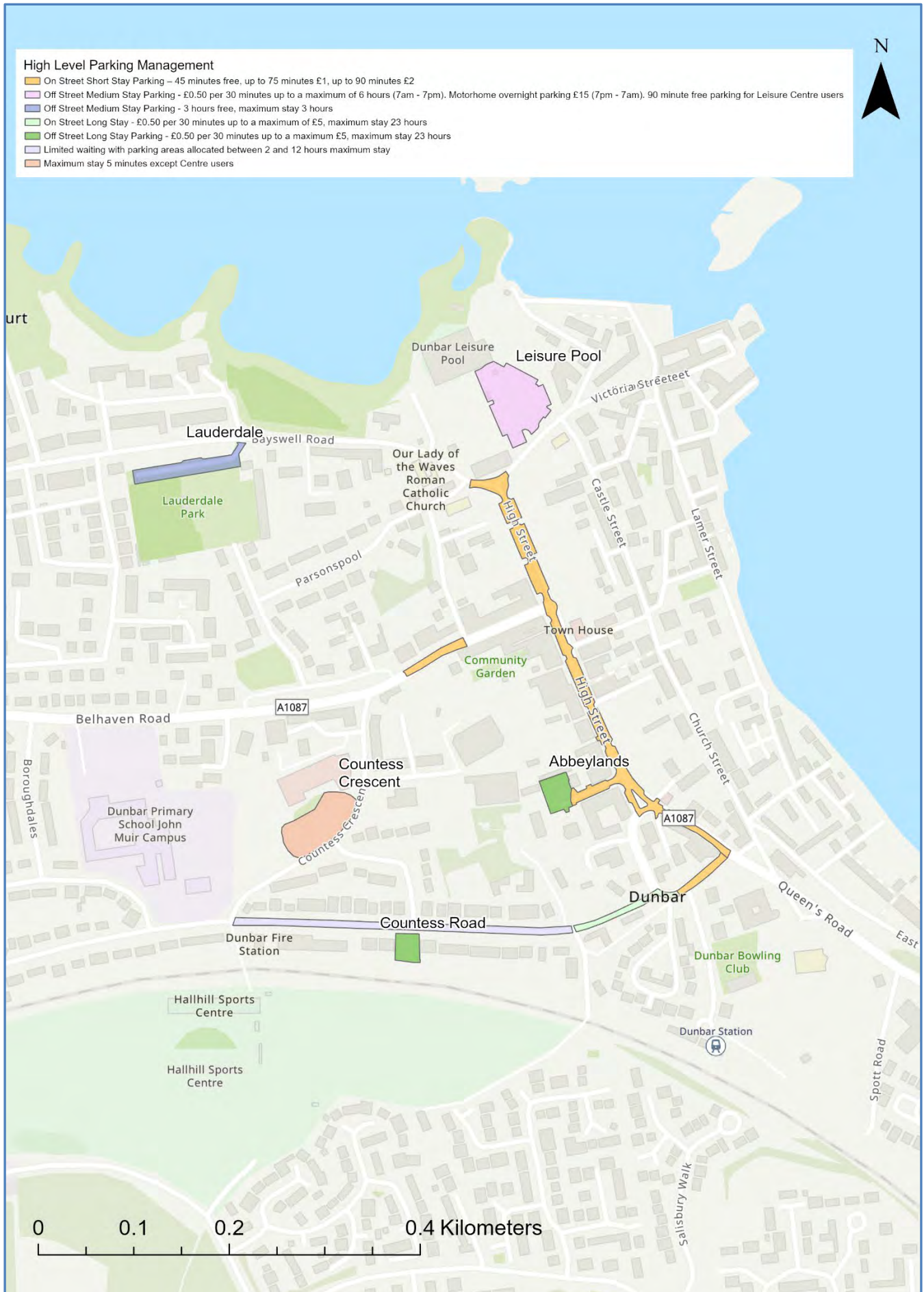
A36. Provisions 5 within the regulations sets out the requirements of advertising traffic orders, whilst provision 7 sets out the manner in which objections to the published order should be made, this requires objections to be in the form of a written statement.

A37. Provision Section 8 of the regulations outlines when a hearing should be held following objections to an order. The provisions also indicates that a hearing may be held in other circumstances. In the case of the advertised orders there is no requirement to hold a hearing for orders No. 1, No. 2 and No.3. The inclusion of on street parking charges fall under section 45 of the Road Traffic Regulation Act 1984, although these do not prohibit loading there is an implied requirement to hold a hearing to consider outstanding objections.

Appendix B: Dunbar Initial Parking Management Proposals



Appendix B: Dunbar Recommended Parking Management Proposals



COMMITTEE: East Lothian Council

MEETING DATE: 9 December 2025

BY: Depute Chief Executive – Resources and Economy

REPORT TITLE: Haddington – Parking Management Proposal

REPORT STATUS: Public

4b

1 PURPOSE OF REPORT

The purpose of this report is to:

- 1.1 Advise Council of the outcome of the public consultation on the parking interventions proposed in Haddington;
- 1.2 Present the resultant amendments made to improve the scheme and to mitigate public concerns raised; and
- 1.3 Recommend that the Council progresses to next stage of the Traffic Regulation Order process, the intent to make the Order.

2 RECOMMENDATIONS

Members are recommended to:

- 2.1 Note the extensive consultation exercise carried out between 3 March 2025 and 30 June 2025, the level of community engagement, the welcome receipt of varied and detailed responses to the survey questionnaire, and the explanation as to how these have influenced the proposals for Haddington;
- 2.2 Approve the proposals shown in Appendix B and summarised in paragraphs 3.74 and 3.75 noting the amendments made to improve the scheme and to mitigate public concerns raised through the consultation and engagement exercise.
- 2.3 Note the completion of the consultation stage of the Local Authorities' Traffic Orders (Procedures) (Scotland) Regulation 1999 (as amended), and that the intent to make the Order, will allow opportunity for the public

to raise further representations and objections to the proposals as amended. Following this a report will be brought back to Council.

3 BACKGROUND

- 3.1 The principles of parking management have evolved over time, to achieve a wide variety of outcomes benefiting society. Early parking policies were based on a 'predict and provide' model, when car ownership was lower than it is today. More recently, we have looked to parking management strategies to encourage the use of alternative and more sustainable modes of travel, as well as to reduce congestion and increase the turnover and thus generate parking opportunities in the spaces available. East Lothian Council set out its parking management Strategy in 2018, which provides the policy toolkit that the initial proposals for Haddington are consulted on. These interventions also accord with National Policy context, National Transport Strategy 2, the National Planning Framework 4, the Scottish Government's Climate Change Plan 2018-2032, and reduction in car kilometres – updated June 2025 and East Lothian Council's Climate Change Strategy 2025 – 2030.
- 3.2 At the regional and local level parking is recognised as having an impact on economic and development opportunities and town centre performance, which is recognised through local place-based strategies. As parking is a derivative of vehicular transport that supports wider growth opportunities it is essential that it is managed appropriately to maximise economic prosperity. Appropriate parking management tools can improve space availability, improve road safety and generate an income to incentivise alternative transport modes and reduce unsolicited car journeys.
- 3.3 Road and parking infrastructure requires significant investment. The Roads Authority maintains the local road network at considerable expense; has significant responsibilities but receive virtually no revenue out with public finance. This is in direct competition with health and social care, education and all other Council services. As demonstrated in Decriminalised Parking Enforcement - Local Authorities' Income and Expenditure: 2021 to 2022 which shows authorities without income from pay and display parking operating at a deficit. The income generated through enforcement does not pay for the cost of running the service. A reasonable basis for 'point of use' charge is to invest in the asset, enforcement and improvements direct.
- 3.4 In accordance with Section 55 of the Road Traffic Regulation Act 1984, an account of all income and expenditure will be reported annually.
- 3.5 The East Lothian Parking Strategy 2018 set out the policy context that maybe applicable to resolve some parking problems and issues. The strategy provides options to improve parking supply, to address parking shortages and/or a predicted increase in parking demand, which can generate safety risks and as a result may need more effective

enforcement or to consider parking management proposals, rather than simply increasing supply. Parking management options may include time limitations, price setting, and improved enforcement, with the aim of making the most efficient use of the space available.

- 3.6 The introduction of new parking management proposals will require the existing Traffic Regulation Orders to be amended.
- 3.7 To help understand the impact of parking management proposals on the Haddington economy, Stantec was commissioned to build an Economic Impact Assessment to determine whether the proposals addressed the problems, is compliant with national, regional and local policy and strategy guidelines, delivered positive outcomes benefiting society and long-term impact resulting in positive change. The assessment has been organised against the five Scottish Transport Appraisal Guidance (STAG) criteria as detailed in the STAG Manager's Guide issued in January 2022, considering the impacts on environment, climate change, health, safety and wellbeing, economy and equality and accessibility. **Appendix E: Haddington Parking – Impact Assessment** provides further details.
- 3.8 In addition, to align with better decision making the business case has adopted the key principles of the HM Treasury Green Book which recommends a four-stage process, which requires on-going review and update of risks to ensure that effective controls are implemented during project development and delivery. This is necessary to effectively mitigate risks through well-defined steps to understand potential risks inherent in the scheme and their likely impact. **Appendix D: East Lothian Council Parking Review – Haddington Business Case** provides further details.

Consultation and Engagement

- 3.9 A meeting was held with the Secretary of the Haddington Community Council and members on 3 March 2025. A follow up meeting was held on 18 March 2025 with the Area Partnership, attended by representatives from Stantec, Haddington Community Council, Haddington District Community Council, Connected Communities and Haddington Central Tenants and Residents Association.
- 3.10 The Council's public consultation on parking management in Haddington ran from 19 May 2025 to 30 June 2025. A website was provided via an ArcGIS StoryMap to explain the initial proposals for Haddington. The website also provided online access to the survey questionnaire. A face-to-face event held at the Corn Exchange Haddington also ran on Thursday 12 June from 14:00-16:30 and 18:00-20:30. This event allowed participants to study the proposals in more detail with Council officers and Stantec staff available to answer questions before completing their questionnaires.
- 3.11 A total of 1,003 questionnaire responses were received, of which 970 responses were online and 33 paper responses. A total of 687 identified

as Haddington residents. In addition, a total of 10 emails and two letters were received.

- 3.12 A petition was circulated by the Haddington Business Group for the 'Opposition to parking charges / meters in Haddington town centre'. There were 3,008 signatories in total and this was submitted to ELC. This petition was later rejected by Councillors.
- 3.13 The Haddington District Community Council conducted their own independent survey to collect the public's views on parking in Haddington. They submitted the responses to the survey in addition to their own objection to the proposals.
- 3.14 The initial proposals were:
- The introduction of controlled parking; areas could be designated as short, medium or long-term parking.
 - Short-stay car parking areas would offer a limited period of free parking time. Once this time has elapsed, a charge would be required.
 - The introduction of resident parking permit scheme. These permits would allow unlimited parking throughout the day without a daily charge but annual administration fee for the issue and management of permits. Mitigating the impact on residents where on-street charging is proposed and where there would likely to be displacement impacting residential roads due to the introduction of parking charges.
 - A provision for health and social care workers to obtain parking permits. Service providers would need to apply to the Council to receive permits for their staff.
 - Improved car park direction signage throughout the town. The signage would clearly define the car park locations and the type of car park, e.g. short, medium, or long stay, as well as any charges that may apply.
 - Greater enforcement of Haddington's parking regulations. This should lead to a higher turnover of parking spaces, positively impacting the local economy by providing more parking options for shoppers and visitors. Additionally, better enforcement would improve pedestrian safety by reducing instances of illegal parking.
- 3.15 Plans showing the initial and recommended parking management proposals are provided in **Appendix B: Haddington Initial Parking Management Proposals** and **Haddington Recommended Parking Management Proposals**.
- 3.16 The public engagement questionnaire was made available via the Parking Management Review website or hard copy from libraries. A QR

code to the questionnaire was displayed on posters around Haddington including all East Lothian libraries, leisure centres, community centres and at the Haddington GP surgery. The questionnaire was also advertised in the East Lothian Courier.

- 3.17 All the questions in the online questionnaire were mandatory to answer except open ended responses and the demographic questions. The paper version of the questionnaire did not have the capability to make questions mandatory, so some questions were not answered by all participants. The proportions presented are as a percentage of those who provided a response. There were also opportunities to make open comments and provide more detailed feedback. The wide range of comments made were analysed carefully to obtain a full picture of people's thoughts on the proposals.
- 3.18 **Appendix C: Haddington Parking Management Strategy – Public Engagement Report** provides a detailed analysis of the consultation feedback. For convenience the most important points are set out below
- 3.19 The questionnaire sought to understand the respondents' relationship with Haddington,
- 68% were residents of Haddington (n=687)
 - 33% were local shoppers of Haddington (n=331)
 - 18% were visitors from outlying communities (n=184)
 - 17% were local workers (n=172)
 - 3% were local traders (n=33)
 - 1% were non-local visitors (n=13)
- 3.20 From the responses provided, the age analysis showed 36% (n=355) of respondents were 44 years of age or under, with 58% (n=583) being over 44 years of age. No one under the age of 18 years of age responded to the questionnaire and 16% (n=159) over 65 years of age. This conforms with survey work carried out in North Berwick that most respondents are over 44 years of age presenting over representation by older generations.
- 3.21 We sought to ascertain whether people who live in Haddington have a difficulty with parking and whether the difficulty was due to a specific matter. Of residents of Haddington, only 12% (n=82) said they found it difficult to park at their homes, the main reason being lack of available parking spaces.
- 3.22 We also asked all respondents, if they experienced a parking problem when visiting Haddington. 32% (n=318) of respondents reported they found the lack of parking spaces to be a problem, with inconsiderate parking (23%, n=234) the second most reported concern and lack of parking enforcement 15% (n=146) third.

- 3.23 We sought to understand whether businesses needed further loading and unloading assistance, if they could conveniently make deliveries at their premises. Although this data was not site/location specific, the businesses which experience problems are located on or around the High Street. 29% (n=36) of respondents who own a business reported there was adequate provision compared to 11% (n=14) who noted there is not adequate provision.
- 3.24 We asked whether motorhome provision should be made in Haddington, with 59% (n=587) saying there was no need and 12% (n=124) thinking there was and 29% (n=290) unsure. This is likely to reflect that of those respondents; the majority have no experience with the use of motorhomes or have been impacted by such vehicles parking in the vicinity of their home.
- 3.25 We asked whether people experienced difficulties walking in Haddington due to inconsiderate park vehicles. 17% (n=174) of people responded saying they had difficulties.
- 3.26 We also asked which modes of travel respondents used to travel in Haddington with respondents providing a combination of modes with driving being 95% (n=955), walking 66% (n=662) and travel by bus 15% (n=152). People's main reason for travel was shopping at 89% (n=892), meeting friends and family at 61% (n=611) and leisure and outdoor activities at 57% (n=570).
- 3.27 In connection to the initial proposals, we looked to ascertain whether they were correctly targeted to area of most need. 45% (n=446) of all correspondents felt they did not, 20% (n=201) agreeing, 18% (n=181) partially agreeing and 17% (n=168) being unsure.
- 3.28 We also sought to understand whether residents felt that the existing residents parking permit should be amended. It is noted that currently there are 138 permits issued for the Haddington permit scheme. Of the respondents who indicated that they have an existing parking permit, 61% (n=22) did not believe it should be amended, 28% (n=10) support it being amended and 11% (n=4) were unsure.
- 3.29 We asked what respondents' opinion was on the length of stay for free parking proposed on the High Street. 36% (n=357) believed 90 minutes was the right length of time with 23% (n=226) wanting up to 2 hours, and 13% (n=128) preferring 30 minutes.
- 3.30 We asked what respondents considered was the optimum maximum length of stay for medium stay car parking. 35% (n=346) of respondents recommended 6-hours.
- 3.31 We sought to understand the length of stay for long stay car parking in Haddington. 55% (n=548) of all respondents preferred 23 hours with 27% (n=269) opting for 12 hours.
- 3.32 Finally, we asked whether people thought a higher charge than 50p for half hour parking should be levied for long stay parking. 92% (n=923) felt

that we should not exceed this charge with 3% (n=33) opting for a high charge and 5% (n=45) not knowing.

More Detailed Analysis of Concerns

- 3.33 To help understand people's concerns, respondents had the opportunity to set out their views and comments. Detailed analysis of comments was recorded by theme and are detailed in **Appendix C: Haddington Parking Management Strategy – Public Engagement Report** – Table 4-2. This highlighted that 73 (7%) respondents think there is no need for the scheme, 34 (3%) suggest alternative interventions, 33 (3%) had concerns about the negative economic impacts, 19 (2%) were opposed to parking charges and 15 (2%) perceive it as a money-making scheme.

Amendments Made to Improve the Scheme and Mitigate Concerns Raised

- 3.34 A number of amendments are presented to Council to mitigate the impact of the scheme where respondents expressed concerns about the initial proposals.

Concern for Town Centre and Businesses

- 3.35 The impact on local retail businesses was a concern raised by respondents to the initial proposals. This has been a consistent across all the towns which have been surveyed.
- 3.36 The initial proposal within the town centre is for the areas with current 90-minute maximum stay having the first 30 minutes stay to be free of charge with a charge for the next 60 minutes retaining the maximum overall stay of 90 minutes.
- 3.37 As part of the early engagement with the Community Council and Area Partnership, Haddington Community Council provided a letter which was originally submitted as part of the response to the parking strategy. The letter is undated and seeks that the following parking interventions are introduced in Haddington.
- 3.38 Release of a minimum of 120 spaces behind the Plough Tavern for a new exclusively public short term car park accompanied by an effective fee collection and policing system.
- Highly visible signage for this new car park and the long stay car park behind Tesco for both residents and visitors.
 - A review of the existing arrangements concerning car parking permits for town centre residents (for instance consideration of restricting free parking for permit holders to between the hours of 5pm to 9am).
 - Consideration of a clock card system for town residents similar to that operated by Northumberland.

- 3.39 A petition was presented to the Council with 3,008 signatures objecting to the parking management proposals. It set out the following objections:
- Parking charges do not work – as evidenced from towns across Scotland and the UK.
 - Haddington's businesses will suffer, noting that the proposed 30 minutes free would not support short trips to the High Street.
 - Turn Haddington into a ghost town – suggesting people will shop elsewhere to avoid parking charges.
 - The current 90 minutes free is an effective restriction in Haddington.
- 3.40 The petition gives a limited response to the proposals as the opportunity to understand the context of the objection is not fully conveyed. It is noted that the petition has 3,008 signatures compared to the 1,003 respondents to the questionnaire. This raises the potential that the signing of the petition does not present a measured and reasoned response to the proposals, which was the intention of undertaking the questionnaire.
- 3.41 The Corn Exchange raised concern as the venue currently promotes free parking to the rear of the venue in the John Muir House car park and the introduction of parking charges would potentially impact the use of the venue.
- 3.42 The analysis of Public Engagement (**Appendix C: Haddington Parking Management Strategy – Public Engagement Report**) against Parking Demand Data (**Appendix H: Haddington Parking Demand Data Analysis**) highlights a lack of public support and that the data analysis supported the level of turn over with the median length of stay being well within the 30-minute free parking period.
- 3.43 Specifically, the parking survey data shows that parking demand on the High Street and Court Street comprises of short trips with the median length of stay being 15 minutes and the 75-percentile length of stay being 30 minutes.
- 3.44 An issue raised by respondents to the questionnaire was that removing free parking would deter people from visiting the High Street. Research has shown that increasing parking turnover can increase visitor numbers to local businesses and space availability increases. Improved enforcement of parking restrictions encourages turnover/space availability and consequently increases potential footfall and access to shops.
- 3.45 There is a lot of complexity in determining influences and impacts on shopping footfall. Changing shopping habits, quality and selection of goods, price, accessibility, competition and UK economic performance all impact shoppers. Research undertaken in the development of the economic impact assessment states that businesses overestimate the impact the car has on footfall (Smith Lea et al, 2017) and (4 Reasons

Retailers Don't Need Free Parking to Thrive - Bloomberg¹). In addition, the factors that influence footfall are not straight forward. From research undertaken in Wales (Caerphilly.gov.uk) pricing is of lower importance than availability of space, time, proximity to destination, traffic flow, signage, overall retail offering, out of town retail offering, security of parking.

- 3.46 The fear from traders and communities stems from their perception of mode of transport used to access services because they perceive all users to be the same as themselves and, as such, will travel similarly. There are multiple studies that point to this perception being wrong. One key takeaway is that traders' perceptions as based on their own practice and this stems from where they live.
- 3.47 Figure 1 indicates that traders' perceptions significantly overestimate travel by car, and underestimate people walking compared with the mobility behaviour reported by shoppers.

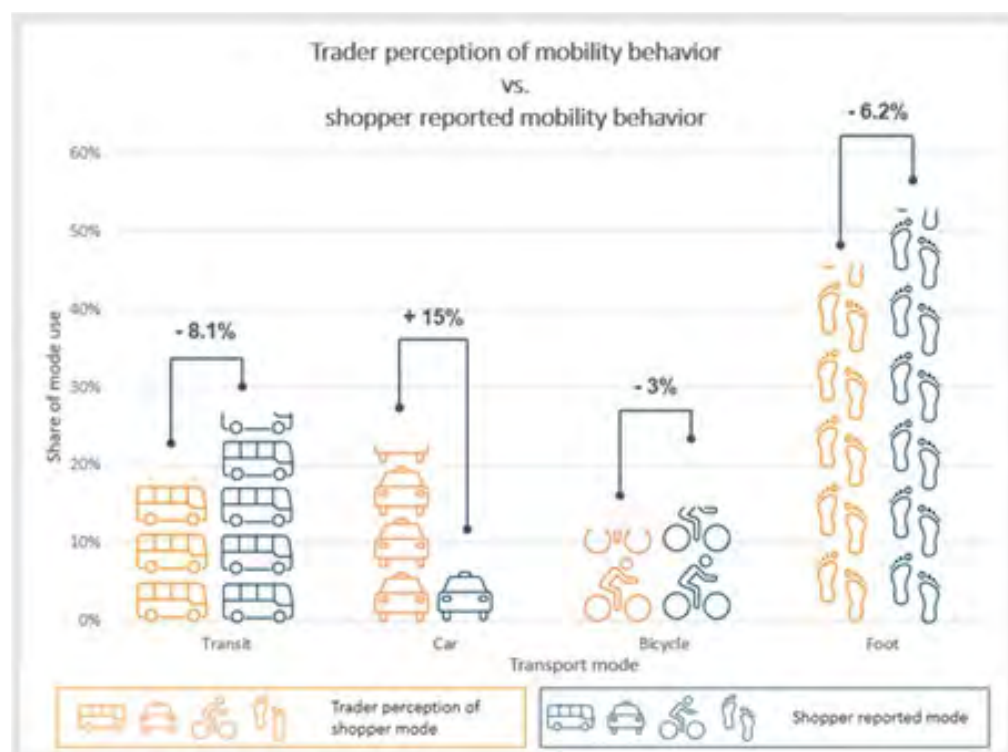


Figure 1: Mobility behaviour of reported by shoppers and trader perception of custom mobility behaviour²

- 3.48 Figure 2 shows that traders were found to overestimate the distance customers travel to visit their businesses, with the survey revealing over half of shoppers (denoted by the dark blue bars in the graphic) lived less than one kilometre from the shops. Conversely, traders estimated that just over 10% of customers live within this distance.

¹ [Bloomberg UK article](#)

² [Survey Findings from Local Business Perception vs Mobility Behaviour of Shoppers](#)

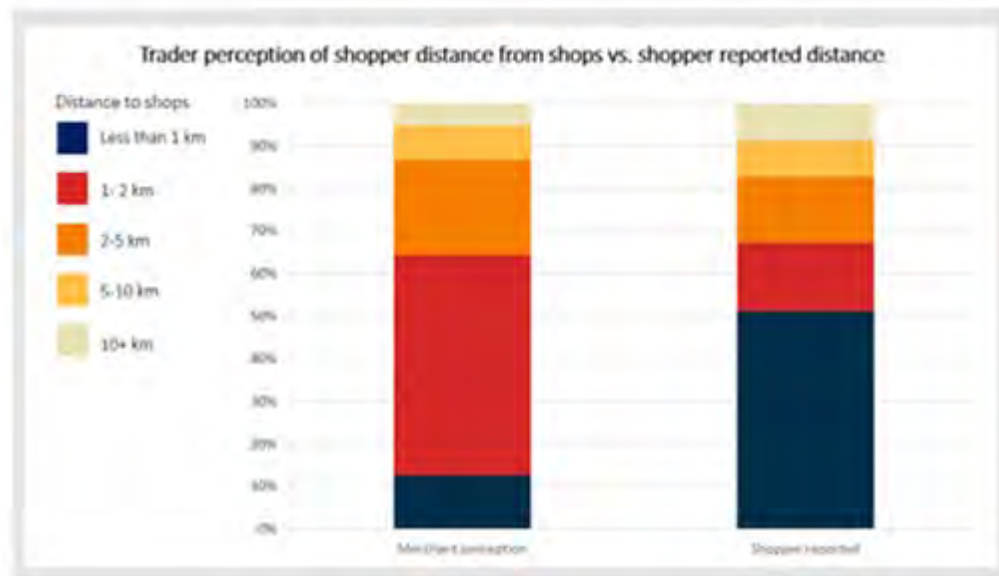


Figure 2: Distance from the street that shoppers live and merchant/trader perception of distance that shoppers travel to their shop³

- 3.49 In Haddington there is a high propensity to travel by car (95%); however, 66% are walking, which implies a relatively high number of people are accessing shops by foot. This is consistent with other studies that suggest traders have an inflated view of the use of the car because they use their car. This causes them to estimate much higher demand from customers who come by car, than other modes. Another important point to note is that perception is also influenced by where the owner lives, as they also think shoppers are more distant from their shop than they are.
- 3.50 It is also important to reflect on wider societal benefits that can be delivered through enhanced parking management. Table 3-2 of **Appendix D: East Lothian Council Parking Review – Haddington Business Case** provides a summary of appraisal impacts as a consequence of parking management proposals from 3+ to 3- on the STAG criteria assessment scale; considering environmental impacts, climate change, health safety and well-being, economy, and equality and accessibility.
- 3.51 Further detailed consideration of the Haddington High Street parking proposals is presented in **Appendix G: Haddington Analysis of Proposals, Representations and Recommended Mitigations**, G.1 and G.2 On Street Short Stay Parking – Haddington High Street.
- 3.52 Considering the competing factors, the public engagement results and balancing this against the wider societal benefits and the overarching parking objectives, it is recommended:
- 3.53 That the 30-minute period of free parking for the High Street, Market Street and Court Street is maintained.

³ [Survey Findings from Local Business Perception vs Mobility Behaviour of Shoppers](#)

Resident and Other Permit Concerns

- 3.54 Of the respondents who are permit holders, 65% (n=98) **do not support** the amendment of the permit area while 11% (n = 17) **do support it**. The remaining 23% (n=35) were unsure. It is noted that the current parking permit arrangements are not signed on street or clearly defined.
- 3.55 The initial proposal was to introduce on street charging for areas adjacent to the core shopping area with an associated permit scheme for residents and the introduction of permit only parking on residential streets with limited amount of on street parking or poor access. This would mitigate the impact on residents where on street charging is proposed and where there would likely to be displacement impacting residential roads due to the introduction of parking charges.
- 3.56 **Appendix G: Haddington Analysis of Proposals, Representations and Recommended Mitigations**, G.1, G.2 and G.3 relate to On Street Short Stay Parking with residents parking permits exemptions – Market Street, Court Street and High Street. G.4. The Sands resident only parking, G.5 removal of Knox Place from on-street charging, G.6 Introduction of public parking off Neilson Park Road, G.7 Tesco car park and mitigation for council staff parking due to Neilson Park Road car park proposals, G.8 Newton Port car park remove charging and change the maximum length of stay, and G.9 Introduction of restrictions in Mill Wynd to address inconsiderate parking and obstruction of sight lines and introduction of maximum stay at Aubigny Sports Centre car park for 90 minutes with no charge.
- 3.57 As set out in **Appendix C: Haddington Parking Management Strategy – Public Engagement Report**, 68% (n=687) of respondents indicated that they were a resident of Haddington, with 58% (n=396) stating they had a private driveway/ private off-street parking. Only 12% (n=82) of all residents stated they had a difficulty parking at their own home.

Impact on Visitors

- 3.58 A similar argument and opposition to the concern for businesses is that payment for parking would have an impact on visitors and tourists. The belief is that visitors will no longer come to the town if they must pay for parking. Opposition to the proposal intimates that tourists will not visit the town and thus not spend in the local shops.
- 3.59 The initial proposal for the High Street recommends the first 30 minutes stay to be free of charge. The proposals look to charge for the next 60 minutes to encourage turnover on the High Street. In off-street car parks, the proposal is to charge 50p for each half hour length of stay.
- 3.60 There is a misconception that parking is free. In real terms the provision of parking requires on going inspection and maintenance of parking spaces, which is paid for through council tax and business rates charge to the residents and businesses of East Lothian. For tourists to visit and

use local facilities with parking provision such as hotels, holiday lets, restaurants it is expected that they pay at point of use.

- 3.61 The public engagement provides a narrower view on the support of visitors with 59% (n=587) opposed to motorhome parking to support local businesses and 29% (n=290) are undecided.
- 3.62 It was also noted the 1% (n=13) of respondents were non-local visitors, and 18% (n=184) visitors from outlying communities. It may be argued that visitors would take no interest in completing a parking survey for a town they visit, but conversely visitors do not necessarily concern themselves with parking charges when they visit a place as charging it is the norm rather than the exception.
- 3.63 As with the argument extended above for shopping habits, quality and selection of goods, price, accessibility, competition and UK economic performance all impact where and when tourists visit.
- 3.64 It is recommended that no change is made to the principal of introducing parking charges due to the comments made on the perceived detriment to tourist visitors because of the parking charges.

Criticism of Consultation

- 3.65 5% (n=47) of responses criticised the public engagement questionnaire. Specifically, comments received highlighted that the questionnaire was biased, poorly framed, and designed to come to a pre-determined outcome.
- 3.66 Considering the feedback received it is appropriate to reflect on the questionnaire and review its design for future considerations. The existing questionnaire results/outputs are appropriate for the stage within the process and reflect the overarching decisions already made in respect of parking management.

Lack of Parking Enforcement

- 3.67 A high percentage of individuals acknowledged that parking enforcement was lacking in the town. This might have been heightened due to the lack of parking attendants' resource across the county in recent months. It is clear that respondents see the relationship between poor parking practice and parking availability. However, while the view is that enforcement should be increased, there is little awareness that this requires charges to be applied.
- 3.68 Evidence gathered from the questionnaire revealed that 32% (n=318) of people's main concern was the lack of parking spaces, 23% (n=234) believed inconsiderate parking a problem, 15% (n=146) thought a lack of parking enforcement, and 9% (n=91) noted people parking for too long; all of which are direct related to enforcement and management of parking stock.

- 3.69 Improved parking enforcement will help address the issues identified above. Increased enforcement, having a strengthened presence in town will resolve most problems highlighted by respondents, although with an associated cost. As the argument is extended, income generated from charging will fund increased enforcement, which cannot be funded direct from general Council fund. Guidance from Transport Scotland and the Scottish Government is that DPE arrangements should be self-financing.⁴
- 3.70 It is recommended that the principal of introducing parking charges is not amended, and increased enforcement will be financed from parking charge income although at a lower level than originally anticipated and not from the General Fund.
- 3.71 The individual correspondence received raised the following points of concern:
- 3.72 Impact on access to places of worship on Sundays.
- Extension of the scheme to include Mill Wynd to address issues due to parking and traffic associated with sporting events.
 - Volunteers working for charities in the town would need to pay for parking.
 - Impact on those working within Haddington with no allocated free long stay parking.
 - Additional disabled bay on Hardgate to assist businesses.
 - Introduction of yellow line waiting restrictions on Sidegate ensure access to off street parking and reduce vehicle to vehicle conflicts.
- 3.73 The advertised proposals with charging and limited waiting all week would directly impact access to places of worship. The extension of the scheme to include Mill Wynd to address inconsiderate parking can be considered during detailed design and included in the statutory consultation. The impact on volunteers needing to pay for parking would be the same for any worker or non-resident wanting to park within the town centre, with the scheme looking to encourage turnover of spaces to support local businesses by ensuring parking is available wanting to visit those businesses. The proposals look to maintain the number of existing parking spaces.
- 3.74 Taking cognisance of the feedback on the initial proposals, the following table provides a summary of the mitigation and changes to proposals overall. Further detailed analysis of the overall proposed mitigation and recommendations can be found in **Appendix G: Haddington Analysis of Proposals, Representations and Recommended Mitigations**. A

⁴) <https://www.transport.gov.scot/media/52668/decriminalised-parking-enforcement-local-authorities-income-and-expenditure-2021-to-2022.pdf>

plan showing the recommended parking management proposals is also provided in **Appendix B**.

Summary of Mitigation and Changes to the Proposals

Initial Proposal	Mitigation Considered	Recommended Proposal
Short-stay parking 90 minute maximum stay restrictions on the High Street, Market Street and Court Street, with the introduction of a charge. The charges being 30 minutes free parking, with £1 per 30 minutes after that, up to a maximum stay of 90 minutes.	Extend the free parking period from 30 minutes to 45 minutes with parking up to 75 minutes (£1 charge) and parking up to 90 minutes (£2 charge).	No amendment.
Parking charges operating Monday to Sunday inclusive.	Removal of Sunday charging.	Removal of Sunday charging.
Retention of permit parking within central area.	Permit parking limited to 5pm to 8am	The formalising of the permit scheme with marked/signed bays and clear definition of permit eligibility.
The Sands Permit only parking.	Combined Medium stay paid for parking and permit holders.	Combined Medium stay paid for parking (max stay 6 hours) and permit holders.
Knox Place - medium stay on street charged parking with the provision of resident parking permits. The charges being up to 30 minutes £0.50 and £0.50 for each 30 minutes thereafter up to a maximum of 5 hours.	Remove on street charging.	Remove on street charging.
Neilson Park Road (John Muir House) car park medium stay parking with the associated charge being up to 30 minutes £0.50 and £0.50 for each 30 minutes	Remove off street parking charge Introduction of Permits for staff at John Muir House. Increase maximum length of stay to 6 hours to reflect public response.	Introduction of permit parking for John Muir House staff and retention of parking charges. Maximum length of stay 6 hours.

Initial Proposal	Mitigation Considered	Recommended Proposal
thereafter up to a maximum of 5 hours.		
Tesco car park - long stay parking with the associated charge of up to 30 minutes £0.50 and £0.50 for each 30 minutes thereafter up to a maximum of £5	Remove off street parking charge. Provide annual season ticket parking at reduced rates from the daily charge. Introduction of Permits for staff at John Muir House. Introduction of flat rate daily charge.	Introduction of permit parking for John Muir House staff.
Newton Port - short stay car park with 30 minutes free, up to 60 minute £1 up to 90 minutes £2.	Free parking for up to 45 minutes with a maximum stay of 90 minutes Free parking for up to 45 minutes	Introduction of free parking with a 45 minute maximum stay.
Mill Wynd / Aubigny Sports Centre – No proposals.	Introduction of waiting restrictions to protect junctions. Introduction of hourly off street parking charge.	Introduction of junction protection waiting restrictions and marked parking bays (subject to detailed design). Introduction of a maximum stay of 90 minutes with no charge at Aubigny Sports Centre.
Introduce parking management scheme to include the introduction of parking charges and enhanced enforcement	Parking management scheme not progressed	No amendments proposed

3.75 It is recommended that the scheme progresses to detailed design and draft Traffic Regulation Orders (TROs) are prepared taking account of the above recommendations and mitigations set out within this report. Formal advertising of the draft TROs, in accordance with regulations, will provide further opportunity to refine the proposed scheme as part of the statutory consultation process.

4 POLICY IMPLICATIONS

- 4.1 The proposals have multiple policy implication across many national, regional and local themes. **Appendix A: Policy and Legislative Context** provides further detail of these matters.

5 RESOURCE AND OTHER IMPLICATIONS

- 5.1 Finance: A financial business case for the proposals is provided in **Appendix F: Technical Note – Haddington Parking Management Financial Model**. The model uses the Flexible, Appropriate, Structured, and Transparent (FAST) financial modelling standard and provides a conservative estimate considering the benefits potential. The year one capital cost is estimated at £372,000. The annual predicted cost of operating the scheme is £163,000 and annual income is forecast to be £204,000 (gross). The surplus revenue over the 10-year period is forecast to be approximately £4,000 per annum.
- 5.2 Human Resources: There are no implications to human resources at this time.
- 5.3 Other (e.g. Legal/IT): The proposals are being considered in accordance with the Road Traffic Regulation Act 1084 as amended and the Local Authorities Traffic Orders Procedure Regulations (Scotland) as amended.
- 5.4 Risk: Risks identified at this stage include potential public opposition to the introduction of the proposed parking measures which may impact the projected income levels. Operational and implementation risks have also been noted. These risks are recorded within the project and corporate risk registers and will be actively assessed, monitored, and managed throughout the lifecycle of the project.

6 INTEGRATED IMPACT ASSESSMENT

- 6.1 ***Select the statement that is appropriate to your report by placing an 'X' in the relevant box.***

An Integrated Impact Assessment screening process has been undertaken and the subject of this report does not affect the wellbeing of the community or have a significant impact on: equality and human rights; tackling socio-economic disadvantages and poverty; climate change, the environment and sustainability; the Council's role as a corporate parent; or the storage/collection of personal data.

☐

or

The subject of this report has been through the Integrated Impact Assessment process and impacts have been identified as follows:

x

Subject	Impacts identified (Yes, No or N/A)
Equality and human rights	Yes
Socio-economic disadvantage/poverty	Yes
Climate change, the environment and sustainability	Yes
Corporate parenting and care-experienced young people	No
Storage/collection of personal data	No
Other	Yes

[Enter information on impacts that have been identified]

The Integrated Impact Assessment relating to this report has been published and can be accessed via the Council's website:

https://www.eastlothian.gov.uk/info/210602/equality_and_diversity/12014/integrated_impact_assessments

7 APPENDICES

Appendices A–B are attached to this report.

Appendices C–H are available in the Members' Library (Ref: 123/25, December 2025 Bulletin):

https://www.eastlothian.gov.uk/meetings/meeting/17561/members_library_service

- 7.1 Appendix A: Policy and Legislative Context
- 7.2 Appendix B: Haddington Initial Parking Management Proposals and Haddington Recommended Parking Management Proposals
- 7.3 Appendix C: Haddington Parking Management Strategy – Public Engagement Report
- 7.4 Appendix D: East Lothian Council Parking Review – Haddington Business Case
- 7.5 Appendix E: Haddington Parking – Impact Assessment
- 7.6 Appendix F: Technical Note – Haddington Parking Management Financial Model

- 7.7 Appendix G: Haddington Analysis of Proposals, Representations and Recommended Mitigations
- 7.8 Appendix H: Haddington Parking Demand Data Analysis

8 BACKGROUND PAPERS

- 8.1 Report to Council on 10th December 2024 – Update on North Berwick Traffic Regulation Orders
- 8.2 Report to Council on 27th February 2024 – Update on Parking Management Traffic Regulation Order for North Berwick
- 8.3 Report to Council on 25 April 2023 – Town Centre Parking Management: Introduction of Parking Management Proposals in North Berwick
- 8.4 Report to East Lothian Council on Tuesday 28th June 2022 – Town Centre Parking Management: Consultation
- 8.5 Members' Library Report – Economic Impact Assessment Report (Ref: 34/23, April 2023 Bulletin)
- 8.6 Members' Library Report – Consultation Report (Ref: 35/23, April 2023 Bulletin)
- 8.7 Integrated Impact Assessment
- 8.8 Report to East Lothian Council on Tuesday 30th October 2018 – East Lothian Council Proposed Local Transport Strategy
- 8.9 East Lothian Council Proposed Local Transport Strategy 2018-24 – Draft Parking Strategy, Members' Library Ref: 142/18 (October 2018 Bulletin)
- 8.10 East Lothian Council Proposed Local Transport Strategy 2018-24 – Draft Active Travel Improvement Plan, Members' Library Ref: 141/18 (October 2018 Bulletin)
- 8.11 Policy and Performance Review Committee – 04 Roads Asset Management – Annual Status and Options Report
- 8.12 Report to East Lothian Council on Tuesday 25 April 2023 - Town Centre Parking Management: Introduction of Parking Management Proposals in North Berwick
- 8.13 Report to East Lothian Council on Tuesday 27 February 2024 – Update on Parking Management Traffic Regulation Order North Berwick
- 8.14 Members' Library Report – East Lothian by Numbers: Travel and Transport (Ref: 152/24, November 2024 Bulletin)

9 AUTHOR AND APPROVAL DETAILS

Report Author(s)

Name	Peter Forsyth
Designation	Project Manager – Growth and Sustainability
Tel/Email	Pforsyth1@eastlothian.gov.uk
Date	28 November 2025

Head of Service Approval

Name	Tom Reid
Designation	Head of Infrastructure
Confirmation that IIA and other relevant checks (e.g. finance/legal) have been completed	Yes
Approval Date	28 November 2025

Appendix A – Policy and Legislative Context

A1. The policy context at a national, regional and local level supports a move to increase existing and to implement new parking demand management processes across the county.

A2. At a national level the development and publication of the National Transport Strategy (NTS), National Planning Framework (NPF4) and the Scottish Transport Projects Review (STPR2) all support moving towards more sustainable town centres. The NTS vision is that ‘we will have a sustainable, inclusive, safe and accessible transport system, helping deliver a healthier, fairer and more prosperous Scotland for communities, businesses and visitors’.

A3. The national strategy outlines how the ‘the benefits of place-making and sustainable and active travel infrastructure/modes will also play an important role in helping to re-vitalise town centres’.

A4. At its meeting on 29 March 2022 Council was asked to approve the outline of the 2022–2027 Council Plan. The 2017–2022 Council Plan set out the vision of ‘an even more prosperous, safe and sustainable East Lothian, with a dynamic and thriving economy, that enables our people and communities to flourish’.

A5. New and increased management of parking across the county supports the overarching objective of reducing inequalities within and across our communities, and with the development of the four thematic objectives: Growing our Economy, Growing our People, Growing our Communities and Growing our Capacity.

A6. East Lothian’s Climate Change Strategy was adopted in 2020 in response to the climate emergency. The strategy has a significant emphasis on the need to manage journeys made by the private car across the county.

A7. East Lothian Council – Local Transport Strategy (2018–2024). In 2018, East Lothian Council published a Local Transport Strategy sets out the challenges that town centres within East Lothian, have been facing in the context of the wider transport network. Accessing town centres and the management of parking is a key challenge articulated throughout the strategy document.

A8. East Lothian Council – Local Parking Strategy (2018–2024). There are a number of actions set out within the strategy to achieve many objectives when it comes to managing parking including that East Lothian Council will implement a parking management hierarchy in towns. The parking management hierarchy model states that ‘in general, on-street parking will be for the purposes of short- stay parking, especially in our town centres, as it is essential that people have easy access to shops and services to maintain the economic vitality of our towns. Medium and long-stay parking will be

accommodated in off-street car parks but these are more likely to be at the edge of the town centre.'

A9. This proposal will contribute towards fulfilling the Local Parking Strategy 2018 -2024

- Objective 1 – to provide balanced and appropriate parking facilities that support the economic, environmental and accessibility requirements of towns in East Lothian.
- Objective 2 – to maximise the efficient use of parking provision.
- Parking Policy 5 – The council will assess the demand on town centre parking supply and appraise, where appropriate the introduction of charging for off street car parks and/or for on-street parking places. The introduction of restrictions and charging has the potential to boost the financial viability and community/business prosperity on an area by increasing turnover. All parking regimes would require annual monitoring.

A10. The Council's Local Economy Strategy 2024 to 2034 was approved in April 2024. Consultation and analysis identified a number of issues facing town centres in East Lothian, stakeholders and community members reported that a limited availability and low turnover of town-centre parking spaces, competition from edge-of town retail developments, competition from Edinburgh, and changes in shopping habits have all deterred some residents from using their town centres. However, increased home working is driving increased demand for town centre service businesses and leisure opportunities. It was also argued that narrow pavements and conflicts with traffic can make town centres feel inaccessible and unsafe for older people, those with physical impairments, and pram and buggy users. Local challenges were identified where town centre congestion and parking was highlighted as an issue with implications for locals, visitor experiences, and public safety. Greater turnover of town centre parking to improve capacity was highlighted as a need. The Strategy highlights the distinctiveness of East Lothian's towns and villages as a key attribute of the area and includes actions to support thriving and district communities, vibrant town and rural centres. A key area where the Council can intervene is to improve safe and sustainable access for all users.

A11. Further, the proposals contribute to the Economic Development Strategy by offering 'the potential for increasing resident spend by improving town centres in East Lothian'. With short-stay parking freeing up spaces close to shops, residents would be able to quickly access shops and services, thereby supporting local and independent shops.

A12. East Lothian Council – Town Centre Strategies (2017–2022). Town Centre Strategies have been prepared for each of the 6 main settlements in

East Lothian. The purpose of the town centre strategies is to adopt a strategic approach to guide the improvement of town centres.

A13. The vision for Haddington town centre as articulated

“The historic Haddington town centre will see streetscape improvement, together with restoration and maintenance of historic buildings and spaces to preserve and enhance the charming townscape that will help create the best town square in Scotland. A wide range of shops, cafes and services is encouraged which will help make Haddington town centre an appealing destination for the growing population, visitors and businesses.”

A14. The specific parking elements identified in the strategy are:

Problems & Issues

- Off-street car parks are well utilised but there are limited restrictions in force in them. Leads to a lack of control over the balance of short-stay and long-stay parking with over utilisation of long-stay car parks creating overflow parking in neighbouring streets
- Parking on Hardgate, Sidegate and Victoria Terrace currently reduces the road to one-way operation creating a bottleneck that causes congestion and safety problems
- Lack of turnover of on-street spaces in the town centre despite a 90 minute waiting restriction - particularly on Market Street due to lack of enforcement of waiting restrictions
- Traders identified problems associated with deliveries including double parking
- On-street parking around schools a problem
- Balance of traffic flow, road safety and parking issues in town centre (Hardgate, Market Street & High Street)
- Haddington subject to town centre regeneration proposals which could include amendments to parking provision

Proposed solutions

- Implementation of parking management hierarchy defining designated short-stay, medium-stay and long-stay parking locations
- Control through Decriminalised Parking Enforcement
- Removal of bottlenecks to ensure smooth and efficient traffic flow
- Ongoing review of waiting and loading provision
- Implementation of appropriate measures associated with the Footway Parking and Double Parking (Scotland) Bill
- Continuous review of the requirement for Controlled Parking Zones
- Consider the Introduction of on-off street parking charges
- Implementation of a coherent and hierarchical approach to parking supply
- Application of national and regional parking standards where

appropriate and local parking standards where developments do not meet the requirements for these standards

Climate Change and Road Safety Benefits

A15. In February 2020, Transport Scotland published its National Transport Strategy 2 (NTS2) which set out a vision for Scotland's transport system over the next 20-years to 2040, including a statement of transport's contribution to achieving net zero by 2045. Its 'Vision' is:

'We will have a sustainable, inclusive, safe and accessible transport system, helping deliver a healthier, fairer and more prosperous Scotland for communities, businesses and visitors'.⁵

A16. The NTS2 establishes two 'hierarchies' which define the principles upon which future transport investment decision making and services should be planned. The 'Sustainable Travel Hierarchy' defines the priority which will be given to each mode of transport in future investment planning which includes the 'Sustainable Investment Hierarchy' which establishes a structured set of steps to be followed when planning investment in transport provision.

A17. In summary, the Sustainable Travel Hierarchy prioritises walking & wheeling and cycling, with investment to support the single occupant private car being the lowest priority. Measures promoted through the strategy, and which will emerge from it, should prioritise active travel and accessible public transport connections, whilst at the same time discouraging short, single car occupant journeys. On this basis, the proposed parking interventions are highly consistent with the NTS2 Sustainable Travel Hierarchy.

A18. The implication of this hierarchy is that investment in new infrastructure should only be considered once a wider package of options to reduce the need to travel, reduce the need to travel unsustainably, optimise use of existing infrastructure, influence travel behaviour or manage demand have been explored. Parking management interventions can be classified as 'making better use of existing capacity' and would therefore be more appropriate than measures that sought to increase parking capacity through construction of infrastructure.

A19. Following the commitment to reduce car kilometres by 20% within the Securing a Green Recovery on a Path to Net Zero: Climate Change Plan 2018 – 2032 policy document Transport Scotland published a stakeholder consultation report setting out a route map for how this target can be achieved. The framework recognises that any solution must include a holistic framework of interventions to provide car-use reduction options for different trip types in different geographical areas. To encourage the reduction in car usage, the framework outlines the need for a behaviour change by users through positive messaging. This has led to the development of four desired behaviours which are displayed in Figure A1. Parking interventions can

⁵ [National Transport Strategy 2 \(Transport Scotland, 2020\), p. 5.](#) .

contribute to helping people to live well locally by enabling them to access local services and amenities whilst also supporting switching modes to walking, wheeling, cycling and public transport where appropriate.



Figure A1: Route Map to 20% Car KM Reduction – Four Behaviours

A20. The policy documents listed above provide a framework for the proposed parking interventions within Haddington. Scottish Government policy has seen a significant shift towards prioritising walking, wheeling and cycling as preferred methods of transport for shorter journeys, with public transport and shared mobility the preferred mode for medium to longer journeys. This shift will require a behavioural change which can require a ‘carrot and stick’ approach. The implementation of parking controls within Haddington will provide a demand reducing measure that would fall within the Scottish Government’s ambitions to reduce car kilometres by 20% by 2030.

A21. East Lothian Council – Climate Change Strategy also looks to reduce transport emission and increase active travel and sustainable transport options for everyday journeys. Data shows that more people walk in East Lothian than surrounding local authorities and Scotland generally, with 59% making short journeys by foot but 33% still choice to drive this relatively short distance. Only 1% choice to cycle. (East Lothian by Numbers – Members Library Report).

A22. Currently 83% of East Lothian’s residents have access to one or more cars or vans and 35% have access to two or more cars or vans. Access to a car is greater in East Lothian than Midlothian (79%) and Scotland (75%) averages. Access to a private car or van has increase in East Lothian by 3% since 2014. This suggests that if residents have access to parking, they may be more likely to use their cars for short journeys to the town centre for economic / leisure purposes as cars are more prevalent.

A23. Nationally vehicular traffic accounted for 35.6% of emissions in 2018. It remains the largest CO2 producing sector and presents a singular challenge to mitigate the transport sector to meet net zero targets. Transport is a derived demand, driven by the essential need to move people, goods, and

services to drive economic growth. National objectives seek to promote walking, cycling and public transport over private car use as these present the greatest benefits to communities allowing improved mobility, safety, health and accessibility enhancements to be delivered through place making initiatives. Management of demand for parking provides a push behavioural change approach which can be incentivised with other pull initiatives to enhance the place for all users, over time.

A24. Interventions which increase walking, wheeling, cycling, or use of public transport can reduce car use and free up space on streets. A literature review by ClimateXChange⁶ shows there is considerable evidence to suggest that improved sustainable travel has environmental, economic, and social benefits to local high streets and towns. Evidence collected showed that there is a wide breadth of potential benefits of sustainable travel to communities, but that evaluation and measurement of impacts does not always capture this.

A25. The review found significant evidence of decrease in air pollution in all geographies across large sample sizes with a strong focus on sustainable transport. Modelling suggests that if 10% of the population switched from cars to bikes and public transport, emissions would decrease by about 10% (car to bike) and 3% (car to public transport).⁷ There is also significant evidence of a decrease in carbon emissions in all geographies across large sample sizes. In one case study, carbon emissions decreased by 66% over a 15-year period following pedestrianisation of a city centre⁸.

A26. There is also evidence of the short-term impact of suitable transport on increased land values and rental prices for businesses, making an area more attractive for investment and desirable to live in more than one geography across large sample sizes. The impact varied from an increase in land values between 70–300% with retail commercial rates increasing in the range of 10–30%.^{9,10} ClimateXChange review found evidence of higher footfall in businesses across large sample sizes in all geographies, as well as increased time and money spent in local businesses. Several UK studies found that footfall increase by approximately 30% after the introduction of sustainable travel measures.¹¹

A27. Nationally vehicular traffic accounted for 35.6% of emissions in 2018. It remains the largest CO₂ producing sector and presents a singular challenge to mitigate the transport sector to meet net zero targets. Transport is a

⁶ [The benefits of sustainable travel to local high streets and town centres | ClimateXChange](#)

⁷ [The climate change mitigation impacts of active travel: Evidence from a longitudinal panel study in seven European cities - ScienceDirect](#)

⁸ Council of Pontevedra, 2017. Fewer cars, more city.

⁹ <https://www.livingstreets.org.uk/policy-reports-and-research/pedestrian-pound/>

¹⁰ Litman, T., 2023. Guide to Valuing Walking and Cycling Improvements and Encouragement Programs. Transportation Research Record.

¹¹ Momentum Transport Consultancy, 2022. Funding Healthy Streets Assets: Guidance for Effective Public Private Partnerships in Delivering Healthy Streets Projects.

derived demand, driven by the essential need to move people, goods, and services to drive economic growth. National objectives seek to promote walking, cycling and public transport over private car use as these present the greatest benefits to communities allowing improved mobility, safety, health and accessibility enhancements to be delivered through place making initiatives. Management of demand for parking provides a push behavioural change approach which can be incentivised with other pull initiatives to enhance the place for all users, over time.

A28. Road collision incidents in East Lothian's towns are generally low. For the 3-year period 2021–2023 within the extent of the proposed parking interventions there has been 1 serious and 1 slight injury collisions. It is noted that no fatal personal injury collisions have been recorder in proposed controlled parking area within Haddington for this period. However, within the built environment an unacceptable risk remains due to the high demand of parking space and constant search for parking opportunity close to the driver's destination. On-street parking contraventions or restricted parking abuse during busy times can place the public at risk.

Legislative Context

A29. The Road Traffic Regulation Act 1984 – the legislation laid out in the Act provides powers to local authorities to implement parking demand management processes including tariffs for on and off-street facilities.

A30. The general provisions of the Act allows an authority to make an order where it considers that it is expedient to do so:

- (a) for avoiding danger to persons or other traffic using the road or any other road or for preventing the likelihood of any such danger arising, or
- (b) for preventing damage to the road or to any building on or near the road, or
- (c) for facilitating the passage on the road or any other road of any class of traffic (including pedestrians), or
- (d) for preventing the use of the road by vehicular traffic of a kind which, or its use by vehicular traffic in a manner which, is unsuitable having regard to the existing character of the road or adjoining property, or
- (e) (without prejudice to the generality of paragraph (d) above) for preserving the character of the road in a case where it is specially suitable for use by persons on horseback or on foot, or
- (f) for preserving or improving the amenities of the area through which the road runs

(g) for any of the purposes specified in paragraphs (a) to (c) of subsection (1) of section 87 of the Environment Act 1995 (air quality).]

A31. Provision 32 within the Act describes the powers local authorities have where for the purpose of relieving or preventing congestion provision of parking spaces can be provided.

A32. Provision 33 within the Act goes on to detail the additional powers of local authorities in connection with off-street parking places.

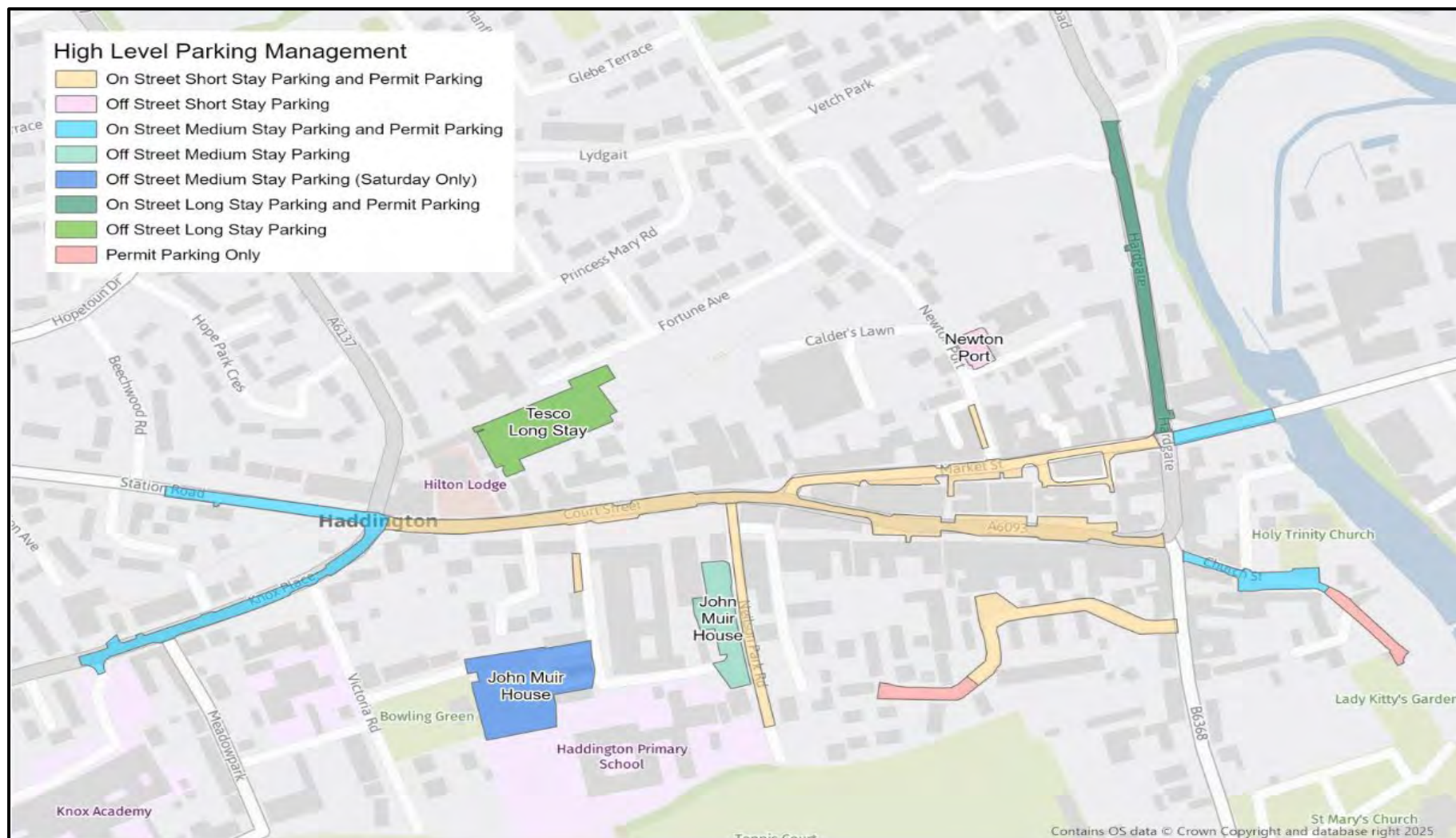
A33. Provision 45 within the Act details that a local authority may by order designate parking places on roads in their area for vehicles or vehicles of any class specified in the order; and the authority may make charges for vehicles left in a parking place so designated.

A34. The Local Authorities' Traffic Orders (Procedure) (Scotland) Regulations 1999 sets out the requirements of advertising traffic orders, the means and requirements for objection and the basis of holding a hearing.

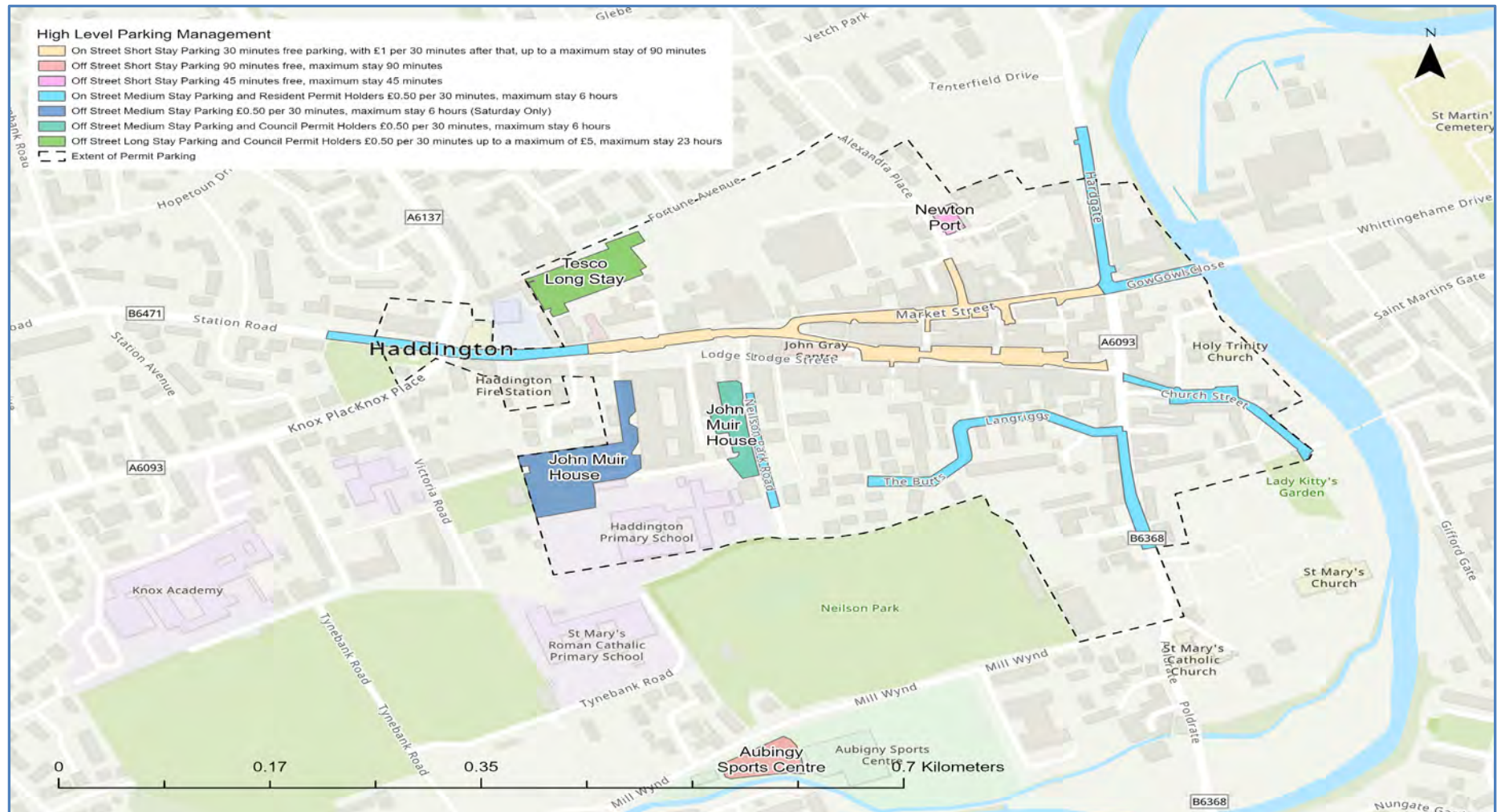
A35. Provisions 5 within the regulations sets out the requirements of advertising traffic orders, whilst provision 7 sets out the manner in which objections to the published order should be made, this requires objections to be in the form of a written statement.

A36. Provision Section 8 of the regulations outlines when a hearing should be held following objections to an order. The provisions also indicates that a hearing may be held in other circumstances. In the case of the advertised orders there is no requirement to hold a hearing for orders No. 1, No. 2 and No.3. The inclusion of on street parking charges fall under section 45 of the Road Traffic Regulation Act 1984, although these do not prohibit loading there is an implied requirement to hold a hearing to consider outstanding objections.

Appendix B: Haddington Initial Parking Management Proposals



Appendix B: Haddington Recommended Parking Management Proposals



COMMITTEE:	East Lothian Council
MEETING DATE:	9 December 2025
BY:	Depute Chief Executive – Resources and Economy
REPORT TITLE:	Musselburgh – Parking Management Proposal
REPORT STATUS:	Public

4c

1 PURPOSE OF REPORT

The purpose of this report is to:

- 1.1 Advise Council of the outcome of the public consultation on the parking interventions proposed in Musselburgh;
- 1.2 Present the resultant amendments made to improve the scheme and to mitigate public concerns raised; and
- 1.3 Recommend that the Council progresses to next stage of the Traffic Regulation Order process, the intent to make the Order.

2 RECOMMENDATIONS

Members are recommended to:

- 2.1 Note the extensive consultation exercise carried out between 13 March 2025 and 28 July 2025, the level of community engagement, the welcome receipt of varied and detailed responses to the survey questionnaire, and the explanation as to how these have influenced the proposals for Musselburgh.
- 2.2 Approve the proposals shown in Appendix B and summarised in paragraphs 3.68 and 3.69, noting the amendments made to improve the scheme and mitigate public concerns raised through the consultation and engagement exercise.
- 2.3 Note the completion of the consultation stage of the Local Authorities' Traffic Orders (Procedures) (Scotland) Regulation 1999 (as amended), and that the intent to make the Order, will allow opportunity for the public

to raise further representations and objections to the proposals as amended. Following this a report will be brought back to Council.

3 BACKGROUND

- 3.1 The principles of parking management have evolved over time, to achieve a wide variety of outcomes benefiting society. Early parking policies were based on a 'predict and provide' model, when car ownership was lower than it is today. More recently, we have looked to parking management strategies to encourage the use of alternative and more sustainable modes of travel, as well as to reduce congestion and increase the turnover and thus generate parking opportunities in the spaces available. East Lothian Council set out its parking management Strategy in 2018, which provides the policy toolkit that the initial proposals for Musselburgh are consulted on. These interventions also accord with National Policy context, National Transport Strategy 2, the National Planning Framework 4 and the Scottish Government's Climate Change Plan 2018-2032, and reduction in car kilometres – updated June 2025.
- 3.2 At the regional and local level parking is recognised as having an impact on economic and development opportunities and town centre performance, which is recognised through local place-based strategies. As parking is a derivative of vehicular transport that supports wider growth opportunities it is essential that it is managed appropriately to maximise economic prosperity. Appropriate parking management tools can improve space availability, improve road safety, and generate an income to incentivise alternative transport modes and reduce unsolicited car journeys.
- 3.3 Road and parking infrastructure requires significant investment. The Roads Authority maintains the local road network at considerable expense; has significant responsibilities but receive limited revenue out with public finance. This is in direct competition with health and social care, education, and all other Council services.
- 3.4 In accordance with Section 55 of the Road Traffic Regulation Act 1984, an account of all income and expenditure will be reported annually.
- 3.5 The East Lothian Parking Strategy 2018 set out the policy context that maybe applicable to resolve some parking problems and issues. The strategy provides options to improve parking supply, to address parking shortages and/or a predicted increase in parking demand, which can generate safety risks and as a result may need more effective enforcement or to consider parking management proposals, rather than simply increasing supply. Parking management options may include time limitations, price setting, and improved enforcement, with the aim of making the most efficient use of the space available.

- 3.6 The introduction of new parking management proposals will require the existing Traffic Regulation Orders to be amended.
- 3.7 To help understand the impact of parking management proposals on the Musselburgh economy, Stantec was commissioned to build an Economic Impact Assessment to determine whether the proposals addressed the problems, is compliant with national, regional, and local policy and strategy guidelines, delivered positive outcomes benefiting society and long-term impact resulting in positive change. The assessment has been organised against the five Scottish Transport Appraisal Guidance (STAG) criteria as detailed in the STAG Manager's Guide issued in January 2022, considering the impacts on environment, climate change, health, safety and wellbeing, economy and equality and accessibility. **Appendix E: Musselburgh Parking – Impact Assessment** provides further details.
- 3.8 In addition, to align with better decision making the business case has adopted the key principles of the HM Treasury Green Book which recommends a four-stage process, which requires on-going review and update of risks to ensure that effective controls are implemented during project development and delivery. This is necessary to effectively mitigate risks through well-defined steps to understand potential risks inherent in the scheme and their likely impact. **Appendix D: East Lothian Council Parking Review – Musselburgh Business Case** provides further details.

Consultation and Engagement

- 3.9 A meeting was held with a community representative on 13 March 2025. The outcomes from this meeting helped shape the initial draft proposals, which were then subject to wider public engagement.
- 3.10 The Council's public consultation on parking management in Musselburgh ran from 9 June 2025 to 28 July 2025. A website was provided via an ArcGIS StoryMap to explain the initial proposals for Musselburgh. The website also provided online access to the survey questionnaire. A face-to-face event held in St Michael's Parish Church also ran on Thursday 19 June from 14:00-16:30 and 18:00-20:30. This event allowed participants to study the proposals in more detail with Council officers and Stantec staff available to answer questions before completing their questionnaires.
- 3.11 A total of 971 questionnaire responses were received, of which 839 responses were online and 132 paper responses. A total of 719 identified as Musselburgh residents. In addition, a total of 35 emails and two letters were received and feedback from the Musselburgh Community and Police Partnership.

3.12 The initial proposals were:

- The introduction of controlled parking; areas could be designated as short, medium, or long-term parking.
- Short-stay car parking areas would offer a limited period of free parking time. Once this time has elapsed, a charge would be required.
- The extension of the existing resident parking permit scheme. These permits would allow unlimited parking throughout the day without a daily charge but with an annual administration fee for the issue and management of permits. Mitigating the impact on residents where on street charging is proposed and where there would likely to be displacement impacting residential roads due to the introduction of parking charges.
- A provision for health and social care workers to obtain parking permits. Health and Social care providers would need to apply to the Council to receive permits for their staff.
- Improved car park direction signage throughout the town. The signage would clearly define the car park locations and the type of car park, e.g. short, medium, or long stay, as well as any charges that may apply.
- Greater enforcement of Musselburgh's parking regulations. This should lead to a higher turnover of parking spaces, positively impacting the local economy by providing more parking options for shoppers and visitors. Additionally, better enforcement would improve pedestrian safety by reducing instances of illegal parking.

3.13 Plans showing the initial and recommended parking management proposals are provided in **Appendix B: Musselburgh Initial Parking Management Proposals** and **Musselburgh Recommended Parking Management Proposals**.

3.14 The public engagement questionnaire was made available via the Parking Management Review website or hard copy from libraries. A QR code to the questionnaire was displayed on posters around Musselburgh including libraries, leisure centres, community centres, and GP surgeries. The questionnaire was also advertised in the East Lothian Courier.

3.15 All the questions in the online questionnaire were mandatory to answer except open ended responses and the demographic questions. The paper version of the questionnaire did not have the capability to make questions mandatory, so some questions were not answered by all participants. The proportions presented are as a percentage of those who provided a response. There were also opportunities to make open comments and provide more detailed feedback. The wide range of

comments made were analysed carefully to obtain a full picture of people's thoughts on the proposals.

- 3.16 **Appendix C: Musselburgh Parking Management Strategy – Public Engagement Report** provides a detailed analysis of the consultation feedback. For convenience, the most important points are set out below. Note all percentage values are rounded to the nearest whole percentage.
- 3.17 The questionnaire sought to understand the respondents' relationship with Musselburgh,
- 74% were residents of Musselburgh (n=719)
 - 20% were local shoppers of Musselburgh (n=194)
 - 2% were local traders (n=23)
 - 20% were local workers (n=190)
 - 9% were visitors from outlying communities (n=84)
 - 2% were non-local visitors (n=17)
- 3.18 From the responses provided, the age analysis showed 25% (n=245) of respondents were 44 years of age or under, with 68% (n=657) being over 44 years of age. Four people under the age of 18 years of age responded to the questionnaire and 20% (n=197) over 65 years of age. This conforms with survey work carried out in Musselburgh that most respondents are over 44 years of age presenting over representation by older generations.
- 3.19 We sought to ascertain whether people who live in Musselburgh have a difficulty with parking and whether the difficulty was due to a specific matter. Of the respondents, only 5% (n=33) said they found it difficult to park at their homes, the main reason being lack of available parking spaces.
- 3.20 We also asked all respondents if they experienced a parking problem when visiting Musselburgh. 37% (n=358) of respondents reported they found the lack of parking spaces to be a problem, with inconsiderate parking (28%, n=275) the second most reported concern and seasonal events 18% (n=178) third.
- 3.21 We sought to understand whether businesses needed further loading and unloading assistance if they could conveniently make deliveries at their premises. Although this data was not site/location specific, the businesses which experience problems are located on or around the High Street. A similar proportion of respondents who own a business reported there was adequate provision compared to those who note there is not adequate provision.
- 3.22 We asked whether motorhome provision should be made in Musselburgh, with 53% (n=506) saying there was no need and 15%

(n=148) thinking there was and 32% (n=311) unsure. This is likely to reflect that of those respondents, the majority have no experience with the use of motorhomes or have been impacted by such vehicles parking in the vicinity of their home. The New Street Tenants Association indicated that since height barriers have been introduced on Fisherrow Harbour, motorhomes had been parking on street.

- 3.23 We asked whether people experienced difficulties walking in Musselburgh due to inconsiderate park vehicles. 23% (n=220) of people responded saying they had difficulties.
- 3.24 We also asked which modes of travel respondents used to travel in Musselburgh with respondents providing a combination of modes with driving being 92% (n=893), walking 66% (n=643) and travel by bus 37% (n=357), travel by train was not an option provided on the questionnaire. People main reason for travel was shopping at 73% (n=708), meeting friends and family at 54% (n=524) and leisure and outdoor activities at 49% (n=476) and
- 3.25 In connection to the initial proposals we looked to ascertained whether the proposal where correctly targeted to area of most need. 33% (n=311) of all correspondents felt they did not, 26% (n=253) agreeing, 19% (n=178) partially agreeing and 22% (n=214) being unsure.
- 3.26 We also sought to understand whether residents felt that the existing residents parking permit should be amended. It is noted that currently there are 890 permits comprising of 547 residents permits and 343 permanent visitor permits issued for the Musselburgh permit scheme. 53% (n=372) did not believe it should be amended, 14% (n=96) agreed and 23% (n=160) unsure. Of those respondents (n=114) which indicated that they were a permit holder 14% indicated that the permit scheme needs amending whilst 83% (n=95) indicated that it should not be amended.
- 3.27 We asked what respondents' opinion was on the length of stay for free parking proposed on the High Street. 53% (n=507) believed 90 minutes was the right length of time with 27% (n=256) wanting 60 minutes, and 11% (n=106) and 10% (n=94) wanting 45 minutes and 30 minutes, respectively.
- 3.28 We asked what respondents considered was the optimum maximum length of stay for medium stay car parking. 38% (n=366) of respondents recommended 6 hours.
- 3.29 We sought to understand the length of stay for long stay car parking in Musselburgh. 51% (n=495) of all respondents preferred 23 hours with 26% (n=246) opting for 12 hours.
- 3.30 Finally, we asked whether people thought a higher charge than 50p for half hour parking should be levied for long stay parking. 80% (n=778) felt that we should not exceed this charge with 12% (n=111) opting for a high charge and 8% (n=78) not knowing.

More Detailed Analysis of Concerns

- 3.31 To help understand people's concerns, respondents had the opportunity to set out their views and comments. Detailed analysis of comments was recorded by theme and are detailed in. **Appendix C: Musselburgh Parking Management Strategy – Public Engagement Report** – Table 4-2 Number of Respondents Opposing Initial Proposals. This highlighted that 97 (10%) respondents felt the parking restrictions are excessive in some areas, 62 (6%) believe it is unnecessary, 60 (6%) had concerns about the negative economic impacts, 46 (5%) were opposed to parking charges and 41 (4%) perceive it as a money-making scheme.
- 3.32 It is noted that Fisherrow Sea Front and Harbour Association expressed the need for access at all times. The proposals look to retain current parking stock which would have no detriment to access over current arrangements. Although concerns have been raised through Musselburgh Community and Police Partnership regarding anti-social behaviour in the Lower Quay car park, measures to address the issue of anti-social behaviour are being developed and are subject to detailed design and will impact the proposed car park traffic orders which may impact unrestricted access to the harbour car parks.

Amendments Made to Improve the Scheme and Mitigate Concerns Raised

- 3.33 A number of amendments are presented to Council to mitigate the impact of the scheme where respondents expressed concerns about the initial proposals.

Concern for Town Centre and Businesses

- 3.34 The impact on local retail businesses was a concern raised by respondents to the initial proposals. This has been a consistent across all the towns which have been surveyed. Although this is difficult to quantify as 2% of respondents indicated they were local traders. The questionnaire does not break down responses to understand which area traders are responding with parking surveys indicating a clear difference in length of stay between the High Street and North High Street.
- 3.35 The initial proposal within the town centre was for the areas with current 90-minute maximum stay having the first 30 minutes stay to be free of charge with a charge for the next 60 minutes retaining the maximum overall stay of 90 minutes.
- 3.36 Direct representation from Musselburgh Conservation Society presents their position as objecting to the proposals in Musselburgh. They specifically note that small independent businesses will suffer as they are already having to compete with retail parks which offer free parking. They also face rising energy and increase National Insurance costs. It is noted that the Society aims appear to be conservation of Musselburgh and they do not directly represent traders of the town.

- 3.37 The analysis of Public Engagement (**Appendix C: Musselburgh Parking Management Strategy - Public Engagement Report**) against Parking Demand Data (**Appendix H: Musselburgh Parking Demand Data Analysis**) highlights a lack of public support and that the data analysis supported a mechanism for a higher level of turn-over.
- 3.38 Specifically, the parking survey data shows that parking demand on the High Street is high. Space availability is never less than 75% occupancy and approached capacity for most of the surveyed date. Surveys of vehicle length of stay also showed that the median length of stay was 15 minutes and 74% of vehicles that parked on the High Street were leaving within 30 minutes. The North High Street has 48% of vehicles parked leaving within 30 minutes and the median length of stay is 45 minutes.
- 3.39 An issue raised by respondents to the questionnaire was that removing free parking would deter people from visiting the High Street. The scheme seeks to maintain an element of free parking in close proximity to retail businesses. Research has shown that increasing parking turnover can increase visitor numbers to local businesses and space availability increases. Improved enforcement of parking restrictions encourages turn-over/space availability and consequently increases potential footfall and access to shops.
- 3.40 There is a lot of complexity in determining influences and impacts on shopping footfall. Changing shopping habits, quality and selection of goods, price, accessibility, competition, and UK economic performance all impact shoppers. Research undertaken in the development of the economic impact assessment states that businesses overestimate the impact the car has on footfall (Smith Lea et al, 2017) and (4 Reasons Retailers Don't Need Free Parking to Thrive - Bloomberg¹). In addition, the factors that influence footfall are not straight forward. From research undertaken in Wales (Caerphilly.gov.uk) pricing is of lower importance than availability of space, time, proximity to destination, traffic flow, signage, overall retail offering, out of town retail offering, security of parking.
- 3.41 The fear from traders and communities stems from their perception of mode of transport used to access services because they perceive all users to be the same as themselves and as such will travel, similarly. There are multiple studies that point to this perception being wrong. One key takeaway is that traders' perceptions are based on their own practice and this stems from where they live.
- 3.42 Figure 1 indicates that traders' perceptions significantly overestimate travel by car, and underestimate people walking compared with the mobility behaviour reported by shoppers.

¹ [Bloomberg UK article](#)

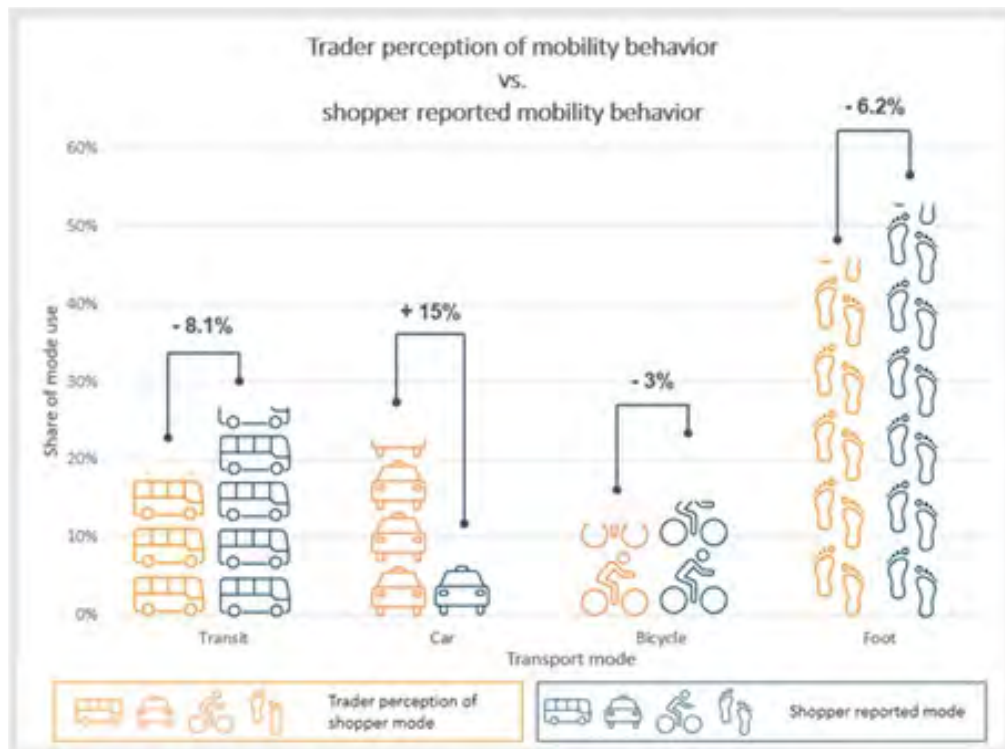


Figure 1: Mobility behaviour of reported by shoppers and trader perception of custom mobility behaviour²

3.43 Figure 2 shows that traders were found to overestimate the distance customers travel to visit their businesses, with the survey revealing over half of shoppers (denoted by the dark blue bars in the graphic) lived less than one kilometre from the shops. Conversely, traders estimated that just over 10% of customers live within this distance.

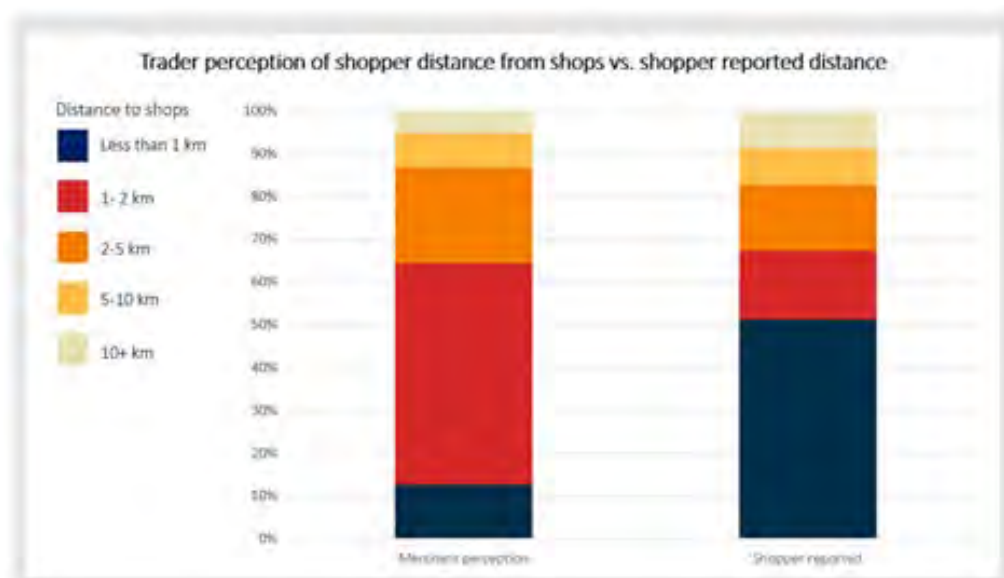


Figure 2: Distance from the street that shoppers live and merchant/trader perception of distance that shoppers travel to their shop³

² [Survey Findings from Local Business Perception vs Mobility Behaviour of Shoppers](#)

³ [Survey Findings from Local Business Perception vs Mobility Behaviour of Shoppers](#)

- 3.44 It is also important to reflect on wider societal benefits that can be delivered through enhanced parking management. Table 3-2 of **Appendix D: East Lothian Council Parking Review – Musselburgh Parking Business Case** provides a summary of appraisal impacts as a consequence of parking management proposals 3+ to 3- on the STAG criteria assessment scale; considering environmental impacts, climate change, health safety and well-being, economy, and equality and accessibility.
- 3.45 Further detailed consideration of the Musselburgh High Street parking proposal is presented in **Appendix G: Analysis of Proposals, Representations and Recommended Mitigations**, G.1 On Street Short Stay Parking – Musselburgh High Streets.
- 3.46 Considering the competing factors, the public engagement results and balancing this against the wider societal benefits and the overarching parking objectives, it is recommended:
- 3.47 That the 30-minute period of free parking for the High Street is maintained and the free parking period for North High Street is amended to increase the free period to 45 minutes to reflect the length of stay recorded in the parking analysis.

Resident and Other Permit Concerns

- 3.48 The main concern expressed by residents of Musselburgh are parking permits should be free (n= 20) and a number opposing the introduction of parking permits (n=4). There were general comments around residential parking (n=89) suggesting residents should not pay for parking.
- 3.49 The initial proposal was to introduce on street charging for areas adjacent to the core shopping area with an associated permit scheme for residents and the introduction of permit only parking on residential streets with limited amount of on street parking or poor access, mitigating the impact on residents where on street charging is proposed and where there would likely to be displacement impacting residential roads due to the introduction of parking charges. The proposals also included the extension of the existing permit scheme in the Whitehill area around the Station; this was in response to specific request to extend the scheme to the Mayfield Crescent area.
- 3.50 **Appendix G: Musselburgh Analysis of Proposals, Representations and Recommended Mitigations**, G.2 On Street Medium Stay and Resident Parking Permits, G3. On Street Long stay and Resident Permits and G.4 Resident Parking Permit Only (Whitehill Area), shows a proportion of respondents did not support residents parking scheme and cited that residents should not have to pay for parking outside their house.
- 3.51 As set out in **Appendix C: Musselburgh Parking Management Strategy – Public Engagement Report**, 74% of respondents indicated

that they were a resident of Musselburgh with 39% stating they had a private driveway/private off-street parking. Only 5% of all respondents stated they had a difficulty parking at their own home, with the most cited reasons being a lack of parking spaces, which would indicate parking demand in excess of the available parking spaces, inconsiderate parking, and a lack of parking enforcement.

- 3.52 The majority of respondents felt it was appropriate for permit holders only to park on streets adjacent to the station (n=548).
- 3.53 It is recommended that the resident parking scheme in Musselburgh East and Musselburgh West is progressed in line with the initial proposals.
- 3.54 It is recommended that the proposed extension of the existing resident parking scheme adjacent to Musselburgh rail station is not progressed; however, it is recommended that the existing scheme is retained with the introduction of an administration charge for the issue of permits to ensure the existing scheme is cost neutral.

Impact on Visitors

- 3.55 A similar argument and opposition to the concern for businesses is the payment for parking would impact on visitors and tourists. The belief is that visitors will no longer come to the town if they must pay for parking. Opposition to the proposal intimates that tourists will not visit the town and thus not spend in the local shops.
- 3.56 The initial proposal for the High Street recommends the first 30 minutes stay to be free of charge. The proposals look to charge for the next 60 minutes to encourage turn-over on the High Street. In off-street car parks the proposal is to charge 50p for each half hour length of stay. Visit Scotland survey of 2023 indicated that 69% of visitors to Scotland used a car on their trip with a further 7% using a motorhome. Tourist visits and day trips are likely to be longer than 90 minutes, and therefore visitors would look to park in areas offering parking for longer periods.
- 3.57 There is a misconception that parking is free. In real terms the provision of parking requires on going inspection and maintenance of parking spaces, which is paid for through council tax and business rates charge to the residents and businesses of East Lothian. For tourists to visit and use local facilities with parking provision such as hotels, holiday lets, restaurants it is expected that they pay at point of use.
- 3.58 The public engagement provides a narrower view on the support of visitors with 53% opposed to motorhome parking to support local businesses and 32% undecided.
- 3.59 It was also noted the 2% of respondents were non-local visitors, and 9% visitors from outlying communities. It may be argued that visitors would take no interest in completing a parking survey for a town they visit, but conversely visitors do not necessarily concern themselves with parking charges when they visit a place as charging it is the norm rather than the exception.

- 3.60 As with the argument extended above for shopping habits, quality and selection of goods, price, accessibility, competition, and UK economic performance all impact where and when tourists visit.
- 3.61 It is recommended that no change is made to the proposals due to the comments made on the perceived detriment to visitors because of the parking charges.

Criticism of Consultation

- 3.62 47 (5%) responses criticised the public engagement questionnaire. Specifically, comments received were that the questionnaire was biased, poorly framed, and designed to come to a pre-determined outcome.
- 3.63 Considering the feedback received it is appropriate to reflect on the questionnaire and review its design for future considerations. The existing questionnaire results/outputs are appropriate for the stage within the process and reflect the overarching decisions already made in respect of parking management.

Lack of Parking Enforcement

- 3.64 A high percentage of individuals acknowledged that parking enforcement was lacking in the town. This might have been heightened due to the lack of parking attendants' resource across the county in recent months. It is clear that respondents see the relationship between poor parking practice and parking availability. However, while the view is that enforcement should be increased, there is little awareness that this requires charges to be applied.
- 3.65 Evidence gathered from the questionnaire revealed that 37% (n=358) of people's main concern was the lack of parking spaces, 28% (n=275) believed inconsiderate parking a problem, 18% (n=176) thought seasonal events have an impact and 16% (n=154) noted a lack of parking enforcement; all of which are direct related to enforcement and management of parking stock.
- 3.66 Improved parking enforcement will help address the issues identified above. Increased enforcement, having a strengthen presence in town will resolve most problems highlighted by respondents, although with an associated cost. As the argument is extended, income generated from charging will fund increased enforcement, which cannot be funded direct from general Council fund. Guidance from Transport Scotland⁴ and the Scottish Government is that DPE arrangements should be self-financing.
- 3.67 It is recommended that the principal of introducing parking charges are not amended and increased enforcement will be financed from parking charge income although at a lower level than originally anticipated and not from the General Fund.

⁴ <https://www.transport.gov.scot/media/52668/decriminalised-parking-enforcement-local-authorities-income-and-expenditure-2021-to-2022.pdf>

- 3.68 Taking cognisance of the feedback on the initial proposals, the following table provides a summary of the initial proposals, potential mitigation that was considered and final recommended proposals. Further detailed analysis of the overall proposed mitigation and recommendations can be found in **Appendix G: Musselburgh Analysis of Proposals, Representations and Recommended Mitigations**. A plan showing the recommended parking management proposals is also provided in **Appendix B**.

Summary of mitigation and changes to the proposals

Initial Proposal	Mitigation Considered	Recommended Proposal
Short-stay parking 90 minute maximum stay restrictions on the High Street, North High Street, Bridge Street, Ladywell Way and South Street with the introduction of a charge. The charges being 30 minutes free parking, with £1 per 30 minutes after that, up to a maximum stay of 90 minutes.	Extend the free parking period from 30 minutes to 45 minutes with parking up to 75 minutes (£1 charge) and parking up to 90 minutes (£2 charge).	High Street – no amendments to proposals. North High Street, Bridge Street, Ladywell Way and South Street extend the free parking period to 45 minutes, £1 for up to 75 minutes parking and £2 for up to 90 minutes maximum stay parking.
Areas of medium stay on street charged parking with the provision of resident parking permits. These locations include Bridge Street, North High Street, New Street, Harbour Road, Lochend Road North, Promenade, Fishers Wynd, Beach Lane, Mountjoy Terrace, Millhill, Linkfield Road, and Newbigging. The charges being up to 30 minutes £0.50 and £0.50 for each 30 minutes thereafter up to a maximum of 5 hours.	Increase maximum length of stay to 6 hours (except permit holders) to reflect public response Reduce / remove operating hours of on-street parking on a Sunday Remove on street charging Introduce wider availability of permits for all users.	Increase maximum length of stay to 6 hours (except permit holders). Reduce the operating hours on a Sunday with on street charging from midday.

Initial Proposal	Mitigation Considered	Recommended Proposal
Market Street, Eskside West, New Street and Links View, as on street long stay parking with associated charging and the provision of resident parking permits. The charges being. Up to 30 minutes £0.50 and £0.50 for each 30 minutes thereafter up to a maximum of £5	Remove on street charging and associated residents permits. Increase area of parking charge/permit parking to deter parking displacement.	No proposed amendments.
Areas adjacent to Musselburgh railway station as resident permit parking only, including Clayknowes Avenue, Denholm Road, Stoneybank Gardens, Stoneybank Terrace, Stoneybank Road, Mayfield Crescent.	Withdraw extension of parking permit scheme. Withdraw existing permit scheme. Extend the permit scheme area to avoid displacement to areas without permit allocation. Issue free visitor permits. QMU increase parking provision/reduction in parking permit price.	Remove the proposed extension to the permit scheme, maintain the existing scheme with the introduction of an administration charge for the issue of permits to ensure the existing scheme is cost neutral.
Ladywell car park as medium stay parking with the associated charge being up to 30 minutes £0.50 and £0.50 for each 30 minutes thereafter up to a maximum of 5 hours.	Increase maximum length of stay to 6 hours to reflect public response. Remove off street parking charge.	Increase maximum length of stay to 6 hours.
Shorthope Street car park as medium stay parking with the associated charge being up to 30 minutes £0.50 and £0.50 for each 30 minutes thereafter up to a maximum of 5 hours.	Increase maximum length of stay to 6 hours to reflect public response. The use of the area as part of landscaping for flood defences is acknowledged.	Increase maximum length of stay to 6 hours.

Initial Proposal	Mitigation Considered	Recommended Proposal
Newbigging car park as medium stay parking with the associated charge being up to 30 minutes £0.50 and £0.50 for each 30 minutes thereafter up to a maximum of 5 hours.	Increase maximum length of stay to 6 hours to reflect public response. Increase parking enforcement. Remove off street parking charge.	Increase maximum length of stay to 6 hours.
Musselburgh Sports Centre car park as medium stay parking with the associated charge being up to 30 minutes £0.50 and £0.50 for each 30 minutes thereafter up to a maximum of 5 hours.	Remove off street parking charge. Increase maximum length of stay to 6 hours to reflect public response. Free parking for users of the sports centre.	Increase maximum length of stay to 6 hours. 90 minutes free parking for sports centre users.
Olive Bank Road car park as long stay parking with the associated charge of up to 30 minutes £0.50 and £0.50 for each 30 minutes thereafter up to a maximum of £5	Remove off street parking charge. Provide annual season ticket parking at reduced rates from the daily charge.	No amendments proposed.
Fisherrow Harbour car park as long stay parking with the associated charge of up to 30 minutes £0.50 and £0.50 for each 30 minutes thereafter up to a maximum of £5.	Remove off street parking charge. Ban on motorhome parking. Increase parking enforcement.	No amendments proposed.
Gracefield car park as long stay parking with the associated charge of up to 30 minutes £0.50 and £0.50 for each 30 minutes.	Remove off street parking charge.	No amendments proposed.
Introduce parking management scheme to include the introduction of parking charges and enhanced enforcement	Parking management scheme not progressed	No amendments proposed.

3.69 It is recommended that the scheme progresses to detailed design and draft Traffic Regulation Orders (TROs) are prepared taking account of

the above recommendations and mitigations set out within this report. Formal advertising of the draft TROs, in accordance with regulations, will provide further opportunity to refine the proposed scheme as part of the statutory consultation process.

4 POLICY IMPLICATIONS

- 4.1 The proposals have multiple policy implication across many national, regional, and local themes. **Appendix A: Policy and Legislative Context** provides further detail of these matters.

5 RESOURCE AND OTHER IMPLICATIONS

- 4 Finance: A financial business case for the proposals is provided in **Appendix F: Technical Note – Musselburgh Parking Management Financial Model**. The model uses the Flexible, Appropriate, Structured, and Transparent (FAST) financial modelling standard and provides a conservative estimate considering the benefits potential. The year one capital cost is estimated at £776,000. The annual predicted cost of operating the scheme is £227,000 and annual income is forecast to be £540,000 (gross). The surplus revenue over the 10-year period is forecast to be approximately £236,000 per annum.
- 5.2 Human Resources: There are no implications to human resources at this time.
- 5.3 Other (e.g. Legal/IT): The proposals are being considered in accordance with the Road Traffic Regulation Act 1084 as amended and the Local Authorities Traffic Orders Procedure Regulations (Scotland) as amended.
- 5.4 Risk: Risks identified at this stage include potential public opposition to the introduction of the proposed parking measures which may impact the projected income levels. Operational and implementation risks have also been noted. These risks are recorded within the project and corporate risk registers and will be actively assessed, monitored, and managed throughout the lifecycle of the project.

6 INTEGRATED IMPACT ASSESSMENT

- 6.1 ***Select the statement that is appropriate to your report by placing an 'X' in the relevant box.***

An Integrated Impact Assessment screening process has been undertaken and the subject of this report does not affect the wellbeing of the community or have a significant impact on: equality and human rights; tackling socio-economic disadvantages and poverty; climate change, the

☐

environment and sustainability; the Council's role as a corporate parent; or the storage/collection of personal data.

or

The subject of this report has been through the Integrated Impact Assessment process and impacts have been identified as follows:

x

Subject	Impacts identified (Yes, No or N/A)
Equality and human rights	Yes
Socio-economic disadvantage/poverty	Yes
Climate change, the environment and sustainability	Yes
Corporate parenting and care-experienced young people	No
Storage/collection of personal data	No
Other	Yes

[Enter information on impacts that have been identified]

The Integrated Impact Assessment relating to this report has been published and can be accessed via the Council's website:

https://www.eastlothian.gov.uk/info/210602/equality_and_diversity/12014/integrated_impact_assessments

7 APPENDICES

Appendices A–B are attached to this report.

Appendices C–H are available in the Members' Library (Ref: 124/25, December 2025 Bulletin):

https://www.eastlothian.gov.uk/meetings/meeting/17561/members_library_service

- 7.1 Appendix A: Policy and Legislative Context
- 7.2 Appendix B: Musselburgh Initial Parking Management Proposals and Recommended Parking Management Proposals
- 7.3 Appendix C: Musselburgh Parking Management Strategy – Public Engagement Report
- 7.4 Appendix D: East Lothian Council Parking Review – Musselburgh Business Case

- 7.5 Appendix E: Musselburgh Parking – Impact assessment
- 7.6 Appendix F: Technical Note – Musselburgh Parking Management Financial Model
- 7.7 Appendix G: Musselburgh Analysis of Proposals, Representations and Recommended Mitigations.
- 7.8 Appendix H: Musselburgh Parking Data Demand Analysis

8 BACKGROUND PAPERS

- 8.1 Report to Council on 10 December 2024 – Update on North Berwick Traffic Regulation Orders
- 8.2 Report to Council on 27 February 2024 – Update on Parking Management Traffic Regulation Order for North Berwick
- 8.3 Report to Council on 25 April 2023 – Town Centre Parking Management: Introduction of Parking Management Proposals in North Berwick
- 8.4 Report to East Lothian Council on Tuesday 28 June 2022 – Town Centre Parking Management: Consultation
- 8.5 Members' Library Report – Economic Impact Assessment Report (Ref: 34/23, April 2023 Bulletin)
- 8.6 Members' Library Report – Consultation Report (Ref: 35/23, April 2023 Bulletin)
- 8.7 Integrated Impact Assessment
- 8.8 Report to East Lothian Council on Tuesday 30th October 2018 – East Lothian Council Proposed Local Transport Strategy
- 8.9 East Lothian Council Proposed Local Transport Strategy 2018-24 – Draft Parking Strategy, Members' Library Ref: 142/18 (October 2018 Bulletin)
- 8.10 East Lothian Council Proposed Local Transport Strategy 2018-24 – Draft Active Travel Improvement Plan, Members' Library Ref: 141/18 (October 2018 Bulletin)
- 8.11 Policy and Performance Review Committee – 04 Roads Asset Management – Annual Status and Options Report
- 8.12 Report to East Lothian Council on Tuesday 25 April 2023 - Town Centre Parking Management: Introduction of Parking Management Proposals in North Berwick
- 8.13 Report to East Lothian Council on Tuesday 27 February 2024 – Update on Parking Management Traffic Regulation Order North Berwick

8.14 Members' Library Report – East Lothian by Numbers: Travel and Transport (Ref: 152/24, November 2024 Bulletin):

9 AUTHOR AND APPROVAL DETAILS

Report Author(s)

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Date	28 November 2025

Head of Service Approval

Name	Tom Reid
Designation	Head of Infrastructure
Confirmation that IIA and other relevant checks (e.g. finance/legal) have been completed	Yes
Approval Date	28 November 2025

Appendix A: Policy and Legislative Context

A1. The policy context at a national, regional, and local level supports a move to increase existing and to implement new parking demand management processes across the county.

A2. At a national level, the development and publication of the National Transport Strategy (NTS), National Planning Framework (NPF4), and the Scottish Transport Projects Review (STPR2) all support moving towards more sustainable town centres. The NTS vision is that ‘we will have a sustainable, inclusive, safe, and accessible transport system, helping deliver a healthier, fairer, and more prosperous Scotland for communities, businesses, and visitors.’

A3. The national strategy outlines how the ‘the benefits of place-making and sustainable and active travel infrastructure/modes will also play an important role in helping to re-vitalise town centres.’

A4. At its meeting on 29 March 2022 Council was asked to approve the outline of the 2022–2027 Council Plan. The 2017–2022 Council Plan set out the vision of ‘an even more prosperous, safe and sustainable East Lothian, with a dynamic and thriving economy, that enables our people and communities to flourish’.

A5. New and increased management of parking across the county supports the overarching objective of reducing inequalities within and across our communities, and with the development of the four thematic objectives: Growing our Economy, Growing our People, Growing our Communities and Growing our Capacity.

A6. East Lothian’s Climate Change Strategy was adopted in 2020 in response to the climate emergency. The strategy has a significant emphasis on the need to manage journeys made by the private car across the county.

A7. East Lothian Council – Local Transport Strategy (2018–2024). In 2018, East Lothian Council published a Local Transport Strategy sets out the challenges that town centres within East Lothian, have been facing in the context of the wider transport network. Accessing town centres and the management of parking is a key challenge articulated throughout the strategy document.

A8. East Lothian Council – Local Parking Strategy (2018–2024). There are a number of actions set out within the strategy to achieve many objectives when it comes to managing parking including that East Lothian Council will implement a parking management hierarchy in towns. The parking management hierarchy model states that ‘in general, on-street parking will be for the purposes of short- stay parking, especially in our town centres, as it is essential that people have easy access to shops and services to maintain the economic vitality of our towns. Medium and long-stay parking will be

accommodated in off-street car parks but these are more likely to be at the edge of the town centre.'

A9. This proposal will contribute towards fulfilling the Local Parking Strategy 2018 -2024:

- Objective 1 – to provide balanced and appropriate parking facilities that support the economic, environmental and accessibility requirements of towns in East Lothian.
- Objective 2 – to maximise the efficient use of parking provision.
- Parking Policy 5 – The council will assess the demand on town centre parking supply and appraise, where appropriate the introduction of charging for off street car parks and/or for on-street parking places. The introduction of restrictions and charging has the potential to boost the financial viability and community/business prosperity on an area by increasing turnover. All parking regimes would require annual monitoring.

A10. The Council's Local Economy Strategy 2024 to 2034 was approved in April 2024. Consultation and analysis identified a number of issues facing town centres in East Lothian, stakeholders and community members reported that a limited availability and low turnover of town-centre parking spaces, competition from edge-of town retail developments, competition from Edinburgh, and changes in shopping habits have all deterred some residents from using their town centres. However, increased home working is driving increased demand for town centre service businesses and leisure opportunities. It was also argued that narrow pavements and conflicts with traffic can make town centres feel inaccessible and unsafe for older people, those with physical impairments, and pram and buggy users. Local challenges were identified where town centre congestion and parking was highlighted as an issue with implications for locals, visitor experiences, and public safety. Greater turnover of town centre parking to improve capacity was highlighted as a need. The Strategy highlights the distinctiveness of East Lothian's towns and villages as a key attribute of the area and includes actions to support thriving and district communities, vibrant town, and rural centres. A key area where the Council can intervene is to improve safe and sustainable access for all users.

A11. Further, the proposals contribute to the Economic Development Strategy by offering 'the potential for increasing resident spend by improving town centres in East Lothian.' With short-stay parking freeing up spaces close to shops, residents would be able to quickly access shops and services, thereby supporting local and independent shops.

A12. East Lothian Council – Town Centre Strategies (2017–2022). Town Centre Strategies have been prepared for each of the 6 main settlements in

East Lothian. The purpose of the town centre strategies is to adopt a strategic approach to guide the improvement of town centres.

A13. The vision for Musselburgh town centre as articulated
“Musselburgh town centre will see improvements to help tackle climate change, improve its public realm, protect its character and historic identity, and make the town centre a place that people choose to visit and build a business. The town centre is supported by its unique riverside location and historic eastern edge, both of which will see enhancement and preservation. Musselburgh town centre will be a place of choice for local residents and a destination for visitors, both day and night.”

A14. The specific parking elements identified in the strategy are:

Parking Problems

- Long-stay on-street parking at locations where limited waiting operates.
- Parking problems in side streets around main commercial streets - on-street parking restrictions displaced vehicles from main streets. Need to better manage and enforce the supply and turnover of short-stay parking
- Off-street car parks lack management with poor turnover of spaces along with a lack of awareness and usage of them. Out of date signage to off-street car parks
- Need for better management of residents parking in some areas particularly around Queen Margaret University. Abuse of on-street parking in residential areas, particularly in terms of long-stay parking by non-residents
- Overflow parking around railway station
- Some difficulties for servicing and loading access to retailers in the town centre
- Need to accommodate major public transport corridor through the town centre
- Specific parking issues on race days although existing restrictions seem to function fairly well
- Short-term on-street problems at peak school travel periods around schools
- Lack of Blue Badge spaces

Potential Parking Solutions

- Control through Decriminalised Parking Enforcement
- Provision of designated long-stay car parks
- Provision of designated short-stay and medium-stay car parks
- Continuous review of the requirement for Controlled Parking Zones
- Implementation of parking management hierarchy defining designated short-stay, medium stay and long-stay parking locations
- Review and implementation of improved signage to off-street car parks where required
- Consider the introduction of on-off street parking charges
- Ongoing review of Resident's Parking Schemes and consideration of Controlled Parking Zone (CPZ)

- Ongoing review of waiting and loading provision
- Provision of clearway on key streets through town centre
- Provision of event management parking services
- Ongoing review of Blue Badge parking.

Climate Change and Road Safety Benefits

A17. In February 2020, Transport Scotland published its National Transport Strategy 2 (NTS2) which set out a vision for Scotland's transport system over the next 20-years to 2040, including a statement of transport's contribution to achieving net zero by 2045. Its 'Vision' is:

'We will have a sustainable, inclusive, safe, and accessible transport system, helping deliver a healthier, fairer, and more prosperous Scotland for communities, businesses, and visitors.'⁵

A18. The NTS2 establishes two 'hierarchies' which define the principles upon which future transport investment decision making and services should be planned. The 'Sustainable Travel Hierarchy' defines the priority which will be given to each mode of transport in future investment planning which includes the 'Sustainable Investment Hierarchy' which establishes a structured set of steps to be followed when planning investment in transport provision.

A19. In summary, the Sustainable Travel Hierarchy prioritises walking & wheeling and cycling, with investment to support the single occupant private car being the lowest priority. Measures promoted through the strategy, and which will emerge from it, should prioritise active travel and accessible public transport connections, whilst at the same time discouraging short, single car occupant journeys. On this basis, the proposed parking interventions are highly consistent with the NTS2 Sustainable Travel Hierarchy.

A20. The implication of this hierarchy is that investment in new infrastructure should only be considered once a wider package of options to reduce the need to travel, reduce the need to travel unsustainably, optimise use of existing infrastructure, influence travel behaviour or manage demand have been explored. Parking management interventions can be classified as 'making better use of existing capacity' and would therefore be more appropriate than measures that sought to increase parking capacity through construction of infrastructure.

A21. Following the commitment to reduce car kilometres by 20% within the Securing a Green Recovery on a Path to Net Zero: Climate Change Plan 2018 – 2032 policy document Transport Scotland published a stakeholder consultation report setting out a route map for how this target can be achieved. The framework recognises that any solution must include a holistic framework of interventions to provide car-use reduction options for different trip types in different geographical areas. To encourage the reduction in car

⁵ [National Transport Strategy 2 \(Transport Scotland, 2020\), p. 5.](#)

usage, the framework outlines the need for a behaviour change by users through positive messaging. This has led to the development of four desired behaviours which are displayed in Figure A1 below. Parking interventions can contribute to helping people to live well locally by enabling them to access local services and amenities whilst also supporting switching modes to walking, wheeling, cycling and public transport where appropriate.



Figure A1: Route Map to 20% Car KM Reduction – Four Behaviours

A22. The policy documents listed above provide a framework for the proposed parking interventions within Musselburgh. Scottish Government policy has seen a significant shift towards prioritising walking, wheeling, and cycling as preferred methods of transport for shorter journeys, with public transport and shared mobility the preferred mode for medium to longer journeys. This shift will require a behavioural change which can require a 'carrot and stick' approach. The implementation of parking controls within Musselburgh will provide a demand reducing measure that would fall within the Scottish Government's ambitions to reduce car kilometres by 20% by 2030.

A23. East Lothian Council – Climate Change Strategy also looks to reduce transport emission and increase active travel and sustainable transport options for everyday journeys. Data shows that more people walk in East Lothian than surrounding local authorities and Scotland generally, with 59% making short journeys by foot but 33% still choice to drive this relatively short distance. Only 1% choice to cycle. (East Lothian by Numbers – Members Library Report)

A24. Currently 83% of East Lothian's residents have access to one or more cars or vans and 35% have access to two or more cars or vans. Access to a car is greater in East Lothian than Midlothian (79%) and Scotland (75%) averages. Access to a private car of van has increase in East Lothian by 3% since 2014. This suggests that if residents have access to parking, they may be more likely to use their cars for short journeys to the town centre for economic / leisure purposes as car are more prevalent.

A25. Nationally vehicular traffic accounted for 35.6% of emissions in 2018. It remains the largest CO₂ producing sector and presents a singular challenge to mitigate the transport sector to meet net zero targets. Transport is a derived demand, driven by the essential need to move people, goods, and services to drive economic growth. National objectives seek to promote walking, cycling and public transport over private car use as these present the greatest benefits to communities allowing improved mobility, safety, health, and accessibility enhancements to be delivered through place making initiatives. Management of demand for parking provides a push behavioural change approach which can be incentivised with other pull initiatives to enhance the place for all users, over time.

A26. Interventions which increase walking, wheeling, cycling, or use of public transport can reduce car use and free up space on streets. A literature review by ClimateXChange⁶ shows there is considerable evidence to suggest that improved sustainable travel has environmental, economic, and social benefits to local high streets and towns. Evidence collected showed that there is a wide breadth of potential benefits of sustainable travel to communities, but that evaluation and measurement of impacts does not always capture this.

A27. The review found significant evidence of decrease in air pollution in all geographies across large sample sizes with a strong focus on sustainable transport. Modelling suggests that if 10% of the population switched from cars to bikes and public transport, emissions would decrease by about 10% (car to bike) and 3% (car to public transport).⁷ There is also significant evidence of a decrease in carbon emissions in all geographies across large sample sizes. In one case study, carbon emissions decreased by 66% over a 15-year period following pedestrianisation of a city centre⁸.

A28. There is also evidence of the short-term impact of suitable transport on increased land values and rental prices for businesses, making an area more attractive for investment and desirable to live in more than one geography across large sample sizes. The impact varied from an increase in land values between 70–300% with retail commercial rates increasing in the range of 10–30%.^{9,10} ClimateXChange review found evidence of higher footfall in businesses across large sample sizes in all geographies, as well as increased time and money spent in local businesses. Several UK studies found that footfall increase by approximately 30% after the introduction of sustainable travel measures.¹¹

² [The benefits of sustainable travel to local high streets and town centres | ClimateXChange](#)

⁷ [The climate change mitigation impacts of active travel: Evidence from a longitudinal panel study in seven European cities - ScienceDirect](#)

⁸ Council of Pontevedra, 2017. Fewer cars, more city.

⁹ [Living streets, 2018. The Pedestrian Pound: The business case for better streets and places.](#)

¹⁰ Litman, T., 2023. Guide to Valuing Walking and Cycling Improvements and Encouragement Programs. Transportation Research Record

¹¹ Momentum Transport Consultancy, 2022. Funding Healthy Streets Assets: Guidance for Effective Public Private Partnerships in Delivering Healthy Streets Projects.

A29. Nationally vehicular traffic accounted for 35.6% of emissions in 2018. It remains the largest CO₂ producing sector and presents a singular challenge to mitigate the transport sector to meet net zero targets. Transport is a derived demand, driven by the essential need to move people, goods, and services to drive economic growth. National objectives seek to promote walking, cycling and public transport over private car use as these present the greatest benefits to communities allowing improved mobility, safety, health, and accessibility enhancements to be delivered through place making initiatives. Management of demand for parking provides a push behavioural change approach which can be incentivised with other pull initiatives to enhance the place for all users, over time.

A30. Road collision incidents in East Lothian's towns are generally low with 14 serious injuries being recorded over the 3-year period 2021–2023. It is noted that no fatal personal injury collisions have been recorded in proposed controlled parking area within Musselburgh for this period although there slight and serious. However, within the built environment an unacceptable risk remains due to the high demand of parking space and constant search for parking opportunity close to the driver's destination. On-street parking contraventions or restricted parking abuse during busy times can place the public at risk.

Legislative Context

A31. The Road Traffic Regulation Act 1984 – the legislation laid out in the Act provides powers to local authorities to implement parking demand management processes including tariffs for on and off-street facilities.

A32. The general provisions of the Act allows an authority to make an order where it considers that it is expedient to do so:

- (a) for avoiding danger to persons or other traffic using the road or any other road or for preventing the likelihood of any such danger arising, or
- (b) for preventing damage to the road or to any building on or near the road, or
- (c) for facilitating the passage on the road or any other road of any class of traffic (including pedestrians), or
- (d) for preventing the use of the road by vehicular traffic of a kind which, or its use by vehicular traffic in a manner which, is unsuitable having regard to the existing character of the road or adjoining property, or
- (e) (without prejudice to the generality of paragraph (d) above) for preserving the character of the road in a case where it is specially suitable for use by persons on horseback or on foot, or

(f) for preserving or improving the amenities of the area through which the road runs

(g) for any of the purposes specified in paragraphs (a) to (c) of subsection (1) of section 87 of the Environment Act 1995 (air quality).]

A33. Provision 32 within the Act describes the powers local authorities have where for the purpose of relieving or preventing congestion provision of parking spaces can be provided.

A34. Provision 33 within the Act goes on to detail the additional powers of local authorities in connection with off-street parking places.

A35. Provision 45 within the Act details that a local authority may by order designate parking places on roads in their area for vehicles or vehicles of any class specified in the order; and the authority may make charges for vehicles left in a parking place so designated.

A36. The Local Authorities' Traffic Orders (Procedure) (Scotland) Regulations 1999 sets out the requirements of advertising traffic orders, the means and requirements for objection and the basis of holding a hearing.

A37. Provisions 5 within the regulations sets out the requirements of advertising traffic orders, whilst provision 7 sets out the manner in which objections to the published order should be made, this requires objections to be in the form of a written statement.

A38. Provision Section 8 of the regulations outlines when a hearing should be held following objections to an order. The provisions also indicates that a hearing may be held in other circumstances. In the case of the advertised orders there is no requirement to hold a hearing for orders No. 1, No. 2, and No.3. The inclusion of on street parking charges fall under section 45 of the Road Traffic Regulation Act 1984, although these do not prohibit loading there is an implied requirement to hold a hearing to consider outstanding objections.

Appendix B: Musselburgh Initial Parking Management Proposals

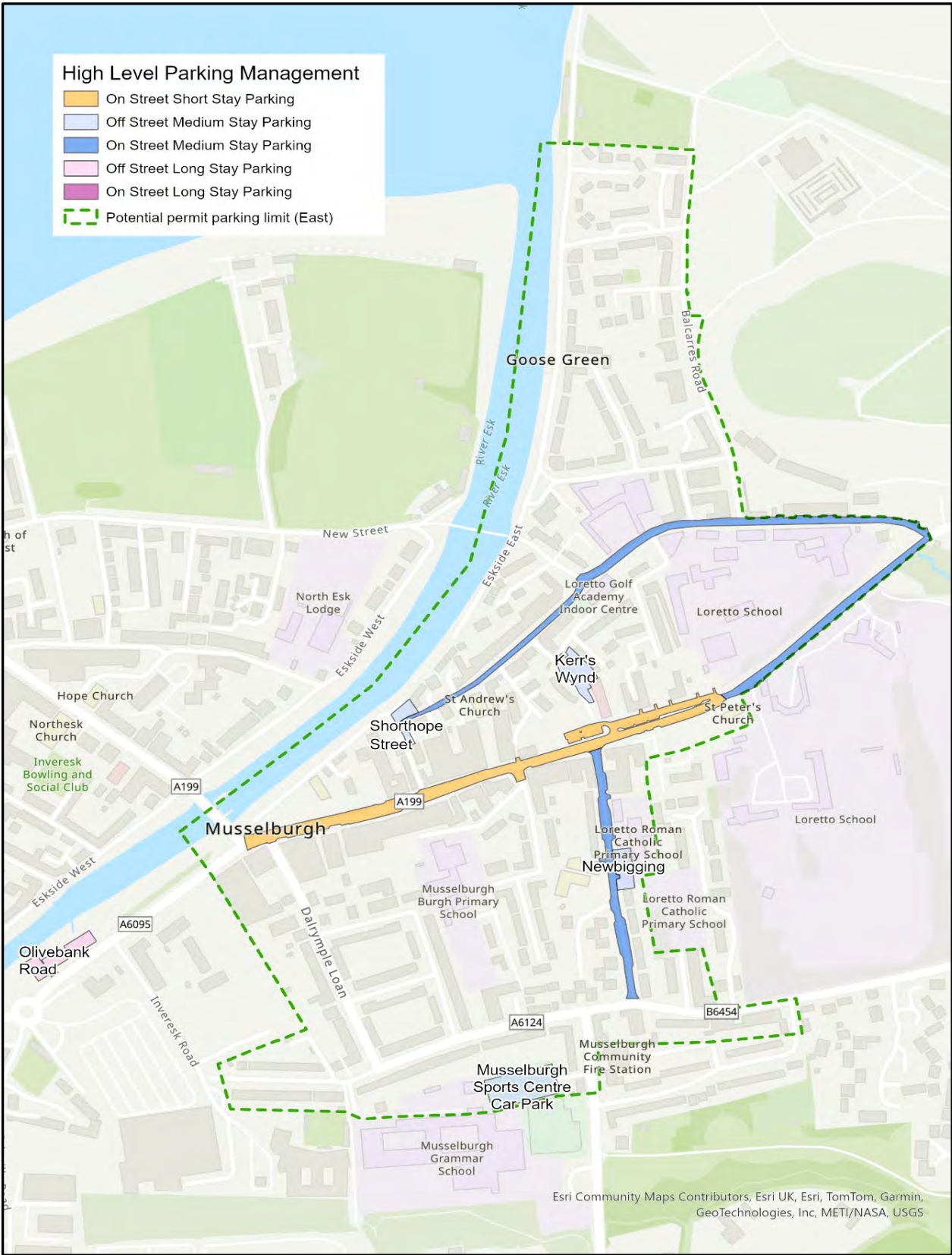


Figure 3: Initial Parking Management Proposals for Musselburgh East



Figure 4: Initial Parking Management Proposals for Musselburgh West

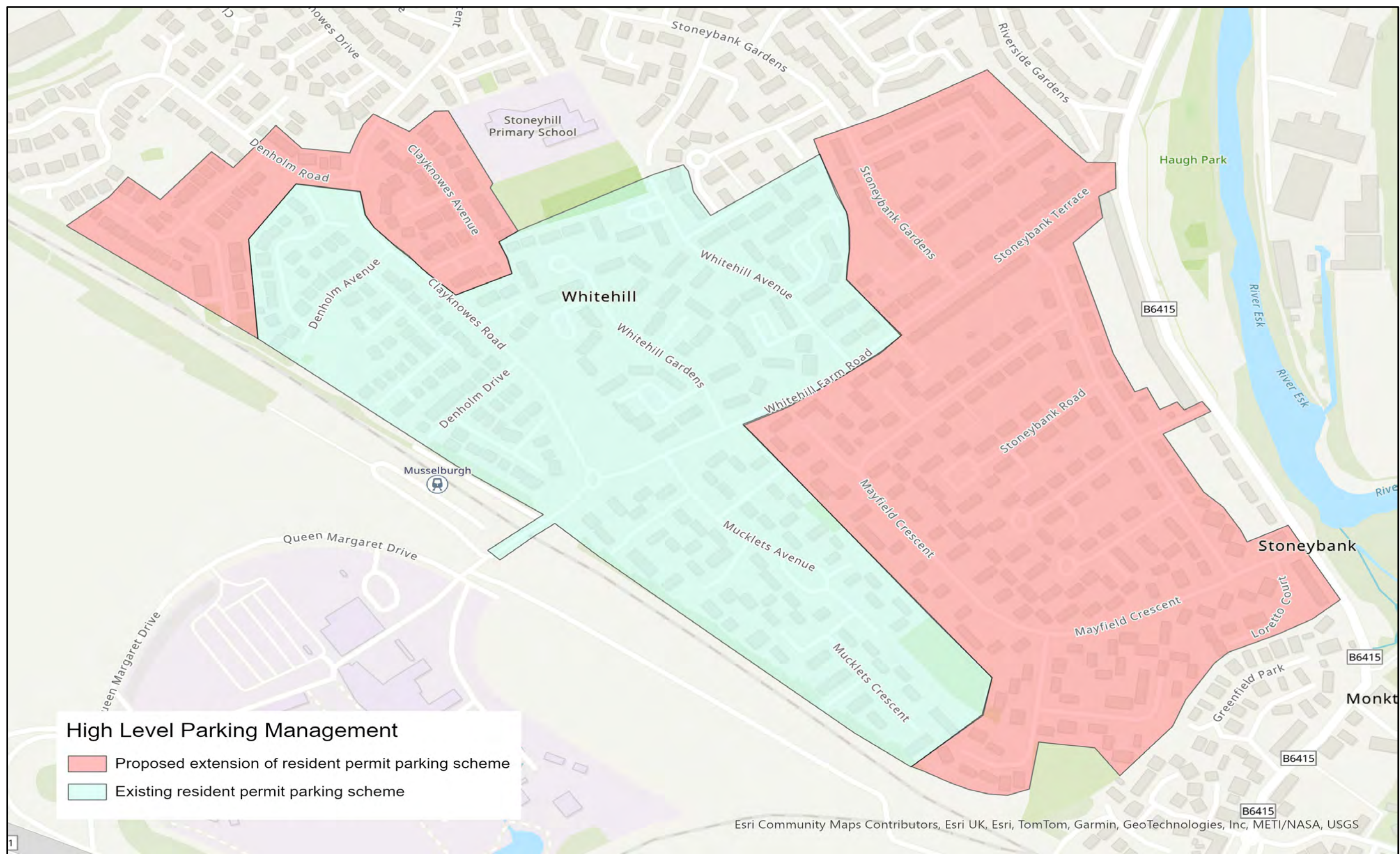
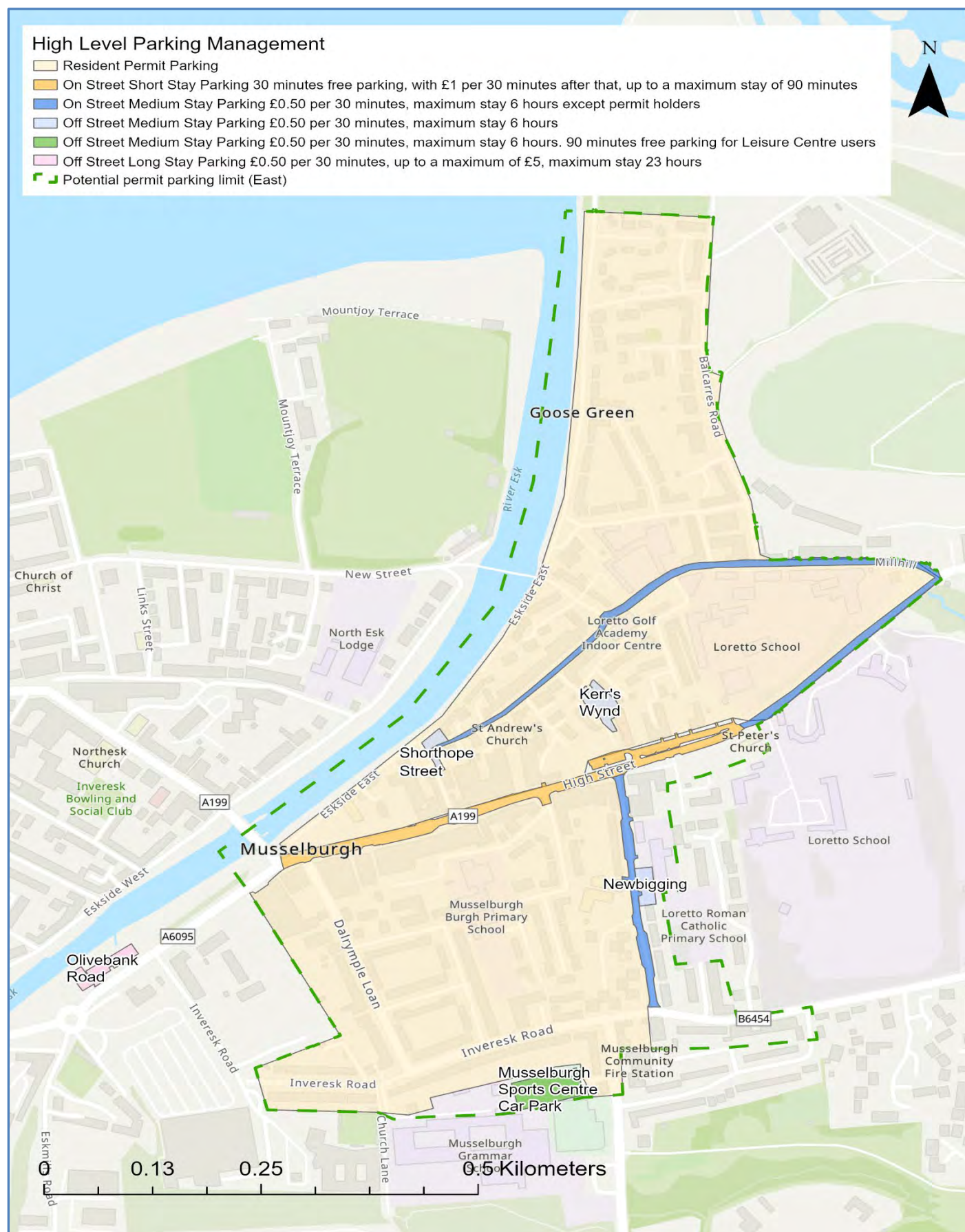
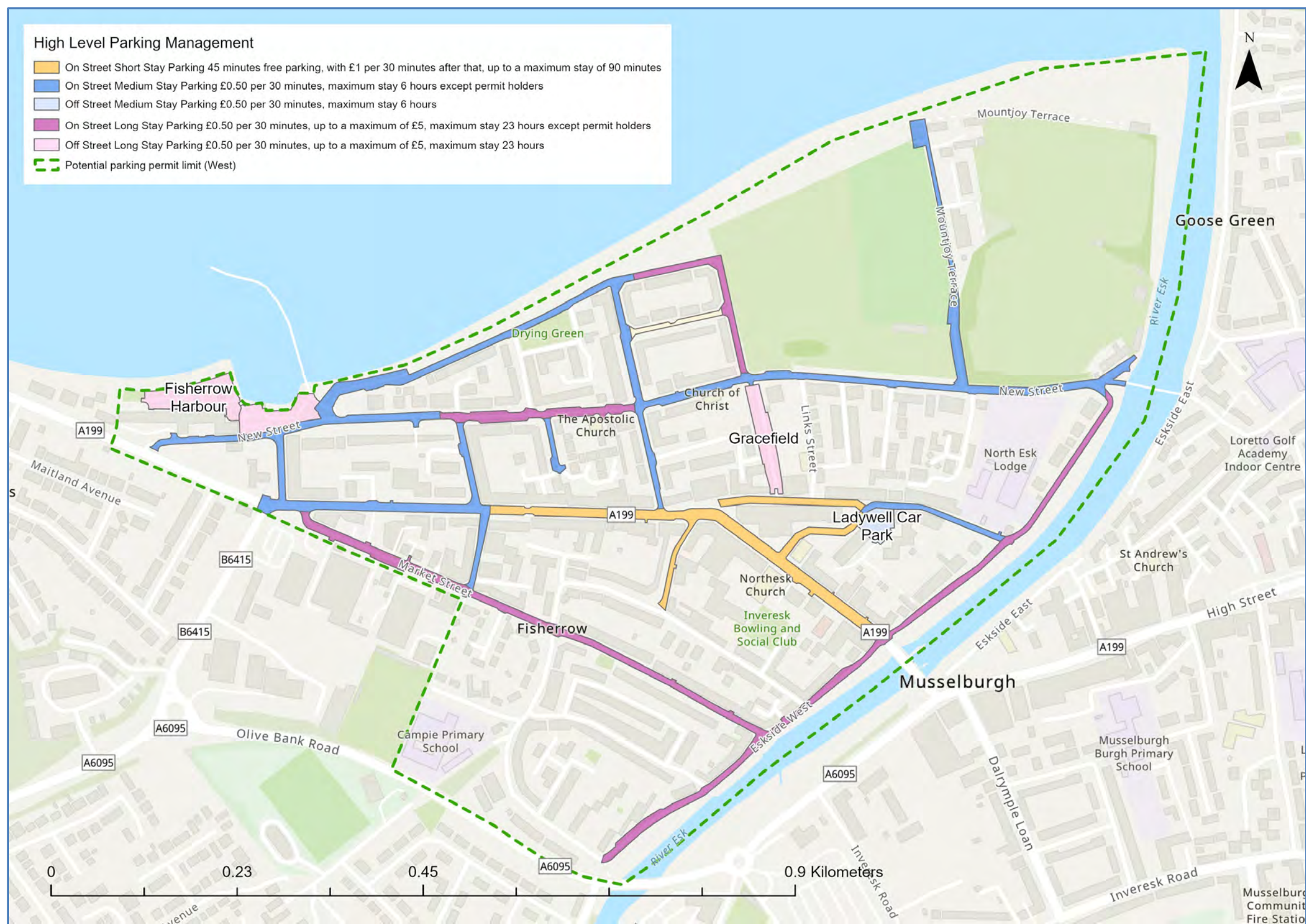


Figure 5: Initial Parking Management Proposals, Extension of Resident Parking Scheme

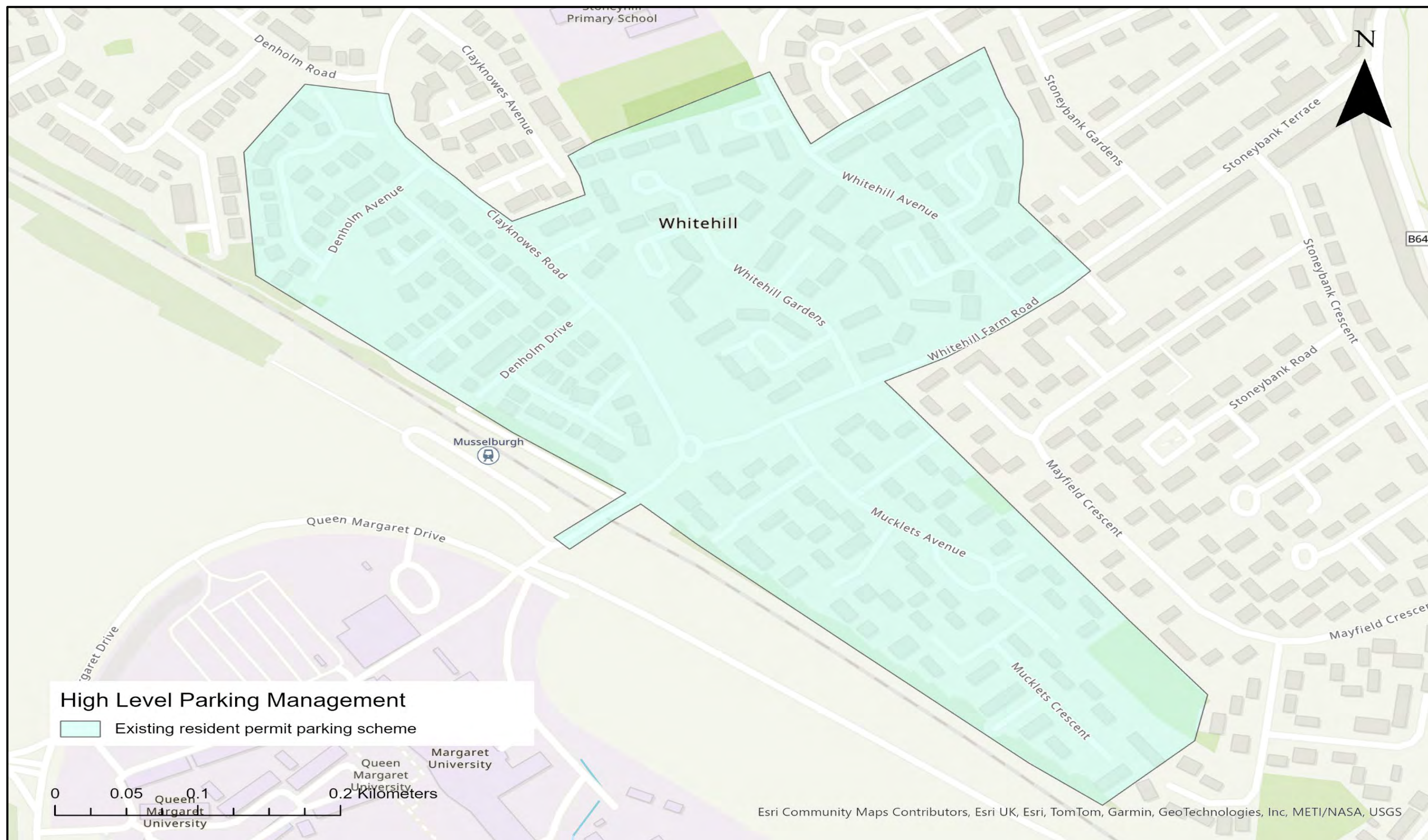
Appendix B: Musselburgh Recommended Parking Management Proposals



Musselburgh East



Musselburgh West



Existing Resident Permit Parking Scheme

COMMITTEE:	East Lothian Council
MEETING DATE:	9 December 2025
BY:	Depute Chief Executive – Resources and Economy
REPORT TITLE:	Tranent – Parking Management Proposal
REPORT STATUS:	Public

4d

1 PURPOSE OF REPORT

The purpose of this report is to:

- 1.1 Advise Council of the outcome of the public consultation on the parking interventions proposed in Tranent.
- 1.2 Present the resultant amendments made to improve the scheme and to mitigate public concerns raised.
- 1.3 Recommend that the Council progresses to next stage of the Traffic Regulation Order process, the intent to make the Order.

2 RECOMMENDATIONS

Members are recommended to:

- 2.1 Note the extensive consultation exercise carried out between 12 March 2025 and 3 June 2025, the level of community engagement, the welcome receipt of varied and detailed responses to the survey questionnaire, and the explanation as to how these have influenced the proposals for Tranent;
- 2.2 Approve the proposals shown in Appendix B and summarised in paragraphs 3.62 and 3.63, noting the amendments made to improve the scheme and mitigate public concerns raised through the consultation and engagement exercise.
- 2.3 Note the completion of the consultation stage of the Local Authorities' Traffic Orders (Procedures) (Scotland) Regulation 1999 (as amended), and that the intent to make the Order, will allow opportunity for the public

to raise further representations and objections to the proposals as amended. Following this a report will be brought back to Council.

3 BACKGROUND

- 3.1 The principles of parking management have evolved over time, to achieve a wide variety of outcomes benefiting society. Early parking policies were based on a 'predict and provide' model, when car ownership was lower than it is today. More recently, we have looked to parking management strategies to encourage the use of alternative and more sustainable modes of travel, as well as to reduce congestion and increase the turnover and thus generate parking opportunities in the spaces available. East Lothian Council set out its parking management Strategy in 2018, which provides the policy toolkit that the initial proposals for Tranent are consulted on. These interventions also accord with National Policy context, National Transport Strategy 2, the National Planning Framework 4, the Scottish Government's Climate Change Plan 2018-2032, and reduction in car kilometres – updated June 2025 and East Lothian Council's Climate Change Strategy 2025 - 2030.
- 3.2 At the regional and local level parking is recognised as having an impact on economic and development opportunities and town centre performance, which is recognised through local place-based strategies. As parking is a derivative of vehicular transport that supports wider growth opportunities it is essential that it is managed appropriately to maximise economic prosperity. Appropriate parking management tools can improve space availability, improve road safety and generate an income to incentivise alternative transport modes and reduce unsolicited car journeys.
- 3.3 Road and parking infrastructure requires significant investment. The Roads Authority maintains the local road network at considerable expense; has significant responsibilities but receive limited revenue out with public finance. This is in direct competition with health and social care, education and all other Council services.
- 3.4 In accordance with Section 55 of the Road Traffic Regulation Act 1984, an account of all income and expenditure will be reported annually.
- 3.5 The East Lothian Parking Strategy 2018 set out the policy context that maybe applicable to resolve some parking problems and issues. The strategy provides options to improve parking supply, to address parking shortages and/or a predicted increase in parking demand, which can generate safety risks and as a result may need more effective enforcement or to consider parking management proposals, rather than simply increasing supply. Parking management options may include time limitations, price setting, and improved enforcement, with the aim of making the most efficient use of the space available.

- 3.6 The introduction of new parking management proposals will require the existing Traffic Regulation Orders to be amended.
- 3.7 To help understand the impact of parking management proposals on the Tranent economy, Stantec was commissioned to build an Economic Impact Assessment to determine whether the proposals addressed the problems, is compliant with national, regional and local policy and strategy guidelines, delivered positive outcomes benefiting society and long-term impact resulting in positive change. The assessment has been organised against the five Scottish Transport Appraisal Guidance (STAG) criteria as detailed in the STAG Manager's Guide issued in January 2022, considering the impacts on environment, climate change, health, safety and wellbeing, economy and equality and accessibility. **Appendix E: Tranent Parking – Impact Assessment** provides further details.
- 3.8 In addition, to align with better decision making, the business case has adopted the key principles of the HM Treasury Green Book which recommends a four-stage process, which requires on-going review and update of risks to ensure that effective controls are implemented during project development and delivery. This is necessary to effectively mitigate risks through well-defined steps to understand potential risks inherent in the scheme and their likely impact. **Appendix D: East Lothian Council Parking Review – Tranent Business Case** provides further details.

Consultation and Engagement

- 3.9 On 12 March 2025, an initial meeting was held with the Vice Chair of the Tranent Community Council to discuss parking management in the town. A follow-up meeting was held on 19 March 2025 with the Area Partnership. This second meeting was attended by representatives from Stantec and Connected Communities. These discussions helped shape the initial draft proposals, which were then subject to wider public engagement.
- 3.10 The Council's public consultation on parking management in Tranent ran from 22 April 2025 to 3 June 2025. A website was provided via an ArcGIS StoryMap to explain the initial proposals for Tranent. The website also provided online access to the survey questionnaire. A face-to-face event held in the Fraser Centre also ran on Thursday 1 May from 14:00-16:30 and 18:00-20:30. This event allowed participants to study the proposals in more detail with Council officers and Stantec staff available to answer questions before completing their questionnaires.
- 3.11 A total of 493 questionnaire responses were received, of which 475 responses were online and 18 paper responses. A total of 364 identified as Tranent residents. In addition, a total of 15 emails and 2 letters were received.
- 3.12 The initial proposals were:

- The introduction of controlled parking; areas could be designated as short, medium or long-term parking.
 - Short-stay car parking areas would offer a limited period of free parking time. Once this time has elapsed, a charge would be applied.
 - The introduction of resident parking permit scheme. These permits would allow unlimited parking throughout the day without a daily charge but with an annual administration fee for the issue and management of permits. Mitigating the impact on residents where on street charging is proposed and where there would likely to be displacement impacting residential roads due to the introduction of parking charges.
 - A provision for health and social care workers to obtain parking permits. Health and social care providers would need to apply to the Council to receive permits for their staff.
 - Improved car park direction signage throughout the town. The signage would clearly define the car park locations and the type of car park, e.g. short, medium, or long stay, as well as any charges that may apply.
 - Greater enforcement of Tranent's parking regulations. This should result in a higher turnover of parking spaces, positively impacting the local economy by providing more parking options for shoppers and visitors. Additionally, better enforcement would improve pedestrian safety by reducing instances of illegal parking.
- 3.13 Plans showing the initial and recommended proposals are provided in **Appendix B: Tranent Initial Parking Management Proposals** and **Tranent Recommended Parking Management Proposals**.
- 3.14 The public engagement questionnaire was made available via the Parking Management Review website or hard copy from libraries. A QR code to the questionnaire was displayed on posters around Tranent including libraries, leisure centres, community centres and GP surgeries. The questionnaire was also advertised in the East Lothian Courier.
- 3.15 All the questions in the online questionnaire were mandatory to answer except open ended responses and the demographic questions. The paper version of the questionnaire did not have the capability to make questions mandatory, so some questions were not answered by all participants. The proportions presented are as a percentage of those who provided a response. There were also opportunities to make open comments and provide more detailed feedback. The wide range of comments made were analysed carefully to obtain a full picture of people's thoughts on the initial proposals.
- 3.16 **Appendix C: Tranent Parking Management Strategy – Public Engagement Report** provides a detailed analysis of the consultation feedback. For convenience the most important points are set out below.

- 3.17 The questionnaire sought to understand the respondents' relationship with Tranent,
- 74% were residents of Tranent (n=364)
 - 19% were local shoppers of Tranent (n=96)
 - 2% were local traders (n=11)
 - 12% were local workers (n= 61)
 - 17% were visitors from outlying communities (n=84)
 - 1% were non-local visitors (n=3)
- 3.18 From the responses provided, the age analysis showed 35% (n=170) of respondents were 44 years of age or under, with 60% (n=294) being over 44 years of age. One person under the age of 18 years of age responded to the questionnaire and 12% (n=59) over 65 years of age. This conforms with survey work carried out in Tranent that most respondents are over 44 years of age presenting over representation by older generations.
- 3.19 We sought to ascertain whether people who live in Tranent have a difficulty with parking and whether the difficulty was due to a specific matter. Of the respondents, only 5% (n=19) said they found it difficult to park at their homes, the main reason being lack of available parking spaces.
- 3.20 We also asked all respondents, if they experienced a parking problem when visiting Tranent. 62% (n=305) of respondents reported they found the lack of parking spaces to be a problem, with inconsiderate parking (41%, n=204) the second most reported concern and lack of parking enforcement 27% (n=134) third.
- 3.21 We sought to understand whether businesses needed further loading and unloading assistance, if they could conveniently make deliveries at their premises. This data was not site/location specific, so analysis does not highlight problem areas, however, the majority reported there was adequate provision.
- 3.22 We asked whether motorhome provision should be made in Tranent, with 69% (n=341) saying there was no need and 5% (n=27) thinking there was and 25% (n=122) unsure.
- 3.23 We asked whether people experienced difficulties walking in Tranent due to inconsiderate park vehicles. 28% (n=141) of people responded saying they had difficulties.
- 3.24 We also asked which modes of travel respondents used to travel in Tranent with respondents providing a combination of modes with driving being 93% (n=458), walking 75% (n=338) and cycling 8% (n=37). Peoples main reason for travel was shopping at 79% (n=391), meeting

friends and family at 40% (n=198) and leisure and outdoor activities at 39% (n=193).

- 3.25 In connection to the initial proposals, we looked to ascertain whether the proposals were correctly targeted to area of most need. 43% (n=212) of all correspondents felt they did not, 35% (n=175) agreeing, and 21% (n=105) being unsure.
- 3.26 We also sought to understand whether residents felt that a residents parking permit should be available to residents within the zones proposed. 37% (n=184) did not believe a permit was necessary, 16% (n=81) agreed and 35% (n=172) unsure.
- 3.27 We asked what respondents' opinion was on the length of stay for free parking proposed on the High Street. 45% (n=224) believed 90 minutes was the right length of time with 29% (n=142) wanting 60 minutes, and equally 13% (n=63) wanting 45 minutes and 30 minutes.
- 3.28 We asked what respondents considered was the optimum maximum length of stay for medium stay car parking. 39% (n=190) of respondents recommended 3-hours.
- 3.29 We sought to understand the length of stay for long stay car parking in Tranent. 43% (n=211) of all respondents preferred 23 hours with 31% (n=152) opting for 12 hours.
- 3.30 Finally, we asked whether people thought a higher charge than 50p for half hour parking should be levied for medium stay parking. 86% (n=422) felt that we should not exceed this charge with 8% (n=41) opting for a high charge and 6% (n=30) not knowing.

More Detailed Analysis of Concerns

- 3.31 To help understand people's concerns, respondents had the opportunity to set out their views and comments. Detailed analysis of comments was recorded by theme and is detailed in. **Appendix C: Tranent Parking Management Strategy – Public Engagement Report** – Chapter 4.8 details the number of responses under each theme. This highlighted that 138 respondents were opposed to the introduction of parking charging, 104 had concerns about the viability of businesses and the town centre, and many objected to charging for parking at the Loch Centre/Medical Centre.

Amendments Made to Improve the Scheme and Mitigate Concerns Raised

- 3.32 A number of amendments are presented to Council to mitigate the impact of the scheme where respondents expressed concerns about the initial proposals.

Concern for Town Centre and Businesses

- 3.33 The impact on local retail businesses was the greatest concern raised by respondents to the initial proposals. This has been a consistent theme across all the towns which have been surveyed.
- 3.34 The initial proposal within the town centre is for the areas with current 90-minute maximum stay having the first 45 minutes stay to be free of charge with a charge for the next 30 minutes and then up to 90 minutes retaining the maximum overall stay of 90 minutes.
- 3.35 The analysis of Public Engagement (**Appendix C: Tranent Parking Management Strategy - Public Engagement Report**) against Parking Demand Data (**Appendix H: Tranent Parking Demand Data Analysis**) highlights a lack of public support and that the data analysis supported a mechanism for a higher level of turn-over.
- 3.36 Specifically, the parking survey data shows that parking demand on the High Street is high. Space availability is never less than 75% occupancy and approached capacity most of the surveyed date. Surveys of vehicle length of stay also showed that the median length of stay was 15 minutes. This is below the proposed 45 minutes free parking and 74% of vehicles who parked on the High Street were leaving within 30 minutes.
- 3.37 An issue raised by respondents was that removing free parking would reduce footfall. People would be less likely to visit the High Street. Research has shown that increasing parking turnover can increase visitor numbers to local businesses and space availability increases. Improved enforcement of parking restrictions encourages turn-over/space availability and consequently increases potential footfall and access to shops.
- 3.38 There is a lot of complexity in determining influences and impacts on shopping footfall. Changing shopping habits, quality and selection of goods, price, accessibility, competition and UK economic performance all impact shoppers. Research undertaken in the development of the economic impact assessment states that businesses overestimate the impact the car has on footfall (Smith Lea et al, 2017) and (4 Reasons Retailers Don't Need Free Parking to Thrive - Bloomberg¹). In addition, the factors that influence footfall are not straight forward. From research undertaken in Wales (Caerphilly.gov.uk) pricing is of lower importance than availability of space, time, proximity to destination, traffic flow, signage, overall retail offering, out of town retail offering, security of parking.
- 3.39 The fear from traders and communities stems from their perception of mode of transport used to access services because they perceive all users to be the same as themselves and, as such, will travel similarly. There are multiple studies that point to this perception being wrong. One

¹ [Bloomberg UK article](#)

key takeaway is that traders' perceptions are based on their own practice and this stems from where they live.

- 3.40 Figure 1 indicates that traders' perceptions significantly overestimate travel by car and underestimate people walking compared with the mobility behaviour reported by shoppers.

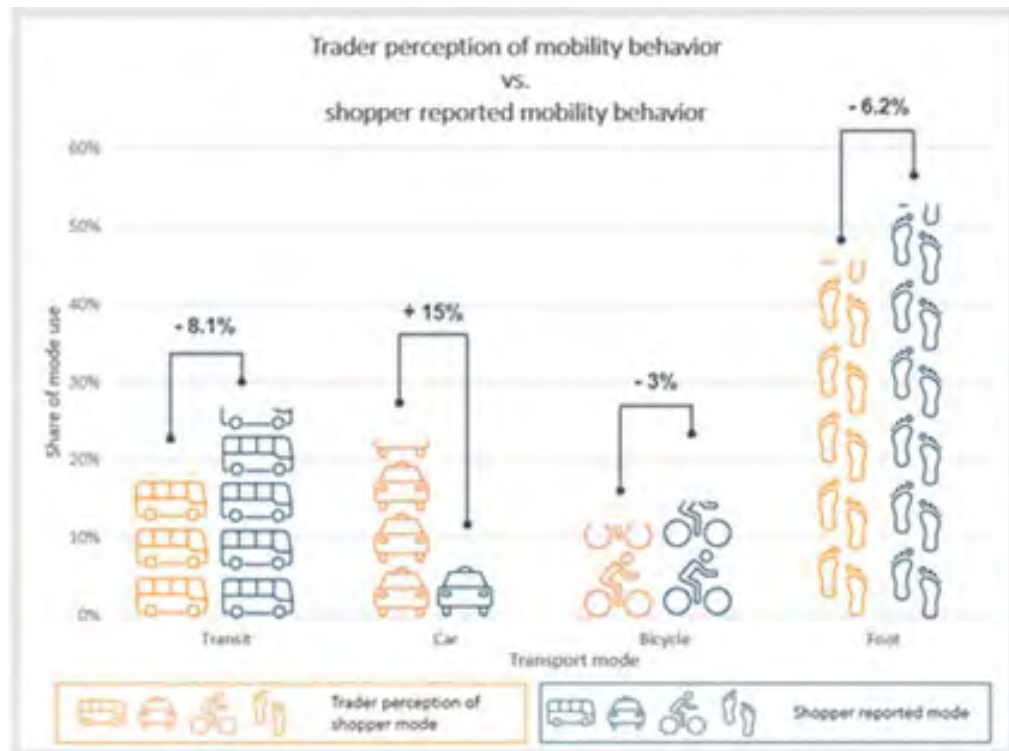


Figure 1: Mobility behaviour of reported by shoppers and trader perception of custom mobility behaviour²

- 3.41 Figure 2 shows that traders were found to overestimate the distance customers travel to visit their businesses, with the survey revealing over half of shoppers (denoted by the dark blue bars in the graphic) lived less than one kilometre from the shops. Conversely, traders estimated that just over 10% of customers live within this distance.

² [Survey Findings from Local Business Perception vs Mobility Behaviour of Shoppers](#)

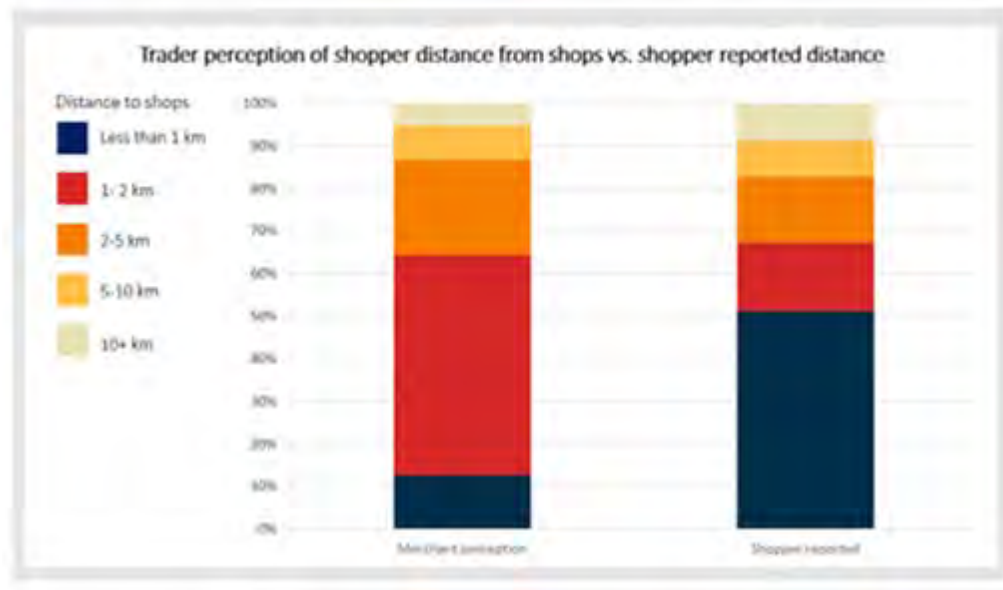


Figure 2: Distance from the street that shoppers live and merchant/trader perception of distance that shoppers travel to their shop³

- 3.42 It is also important to reflect on wider societal benefits that can be delivered through enhanced parking management. Table 3-2 of **Appendix D: East Lothian Council Parking Review - Tranent Business Case** provides a summary of appraisal impacts as a consequence of parking management proposals 3+ to 3- on the STAG criteria assessment scale; considering environmental impacts, climate change, health safety and well-being, economy, and equality and accessibility.
- 3.43 It is recommended that there is no change to the initial proposal of 45 minutes free on street parking.
- 3.44 It is recommended that the free period is reduced in Winton Place off-street car park to 30 minutes and that there is a free period of 45 minutes introduced in the Lindores Drive off street car park.

Resident and Other Permit Concerns

- 3.45 The main concern expressed by residents of Tranent who live within the proposed resident parking areas was that they would pay to park outside their house.
- 3.46 The initial proposal was to introduce on street charging for areas adjacent to the core shopping area with an associated permit scheme for residents and the introduction of permit only parking on residential streets with limited amount of on street parking or poor access. This would mitigate the impact on residents where on street charging is proposed and where there would likely to be displacement impacting residential roads due to the introduction of parking charges. The areas identified for this treatment were Harkness Crescent, Balfour's Square

³ [Survey Findings from Local Business Perception vs Mobility Behaviour of Shoppers](#)

and Forester's View. A further area to the west comprising roads within the John Crescent area were identified due to parking from the industrial area on the opposite side of Elphinstone Road. 5 representations were received indicating parking permits are not required for this specific area.

- 3.47 **Appendix G: Tranent Analysis of Proposals, Representations and Recommended Mitigations**, G.2 On Street Medium Stay and Resident Parking Permits and G.3. Resident Parking Permit Only, considered the free text questionnaire responses and the themes raised. The analysis considered both the on-street charging and permit parking as one proposal as the introduction of permit parking was a mitigation for on street charging as part of the initial proposals. This reflected the questionnaire with 37% of respondents did not believe a permit was necessary. Consideration is given to other representations and mitigations on other aspects of the parking.
- 3.48 As set out in **Appendix C: Tranent Parking Management Strategy – Public Engagement Report**, 74% (n=364) of respondents indicated that they were a resident of Tranent with 61% (n=222) stating they had a private driveway / private off-street parking. Only 5% (n=19) of all respondents stated they had a difficulty parking at their own home, with the most cited reasons being a lack of parking spaces, which would indicate parking demand in excess of the available parking spaces, inconsiderate parking and a lack of parking enforcement.
- 3.49 The free text element of the questionnaire highlighted residents concern that parking of Elphinstone Road did not justify the introduction of a permit only parking area. Therefore, it is recommended to set aside the area of John Crescent immediately off Elphinstone Road and monitor/evaluate public opinion and feedback, levels of parking infringement and inconsiderate parking practice closely going forward.
- 3.50 It was also highlighted that residents considered that charging for Sunday parking was not necessary within the proposed short stay off street car parks as these are generally empty on Sundays.
- 3.51 Concerns were raised over charges for use of the Loch Centre and Medical Centre, especially given the longer duration of gym classes and medical appointments.
- 3.52 Concerns were raised by Tranent Football Club and residents regarding the introduction of charged long-stay parking at the Foresters car park.
- 3.53 It is recommended that the proposal is amended to remove residents' permit parking proposals from the John Crescent area of the scheme and monitor.
- 3.54 It is recommended that short stay off-street parking is not charged on Sundays.

- 3.55 It is recommended that a 90-minute free period for users of the leisure centre is applied to the Loch Centre car park.
- 3.56 It is recommended that the Loch Square area of the Loch Centre car park is short stay parking, maximum stay 45 minutes with no charge to accommodate Medical Centre users.
- 3.57 It is recommended that there is no charge for parking at Foresters car park.

Lack of Parking Enforcement

- 3.58 A high percentage of individuals acknowledged that parking enforcement was lacking in the town. This might have been heightened due to the lack of parking attendants' resource across the county in recent months. It is clear that respondents see the relationship between poor parking practice and parking availability. However, while the view is that enforcement should be increased, there is little awareness that this requires charges to be applied.
- 3.59 Evidence gathered from the questionnaire revealed that 62% (n=305) of people's main concern was the lack of parking spaces, 47% (n=204) inconsiderate parking was a problem and 27% (n=134) believed lack of parking enforcement was a problem, 22% (n=107) people parked too long; all of which are direct related to enforcement and management of parking stock.
- 3.60 Improved parking enforcement will help address the issues identified above, potentially moving long stay parking from the main shopping area to car parks freeing up short stay parking. Increased enforcement, having a strengthened presence in town, will resolve most problems highlighted by respondents, although with an associated cost. As the argument is extended, income generated from charging will fund increased enforcement, which cannot be funded direct from general Council fund. Guidance from Transport Scotland⁴ and the Scottish Government is that DPE arrangements should be self-financing.
- 3.61 It is recommended that the principal of introducing parking charges is not amended and increased enforcement will be financed from parking charge income and not from General Fund.
- 3.62 Taking cognisance of the feedback on the initial proposals, the following table provides a summary of the initial proposals, potential mitigation that was considered and final recommended proposals. Further detailed analysis of the overall proposed mitigation and recommendations can be found in **Appendix G: Tranent Analysis of Proposals, Representations and Recommended Mitigations**. A plan showing the

⁴ <https://www.transport.gov.scot/media/52668/decriminalised-parking-enforcement-local-authorities-income-and-expenditure-2021-to-2022.pdf>

recommended parking management proposals is also provided in **Appendix B**.

Summary of Mitigation and Changes to the Proposals

Initial Proposal	Mitigation Considered	Recommended Proposal
Short-stay parking 90-minute maximum stay restrictions on the High Street, with the introduction of a charge. The charges being 45 minutes free parking, up to a maximum stay of 90 minutes at a charge of £2.00. 75 minutes will cost £1.00	Extend the free period of parking.	No amendments proposed.
Areas adjacent to the High Street as medium stay on street charged parking with the provision of resident parking permits. The charges are up to 30 minutes £0.50 and £0.50 for each 30 minutes thereafter up to a maximum of 5 hours. These locations include Loch Road, Bridge Street, New Row and Blawearie Road.	Remove the parking permit element of the proposals. Reduce maximum length of stay to 3 hours (except permit holders) to reflect public response.	Reduce maximum length of stay to 3 hours (except permit holders).
Areas adjacent to the High Street as resident permit parking only, including Balfour's Square, Forester's View and Harkness Crescent.	Removal of the permit only parking areas from the scheme.	No amendments proposed.
Areas adjacent to the Elphinstone Road, as resident permit parking only, including John Crescent, Meeting House Drive.	Removal of the permit only parking areas from the scheme.	Remove permit parking area from the scheme and monitor.

Initial Proposal	Mitigation Considered	Recommended Proposal
Winton Place car park as short stay parking with an associated length of stay and parking charge of up to 45 minutes free up to 75 minutes £1.00, up to 90 minutes £2.00 and maximum stay 90 minutes.	<p>Extend the maximum stay period.</p> <p>Remove the car club space.</p> <p>Introduce disabled spaces.</p> <p>Reduce/remove operating hours of on-street parking on a Sunday.</p>	<p>Remove Sunday short stay off street charging.</p> <p>Reduction in free period to 30 minutes.</p>
Lindores Drive car park as medium stay parking with an associated length of stay and parking charge of up to 30 minutes £0.50 and £0.50 for each 30 minutes thereafter up to a maximum of 5 hours.	<p>Increased enforcement of disabled bays.</p> <p>Displacement of long stay parking expected.</p> <p>Forester's car park to be free of charge to accommodate long stay parking.</p> <p>Displacement of parking into residential streets addressed through the introduction of on street charging and resident permits.</p> <p>Introduction of free period of parking.</p> <p>Reduce maximum length of stay to 3</p>	<p>Introduction of 45 minutes free parking.</p> <p>Reduce maximum length of stay to 3 hours</p>

Initial Proposal	Mitigation Considered	Recommended Proposal
	hours to reflect public response.	
Loch Road car park as medium stay parking with an associated length of stay and parking charge of up to 30 minutes £0.50 and £0.50 for each 30 minutes thereafter up to a maximum of 5 hours.	<p>Introduction of free parking period.</p> <p>Reduce maximum length of stay to 3 hours to reflect public response.</p>	Maximum length of stay reduced to 3 hours.
Loch Centre car park as medium stay parking with an associated length of stay and parking charge up to 30 minutes £0.50 and £0.50 for each 30 minutes thereafter up to a maximum of 5 hours.	<p>Remove off street parking charge.</p> <p>Introduction of vehicle register system for visitors to the GP surgery</p> <p>Introduce a free parking period in line with the short stay parking.</p> <p>Reduce maximum length of stay to 3 hours to reflect public response.</p>	<p>90 minutes free parking for users of the leisure centre.</p> <p>Allocation of Loch Square area of car park as free short stay parking with maximum stay 45 minutes to accommodate visitors to the GP surgery.</p> <p>Maximum length of stay reduced to 3 hours.</p>
Forester's car park as long stay parking with an associated length of stay and parking charge of up to 30 minutes £0.50 and £0.50 for each 30 minutes thereafter up to a maximum of £5.	<p>Remove parking charges at the car park to allow for free long stay parking.</p> <p>Displacement of parking into residential streets addressed through the introduction of on street charging and resident permits.</p>	Removal of parking charge from the Forester's car park.

Initial Proposal	Mitigation Considered	Recommended Proposal
The Butts car park as medium stay parking with an associated length of stay and parking charge of up to 30 minutes £0.50 and £0.50 for each 30 minutes thereafter up to a maximum of £5.	<p>Remove parking charges at the car park to allow for free long stay parking.</p> <p>Extend on street/permit parking area.</p> <p>Introduction of on street yellow line waiting restrictions.</p> <p>Reduce maximum length of stay to 3 hours to reflect public response.</p>	Removal of parking charge from the Butts car park.
George Johnson Centre – Identified post consultation.	No proposal.	5 minutes maximum stay except centre users.
Introduce parking management scheme to include the introduction of parking charges and enhanced enforcement	Parking management scheme not progressed	No amendments proposed

- 3.63 It is recommended that the scheme progresses to detailed design and draft Traffic Regulation Orders (TROs) are prepared taking account of the above recommendations and mitigations set out within this report. Formal advertising of the draft TROs, in accordance with regulations, will provide further opportunity to refine the proposed scheme as part of the statutory consultation process.

4 POLICY IMPLICATIONS

- 4.1 The proposals have multiple policy implications across many national, regional and local themes. **Appendix A: Policy and Legislative Context** provides further detail of these matters.

5 RESOURCE AND OTHER IMPLICATIONS

- 5.1 **Finance:** A financial business case for the proposals is provided in **Appendix F: Technical Note – Tranent Parking Management Financial Model**. The model uses the Flexible, Appropriate, Structured, and Transparent (FAST) financial modelling standard and provides a conservative estimate considering the benefits potential. The year one capital cost is estimated at £271,000. The annual predicted cost of operating the scheme £158,000 and annual income is forecast to be £323,000 (gross). The surplus revenue over the 10-year period is forecast to be approximately £138,000 per annum
- 5.2 **Human Resources:** There are no implications to human resources at this time.
- 5.3 **Other (e.g. Legal/IT):** The proposals are being considered in accordance with the Road Traffic Regulation Act 1084 as amended and the Local Authorities Traffic Orders Procedure Regulations (Scotland) as amended.
- 5.4 **Risk:** Risks identified at this stage include potential public opposition to the introduction of the proposed parking measures which may impact the projected income levels. Operational and implementation risks have also been noted. These risks are recorded within the project and corporate risk registers and will be actively assessed, monitored, and managed throughout the lifecycle of the project.

6 INTEGRATED IMPACT ASSESSMENT

- 6.1 **Select the statement that is appropriate to your report by placing an 'X' in the relevant box.**

An Integrated Impact Assessment screening process has been undertaken and the subject of this report does not affect the wellbeing of the community or have a significant impact on: equality and human rights; tackling socio-economic disadvantages and poverty; climate change, the environment and sustainability; the Council's role as a corporate parent; or the storage/collection of personal data.

☐

or

The subject of this report has been through the Integrated Impact Assessment process and impacts have been identified as follows:

☒

Subject	Impacts identified (Yes, No or N/A)
Equality and human rights	yes

Subject	Impacts identified (Yes, No or N/A)
Socio-economic disadvantage/poverty	yes
Climate change, the environment and sustainability	yes
Corporate parenting and care-experienced young people	no
Storage/collection of personal data	no
Other	yes

[Enter information on impacts that have been identified]

The Integrated Impact Assessment relating to this report has been published and can be accessed via the Council's website:

https://www.eastlothian.gov.uk/info/210602/equality_and_diversity/12014/integrated_impact_assessments

7 APPENDICES

Appendices A–B are attached to this report.

Appendices C–H are available in the Members' Library (Ref: 125/25, December 2025 Bulletin):

https://www.eastlothian.gov.uk/meetings/meeting/17561/members_library_service

- 7.1 Appendix A: Policy and Legislative Context
- 7.2 Appendix B: Tranent Initial Parking Management Proposals and Tranent Recommended Parking Management Proposals
- 7.3 Appendix C: Tranent Parking Management Strategy – Public Engagement Report
- 7.4 Appendix D: East Lothian Council Parking Review – Tranent Business Case
- 7.5 Appendix E: Tranent Parking – Impact Assessment
- 7.6 Appendix F: Technical Note – Tranent Parking Management Financial Model
- 7.7 Appendix G: Tranent Analysis of Proposals, Representations and Recommended Mitigations.
- 7.8 Appendix H: Tranent Parking Demand Data Analysis

8 BACKGROUND PAPERS

- 8.1 Report to Council on 10th December 2024 – Update on North Berwick Traffic Regulation Orders
- 8.2 Report to Council on 27th February 2024 – Update on Parking Management Traffic Regulation Order for North Berwick
- 8.3 Report to Council on 25 April 2023 – Town Centre Parking Management: Introduction of Parking Management Proposals in North Berwick
- 8.4 Report to East Lothian Council on Tuesday 28th June 2022 – Town Centre Parking Management: Consultation
- 8.5 Members' Library Report – Economic Impact Assessment Report (Ref: 34/23, April 2023 Bulletin)
- 8.6 Members' Library Report – Consultation Report (Ref: 35/23, April 2023 Bulletin)
- 8.7 Integrated Impact Assessment
- 8.1 Report to East Lothian Council on Tuesday 30th October 2018 – East Lothian Council Proposed Local Transport Strategy
- 8.2 East Lothian Council Proposed Local Transport Strategy 2018-24 – Draft Parking Strategy, Members' Library Ref: 142/18 (October 2018 Bulletin)
- 8.3 East Lothian Council Proposed Local Transport Strategy 2018-24 – Draft Active Travel Improvement Plan, Members' Library Ref: 141/18 (October 2018 Bulletin)
- 8.4 Policy and Performance Review Committee – 04 Roads Asset Management – Annual Status and Options Report
- 8.5 Report to East Lothian Council on Tuesday 25 April 2023 - Town Centre Parking Management: Introduction of Parking Management Proposals in North Berwick
- 8.6 Report to East Lothian Council on Tuesday 27 February 2024 – Update on Parking Management Traffic Regulation Order North Berwick
- 8.7 Members' Library Report – East Lothian by Numbers: Travel and Transport (Ref: 152/24, November 2024 Bulletin):

9 AUTHOR AND APPROVAL DETAILS

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Date	October 2025

Head of Service Approval

Name	Tom Reid
Designation	Head of Infrastructure
Confirmation that IIA and other relevant checks (e.g. finance/legal) have been completed	Yes
Approval Date	October 25

Appendix A: Policy and Legislative Context

A1. The policy context at a national, regional and local level supports a move to increase existing and to implement new parking demand management processes across the county.

A2. At a national level the development and publication of the National Transport Strategy (NTS), National Planning Framework (NPF4) and the Scottish Transport Projects Review (STPR2) all support moving towards more sustainable town centres. The NTS vision is that ‘we will have a sustainable, inclusive, safe and accessible transport system, helping deliver a healthier, fairer and more prosperous Scotland for communities, businesses and visitors’.

A3. The national strategy outlines how the ‘the benefits of place-making and sustainable and active travel infrastructure/modes will also play an important role in helping to re-vitalise town centres’.

A4. At its meeting on 29 March 2022 Council was asked to approve the outline of the 2022–2027 Council Plan. The 2017–2022 Council Plan set out the vision of ‘an even more prosperous, safe and sustainable East Lothian, with a dynamic and thriving economy, that enables our people and communities to flourish’.

A5. New and increased management of parking across the county supports the overarching objective of reducing inequalities within and across our communities, and with the development of the four thematic objectives: Growing our Economy, Growing our People, Growing our Communities and Growing our Capacity.

A6. East Lothian’s Climate Change Strategy was adopted in 2020 in response to the climate emergency. The strategy has a significant emphasis on the need to manage journeys made by the private car across the county.

A7. East Lothian Council – Local Transport Strategy (2018–2024). In 2018, East Lothian Council published a Local Transport Strategy sets out the challenges that town centres within East Lothian, have been facing in the context of the wider transport network. Accessing town centres and the management of parking is a key challenge articulated throughout the strategy document.

A8. East Lothian Council – Local Parking Strategy (2018–2024). There are a number of actions set out within the strategy to achieve many objectives when it comes to managing parking including that East Lothian Council will implement a parking management hierarchy in towns. The parking management hierarchy model states that ‘in general, on-street parking will be for the purposes of short- stay parking, especially in our town centres, as it is essential that people have easy access to shops and services to maintain the economic vitality of our towns. Medium and long-stay parking will be

accommodated in off-street car parks but these are more likely to be at the edge of the town centre.'

A9. This proposal will contribute towards fulfilling the Local Parking Strategy 2018 -2024:

- Objective 1 – to provide balanced and appropriate parking facilities that support the economic, environmental and accessibility requirements of towns in East Lothian.
- Objective 2 – to maximise the efficient use of parking provision.
- Parking Policy 5 – The council will assess the demand on town centre parking supply and appraise, where appropriate the introduction of charging for off street car parks and/or for on-street parking places. The introduction of restrictions and charging has the potential to boost the financial viability and community/business prosperity on an area by increasing turnover. All parking regimes would require annual monitoring.

A10. The Council's Local Economy Strategy 2024 to 2034 was approved in April 2024. Consultation and analysis identified a number of issues facing town centres in East Lothian, stakeholders and community members reported that a limited availability and low turnover of town-centre parking spaces, competition from edge-of town retail developments, competition from Edinburgh, and changes in shopping habits have all deterred some residents from using their town centres. However, increased home working is driving increased demand for town centre service businesses and leisure opportunities. It was also argued that narrow pavements and conflicts with traffic can make town centres feel inaccessible and unsafe for older people, those with physical impairments, and pram and buggy users. Local challenges were identified where town centre congestion and parking was highlighted as an issue with implications for locals, visitor experiences, and public safety. Greater turnover of town centre parking to improve capacity was highlighted as a need. The Strategy highlights the distinctiveness of East Lothian's towns and villages as a key attribute of the area and includes actions to support thriving and district communities, vibrant town and rural centres. A key area where the Council can intervene is to improve safe and sustainable access for all users.

A11. Further, the proposals contribute to the Economic Development Strategy by offering 'the potential for increasing resident spend by improving town centres in East Lothian'. With short-stay parking freeing up spaces close to shops, residents would be able to quickly access shops and services, thereby supporting local and independent shops.

A12. East Lothian Council – Town Centre Strategies (2017–2022). Town Centre Strategies have been prepared for each of the 6 main settlements in

East Lothian. The purpose of the town centre strategies is to adopt a strategic approach to guide the improvement of town centres.

A13. The vision for Tranent town centre as articulated “*Tranent town centre responds to the expanding population of the town and surrounding villages with opportunities and investment in the shopping and leisure offer. Repair and improvement of buildings, spaces and the environment help make Tranent an accessible town centre which is attractive to residents and visitors, both old and new.*”

A14. The following are the results from the 2015 RCS telephone survey: 56% of people who live in Tranent visit the town centre on a weekly basis or more frequently, 18% visit daily, 47% people walk to the centre, 36% travel by car and 14% travel by bus. The range of shops and parking availability are perceived to be poor by the survey respondents. A large proportion of respondents also think the quality of shops is poor. The top 5 improvements which would make people visit more are based on shop quality and quantity and more (or better) parking.

Climate Change and Road Safety Benefits

A15. In February 2020, Transport Scotland published its National Transport Strategy 2 (NTS2) which set out a vision for Scotland's transport system over the next 20-years to 2040, including a statement of transport's contribution to achieving net zero by 2045. Its 'Vision' is:

‘We will have a sustainable, inclusive, safe and accessible transport system, helping deliver a healthier, fairer and more prosperous Scotland for communities, businesses and visitors’.⁵

A16. The NTS2 establishes two ‘hierarchies’ which define the principles upon which future transport investment decision making and services should be planned. The ‘Sustainable Travel Hierarchy’ defines the priority which will be given to each mode of transport in future investment planning which includes the ‘Sustainable Investment Hierarchy’ which establishes a structured set of steps to be followed when planning investment in transport provision.

A17. In summary, the Sustainable Travel Hierarchy prioritises walking & wheeling and cycling, with investment to support the single occupant private car being the lowest priority. Measures promoted through the strategy, and which will emerge from it, should prioritise active travel and accessible public transport connections, whilst at the same time discouraging short, single car occupant journeys. On this basis, the proposed parking interventions are highly consistent with the NTS2 Sustainable Travel Hierarchy.

A18. The implication of this hierarchy is that investment in new infrastructure should only be considered once a wider package of options to reduce the need to travel, reduce the need to travel unsustainably, optimise use of

⁵ [National Transport Strategy 2 \(Transport Scotland, 2020\), p. 5.](#)

existing infrastructure, influence travel behaviour or manage demand have been explored. Parking management interventions can be classified as ‘making better use of existing capacity’ and would therefore be more appropriate than measures that sought to increase parking capacity through construction of infrastructure.

A19. Following the commitment to reduce car kilometres by 20% within the Securing a Green Recovery on a Path to Net Zero: Climate Change Plan 2018 – 2032 policy document Transport Scotland published a stakeholder consultation report setting out a route map for how this target can be achieved. The framework recognises that any solution must include a holistic framework of interventions to provide car-use reduction options for different trip types in different geographical areas. To encourage the reduction in car usage, the framework outlines the need for a behaviour change by users through positive messaging. This has led to the development of four desired behaviours which are displayed in Figure A1 below. Parking interventions can contribute to helping people to live well locally by enabling them to access local services and amenities whilst also supporting switching modes to walking, wheeling, cycling and public transport where appropriate.



Figure A1: Route Map to 20% Car KM Reduction – Four Behaviours

A20. The policy documents listed above provide a framework for the proposed parking interventions within Tranent. Scottish Government policy has seen a significant shift towards prioritising walking, wheeling and cycling as preferred methods of transport for shorter journeys, with public transport and shared mobility the preferred mode for medium to longer journeys. This shift will require a behavioural change which can require a ‘carrot and stick’ approach. The implementation of parking controls within Tranent will provide a demand reducing measure that would fall within the Scottish Government’s ambitions to reduce car kilometres by 20% by 2030.

A21. East Lothian Council – Climate Change Strategy also looks to reduce transport emission and increase active travel and sustainable transport options for everyday journeys. Data shows that more people walk in East Lothian than surrounding local authorities and Scotland generally, with 59%

making short journeys by foot but 33% still choice to drive this relatively short distance. Only 1% choice to cycle. (East Lothian by Numbers – Members Library Report).

A22. Currently 83% of East Lothian's residents have access to one or more cars or vans and 35% have access to two or more cars or vans. Access to a car is greater in East Lothian than Midlothian (79%) and Scotland (75%) averages. Access to a private car or van has increased in East Lothian by 3% since 2014. This suggests that if residents have access to parking, they may be more likely to use their cars for short journeys to the town centre for economic / leisure purposes as cars are more prevalent.

A23. Nationally vehicular traffic accounted for 35.6% of emissions in 2018. It remains the largest CO₂ producing sector and presents a singular challenge to mitigate the transport sector to meet net zero targets. Transport is a derived demand, driven by the essential need to move people, goods, and services to drive economic growth. National objectives seek to promote walking, cycling and public transport over private car use as these present the greatest benefits to communities allowing improved mobility, safety, health and accessibility enhancements to be delivered through place making initiatives. Management of demand for parking provides a push behavioural change approach which can be incentivised with other pull initiatives to enhance the place for all users, over time.

A24. Interventions which increase walking, wheeling, cycling, or use of public transport can reduce car use and free up space on streets. A literature review by ClimateXChange⁶ shows there is considerable evidence to suggest that improved sustainable travel has environmental, economic, and social benefits to local high streets and towns. Evidence collected showed that there is a wide breadth of potential benefits of sustainable travel to communities, but that evaluation and measurement of impacts does not always capture this.

A25 The review found significant evidence of decrease in air pollution in all geographies across large sample sizes with a strong focus on sustainable transport. Modelling suggests that if 10% of the population switched from cars to bikes and public transport, emissions would decrease by about 10% (car to bike) and 3% (car to public transport).⁷ There is also significant evidence of a decrease in carbon emissions in all geographies across large sample sizes. In one case study, carbon emissions decreased by 66% over a 15-year period following pedestrianisation of a city centre⁸.

A26. There is also evidence of the short-term impact of suitable transport on increased land values and rental prices for businesses, making an area more attractive for investment and desirable to live in more than one geography

⁶ [The benefits of sustainable travel to local high streets and town centres | ClimateXChange](#)

⁷ [The climate change mitigation impacts of active travel: Evidence from a longitudinal panel study in seven European cities - ScienceDirect](#)

⁸ Council of Pontevedra, 2017. Fewer cars, more city.

across large sample sizes. The impact varied from an increase in land values between 70–300% with retail commercial rates increasing in the range of 10–30%.^{9,10} ClimateXChange review found evidence of higher footfall in businesses across large sample sizes in all geographies, as well as increased time and money spent in local businesses. Several UK studies found that footfall increase by approximately 30% after the introduction of sustainable travel measures.¹¹

A27. Nationally vehicular traffic accounted for 35.6% of emissions in 2018. It remains the largest CO₂ producing sector and presents a singular challenge to mitigate the transport sector to meet net zero targets. Transport is a derived demand, driven by the essential need to move people, goods, and services to drive economic growth. National objectives seek to promote walking, cycling and public transport over private car use as these present the greatest benefits to communities allowing improved mobility, safety, health and accessibility enhancements to be delivered through place making initiatives. Management of demand for parking provides a push behavioural change approach which can be incentivised with other pull initiatives to enhance the place for all users, over time.

A28. Road collision incidents in East Lothian's towns are generally low with seven serious injuries being recorded over the 5-year period 2019–2023. It is noted that no fatal personal injury collisions have been recorded in proposed controlled parking area within Tranent for this period. However, within the built environment an unacceptable risk remains due to the high demand of parking space and constant search for parking opportunity close to the driver's destination. On-street parking contraventions or restricted parking abuse during busy times can place the public at risk.

Legislative Context

A29. The Road Traffic Regulation Act 1984 – the legislation laid out in the Act provides powers to local authorities to implement parking demand management processes including tariffs for on and off-street facilities.

A30. The general provisions of the Act allows an authority to make an order where it considers that it is expedient to do so:

- (a) for avoiding danger to persons or other traffic using the road or any other road or for preventing the likelihood of any such danger arising, or
- (b) for preventing damage to the road or to any building on or near the road, or

⁹ [Living streets, 2018. The Pedestrian Pound: The business case for better streets and places.](#)

¹⁰ Litman, T., 2023. Guide to Valuing Walking and Cycling Improvements and Encouragement Programs. Transportation Research Record.

¹¹ Momentum Transport Consultancy, 2022. Funding Healthy Streets Assets: Guidance for Effective Public Private Partnerships in Delivering Healthy Streets Projects.

- (c) for facilitating the passage on the road or any other road of any class of traffic (including pedestrians), or
- (d) for preventing the use of the road by vehicular traffic of a kind which, or its use by vehicular traffic in a manner which, is unsuitable having regard to the existing character of the road or adjoining property, or
- (e) (without prejudice to the generality of paragraph (d) above) for preserving the character of the road in a case where it is specially suitable for use by persons on horseback or on foot, or
- (f) for preserving or improving the amenities of the area through which the road runs
- (g) for any of the purposes specified in paragraphs (a) to (c) of subsection (1) of section 87 of the Environment Act 1995 (air quality).]

A31. Provision 32 within the Act describes the powers local authorities have where for the purpose of relieving or preventing congestion provision of parking spaces can be provided.

A32. Provision 33 within the Act goes on to detail the additional powers of local authorities in connection with off-street parking places.

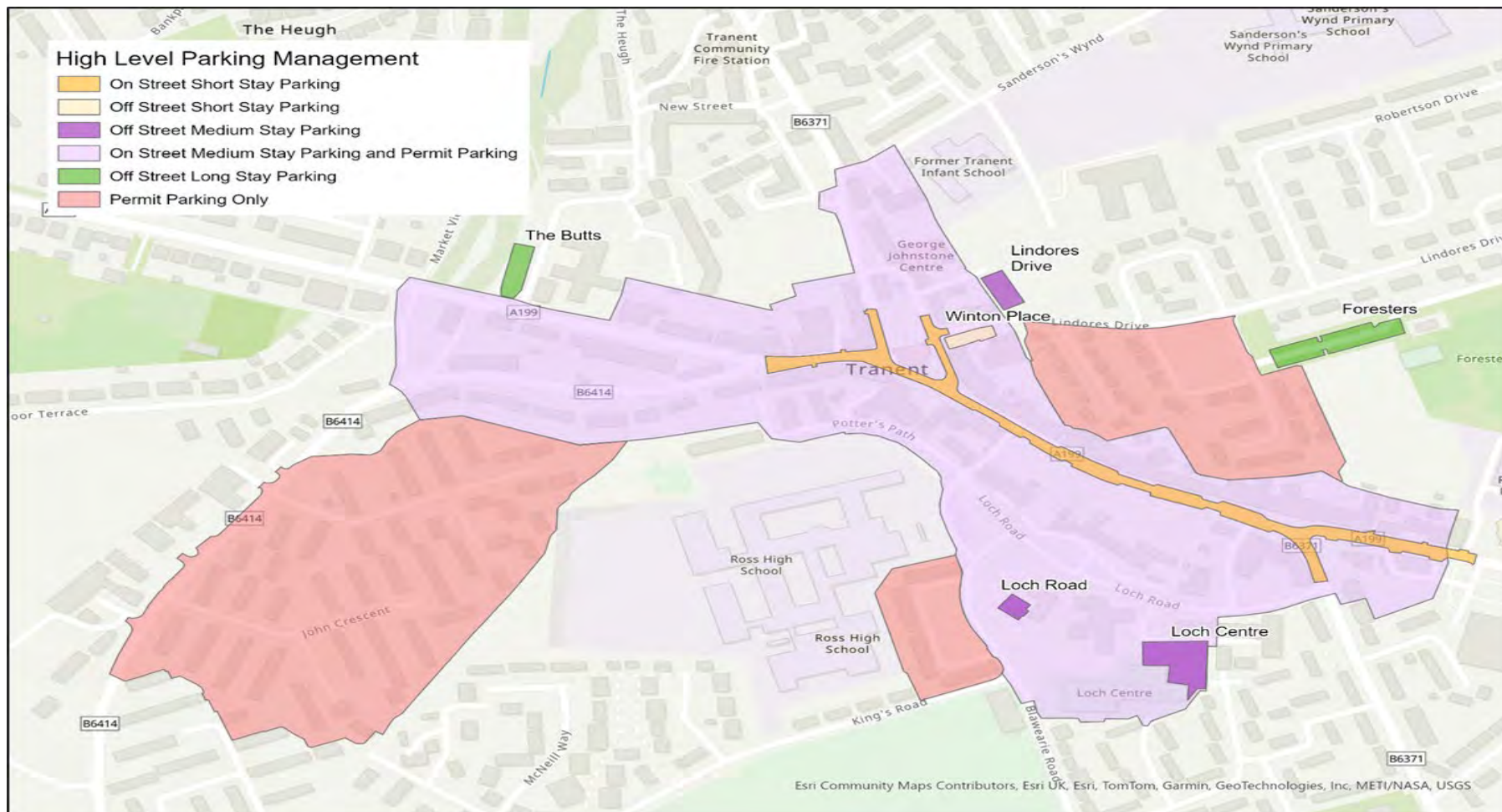
A33. Provision 45 within the Act details that a local authority may by order designate parking places on roads in their area for vehicles or vehicles of any class specified in the order; and the authority may make charges for vehicles left in a parking place so designated.

A34. The Local Authorities' Traffic Orders (Procedure) (Scotland) Regulations 1999 sets out the requirements of advertising traffic orders, the means and requirements for objection and the basis of holding a hearing.

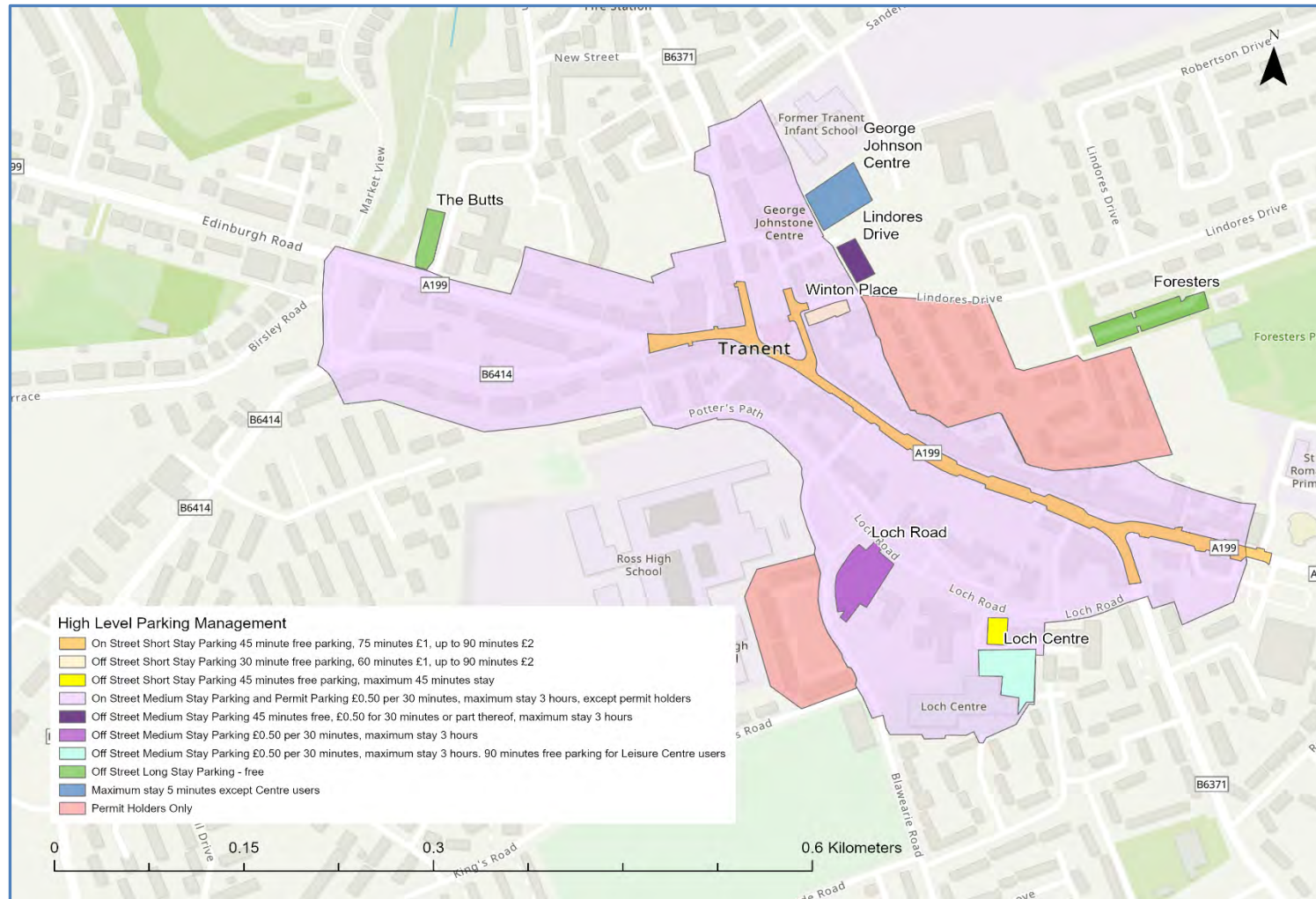
A35. Provisions 5 within the regulations sets out the requirements of advertising traffic orders, whilst provision 7 sets out the manner in which objections to the published order should be made, this requires objections to be in the form of a written statement.

A36. Provision Section 8 of the regulations outlines when a hearing should be held following objections to an order. The provisions also indicates that a hearing may be held in other circumstances. In the case of the advertised orders there is no requirement to hold a hearing for orders No. 1, No. 2 and No.3. The inclusion of on street parking charges fall under section 45 of the Road Traffic Regulation Act 1984, although these do not prohibit loading there is an implied requirement to hold a hearing to consider outstanding objections.

Appendix B: Tranent Initial Parking Management Proposals



Appendix B: Tranent Recommended Parking Management Proposals



COMMITTEE: East Lothian Council

MEETING DATE: 9 December 2025

BY: Depute Chief Executive – Children and Communities

REPORT TITLE: Delivery of Early Learning and Childcare

REPORT STATUS: Public

5

1 PURPOSE OF REPORT

- 1.1 This report updates East Lothian Council on the changes to the delivery of Early Learning and Childcare from August 2026.

2 RECOMMENDATIONS

Members are recommended to:

- 2.1 Note the change in delivery models at Longniddry, East Linton, Aberlady, Law, Sanderson's Wynd, Pinkie St Peter's and Yester Nursery settings to deliver a high quality and resilient service.
- 2.2 Note the progress already made including individual discussions with staff and families.
- 2.3 Note the commitment to present interim childcare proposals to families by end January 2026 to mitigate the effects of the changes where possible, in order to support transition for children and families.
- 2.4 Note the areas for further development including a scoping exercise to assess the viability of introducing charging for extra hours in Council settings, and the possibility of extended summer provision in the longer term.

3 BACKGROUND

- 3.1 Local authorities are responsible for ensuring that the funded Early Learning and Childcare entitlement is available for all eligible children in

their area (East Lothian). Legislation¹ states that the local authority has a duty to provide sufficient places across the authority for eligible children; East Lothian Council will continue to meet this duty with the proposed change in delivery models by providing adequate Early Learning and Childcare, in an equitable way, for eligible children in East Lothian whose parents wish a place. Early Learning and Childcare is not allocated on a catchment basis, with families being able to apply to access their Early Learning and Childcare funded entitlement in available settings across their local authority or in other local authorities across Scotland. This also applies to families in neighbouring authorities applying for places in East Lothian provisions. Families are not guaranteed to get their first choice of setting and may have to travel to an alternative setting.

- 3.2 Current models of delivery of Early Learning and Childcare can be seen here:

https://www.eastlothian.gov.uk/info/210642/early_learning_and_childcare/12629/early_learning_and_childcare_in_east_lothian

- 3.3 Since the increase in Early Learning and Childcare provision to 1140 hours in 2021, we have continued to adapt our service offer to best meet a wide variety of need, maintain high standards as well as ensuring we have a resilient service and are an attractive employer. Early Learning and Childcare is 'provider neutral' and to help us continue to deliver a flexible service, we have worked in partnership to seek to expand the number of externally funded provisions including our 14 funded private nurseries and 24 childminders. It is interesting to note that 75% of local authorities offer term-time only provision for 1140 hours.

- 3.4 We continue to regularly review the delivery of the service using a variety of data sources, including:

- Appendix 1 Holiday Period Usage
- Appendix 2 Full Year Usage – End of Day Pick-Up
- staffing of 48-week settings, including daily availability as well as recruitment
- Early Learning and Childcare as a provider neutral service – number of notes of interest from new funded providers to deliver funded EL&CC in East Lothian
- future demand for places linked to the local development plan
- operating the service within the allocated budget

¹ <https://www.gov.scot/binaries/content/documents/govscot/publications/advice-and-guidance/2014/08/early-learning-childcare-statutory-guidance/documents/00457025-pdf/00457025-pdf/govscot%3Adocument/00457025.pdf>

Year	Budget
2021-2022	15,850,000
2022-2023	16,993,420
2023-2024	16,678,000
2024-2025	16,580,000
2025-2026	17,390,000

Changes to Delivery from August 2026

3.5 From August 2026, the delivery of Early Learning and Childcare will be adapted to take account of the following factors:

- provide high quality early learning and childcare to best meet children's needs
- better reflect the demand and uptake of Early Learning and Childcare entitlement across our settings based on all available data
- deliver best value for the Council and communities
- reorganise staffing structures for sustainability
- optimise capacity across settings for future growth, including Private Voluntary and Independent sector partners
- meet increasing demands for placements across our area, including eligible two-year old children (E2)
- provide equitable parental choice and utilisation of full-year provisions alongside expansion of our term-time only models.

3.6 These changes will also offer:

- an improved adult:child staff ratio and skills mix in settings, ensuring continuing full compliance with Care Inspectorate standards and expectations, supporting the quality and consistency of care and learning
- rationalisation of underused settings to create equitable experiences of Early Learning and Childcare (2-5 years) across the local authority, thereby improving sustainability
- the ability to redirect resources strategically to settings to meet our Early Learning and Childcare legislative duties
- planning based on a locality model (although Early Learning and Childcare does not operate on a locality basis) taking account of all available options available to families in line with the Scottish Government's 'provider neutral' context
- a 48-week model in each area alongside a range of funded providers

- 3.7 In June 2023, Audit Scotland² published a report on the progress of delivery of 1140 hours. It outlines that *'parents can expect to have some choice over where their child attends ELC and the pattern in which that ELC is provided. However, the degree of choice is determined by what is offered in each parent's council area, and, although these options should be based on the findings of consultations with local parents, they may not reflect the individual needs of all families. In addition, choice is limited by the space available in ELC settings, so popular choices may be over-subscribed. Councils are working to increase the flexibility and choice available to parents. However, parents may not always get a place for their child at the setting of their choice, or with their ideal pattern of hours.'*

Engagement With Staff

- 3.8 Two separate but closely linked Service Reviews are currently underway to ensure Early Learning and Childcare remains sustainable and responsive to future needs. Significant engagement with staff has already been undertaken, which has included relevant professional associations.

Early Years Central Team Review

This Service Review is focused on rationalising the central team. This is the second review of the team since August 2024, and will effect a further saving to the service of approximately £350,000. Delivery models are not impacted by this review.

Delivery Model Review

This Service Review addresses the realignment of delivery models to create sustainable staffing structures that meet the needs of our growing communities. This Service Review will not result in any savings to the service as budget has not been a driver for the changes to delivery models.

Both reviews are essential to balance affordability, quality and flexibility as demand continues to rise.

To date, there are 66 staff affected by the planned changes to delivery. Of these, 42 have already volunteered to change their hours with individual discussions ongoing with the remaining staff. There are no planned redundancies as the model also includes a peripatetic bank of staff who would be available to cover leave and absence.

² <https://audit.scot/publications/early-learning-and-childcare-progress-on-delivery-of-the-1140-hours-expansion>

Engagement with Families

- 3.9 The service acknowledges that it has not consulted widely enough with parents and carers in detail about the specific changes. As a result of reflection and learning we will develop our communication and engagement with families from each setting. This will include opportunities for families to engage with the Early Years Team on an ongoing basis. In addition, the service has made every effort to engage on an individual basis with families to discuss their own circumstances and to outline options available to them.

A number of enquiries from parents and carers have been received:

Feedback Classification	Number
Enquiry	6
Service Request	61
Stage 1 Complaint	16
Stage 2 Complaint	8
FOI	15

A number of separate communications from both parents/ carers and staff who are supportive of the changes has also been received.

A meeting of representative parents/carers from the affected settings took place on Tuesday 25 November and feedback gathered has contributed to the planning for next steps detailed below.

Other Developments

- 3.10 Alongside the changes being made to service delivery from August 2026, and in response to feedback, a range of other developments are being progressed:
- engage by 19 December with each affected setting to assess local implications of the change of delivery model
 - present interim childcare proposals to families by end January 2026 to mitigate the effects of the changes where possible, in order to support transition for children and families
 - agree next steps by end February 2026 with each family of a child registered in an affected setting in August/ September 2025 and planning to continue in Session 2026/27
 - review the Equalities Impact Assessment to ensure that it fully captures all potential impacts and necessary mitigations by end January 2026
 - scope viability of charging for extra hours in Council settings including the possibility of extended summer provision by end April 2026

- continue to onboard further funded providers to increase availability of blended placements
- increase provision for Eligible 2 children, which will support families with the lowest income
- increase numbers of spaces from August 2026 in the following settings:

Capacity Changes from August 2026 – 48-week Delivery Model

Setting	Current Overall Capacity	Overall Capacity from Aug 2026	Total Capacity Change
Gullane PS	64 (32/32)	96 (48/48)	32 (16/16)
Wallyford PS	176 (88/88)	192 (96/96)	16 (8/8)
Dunbar PS	224 (112/112)	288 (144/144)	64 (32/32)

Capacity Changes - Delivery Model change from 48 week to 38 week from August 2026 following expansion and refurbishment

Setting	Current Overall Daily Capacity 48-week model	Overall Daily Capacity from Aug 2026 38-week model
Longniddry PS	30	64
Aberlady PS	16	40

These developments have the potential to further increase flexibility for all families.

Conclusion

- 3.11 Work is now well underway towards full implementation of the delivery models from August 2026, at which time the seven settings referenced above will change from 48 to 38-week provision. This includes changes to staff contracts.
- 3.12 We are aiming to provide greater certainty for families and staff as detailed above, and do not anticipate any further changes to our delivery models for at least the next five years. These changes will ensure we can deliver high quality, flexible and sustainable Early Learning and Childcare that secures best value for the Council within the allocated budget for Early Learning and Childcare.
- 3.13 The March Education and Children's Services Committee Report will confirm progress and arrangements for August 2026.

4 POLICY IMPLICATIONS

<https://www.gov.scot/publications/blueprint-2020-expansion-early-learning-childcare-scotland-2017-18-action/>

<https://www.gov.scot/publications/funding-follows-child-national-standard-early-learning-childcare-providers-operating-guidance-3/pages/1/>

<https://www.gov.scot/publications/funding-follows-child-national-standard-early-learning-childcare-providers-operating-guidance-3/pages/1/>

<https://www.gov.scot/publications/funding-follows-child-national-standard-early-learning-childcare-providers-guidance-meeting-criteria-7-business-sustainability/>

5 RESOURCE AND OTHER IMPLICATIONS

5.1 Finance:

The Early Years budget over the last 5 years has been as follows:

Year	Budget
2021-2022	15,850,000
2022-2023	16,993,420
2023-2024	16,678,000
2024-2025	16,580,000
2025-2026	17,390,000

Reductions have been made to the Early Years budget as approved by East Lothian Council as follows:

Year	Amount	Area
2022-23	-1,208,000	National reduction to 1140 hours budget
2023-24	-216,000	ELCC - Scot Govt budget reduction
2023-24	-15,000	ELCC - Scot Govt specific grant reduction
2023-24	-189,000	Remove remaining

		GAE 1140 hrs budget
2024-25	-306,000	Service Review

- 5.2 Human Resources: Staff under Service Review are fully supported by HR and Professional Associations (EIS, UNISON, VOICE)
- 5.3 Other (e.g. Legal/IT): None
- 5.4 Risk: As outlined in the Integrated Impact Assessment

6 INTEGRATED IMPACT ASSESSMENT

- 6.1 **Select the statement that is appropriate to your report by placing an 'X' in the relevant box.**

An Integrated Impact Assessment screening process has been undertaken and the subject of this report does not affect the wellbeing of the community or have a significant impact on: equality and human rights; tackling socio-economic disadvantages and poverty; climate change, the environment and sustainability; the Council's role as a corporate parent; or the storage/collection of personal data.

☐

or

The subject of this report has been through the Integrated Impact Assessment process and impacts have been identified as follows:

☒

Subject	Impacts identified (Yes, No or N/A)
Equality and human rights	x
Socio-economic disadvantage/poverty	x
Climate change, the environment and sustainability	x
Corporate parenting and care-experienced young people	x
Storage/collection of personal data	
Other	

The Integrated Impact Assessment relating to this report has been published and can be accessed via the Council's website:

https://www.eastlothian.gov.uk/info/210602/equality_and_diversity/12014/integrated_impact_assessments

7 APPENDICES

7.1 Appendix 1: Holiday Period Usage

7.2 Appendix 2: Full Year Usage – End of Day Pick-Up

8 BACKGROUND PAPERS

8.1 None

9 AUTHOR AND APPROVAL DETAILS

Report Author(s)

Name	Nicola McDowell
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Date	1 December 2025

Head of Service Approval

Name	Sarah Fortune
Designation	Depute Chief Executive – Resources and Economy
Confirmation that IIA and other relevant checks (e.g. finance/legal) have been completed	Confirmed
Approval Date	1 December 2025

% Attendance Rates by LA Setting and Holiday Period (% uptake of total children on nursery roll)

CLUSTER / HOLIDAY		LA Setting	Oct-22	Feb-23	Apr-23	May-23	Summer-23	Oct-23	Feb-24	Apr-24	May-24	Summer-24	Oct-24	Feb-25	Apr-25	May-25	Summer-25	% Average all holidays
Dunbar	Dunbar PS		59%	69%	65%	70%	67%	65%	71%	72%	69%	64%	59%	69%	71%	77%	70%	68%
	East Linton PS		62%	68%	61%	80%	56%	70%	69%	73%	75%	60%	66%	78%	68%	75%	65%	68%
Dunbar Total			61%	69%	63%	75%	62%	68%	70%	73%	72%	62%	63%	74%	70%	76%	68%	68%
Haddington	Haddington		56%	63%	64%	65%	72%	56%	72%	62%	58%	63%	68%	70%	57%	60%	68%	64%
	Letham Mains		73%	78%	88%	80%	84%	80%	80%	82%	79%	84%	76%	82%	79%	78%	80%	80%
	St Mary's		81%	73%	76%	80%	79%	63%	75%	77%	100%	64%	64%	70%	70%	74%	65%	74%
	Yester		53%	55%	40%	63%	43%	38%	52%	46%	60%	49%	59%	69%	57%	65%	52%	53%
Haddington Total			66%	67%	67%	72%	70%	59%	70%	67%	74%	65%	67%	73%	66%	69%	66%	68%
Musselburgh	Stoneyhill		70%	79%	85%	63%	80%	76%	89%	84%	100%	82%	75%	94%	82%	83%	82%	82%
Musselburgh Total			35%	40%	43%	32%	40%	38%	45%	42%	50%	41%	38%	47%	41%	42%	41%	41%
North Berwick	Aberlady		83%	80%	81%	81%	74%	71%	86%	86%	88%	73%	71%	82%	75%	88%	70%	79%
	Gullane		70%	77%	84%	84%	70%	71%	79%	75%	67%	70%	80%	79%	73%	44%	69%	73%
	Law		62%	67%	68%	72%	64%	63%	69%	74%	71%	67%	59%	80%	78%	60%	75%	69%
North Berwick Total			72%	75%	78%	79%	69%	68%	78%	78%	75%	70%	70%	80%	75%	64%	71%	74%
Prestonpans	Longniddry		69%	73%	78%	75%	74%	75%	72%	74%	100%	76%	74%	76%	79%	83%	69%	76%
	Preston Tower		64%	64%	89%	67%	60%	59%	55%	60%	61%	47%	44%	45%	61%	59%	50%	59%
Prestonpans Total			67%	69%	84%	71%	67%	67%	64%	67%	81%	62%	59%	61%	70%	71%	60%	68%
Wallyford	Pinkie St Peter's		65%	66%	62%	68%	65%	61%	52%	67%	98%	63%	71%	65%	68%	62%	60%	66%
	Wallyford		84%	71%	78%	46%	60%	65%	74%	82%	64%	71%	69%	80%	75%	71%	71%	71%
Wallyford Total			75%	69%	70%	57%	63%	63%	63%	75%	81%	67%	70%	73%	72%	67%	66%	68%
Tranent	Ormiston		65%	76%	76%	83%	73%	70%	47%	78%	80%	66%	66%	67%	69%	77%	65%	71%
	Sanderson's Wynd		51%	60%	65%	61%	62%	42%	54%	52%	49%	53%	64%	69%	59%	54%	55%	57%
	Windygoul		71%	82%	68%	74%	44%	66%	74%	65%	78%	66%	72%	82%	77%	86%	74%	72%
Tranent Total			62%	73%	70%	73%	60%	59%	58%	65%	69%	62%	67%	73%	68%	72%	65%	66%
Average across East Lothian			67%	70%	68%	65%	61%	60%	64%	67%	72%	61%	62%	68%	66%	66%	62%	65%

% Collection Rates after 15.30 by LA Setting (% uptake of total children on nursery roll)

CLUSTER	LA Setting	2022-23	2023-24	2024-25	2025-26
Dunbar	Dunbar PS	59%	58%	79%	64%
	East Linton PS	63%	79%	67%	54%
Dunbar					
Haddington	Haddington	38%	38%	41%	45%
	Letham Mains	76%	81%	71%	71%
	St Mary's	51%	37%	39%	38%
	Yester *	26%	11%	25%	19%
Haddington					
Musselburgh	Stoneyhill	29%	60%	61%	49%
Musselburgh					
North Berwick	Aberlady	70%	63%	60%	48%
	Gullane	67%	70%	72%	64%
	Law	53%	59%	66%	71%
North Berwick					
Prestonpans	Longniddry	42%	47%	62%	63%
	Preston Tower	44%	46%	30%	44%
Prestonpans					
Wallyford	Pinkie St Peter's	46%	55%	59%	45%
	Wallyford	59%	51%	55%	51%
Wallyford					
Tranent	Ormiston	47%	53%	50%	75%
	Sanderson's Wynd *	13%	29%	34%	40%
	Windygoul	51%	57%	59%	48%
Tranent					

*From August 2023 delivery model changed to shorter days over the full year

COMMITTEE:	East Lothian Council
MEETING DATE:	9 December 2025
BY:	Depute Chief Executive – Resources and Economy
REPORT TITLE:	Consultation Response: Future of Council Tax in Scotland
REPORT STATUS:	Public

1 PURPOSE OF REPORT

- 1.1 To enable Council to consider the proposed response to the Scottish Government consultation on the future of council tax in Scotland.

2 RECOMMENDATIONS

Members are recommended to:

- 2.1 Agree the proposed consultation response set out within Appendix 1, to be submitted by 30 January 2026.
- 2.2 Agree that, alongside this response, a letter will be sent to the Cabinet Secretary for Finance and Local Government from the Council Leader, setting out some of the Council's broader concerns regarding the allocation of funding to local authorities as set out in para. 3.4.

3 BACKGROUND

- 3.1 Scottish Government has published a consultation seeking views on how Scotland's council tax system could be made fairer and more up to date. It explores illustrative models such as revaluing properties, adjusting tax bands and introducing protections to help households manage any changes to their bills.
- 3.2 Key considerations in developing this response are set out below:
- **Local factors:** East Lothian is an outlier in many respects, and in responding to this consultation the impact on East Lothian's residents

must be taken into consideration. Whilst council tax reform as stated could see a number of residents paying less, a higher proportion of our residents may be more significantly impacted by the proposed changes.

- **Local Accountability:** It is important that the proposed reforms preserve the link between council tax and local service decisions. The proposal that the changes would be revenue neutral at a national level are concerning and risk reducing East Lothian's funding from Scottish Government while increasing residents' bills.
- **Revaluation:** The proposed response indicates support for revaluation to update the 1991 system with banding thresholds reflecting local housing markets rather than national averages. Recognising the significant costs of carrying out a full revaluation, it is recommended that in future values could be kept up to date through less resource-intensive indexation processes.
- **Preferred Model:** A 14-band system is suggested as the preferred model to allow for a more progressive system. The least preferred option would be retention of the existing 8-band system alongside a revaluation.
- **Affordability Risks:** East Lothian's high property values, rapid and continued population growth over a number of years, and large proportion of higher-band homes mean national thresholds could disproportionately impact residents who may see their bills increase. It is important to ensure that adequate measures are in place to respond to affordability concerns.
- **Mitigation Measures:** The Council supports transitional relief to phase in any changes, as well as expansion of the Council Tax Reduction (CTR) Scheme, provided that additional funding is made available to cover the costs of this.
- **Funding Concerns:** Current CTR funding is not sufficient to cover costs, with current spend on the scheme estimated at £7 million in 2025/26 compared to funding of £5.7 million.
- **Fairness:** The proposed response highlights East Lothian's significant contribution to economic growth in Scotland and calls for measures to ensure that its residents are not penalised by reforms that increase existing funding disparities.

3.3 A proposed response has been prepared by officers and is attached at Appendix 1 to this report. This was shared with cross-party budget working group members and discussed at the meeting on 24 November 2025.

3.4 Due to the potentially significant impact of the proposed reforms on East Lothian residents, and the limited scope for additional comments to be included as part of consultation responses, it is proposed that in addition to the consultation response, a letter is submitted to the Cabinet Secretary for Finance and Local Government setting out the following concerns:

- The consultation proposes that these reforms will be revenue neutral and, consequently, it is likely that East Lothian would see a reduction in the funding it receives from Scottish Government while our residents see their council tax bills increasing if these proposals were implemented.
 - This undermines the principle of council tax as a local tax, with residents able to see the link between the tax they pay and the quality of local services.
 - East Lothian is already significantly disadvantaged through the current distribution of grant funding to local government, with one of the lowest levels of funding per capita in Scotland, resulting in significant increases in council tax charges being necessary in recent years.
 - While the Council supports the objective to achieve a more up to date, progressive and proportionate system for council tax, it does not feel appropriate for changes to be considered in isolation from the broader local government funding system.
- 3.5 Consultation responses must be submitted on or before the closing date of 30 January 2026.
- 3.6 At this stage, the next steps and timeframes in relation to the proposed reforms are not clear. As this evolves, we will continue to engage through national discussions and ensure that East Lothian Council's view is represented as far as possible.

4 POLICY IMPLICATIONS

- 4.1 There are no direct policy implications associated with this report.

5 RESOURCE AND OTHER IMPLICATIONS

- 5.1 Finance: No direct financial implications arise from the submission of this consultation response. Changes to the council tax system could have significant financial implications for the council but it is yet possible to quantify these.
- 5.2 Human Resources: No direct personnel implications.
- 5.3 Other (e.g. Legal/IT): None
- 5.4 Risk: None

6 INTEGRATED IMPACT ASSESSMENT

- 6.1 ***Select the statement that is appropriate to your report by placing an 'X' in the relevant box.***

An Integrated Impact Assessment screening process has been undertaken and the subject of this report does not affect the wellbeing of the community or have a significant impact on: equality and human rights; tackling socio-economic disadvantages and poverty; climate change, the environment and sustainability; the Council's role as a corporate parent; or the storage/collection of personal data.

X

or

The subject of this report has been through the Integrated Impact Assessment process and impacts have been identified as follows:

Subject	Impacts identified (Yes, No or N/A)
Equality and human rights	
Socio-economic disadvantage/poverty	
Climate change, the environment and sustainability	
Corporate parenting and care-experienced young people	
Storage/collection of personal data	
Other	

The Integrated Impact Assessment relating to this report has been published and can be accessed via the Council's website:

https://www.eastlothian.gov.uk/info/210602/equality_and_diversity/12014/integrated_impact_assessments

7 APPENDICES

7.1 Appendix 1: Proposed consultation response

8 BACKGROUND PAPERS

8.1 Link to consultation: <https://www.gov.scot/publications/consultation-future-council-tax-scotland/pages/1/>

9 AUTHOR AND APPROVAL DETAILS

Report Author(s)

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Date	19 November 2025

Head of Service Approval

Name	Sarah Fortune
Designation	Depute Chief Executive – Resources and Economy
Confirmation that IIA and other relevant checks (e.g. finance/legal) have been completed	Yes
Approval Date	25 November 2025

Consultation: The Future of Council Tax in Scotland

Respondent Information Form

Please Note this form **must** be completed and returned with your response.

To find out how we handle your personal data, please see our privacy policy - [Privacy - gov.scot](http://gov.scot/privacy)

Are you responding as an individual or an organisation?

- ☐ Individual
- ☒ Organisation

Full name or organisation's name

East Lothian Council

Phone number

01620 827827

Address

John Muir House, Brewery Park, Haddington

Postcode

EH41 3HA

Email Address

edunnet@eastlothian.gov.uk

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- ☒ **Publish response with name**
- ☐ Publish response only (without name)
- ☐ Do not publish response

Information for organisations:

The option 'Publish response only (without name)' is available for individual respondents only. If this option is selected, the organisation name will still be published.

If you choose the option 'Do not publish response', your organisation name may still be listed as having responded to the consultation in, for example, the analysis report.

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

- ☒ **Yes**

☐ No

About You Questions

1. About you Question 1

[For individual respondents] Please tell us which local authority area(s) you live in

Local Authority Area(s):

[For organisational respondents] Please tell us which local authority area(s) your organisation operates in

Local Authority Area(s): East Lothian

2. About you Question 2

If you pay council tax, please indicate which council tax band(s) apply to the property (or properties) for which you pay council tax:

- ☐ Band A
- ☐ Band B
- ☐ Band C
- ☐ Band D
- ☐ Band E
- ☐ Band F
- ☐ Band G
- ☐ Band H
- ☐ I don't pay council tax
- ☐ I don't know

Questions for Consultation

1. Do you think the current council tax system in Scotland needs to be reformed?

☒ **Yes**

☐ No

☐ Don't know

2. Do you think property values used to calculate council tax should be updated to reflect current market values, instead of using 1991 values (i.e. should there be a revaluation of every Property in Scotland)?

☒ **Yes**

☐ No

☐ Don't know

3. How often do you think property values should be reviewed and updated for council tax purposes?

☐ Every 3 years

☐ Every 5 years

☐ Every 7 years

☐ Every 10 years

☒ **Other, please specify [50 words maximum]**

☐ Don't Know

East Lothian Council agrees that it is important that basis of tax charges remains relevant and up to date. Given the significant costs that will be associated with a full revaluation exercise, it is suggested that this could be achieved through indexation in the future.

4. Following a revaluation, do you think council tax band property value thresholds should be set at a national level or vary by council area?

☐ Thresholds should be set nationally to be the same across all council areas

☒ **Thresholds should vary by council area based on local housing markets**

☐ Don't know

5. Which of the following is most important to you in the design of council tax bands?

☐ Ensuring tax rises between bands are gradual and predictable (differentiation)

☐ Ensuring households in higher-value homes contribute more (progressivity)

☐ Don't know

☒ **Other, please specify [50 words maximum]**

The council supports proposals for a more progressive tax system provided that adequate financial support is available to those who require it. Furthermore, the council strongly believes that residents should be able to see a link between the amount they pay and the quality of local services.

6. Which of the potential council tax systems do you most support?

- ☐ Revaluation with 8 existing bands
- ☐ Revalued 12-band (differentiated) system
- ☐ Revalued 12-band (progressive) system
- ☒ **Revalued 14-band system**
- ☐ The current council tax system
- ☐ Don't know

7. Which of the potential council tax systems do you least support?

- ☒ **Revaluation with 8 existing bands**
- ☐ Revalued 12-band (differentiated) system
- ☐ Revalued 12-band (progressive) system
- ☐ Revalued 14-band system
- ☐ The current council tax system
- ☐ Don't know

8. Do you support the establishment of a transitional relief scheme to limit how much a household's council tax bill can increase each year following reform?

- ☒ **Yes**
- ☐ No
- ☐ Don't know

9. Which transitional relief scheme would you prefer?

- ☐ Scheme 1: Cap increases at 10% or £300 per year
- ☒ **Scheme 2: Cap increases at 25% or £600 per year**
- ☐ Other, please specify [50 words maximum]
- ☐ Don't know

10. Do you support the establishment of a council tax deferral scheme for homeowners?

- ☐ Yes
- ☒ **No**
- ☐ Don't know

11. In your view, who should be eligible to receive support from a council tax deferral scheme?

[Select as many as you think should apply]

- ☐ Pensioners (over state pension age)
- ☐ Disabled people
- ☐ Households with children
- ☒ **Households experiencing financial hardship**
- ☐ Other, please specify [50 words maximum]
- ☐ Don't know

12. Should households who defer payment pay interest on the amount deferred?

- ☒ **Yes**
- ☐ No
- ☐ Don't know

13. Do you think the Council Tax Reduction scheme should be expanded to support more households following any reform?

- ☒ **Yes**
- ☐ No
- ☐ Don't know

14. Which changes to the Council Tax Reduction scheme would you support? [Select as many as you think should apply]

- ☒ **Broaden eligibility criteria for CTRS to include low-income households where the property moves into a higher band due to council tax system changes**
- ☒ **Change CTR so support is withdrawn more gradually as rising incomes move individuals out of eligibility**
- ☐ No changes needed
- ☐ Other, please specify [50 words maximum]
- ☐ Don't know

15. Do you have any information you wish to share that has not already been discussed in the paper on the impact of council tax reform on any of the following:

- Groups who share protected characteristics
- Island Communities
- Businesses or organisations in the public, private or third sector
- Your local area

Please provide details, making reference to the type of impact to which your comments relate. [free text, 300 words maximum]

- **We believe that a higher proportion of East Lothian residents may be impacted by the proposed reforms, particularly if council tax band property**

value thresholds are set at a national rather than local level as a consequence of the following factors:

- Highest change in property value: 500% between 1993 and 2004 (Scottish average 357%)
 - 4th highest average property value 2025: £312,797 (Scottish average £211,159)
 - Highest population growth 2001 – 2021: 21.5% (Scotland 8.2%)
 - Higher proportion of band E-H properties: 38% (Scottish average 28%)
 - Growing proportion of band E-H properties: 31% (2005), 38% (2025)
 - % service expenditure funded from council tax: 24% (Scottish average 19%)
- We are therefore concerned about the affordability of the proposed reforms for East Lothian residents, and strongly support the option to take local variations into account.
 - Under the current CTR system, income fluctuations result in frequent changes to entitlement and unpredictable council tax bills. This can create financial instability for vulnerable households, undermining the intended support of the CTR scheme.
 - To improve stability and reduce administrative burden, awards could be fixed for set periods, e.g. quarterly or half-yearly based on income at the start of each period, eliminating the need for constant reassessment due to fluctuating earnings.
 - The council does not hold sufficient data to determine whether the impact of the proposed reforms would have a disproportionate impact on groups who share protected characteristics but strongly advocate further research being undertaken to better assess the impact of the proposed reforms.

16. Please provide any other comments or views on the consultation themes or council tax reform that you have not been able to share above. [free text, 300 words maximum]

- The council supports the principle of council tax as a local tax and believes that residents should be able to see a link between the amount they pay and the quality of local services.
- East Lothian Council supports proposals for a more progressive tax system provided that adequate financial support is available to those who require it.
- However, the council has significant concerns at the proposal that these reforms will be revenue neutral nationally and consequently, East Lothian will likely see a reduction in the funding it receives from Scottish Government while our residents see their council tax bills increasing.
- This element of the funding system undermines the nature of council tax as a local tax and removes flexibility from local areas to tailor spending according to local priorities.

- East Lothian already receives one of the lowest levels of per capita funding from Scottish Government and the proposals in their current form will increase the existing disparity.
- The council continues to make a significant contribution to economic growth in Scotland and does not believe that its residents should be disproportionately impacted by these reforms due to rising property values.
- Given this, it is extremely difficult for East Lothian Council to support the proposed reforms unless this element of distribution is reviewed, or other measures are taken to mitigate the potentially disproportionate impact of this on our residents.
- In relation to council tax reduction, the council supports proposed reforms to the council tax reduction scheme with a view to widening the support available to more low-income households. These changes will need to be supported through appropriate additional funding, noting that current funding levels do not sufficiently cover the costs of the existing scheme. In 2025/26 the council will receive funding of £5.7million against estimated costs in excess of £7million.

COMMITTEE: East Lothian Council

MEETING DATE: 9 December 2025

BY: Depute Chief Executive – Resources and Economy

REPORT TITLE: Financial & Capital Strategies 2026-31

REPORT STATUS: Public

7

1 PURPOSE OF REPORT

- 1.1 To provide an update on the financial outlook facing this Council.
- 1.2 To provide an update on the budget development process which will inform the setting of budgets for 2026/27 onwards.
- 1.3 To seek approval for the 2026/27 to 2030/31 Financial and Capital Strategies attached as Appendices 1 and 2.

2 RECOMMENDATIONS

Members are recommended to:

- 2.1 Note the financial outlook, budget projections and key assumptions for financial planning 2026/27 onwards set out within the Financial Strategy in Appendix 1 and summarised in the report.
- 2.2 Note the changes to the current approved strategy and approve the updated Financial Strategy for 2026/27 to 2030/31 set out in Appendix 1.
- 2.3 Note the changes to the current approved strategy and approve the updated Capital Strategy for 2026/27 to 2030/31 set out in Appendix 2.
- 2.4 Agree that the Council budget meeting for the 2026/27 budget will take place at the scheduled Council Meeting on 24 February 2026, and that other Council business will be considered at the meeting previously scheduled for the budget on 17 February 2026.
- 2.5 Approve the budget development process set out in paragraph 3.15, which will inform the development of 2026/27 and future years budget proposals.

- 2.6 Note that agreeing the process set out in paragraph 3.15 will mean that there will be no option for Elected Members to submit formal amendments to the budget papers for debate at the Council meeting after noon on 6 February, other than for the correction of errors.
- 2.7 Agree to delegate authority to the Chief Financial Officer and Monitoring Officer, in discussion with Political Group Leaders to make any necessary changes to the timelines set out in paragraph 3.15.
- 2.8 Note the indicative timetable for the parliamentary process for Scottish Government's 2026/27 budget, set out paragraph 3.22.
- 2.9 Agree that any funding announced after 17 February 2026 will be held as contingency to offset budget risks and future year pressures in the first instance, with any subsequent decision to commit this funding being considered at a future Council meeting.

3 BACKGROUND

- 3.1 The Financial and Capital Strategies set the framework for deploying available resources to support Council priorities and meet statutory responsibilities. It is important that these strategies are considered alongside one another to support a holistic approach to budget development.
- 3.2 Council approved the current five-year Financial and Capital Strategies on 10 December 2024. Although the strategies cover a five-year period, they are subject to an annual refresh to ensure that they remain appropriate and reflect any developments relevant to financial planning. More details setting out the key elements updated in the strategies are set out in the sections below.

Financial Outlook

- 3.3 Council continues to receive regular updates on the current and future financial outlook and the significant risk and uncertainty associated with this. Since the most recent finance update provided in August, the Chancellor has presented autumn budget statement which set out increases in UK Public Spending and confirmed updated Block Grant funding totals for Scottish Government. This announcement was later than it has been in previous years, resulting in a delay to Scottish Government announcing its budget and compression of the timeline for the councils to develop their budgets.
- 3.4 Scottish Government's budget announcement will take place on 13 January 2026, and the amount of funding allocated to this Council will not be known until the draft local government finance settlement is published at around the same time.
- 3.5 The Financial Strategy document in Appendix 1 sets out the budget projections for the next five years and reflects an anticipated funding gap

of £73.783 million over this period. This was reported to Council in August 2025 and Members are asked to note that these projections will be updated following receipt of the draft settlement.

- 3.6 It is currently unclear what spending choices will be made by the Scottish Government and the specific impact on the Council's finances for next year and beyond. However, it appears likely that pressure on public finances will remain, alongside a range of growing demands and pressures, which will mean some difficult choices in the years ahead in terms of developing sustainable services for our communities.
- 3.7 In anticipation of the significant residual budget gap facing the Council over the medium term, there has been ongoing work to develop a range of options to balance the budget. In August 2025, Council agreed budget reductions totalling £1.468 million to reduce the gap between expenditure demands and available resources. Work has continued to consider further options through the Council Leadership Team and cross-party budget group and further options are proposed for approval:

Proposal	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000	Total £000
Children's Services	250	250	250	550	250	1,550
Infrastructure	696	0	0	0	0	696
Education	124	0	0	0	0	124
Housing	163	50	-90	10	0	133
	1,233	300	160	560	250	2,503

Table 1: proposed additional budget reductions

- 3.8 These budget reductions would entail the following changes:

Children's services: The proposed savings include a targeted reduction in external placements of one per year, along with a planned reduction in external fostering costs in 2029/30 resulting from increased internal fostering provision.

Infrastructure: The proposed changes include small reductions across a number of budget lines, changes to some parts of the bus contract and reprofiling of the waste budget aligned to extended producer responsibility funding.

Education: The proposed changes comprise small reductions across a number of budget lines including travel expenses, external contracts, early retirements and long-term absence.

Housing: Proposals include a reduction in furniture spend, use of grant income and deletion of vacant hours.

- 3.9 Council is asked to approve these further budget reductions to support development of a balanced budget for 2026/27 onwards.

Financial and Capital Strategies

- 3.10 The Financial and Capital Strategies included as Appendices 1 and 2 cover the financial period 2026-31. These strategies have been updated to reflect any key areas which may change the current strategy and support the budget development process and have also been extended to cover the period until 2030/31.
- 3.11 The core purpose of the strategies is to link the priorities and ambitions outlined within the Council Plan with forecast resources, ensuring that these resources are effectively managed and allocated to enable the Council to meet its statutory responsibilities and deliver on key priorities. Council has agreed three new short-term focussed priorities to reflect the current financial challenges we face:
- Ensure the financial sustainability of the Council through the delivery of approved savings and transforming the way we deliver services.
 - Target resources on statutory services and focus on the highest risks and those most in need.
 - Deliver key infrastructure, economic development and environmentally sustainable projects within available Council resources and maximising external funding.
- 3.12 The Council has already endorsed a strategy aligned to progressing with key themes which are set out below, and it is considered essential that the Council continues to work at pace and adopt policy which is aligned to these themes and focus on supporting the ongoing sustainability. As a reminder these key themes are:
- Asset rationalisation & energy efficiency
 - Income generation
 - Transformation, service redesign & digitalisation
 - Service reductions
- 3.13 The strategy also sets out plans for utilising the Council's limited reserves to support ongoing sustainability. As such the current strategy has been updated to reflect the current position.
- 3.14 The Capital Strategy outlines the Council's priorities for infrastructure investment aligned to the Council Plan and statutory duties, as well as the due considerations required relating to funding and assessing affordability. In the context of acute affordability challenges, it recommends the following criteria for considering proposals for inclusion in the capital programme:
- The expenditure is required for statutory reasons, for example to ensure that an asset meets any health and safety requirements;
 - A self-funding scheme which fits in with strategic planning priority outcomes and resource requirements;
 - A priority scheme with significant external funding;

- A scheme directly focused on Council Plan priority outcomes;
 - A scheme which will support the delivery of recurring savings within the Council's revenue budget (investment to save);
 - A scheme which will deliver significant social and health benefits within the housing provision.
- 3.15 In addition, the Council must ensure that it continues to proactively lobby to ensure that the revenue and capital implications of a growing local economy are supported by both national governments, and the shared ambition and opportunities is not lost. The financial implications facing this Council in supporting this ambition have been well documented and remain a significant area of concern and challenge. The benefits and opportunities that this Council and national government can deliver through economic growth, particularly at a time when the national economic forecasts remain challenging is essential and includes: support and creation of jobs, economic regeneration, and increases to national revenues through increased tax. This Council has taken responsible and appropriate decisions to support national housing land supply allocations, but the severity and scale of the financial implications aligned to delivering this must be supported. If it is simply left to the Council alone with no additional funding to meet these costs, then this will result in a major deterioration of essential local services or could simply put a halt on the growth ambition and meeting statutory housing obligations.
- 3.16 The key areas within both strategies that have been updated are set out below:
- Current economic context including further information arising from recent Autumn Budget Statement;
 - Updated financial scenario planning and key assumptions setting out the projected revenue funding gap over the next five years;
 - Updated reserves position and strategy aligned to the audited accounts.
 - Updated capital planning framework covering the five-year period to 2030/31.

Budget Development Process

- 3.17 Due to the late announcement of both UK and Scottish Government budgets, the timeframe available to consider the implications of the draft local government finance settlement and finalise budget proposals will be significantly curtailed in comparison to previous years. Consequently, it is proposed that the Council Budget meeting is held on 24 February 2026, to allow some additional time for these considerations. This will displace the Council meeting that had previously been scheduled for this date, and it is recommended that the ordinary Council meeting is brought forward to 17 February 2026.
- 3.18 The below process is recommended for development and approval of budgets for 2026/27 and, if agreed, will apply to both General Services

and Housing Revenue Account (HRA) budgets. This has been considered by the cross-party budget working group:

20 January 2026 – Cabinet meeting date – budget development update report (noting this will not reflect the implications of the draft settlement).

23 January 2026 – target date to share emerging headlines from the local government finance settlement with Elected Members.

27 January 2026 – budget briefing for members.

30 January 2026 – target date to share updated budget projections with members based on draft settlement (these will be shared earlier if possible).

4 February 2026 – cross-party budget group meeting; Members invited to share draft budget proposals.

12 February 2026 – final date for members to submit budget proposals.

17 February 2026 – papers published for Council meeting.

24 February 2026 – Council budget meeting.

- 3.19 This represents similar process to the one followed last year and will mean that all groups will have the opportunity to submit budget proposals, either individually or collectively as a cross-party approach. The period between 4 and 12 February is intended to enable Members to identify areas of commonality in draft budgets and explore opportunities to develop a cross-party budget. Due to the shorter timeframe between receiving the draft settlement and the Council budget meeting, it is expected that the period between mid-January and mid-February will be fairly intensive, particularly given that school holidays will fall during this period. It is recommended that Council agrees this approach.
- 3.20 Members are also asked to note that by agreeing this approach, the opportunity to submit formal amendments to proposed budgets for debate at the Council meeting will no longer be a feature of the budget-setting process. However, all groups will be entitled to submit proposals either individually or on a collaborative (cross party) basis up to the 12 February, provided that they have a seconder for their proposal.
- 3.21 Members may wish to submit alternative proposals for General Services budgets, HRA budgets or both. The HRA revenue and capital budget will be considered as a separate agenda item to the General Services revenue and capital budgets, and voting will consider the revenue and capital budgets together as a single item.
- 3.22 All proposals must have a seconder and must be considered competent by the Chief Finance Officer and Monitoring Officer. Officers will continue to work with Members to ensure that proposals meet the

competency test in advance of the deadlines set out above. During the Council meeting on 24 February, Members will be asked to vote for the budget they wish to support. The budget with the majority of votes will be passed and adopted by Council for 2026/27.

- 3.23 Members are reminded that it is a legal requirement for councils to set an annual budget and for that budget to be balanced (fully funded).
- 3.24 This process will be informed by the results of consultation activity on both the General Services budget and housing rents. Both consultations have now closed, and the results will be published in the Members' Library.

Scottish Government Budget Timetable

- 3.25 The draft local government finance settlement will be published on or shortly after 13 January 2026. A provisional timeline for the budget bill is set out below:

Stage one: mid-February 2026

Stage two: mid/late February 2026

Stage three: late February / early March 2026

Local Government Finance Order: week commencing 2 March 2026.

- 3.26 This timetable means that Council will agree the budget on the basis of the draft local government finance settlement and any subsequent announcements up to the 17 February. It is not advisable to delay the budget meeting beyond the 24 February due to the risk this poses to the annual billing process for council tax and rent collection. As has been seen in previous years, there is a possibility that changes to the settlement could be announced in the later stages of the process. In the event that additional funding is announced subsequent to the 17 February 2024, it is recommended that this is held as contingency to offset risks within proposed budgets and pressures in future years. Any subsequent decision to commit funding announced in the later stages of the settlement could be considered at a future Council meeting.

4 POLICY IMPLICATIONS

- 4.1 This report sets the context for development of the Council's budget and financial strategies which seek to maintain alignment with the policy direction set out in the Council plan. The objectives support the short-term priority of ensuring financial sustainability by delivering approved savings and transforming service delivery.

5 RESOURCE AND OTHER IMPLICATIONS

- 5.1 Finance: As detailed within the report and supporting appendices.
- 5.2 Human Resources: None
- 5.3 Other (e.g. Legal/IT): None
- 5.4 Risk: None

6 INTEGRATED IMPACT ASSESSMENT

- 6.1 **Select the statement that is appropriate to your report by placing an 'X' in the relevant box.**

An Integrated Impact Assessment screening process has been undertaken and the subject of this report does not affect the wellbeing of the community or have a significant impact on: equality and human rights; tackling socio-economic disadvantages and poverty; climate change, the environment and sustainability; the Council's role as a corporate parent; or the storage/collection of personal data.

X

or

The subject of this report has been through the Integrated Impact Assessment process and impacts have been identified as follows:

Subject	Impacts identified (Yes, No or N/A)
Equality and human rights	
Socio-economic disadvantage/poverty	
Climate change, the environment and sustainability	
Corporate parenting and care-experienced young people	
Storage/collection of personal data	
Other	

The Integrated Impact Assessment relating to this report has been published and can be accessed via the Council's website:

https://www.eastlothian.gov.uk/info/210602/equality_and_diversity/12014/integrated_impact_assessments

7 APPENDICES

7.1 Appendix 1: Financial Strategy 2026/27 to 2030/31

7.2 Appendix 2: Capital Strategy 2026/27 to 2030/31

8 BACKGROUND PAPERS

8.1 Council – 26 August 2025 – Budget Development 2026/27 onwards

9 AUTHOR AND APPROVAL DETAILS

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Confirmation that IIA and other relevant checks (e.g. finance/legal) have been completed	Yes
Approval Date	28 November 2025



Financial Strategy 2026-31

East Lothian Council

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1. Executive Summary

East Lothian Council's Financial Strategy sets out a five-year framework (2026/27–2030/31) for managing resources in an environment of acute financial pressure and uncertainty. It aligns the Council Plan's priorities with forecast funding and provides the basis for sustainable budget setting.

Context and Challenges

Economic pressures: High inflation, rising interest rates, and global instability continue to drive up costs and demand for services.

Funding uncertainty: The Council receives the third lowest per capita funding in Scotland. Future settlements are expected to remain constrained, with real-term reductions in capital funding and flat cash revenue allocations.

Population growth: East Lothian is one of Scotland's fastest-growing authorities, creating significant infrastructure and service demands not matched by funding uplifts.

Cost-of-living crisis: Increased demand for statutory services and support for vulnerable communities.

The financial outlook reflects significant capital investment demands and growing levels of external debt, and the neutral planning scenario for revenue indicates that additional savings of £43.5million will be required over the next 5 years to close the budget gap, in addition to council tax increases.

Budget Development Principles

The council's response to these challenges will be guided by the following principles which Council has approved:

- Cross-party working to support budget development
- Holistic approach linking revenue and capital planning.
- Minimising use of one-off resources to balance the budget, instead prioritising investment that delivers recurring savings.
- Align financial decisions with Council priorities and consultation outcomes.
- Develop a five-year budget plan supported by transformation and efficiency measures.

Key Actions

The financial strategy identifies the following actions to support financial sustainability over the medium term:

- Accelerate transformation, digitalisation, and asset rationalisation.
- Grow income streams and implement charging policies.
- Invest in early intervention and prevention to reduce long-term costs.
- Review housing rents and restructure HRA to sustain affordable housing delivery.
- Maintain robust financial management and risk mitigation.
- Continue to lobby to ensure that East Lothian receives a fair proportion of funding from Scottish Government.

Conclusion

This strategy provides a platform for financial sustainability but delivering this will require bold action and significant change to safeguard essential services and deliver on the Council's vision. It is essential that continued action is taken to contribute to national conversations and highlight the unique position that East Lothian faces as one of the fastest growing councils in Scotland, and the challenges that this presents in relation to the funding available to support this.

2. Introduction

- 2.1 The Financial Strategy sets out the council's strategic approach to the management of its finances and outlines the wider context within which these plans have been developed. It links the priorities and ambitions outlined within the Council Plan with forecast resources and will be used as the framework for setting detailed budgets to ensure that these resources are effectively managed and allocated to enable the Council to meet its statutory responsibilities and deliver on key priorities.
- 2.2 This strategy covers the 5-year period from 2026/27 and has been developed in the context of significant uncertainty alongside acute and growing financial challenges. As one of the fastest growing councils in Scotland, there are increasing demands for infrastructure and services which have not been met through real terms funding increases, leading to East Lothian receiving the third lowest per capita funding in Scotland. Like all public bodies, we have continued to see costs escalate as a result of high inflation and rising interest rates. The local authority sector continues to face a high degree of uncertainty surrounding future funding settlements with global events creating economic instability resulting in significant pressure on public finances. This is compounded by the ongoing impact of the cost-of-living crisis which increases pressure on council services.
- 2.3 The Council currently receives a significant proportion of its funding from Scottish Government. For 2026/27, UK Government's budget announcement on 26 November 2025 is considerably later than usual. Scottish Government's 2026/27 budget and medium term spending review are anticipated on 13 January 2026, with the draft local government finance settlement due at around the same time. As in previous years, the national funding settlement will remain in draft until it passes through the parliamentary scrutiny process in the Scottish Parliament, with the final position unlikely to be confirmed until early March. It is currently anticipated that this will be a multi-year settlement, covering the next three years for revenue funding and the next four years for capital. Given the acute pressure on public finances, it is likely that the gap between available resources and expenditure demands will not be closed through external funding, meaning that the council will need to find further ways to reduce its cost base, or grow its income streams.
- 2.4 The scale of the challenge facing the Council means that it will not be possible to close the budget gap through efficiencies alone, and it will now be necessary to think differently about how the Council interacts with and supports its residents, ensuring that scarce resources are directed to maximise impact and improve financial sustainability. The Council has adopted the below principles to guide the development of its budget strategy:
 1. Establishment of a cross party budget working group to oversee the development of detailed budget proposals and the different work streams supporting this.
 2. Commitment to developing an approach aligned to the financial strategy which combines a range of options to close the gap between available funding and anticipated expenditure including an enhanced programme of transformation, asset review, income generation, cost reduction and efficiency.

3. A holistic approach to budget development, which recognises the relationship between capital and revenue planning and the role of investment in cost reduction strategies.
4. Commitment to minimising the use of one off resources to balance the budget and ensuring that use of reserves is limited to investment that will deliver ongoing cost reductions.
5. Ensuring alignment of financial planning and resources with wider strategic priorities, the Council Plan and consultation results.
6. Consideration of a 5 year budget plan aligned to the financial and capital strategies.

2.5 This strategy will support financial sustainability by:

- Outlining high level financial projections for 2026/27 to 2030/31 based on a range of key assumptions.
- Setting out the wider economic context and external factors which will impact financial planning and available resources.
- Ensuring that limited available resources are focused on delivery of the Council's approved key priorities and plans and their associated key outcomes.
- Providing a solid financial planning platform for the development of a sustainable revenue budget which will support the Council's key priorities.
- Documenting range of financial challenges and uncertainties facing the council, and setting out the approach for responding to these challenges,
- Defining the Council's approach to holding and utilising balances and reserves, ensuring that an appropriate balance between risk management and investment is achieved.
- Increasing both organisational awareness and wider community understanding of the Council's financial position and the challenges it is facing over the medium term in balancing and delivering against its budget.
- Identifying the key enablers to support the delivery of measures to reduce council's net cost base.
- Supporting the acceleration of transformation programmes to reshape services around the resources available.

2.6 The strategy covers the financial planning period until 2030/31 for the General Services and Housing Revenue Account (HRA). This document should be read in conjunction with the council's capital strategy which sets the framework for the council's capital expenditure plans and the governance.

3. Current Economic Context

- 3.1 The council continues to face exceptional financial challenges with external factors placing acute pressure on resources and the council's capacity to balance its budget and set sustainable spending plans. Although CPI is anticipated to fall to in 2026, it remained at 3.6% in October and the ongoing impacts of sustained high inflation continue to impact on the costs of service delivery and capital investment. The cost of essential items like energy and food has also forced households and businesses to make difficult decisions to limit their spending, while public finances and government spending plans are also being squeezed.
- 3.2 The ongoing economic turbulence driven by global events in recent years has created instability in the financial markets resulting in a rapid escalation of cost pressures facing the council and increased demand for services.
- 3.3 The backdrop of high inflation has also continued to influence public sector pay negotiations. The 2025/26 settlement estimated to represent an overall increase in the pay bill of 4% with commitment to a further uplift in 2026/27 of 3.5%. Local Government is contributing funding equivalent to 3%, and it is anticipated that Scottish Government will provide additional funding to support the remaining costs although this may require the redirection of some existing funding streams.
- 3.4 Within the capital programmes, high interest rates present a threat to the affordability of the existing capital programme, a risk that is compounded by the impact of inflation meaning that previously agreed budgets have required increases to fulfil capital commitments. This has resulted in growth in the capital financing requirement and unsustainable increases in new borrowing demands.
- 3.5 On 26 November 2025, the chancellor presented the autumn budget statement which set out increases in UK Public Spending and confirmed updated Block Grant funding totals for Scottish Government. This announcement was later than it has been in previous years, resulting in a delay to Scottish Government announcing its budget and compression of the timeline for the councils to develop their budgets.
- 3.6 As a consequence of this announcement, funding to the Scottish Government is estimated to include by around £820 million. At this stage the implications of this for local government and this Council are not known.
- 3.7 On 25 June 2025, Scottish Government's medium term financial strategy¹ (MTFS), its Fiscal Sustainability Delivery Plan² and Scottish Fiscal Commission updated forecasts³ were published. This identifies that excluding welfare spend, there will be no increase

¹ <https://www.gov.scot/publications/scotlands-fiscal-outlook-scottish-governments-medium-term-financial-strategy-3/>

² <https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2025/06/scottish-governments-fiscal-sustainability-delivery-plan/documents/scottish-governments-fiscal-sustainability-delivery-plan-2025/scottish-governments-fiscal-sustainability-delivery-plan-2025/govscot%3Adocument/scottish-governments-fiscal-sustainability-delivery-plan-2025.pdf>

³ <https://fiscalcommission.scot/publications/scotlands-economic-and-fiscal-forecasts-update-june-2025/>

to the real terms revenue funding position between 2026-27 and 2028-29. The capital funding outlook to 2030-31 is a year-on-year reduction in real terms.

- 3.8 The Fiscal Sustainability Delivery Plan (FSDP) sets out the actions the Scottish Government is intending to take to close the gap between expenditure demands and funding, which include a reduction in workforce of 0.5% a year, wider public sector efficiencies and reforms and revenue raising and increased public value.
- 3.9 Scottish Government also published its Public Service Reform Strategy in June. This sets out Scottish Government's plans for change to ensure that the public services system will be efficient and effective with the right-size delivery landscape, better join up services and focus on helping people, prioritise prevention, empower people and communities to shape the services that matter to them and be fiscally sustainable.
- 3.10 The next key Budget event will be the Scottish Government Budget and medium term spending review, due on 13 January 2026, followed by the draft Local Government Finance Settlement. While recent settlements have represented a year-on-year cash increase, this has typically been given with additional policy commitments, or ring fenced to specific service areas, often within education or health and social care. While the detailed impacts of the 2026/27 settlement remain to be seen, the scale of the funding gap now facing the council means that it is unlikely that any additional funding would be sufficient to close this over the medium term. This means that the council will continue to face some hugely difficult decisions as to where limited resources will be directed in the future.

4. Local Context

- 4.1 East Lothian continues to be one of the fastest growing authorities in Scotland, and the national census data sets out that East Lothian's population as at mid-2023 was at 113,740 (an increase of 26.2% since 2001). This growth is not being matched with funding increases through the local government finance settlement which is creating significant additional cost pressures on the council, in particular support for day-to-day (revenue) budgets. This financial strategy is being developed in the context of an extremely difficult economic environment, with a range of external factors including inflation, interest rates, cost of living, and continued public sector austerity, alongside significant increased demand for services. Public expectations present an opportunity for the Council to do things differently, and to work in partnership with its communities to redesign and modernise service delivery, ensuring that resources are directed to the areas of greatest need.

Council Plan

- 4.2 The 2022 – 2027 Council Plan was adopted by Council in August 2022. This high level statement of objectives, priorities and strategic goals aims to meet the challenges the Council, East Lothian and its citizens and communities face to achieving the Council's vision of *'An even more prosperous, safe and sustainable East Lothian, with a dynamic and thriving economy, that enables our people and communities to flourish.'*

- 4.3 Many of the pressures have intensified since 2022, and as such Council agreed three new short-term focussed priorities to reflect the current financial challenges we face:
- Ensure the financial sustainability of the Council through the delivery of approved savings and transforming the way we deliver services.
 - Target resources on statutory services and focus on the highest risks and those most in need.
 - Deliver key infrastructure, economic development and environmentally sustainable projects within available council resources and maximising external funding.
- 4.4 The wider plan also sets out four thematic objectives:
- **Grow our Economy** - increase sustainable and inclusive growth as the basis for a more prosperous East Lothian.
 - **Grow our People** - give our children the best start in life and protect vulnerable and older people.
 - **Grow our Communities** - give people a real say in the decisions that matter most and provide communities with the services, infrastructure and environment that will allow them to flourish
 - **Grow our Capacity** - deliver excellent services as effectively and efficiently as possible within our limited resources.

Future challenges

- 4.5 At this stage it is too soon to determine the level of funding that will be made available to the council through the 2026/27 settlement and beyond. However, recent key announcements appear to indicate that the funding challenges which the council has faced in recent years are likely to remain a prominent feature of budget setting over the medium term. This means that the council's financial strategy must maintain its focus on taking sustainable budget decisions and ensuring that resources are targeted to the areas of highest need.

LDP2

- 4.6 The impact of growth associated with high levels of development across the county will continue to have a significant impact in future years. This will be compounded by the new housing targets set within LDP2, with the indicative Local Housing Land Requirement set at 6,600 additional houses over the 10 year lifespan of the LDP, aligned to national Minimum All Tenure Housing Land Requirement (MATHLR).
- 4.7 Housing growth will give rise to increased council tax income, however this only covers approximately ¼ of the council's costs, and the council has not seen sufficient uplifts through the national funding formula to offset the additional revenue or capital costs of growth. Given that national funding comprises approximately three quarters of the council's revenue budget, the impact of growth presents a huge risk to financial

sustainability. In response to this challenge, it is important that as part of our strategy we continue to ensure that these concerns are heard by Scottish Government, and request that their support for growth is demonstrated through the national distribution of funding. At a local level we will need to think differently about how the limited resources we have can be used to support our changing communities.

Reducing Poverty and Inequality

4.8 The East Lothian Poverty Plan 2024-28 , was adopted by the Council and the East Lothian Partnership in August 2024. This sets out 4 key objectives:

- Good quality jobs that pay fairly, where we support people to gain the skills and training needed to find and maintain work, in secure, flexible jobs that pay fairly .
- Enough money from benefits: our social security system should provide people with a fair income, but millions of pounds go unclaimed each year. We will support people to claim the income that they are entitled to and provide support with the cost of living.
- A good life with access to the essentials: housing, good health, quality food and a resilient community are part of our human rights. We will take a preventative approach to homelessness, hunger and health inequalities caused by poverty.
- Climate change ready: climate change will impact vulnerable and lowincome communities the hardest. We will take preventative action to protect and support these communities from the effects of climate change.

4.9 This strategy will seek to ensure that resources are directed accordingly in support of these objectives, providing both responsive support and investing in preventative action.

Responding to the climate emergency

4.10 The Council declared a climate emergency in August 2019 and developed a Climate Change Strategy & Action Plan in January 2020 to take urgent action to mitigate and adapt to climate change. The Strategy sets a route to creating a Net Zero Council and a Carbon Neutral East Lothian in partnership with the community. It includes key priorities to improve sustainability, encourage a low carbon lifestyle and look after the environment.

4.11 The Council needs to take action to tackle the climate emergency, and this will require a change in what we are doing, and how we are using our resources. However, in light of the unprecedented funding gap facing the council over the medium term, resources will now need to be directed to safeguarding frontline statutory services, which presents a risk to our future capacity for investment in this policy area if external funding cannot be accessed.

5. General Services Revenue Budget – Medium Term Outlook

- 5.1 Notwithstanding the many uncertainties facing Scottish local authorities, the need for medium to longer term financial planning is becoming increasingly important. Councils must ensure that they have robust financial plans in place that can respond to and absorb the potential impact arising from the increasingly wide range of variables highlighted earlier in this report.
- 5.2 The budget development principles agreed by Council included a commitment to setting a 5 year budget plan aligned to the financial and capital strategies. Given the level of uncertainty and short term nature of local government funding settlements, on 24 February 2026, Council will be presented with a detailed budget for 2026/27 accompanied by high level projections and savings plans covering the 5 years to 2030/31.
- 5.3 To support this, three high level scenarios have been developed to reflect the potential variability in the budget gap facing the council, depending on a number of variables. The current General Services revenue budget extends over a 5 year planning horizon with a high level summary of the revised budget gap scenarios reported to Council in August 2025 summarised below. The three scenarios are summarised below with the 'neutral' case used for planning purposes set against alternative favourable and adverse scenarios. Table 1 shows the overall funding gap in each of the 3 scenarios, and table 2 shows the residual gap after taking account of planned savings and assumed council tax increases.

Funding Gap – Scenario Planning

	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	£000	£000	£000	£000	£000	£000
Favourable	16,940	12,071	10,363	11,840	12,402	63,616
Neutral	17,940	17,528	14,129	11,549	12,636	73,782
Adverse	22,542	21,658	15,783	15,159	16,156	91,298

Table 1: General Services high level revenue funding gap scenarios 2026/27 – 2030/31, reported to Council on 26 August 2025

Savings required

	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	£000	£000	£000	£000	£000	£000
Favourable	9,305	6,659	4,764	5,901	6,214	32,843
Neutral	10,356	12,220	8,630	5,721	6,561	43,488
Adverse	16,647	18,257	12,355	11,602	12,549	71,410

Table 2: General Services high level revenue savings required 2026/27 – 2030/31, reported to Council on 26 August 2024

5.4 The neutral scenario has been adopted for planning purposes. Key assumptions (which are subject to change) include:

- **Pay** – 3.5% in 2026/27 (assuming costs over and above 3% are met by Scottish Government), 3% in 2027/28 and 2028/29 and 2% in the subsequent 2 years.
- **Funding** - Flat cash settlement from Scottish Govt, plus funding for pay as outlined above and Real Living Wage increases.
- **Savings** - Delivery of previously agreed savings proposals, with some reprofiling to later years of the strategy.
- **Council Tax** - Annual increase in council tax band D charge 5% (or freeze grant equivalent to this value)
- **Cost pressures** – the model reflects cost pressures including inflation, revenue costs of capital and new policy obligations as well as investment required in education, inclusion and wellbeing, children’s services and health and social care.

5.5 It should be noted that there is a significant degree of risk within these assumptions, and small changes in certain areas may have a significant impact on the funding gap. Specific areas of risk include assumptions made around council tax levels, future funding levels and the council’s capacity to deliver on previously agreed savings.

5.6 Within tables 1 and 2 above, the following variables have been applied to the assumptions applied in the neutral scenario.

Favourable scenario (shown in green)

- Assumes annual pay awards of 2% from 2027-28 onwards.
- Assumes a 10% higher completion rate on new homes for council tax purposes than the neutral scenario.
- Assumes that all savings will be delivered in line with existing plans.
- Assumes a reduced level of emerging service pressures and lower future employer pension contribution rates.

Adverse scenario (shown in red)

- Assumes annual pay awards of 3% from 2027-28 onwards.
- Assumes a 10% lower completion rate on new homes for council tax purposes than the neutral scenario.
- Assumes a lower level of savings in the staffing budget due to vacancies.
- Assumes that council tax increases will be capped at 3%.
- Assumes increased pressures arising from policy change at a national level, including reduced class contact time.

5.7 The budget model for 2026/27 onwards will be updated following receipt of the draft local government finance settlement in January 2026 and a revised budget model will be shared with councillors following that. It should be noted that the following areas of ongoing work to update the budget model include:

- Updates to incorporate implications arising from UK and Scottish Government budget announcements and the 2026-27 local government finance settlement.
- Updated debt charges aligned to the revised capital programme, interest and cash flow forecasts,
- Updates to bring inflationary and indexation pressures in line with the correct levels.
- Updates to the forecast demographic pressures within IJB delegated services.
- Quantifying the impact of employer NIC increases on commissioned services as these crystallise over the coming months, which may result in further increased pressure for the IJB.
- Revised cost pressures to incorporate material changes to policy, demographic pressure or external risk factors which emerge during the current financial year.
- Inclusion of further proposed savings to close the funding gap enabling a balanced budget to be set for 2026-27.
- Consideration of the potential impact of a pay and grading review.

5.8 Current financial planning is based on the neutral scenario as the most likely outlook for the council. This scale of the funding gap represents an increasingly difficult challenge for the council to overcome whilst sustaining provision of statutory services, with our capacity to manage this remaining as the highest risk recorded on the corporate risk register. If the budget gap outlined in the adverse scenario materialises, then this will represent a reduction to the council's running costs by more than a quarter over the next five years, which presents a high risk to the achievement of ambitions set out in the council plan, and means that it will not be possible for the council to continue delivering services in the way that it does at the moment.

6. General Services Capital Budget – Medium Term Outlook

- 6.1 The new budget development principles include a commitment to *a holistic approach to budget development, which recognises the relationship between capital and revenue planning and the role of investment in cost reduction strategies.*
- 6.2 The Capital Strategy sets the framework for capital expenditure decisions and the arrangement for governance and monitoring of these plans. Given the significant impact of debt financing costs and revenue consequences of capital spend on the revenue budgets, it is important that these strategies are closely aligned and the interdependencies are understood. On 18 February 2025, the Council approved an ambitious, growth driven 5 year General Services capital budget which reflected a number of projects which had been paused pending review. Council has subsequently approved a number of updates to the capital programme, specifically in relation to investment in the education estate required to support a growing population. A summary of the current capital programme is set out in the table below:

	2025-26 £'000	2026-27 £'000	2027-28 £'000	2028-29 £'000	2029-30 £'000	TOTAL £'000
General Services Gross Expenditure	79,189	36,741	33,593	44,624	53,645	247,793
General Services Income	(13,340)	(14,568)	(21,916)	(31,957)	(44,043)	(125,825)
Net General Services	65,849	22,172	11,677	12,667	9,603	121,968

Table 3: General Services Capital budget summary 2025/26 to 2029/30

- 6.3 Funding for the capital plan comes from a range of sources including; Scottish Government (General Capital Grant and Specific Ring-Fenced Capital Grants), developer contributions, capital receipts from asset disposals, other income such as grant funding from other bodies, with the balance made up from borrowing funded through loan charges to the revenue budget.
- 6.4 Key drivers of demand for capital investment include:

Housing growth: Significant investment required to deliver infrastructure to meet the needs of East Lothian's growing population. LDP2 will require further growth in order to meet housing targets.

Ageing property estate: The council maintains a significant and ageing property portfolio which requires substantial investment to maintain and upgrade council buildings and respond to community priorities by protecting and improving public facilities. The most

significant element to this is the education estate. A comprehensive review of the council's property estate is ongoing through the place based review of assets which aims to develop a new holistic service delivery model for communities and the property assets required to support this.

Climate change & net zero: Considerable investment is needed to deliver energy efficiency improvements, sustainable fleet and transport infrastructure to meet net zero targets. In addition, the council's capital programme incorporates planned investment to deliver flood defences and improve climate resilience.

Regeneration: The capital programme is enabling a number of key regeneration projects to progress with the support of significant external investments. This includes transformation of the former power station site at Cockenzie into a hub for economic growth and employment, as well as projects supported through the Edinburgh and South East Scotland City Region Deal including the Innovation Hub.

- 6.5 As highlighted in previous Council reports, there remains significant external market pressures with wider supply and cost pressures. This has continued to present significant financial challenges on the current approved capital programme and borrowing levels. Whilst current indications suggest the wider market conditions may stabilise in due course, affordability presents a significant risk to future capital projects and this needs to remain a key area of focus over the medium term.
- 6.6 The significant and growing borrowing requirement, in addition to the loans fund balance mean that the debt financing costs to the revenue account are growing over time, and, alongside other pressures mean that the scale of the council's debt portfolio is at risk of becoming unaffordable over the medium term. Debt held by the council in 2024/25 represented almost £5,000 per person, which is one of the highest levels compared to all UK local authorities.
- 6.7 CIPFA's Prudential Code places prudence, affordability and sustainability as the foundations to effective capital planning. This includes consideration of the long term implications of borrowing alongside the revenue consequences generated for the Council, such as staffing, rates, utility costs, cleaning etc, which must be met from within the revenue resource levels available to the Council. At a time where revenue budgets remain under significant pressure, it is essential that capital investment decisions take into consideration the full cost implications facing the Council. This will also be an important consideration in supporting external funding applications which can often divert already stretched staffing resource to support projects which are fully funded, and can take limited resources away from supporting key Council priorities.
- 6.8 Where capital investment can be used to enable the reduction of costs within the revenue account then the strategy will seek to support the inclusion of these schemes, subject to a robust investment appraisal and underlying business case.
- 6.9 Borrowing for capital infrastructure is funded through annual loans fund payments which are charged to the revenue budget and repaid over the lifetime of the asset. Interest rates continue to be at a higher level than we have experienced in recent years, and whilst these have reduced from the recent high levels and are forecast to

stabilise and then only fall gradually in the medium term, this directly impacts on interest payable on new borrowing. It is important to remember that any new borrowing is in addition to existing borrowing and that all borrowing will need to be repaid in the future and capital investment decisions which are taken now must be taken within the context of longer term projections. The capital investment decisions are supported by the Capital Strategy and Treasury Management and Investment Strategy to assess and better understand the implications for both current and future Council Tax payers and to ensure that investment plans remain affordable and sustainable. Our capital strategy includes focus on maximising income receipts in advance in order to minimise borrowing where possible.

- 6.10 Whilst recognising the important role that capital investment has to play in stimulating economic growth and providing communities with vital infrastructure, capital expenditure plans must be prudent, affordable and sustainable. Current debt levels and future forecasts set within the current financial operating environment are at the limits of affordability and will need to remain under close review.
- 6.11 The Capital Strategy for 2026/27 – 2030/31 therefore recommends that General Services capital expenditure affordability is controlled through regular review by the Chief Finance Officer, with reference to overall borrowing levels and the impact of debt repayment charges on the revenue account. Prudential indicators including external debt levels are reported regularly to members throughout the year and will be used to inform considerations around the financial sustainability of debt levels which is a significant risk based on current borrowing levels.
- 6.12 In this context, development of the capital plan will need to consider the need to pause planned investment which may fall within the scope of this review, in order to ensure that the above objectives are met and that the value from any investment can be maximised.
- 6.13 Infrastructure investment will be prioritised aligned to Council priorities including the delivery of the transformation of council services that will help minimise on-going revenue costs. Much of the capital programme is underpinned by prevailing economic conditions, including the realisation of developer contributions dependent upon wider housebuilding that are critical to support the delivery of many of the related capital infrastructure projects. Given the current economic climate, the situation will need to be monitored closely and the ability to be flexible and adaptive with our capital planning will prove critical.

7. Reserves

7.1 In determining medium term financial plans and preparing budgets, the Council needs to consider the establishment and maintenance of reserves in accordance with its statutory powers. Reserves can be held for three main purposes:

- Working balances to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of General Reserves.
- A contingency to cushion the impact of unexpected events or emergencies – this also forms part of General Reserves.
- A means of building up funds often referred to as Earmarked Reserves, to meet known or predicted liabilities.

7.2 General Services reserves (excluding HRA reserves) available as at 31 March 2025 totalled £38.813 million (note that this reflects the unaudited position). A breakdown of this total is shown within table 4.

	31 March 2024 Balance	Movement	31 March 2025 Balance
GENERAL FUND RESERVE			
EARMARKED			
Committed for Future Budgets	1,112	-1,112	0
Transformation Fund	18,525	-1,486	17,039
Ring-fenced Funds & Other Balances	1,825	101	1,926
Devolved School Management Balances	1,148	0	1,148
Statutory earmarking of council tax for affordable housing	1,624	756	2,380
SFT earmarked reserve (Rosehill Campus, Wallyford)	1,292	1,722	3,014
Service concession (PPP) reserve (support for deferred charges)	1,043	1,073	2,116
Uncommitted General Fund (General Services) Balance	7,600	906	8,506
Total General Fund Reserves	34,169	1,960	36,129
OTHER RESERVES			
Insurance Fund	2,684	0	2,684
Total	2,684	0	2,684
Total General Fund / Other Reserves	36,853	1,960	38,813
HRA	1,535	482	2,017
Capital Fund (incl HRA)	14,013	-2,675	11,338
Capital grants unapplied	3,106	2,792	5,898
Total Other Reserves	18,654	599	19,253
TOTAL USABLE RESERVES	55,507	2,559	58,066

Table 4: Usable reserves at 31 March 2024 and 31 March 2025

- 7.3 Each of these reserves is set out for a specific purpose with the detail of their intended use explained below:

Earmarked Reserves

1. **Requirement to support future budgets:** This balance is now fully depleted. The council's budget development principles include a commit to minimising the one off use of reserves to balance budgets.
2. **Transformation Fund:** Amounts set aside to support investment in the following critical enablers to support longer term financial sustainability, including asset review, transformation and service redesign, energy efficiency, early intervention and prevention and digital transformation. The increase to this reserve at the end of 2023/24 arose from the application of fiscal flexibilities for service concession assets which saw a one-off backdated adjustment which increased this reserve in line with the decision taken by Council. It should be noted that this increase is not backed by cash, meaning that the council will need to borrow in order to spend the funds within this reserve. During 2025/26, these funds are being used to progress and accelerate key transformation projects including the asset review, parking strategy and the replacement of legacy corporate IT systems.
3. **Ring fenced funds and other balances:** This reserve contains funding commitments within service areas relating to previously committed expenditure obligations which have not yet materialised, including ring fenced funds such as Mid and East Lothian Drug and Alcohol Partnership.
4. **DSM:** These funds represent balances established from both Primary and Secondary Devolved School Management schemes.
5. **Statutory earmarking of council tax for affordable housing:** An earmarked fund established by reducing the second home or empty property Council Tax discount for the development of affordable housing. Under Scottish Government direction within certain criteria, Local Authorities can now use this income to support the development of affordable housing, including the disbursement of funds to other organisations or individuals, as well as RSLs. A policy setting out how these funds will be used is being developed. It should be noted that the premium for second homes council tax introduced as part of the 2024/25 budget does not fall within the scope of this direction. Authority is delegated to the Chief Finance Officer to approve the commitment of funds against this reserve, and use of this reserve will be reported annually as part of the Strategic Housing Investment Plan.
6. **SFT earmarked reserve (Rosehill Campus, Wallyford):** this reserve holds funding received to support maintaining the new Wallyford Learning Campus at specific standards required to access ongoing SFT grant funding conditions. The funding profile does not match the likely maintenance and renewal programme on the building and this reserve would offset years when the costs of the work exceed the available funding in-year. This reserve, if topped up annually, would give the Council some security around its ability to meet future building costs.
7. **Service concession (PPP) reserve (support for deferred charges):** this reserve will partially offset the future costs associated with the extended repayment period on

PPP assets, which arises because of applying fiscal flexibilities in line with the decision made by Council in February 2023. The reserve, if topped up on an annual basis will mitigate future financial risks to the Council which may arise from extending the repayment period for these assets.

8. **Insurance Fund:** The insurance fund is used to insure against a risk, or pay premiums on a policy to insure against a risk. The level of fund retained remains subject to ongoing fund valuations.
 9. **Capital Fund:** This fund was established from Capital Receipt income which has not yet been applied in year. This Fund can be used meet future capital investment costs either reducing loans fund advances or providing funds to cover the principal repayments of the loans fund. This reserve also holds post completion section 75 contributions which are being used to smooth fluctuations in debt charges over the medium term, in line with the budget approved by Council for the current financial year.
 10. **Uncommitted Balance to support minimum level:** In line with the previous approved Financial Strategy, these specific reserves collectively support the minimum level of uncommitted reserves with more detail set out below.
- 7.4 It should be noted that many of the reserves listed within table 3 already have post 31 March commitments against them and will be spent during 2025/26. Furthermore, the forecast revenue outturn at the end of quarter two indicates that reserve drawdowns totalling £9.5m may be needed during the current financial year.

Reserves Strategy

- 7.5 The budget development principles agreed by Council include a commitment to minimising the use of one-off resources to balance the budget. While this may be unavoidable in certain circumstances, this should be a short-term response only and should not replace the development of a sustainable budget.
- 7.6 As noted above, the Council maintains reserves as a safety net to allow for unforeseen circumstances. There is no statutory definition of the minimum level of reserves: the amount required is a matter of judgement. However, Council has previously agreed to set aside 2.5% of the annual revenue budget as the minimum unallocated balance on the general fund, which equates to approximately £8.6m.
- 7.7 Given the current risk environment and pressures facing the council, at this point is considered appropriate as part of the financial strategy to work towards increasing the minimum unallocated balance on the general fund over the medium term. Although holding an excessive level of unallocated reserves rather than investing these in improving services would not represent value for money or effective use of resources, the range and extent of risks currently facing the council increases the likelihood that reserves will be needed to support mitigation measures as well as the council's response to future unforeseen events. Given that reserves are not recurring

resources meaning that they can only be used once, targeting a minimum unallocated balance of this level is proportionate and not excessive.

- 7.8 In the event that reserves fall below the minimum level, 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.

8. General Services Financial Strategy

Balancing the Budget

- 8.1 The council is legally required to set a balanced budget for the forthcoming financial year and will need to develop detailed and robust plans for closing the gap between expenditure demands and available resources.
- 8.2 Council has committed to developing an approach which combines a range of options to close the gap between available funding and anticipated expenditure including an enhanced programme of transformation, asset review, income generation, cost reduction and efficiency. To ensure that the council remains financially sustainable, it is essential that planned savings can be delivered in line with the agreed budget as far as possible, or that alternative measures are promptly agreed where this is not possible. This is monitored closely throughout the year and reported to members through quarterly reporting to Council.
- 8.3 Given the scale of this challenge over the next five years, it is prudent for the council to develop credible plans to close this gap in the years subsequent to 2026/27. The size of the potential revenue budget shortfall means that no single initiative can be expected to close the gap. A blend of different approaches will therefore be required, and detailed plans have been developed, aligned to the following broader categories:
1. **Asset rationalisation & Energy Efficiency** - The Council has an extensive operational asset portfolio to support service delivery needs. The Corporate Asset Strategy provides the framework for the efficient management of the Council's core assets, with significant and future investment requirements, it aims to provide a modern, efficient and sustainable asset base that meets the needs of its existing and future service users and employees. The Council has embarked on an ambitious programme to review and rationalise the asset portfolio, in order to support the delivery of approved budget savings. This includes revenue savings of £5m and a capital receipts income target of £20m.

The Energy Transformation Board oversees a number of workstreams to explore opportunities for reducing expenditure and potentially raising income from energy such as exploiting renewable energy sources.

Both of these work streams align to the Council Plan priority of responding to the climate emergency and meeting our net zero climate change targets.

2. **Income generation** – Where savings can be delivered through income generation, this helps to reduce the extent to which cuts are required to front line services. This strategy therefore recommends that, as part of the development of the budget, consideration is given to increasing existing charges, and implementing new charges where appropriate. Work is already underway in this area and as outlined in the council’s charging policy, the implementation of charges can also be used to support wider priorities aligned to the Council Plan.
 3. **Transformation, service redesign & digitalisation** – A broad range of change projects is already underway and the council has robust governance arrangements in place to oversee this. As part of its transformation and digital strategies, the council recognises the important role that technology has in making services more efficient and is committed to enabling this. Current digital projects including the replacement of legacy corporate systems, Microsoft 365 rollout and website replacement will lay the foundations to enabling these opportunities to be harnessed. As part of this strategy, it is important that visibility of the financial and wider benefits of these projects is maintained, and formal reporting through to council on this commenced in August 2025.
 4. **Early intervention & prevention** – investment in preventative measures supports cost reduction by reducing the need for expensive interventions over time, and also results in improved outcomes for the council’s service users. Considerable work is already underway across Education, Children’s Services, Communities and Housing to better support our children and their families and deliver on our shared ambitions to have our children ‘Belonging to East Lothian’.
 5. **Service reductions** - Service reductions will be treated as a last resort as part of this strategy, however, all options will need to be considered in order to safeguard statutory services which are relied upon by the most vulnerable in our communities. Given the scale of the budget gap which the council faces over the medium term, it is now inevitable that some service reductions will be necessary. It is crucial through these considerations that a clear vision on the key priority outcomes for the council is maintained, so that the constrained funding can be directed accordingly to ensure that these important outcomes are achieved.
-
- 8.4 Savings plans will need to be aligned to the five-year financial strategy, with plans for savings and additional income featuring in each of the five years. This will be a continuous programme of work which will be underpinned by robust governance arrangements to develop plans, monitor progress and evaluate the resources required to progress the different elements of this strategy. This approach assumes that existing savings previously agreed by Council will be delivered in full.
 - 8.5 Work to redesign services within the available budget envelope now needs to progress at pace, and this needs to include horizon scanning to contain cost growth within new operating models. It is essential that all services prioritise the delivery of existing and future planned savings in order to support financial sustainability and mitigate the risks which this presents.

- 8.6 In addition to the above measures, officers and members will continue to actively participate in national conversations to raise awareness with Scottish Government ministers, civil servants and CoSLA to highlight the specific challenges which East Lothian faces in relation to its growing population, and the financial pressures which are being placed on revenue and capital budgets as a result of the additional costs of growth.

Critical Enablers

- 8.7 This strategy recognises that the scale of change needed to deliver a balanced budget and ensure financial sustainability will now require a fundamentally different approach to the way in which the council delivers its services.
- 8.8 This is an opportunity to do things differently, and to ensure that the council has the capacity and resources to deliver modern services, aligned to its strategic objectives which meet the needs of the changing demographic of East Lothian.
- 8.9 Investment will be required in order to make it possible for the council to act upon these opportunities, and the following critical enablers have been identified to support the delivery of this strategy:
- **Investing in digital transformation**
 - **Resourcing and enabling the asset review**
 - **Support for service reviews & wider transformation**
 - **Cost reduction through energy efficiency**
 - **Investment in early intervention and prevention**
 - **Developing and growing income streams**

Fiscal Flexibilities

- 8.10 As part of the 2023/24 budget, Council agreed to apply fiscal flexibilities in relation to its service concession assets. This allows the council to spread the cost of service concession assets over their useful life, rather than over the duration of the contract, resulting in a financial benefit for the remainder of the contract. Council agreed as part of the 2023/24 budget to apply this flexibility, which offered a result in a one-off benefit to general reserves in the region, and to invest this in supporting wider transformation, as outlined elsewhere in this strategy.
- 8.11 The financial strategy strongly recommends that these flexibilities are only applied only where this can be justified through wider plans to deploy resources in a way which will support future financial sustainability.
- 8.12 This approach aligns to the budget development principle of minimising the use of one-off resources to balance the budget and ensuring that use of reserves is limited to investment that will deliver ongoing cost reductions. There is no indication at the

current time of any further flexibilities being provided to councils, which supports the rationale set out in this strategy to pursue options to reduce the council's net cost base in order to provide long term financial sustainability.

9. Housing Revenue Account

- 9.1 The Local Housing Strategy sets the strategic approach for the delivery of high quality housing and housing related services across all tenures, to meet identified need. The Strategy has been prepared within the context of a highly pressured housing market, and significant demand for social rented housing. A high level of homelessness applications continues to create pressure on services and the economic climate continues to impact on the ability of households to meet their housing needs.
- 9.2 Against this backdrop, increasing the supply of affordable housing continues to be a high priority for East Lothian Council ensuring that it meets the needs and aspirations of local people that they live in good quality homes which are located in strong, safe communities. In November 2024, Council declared an affordable housing emergency due to the significant impact of reduced investment on new build completions, the seriousness of the wider impact of reduced housing supply on current housing pressures, and the imminent loss of affordable units.
- 9.3 In recent years there has been a significant increase in HRA capital spend as both the modernisation and Council house building programmes have been expanded, and as a consequence, the share of revenue spending on debt charges has also increased.
- 9.4 The Strategic Housing Investment Plan (SHIP) sets out the priorities for affordable housing investment in East Lothian over the next five years and will be dependent upon a combination of affordable housing providers, which includes Registered Social Landlords (RSLs), East Lothian Council and the private sector. It will also be dependent on complex funding models delivering different tenures.
- 9.5 East Lothian Mid-Market Homes LLP supports the provision of mid-market rental property and is a partnership between East Lothian Council and Scottish Futures Trust. The establishment of this vehicle will allow further opportunities to support the delivery of affordable housing across East Lothian.
- 9.6 The Housing Revenue Account is a balancing act between the income raised through rent, the revenue expenditure to support the tenants, and necessary capital investment to support and modernise existing council housing stock and deliver new Council homes. To support this ambition, the financial strategy must ensure that financial plans remain affordable and sustainable both for existing and future tenants.
- 9.7 For 2026/27, the council is consulting on a rent increase of 7% and giving tenants the option to support two alternative higher increases which would provide greater opportunity for investment in housing stock. The increase of 7% in 2026/27 will be required to ensure the financial sustainability of the HRA whilst maintaining investment in modernisation and affordable housing delivery.
- 9.8 Current budget projections in the years subsequent to 2026/27 assume a minimum of 5% annual increase in rents, with the possibility that higher increases will be needed

in order to sustain the capital programme. Increases below this level will likely require a reduction in the capital investment programme. This will remain under review subject to the outcome of the rent restructure and development of the 30 year business plan.

9.9 Given this ambition, key areas of focus for the HRA financial strategy 2026/27 to 2030/31 are as follows:

- Reviewing the existing rental levels and implementing a rent restructure within the financial strategy term, to promote fairness and transparency across the HRA portfolio.
- Ensuring that capital expenditure plans remain affordable and sustainable by maximising subsidy available to support capital investment and maximising the level of Capital Financed from Current Revenue (CFCR).
- Maximising efficiency and value for money, ensuring that expenditure is focussed on priority areas to maintain and improve the service for tenants.
- Working with RSL partners to deliver the affordable housing needs across East Lothian and support the ambition set out in the Strategic Housing Investment Plan.
- Reducing rent arrears, ensuring targeted and flexible support is provided to tenants to who are experiencing financial difficulties.
- Implementing the new housing management system to support and improve forward planning and customer service;
- Finalising ongoing work to develop the 30 year business plan for the HRA;
- Ongoing work to minimise voids and review empty properties;
- Minimising the impact of debt charges by operating within the recommended upper limit for the ratio of debt charges to income to 40% both in the short and longer term; maximising the in-year use and application of capital receipts, available capital grants, and revenue balances where possible.
- In support of contingency planning, ensuring that the reserve or balance left on the HRA remains sufficient to maintain a cushion against any unexpected increase in costs or loss of income. Given the scale of the risks currently facing the HRA, it is appropriate to keep this level under review to ensure that this remains appropriate.

10. Financial Management

10.1 Financial management at East Lothian Council comprises a number of elements. Officers and members are fully engaged in the annual budget setting process, through regular updates and the Cross Party Budget Working Group, which will create a shared understanding of financial plans and budgets, as well as the wider external pressures on the council's finances.

- 10.2 A budget monitoring framework has been developed and rolled out with training to support strong financial management by budget holders.
- 10.3 The current external operating environment is extremely challenging, very dynamic and subject to constant change. The financial performance relative to approved financial plans is kept under constant review, and this is supported by regular financial monitoring and scrutiny reports provided to Council.
- 10.4 The finance service supports budget holders to effectively manage their budgets, monthly and quarterly performance reports are issued to managers with budget responsibility and in addition, the overall finances of the Council are subject to detailed annual independent audit review.
- 10.5 The need for continued application of enhanced cost control measures remains a vital discipline that all managers should continue to operate, demonstrating effective stewardship and application of council funds at all times.
- 10.6 It is vitally important that through the Council Leadership Team (CLT), the Council maintains a disciplined approach to the implementation of its change programme and does everything possible to deliver the financial efficiencies planned in accordance with that programme and the supporting budgets. Heads of Service will be required to manage expenditure commitments within approved budgets and if at any time spending pressures are not containable within the Business Group, the relevant Service Manager should report this to their Head of Service and Depute Chief Executive or Director who has the flexibility to manage budgets across various business groups.
- 10.7 Although the Financial Strategy covers the 5 year period until 2030/31, it will be continue to be subject to an annual refresh to ensure that it remains relevant and enables the Council to respond to any future financial challenges to ensure its on-going sustainability.

Financial Management System (FMS)

- 10.8 In support of good financial management, the council is in the process of implementing a new financial management system. There will be a phased approach to rolling out the new system, and work is progressing towards completion of Phase 1 of the project in 2026. This represents a complex, high-risk project with significant resourcing implications, however support for the database and operating system for our current software will end in 2026 and 2027 respectively. The considerable benefits that will be derived from updating the legacy system, including greater efficiency and improved management information are fundamental to the successful delivery of this strategy and to sound financial management. This aligns to the council's digital strategy, and the principle of investing in digital transformation as a critical enabler, as outlined elsewhere in this strategy.

Cross Party Budget Working Group

10.9 As part of its budget development framework, Council agreed to establish a cross party budget working group to oversee the development of detailed budget proposals and the different work streams supporting this.

10.10 This group was established in 2022 and its role and objectives are as follows:

- Supporting the development of a balanced budget through consideration of budget proposals intended to close the gap.
- Receiving updates on the development of the Council's capital strategy and programme via the asset governance political oversight group, and considering the overall impact of the proposed programme on revenue budgets.
- Providing strategic oversight for transformation work streams.
- Providing political oversight to steer strategic financial planning to ensure alignment between resource allocation and the priorities identified within the Council Plan.
- Promoting greater awareness and understanding of the stakeholder engagement plan and using consultation results to inform the development of political priorities.
- Providing political oversight on transformational work streams and the HRA programme board.
- Communicating financial challenges and opportunities to respective political groups and acting as a conduit to represent the priorities of wider political groups in relation to budget planning.
- Developing effective cross-party working on the development of the annual budget and financial strategies.
- Overseeing the planned deployment of the council's usable reserves and balances.
- Offering feedback and learning opportunities for continually improving this process, through debrief following the Council budget meeting.

10.11 The role of this group is important for the implementation of this strategy, by facilitating greater involvement of all political groups in the development of budget proposals at an earlier stage in the process.

11. Risk Management

11.1 The council's financial strategy is subject to a high degree of risk and uncertainty. Managing the financial environment continues to represent one of the highest scoring risks on the corporate risk register and was reported to Cabinet in November 2025 with a residual score of 20. The council has robust risk management processes in place to capture risks and to ensure that appropriate mitigations are developed and

maintained. Corporate and service risk registers and remain live documents, which are shared with senior managers, CMT, and Audit and Governance Committee.

12. UNCRC

- 12.1 We will ensure that Council commitments to the Children and Young People (Scotland) Act 2014 (Corporate Parenting responsibilities) and Article 12 of the UN convention on the Rights of the Child are reflected in our budget planning. We will do this by ensuring that the voice of children and young people is included through the budget consultation process and aligning our resources to support these objectives and ensure that as a Council we are doing all that we can to meet the needs of children and young people.

13. Summary & next steps

- 13.1 It is recognised that there are a wide range of risks and variables facing the Council, and there is a need to ensure that the Council has sufficient financial resilience to satisfy delivery of approved outcomes whilst ensuring future financial sustainability. It is now clear that the level of future resources available to the Council will not be sufficient to meet future demand and pressures, and as such, the way in which we deliver services to the community must change.
- 13.2 To achieve this, the Council must embark on an enhanced programme of transformational change, which embraces digital technology and continues to support Council plans. To protect the delivery of vital essential services, the Council must do all that it can to maximise revenue income streams available, and to support economic growth and achieving wider aims and outcomes, the Council must accelerate a review of all Council assets, which will seek to minimise future revenue costs, and maximise future capital investment.
- 13.3 The financial strategy set out will assist the Council in meeting the future financial challenges ahead. It is recognised that the wider economic uncertainty and potential scale and significance may mean that the Council must prioritise its resources to deliver and support essential services, and this may in turn require some difficult decisions and choices ahead.
- 13.4 This financial strategy provides a robust framework for setting the budget for 2026/27 onwards and highlighting the need to take action to ensure the Council can continue to be financially sustainable over the medium term. The current forecast position is extremely challenging, with additional budgetary pressures and expenditure demands significantly exceeding the funding available.
- 13.5 The strategy will be kept under regular review and updated at least annually.



East Lothian
Council

CAPITAL STRATEGY

2026/27 to 2030/31

Funding and affordability.
Asset maintenance, enhancement and aquisition.

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INTRODUCTION

East Lothian Council has a focus on ensuring existing and new communities continue to be great places in which to live and work, with an even more dynamic local economy. Between now and 2033, the population of South East Scotland is expected to grow by 220,000 people and the Council will need to ensure that services and infrastructure provided are fit for purpose and meet the needs and aspirations of the residents of the county. East Lothian Council's Local Development Plan (LDP1) allocated land capable of delivering just over 10,000 new homes. It also identifies some 200 hectares of employment land for job creation. The extent of this growth is likely to grow further when LDP2 is adopted, creating further unfunded demand for new investment. The plans are ambitious and the Council will need to balance an increasing demand through demographic requirements with the additional pressure on revenue and capital resources.

To safeguard the delivery of sustainable services into the future, it will be necessary to change the way that we do things. This will require a level of investment in transformational change.

The Capital Strategy has been updated to cover the period from 2026/27 to 2030/31 and outlines the Council's priorities as well as the due considerations required relating to funding and assessing affordability. Governance of all aspects of the capital plans are considered and there is recognition that there is a need to balance any investment for the maintenance and enhancement of existing assets against any ambition for the acquisition or construction of new assets. If assets fall into disrepair and they are no longer able to fulfil their primary purpose, then the Council's ability to deliver the associated services is impacted and it has resources tied up in assets that it cannot use.

The Council has a very ambitious set of plans to deliver capital investment over the next ten years, including significant expenditure on the education estate, infrastructure and housing. The investments are crucial to deliver statutory services and to achieve the plans as set out in the East Lothian Council Plan.

The Council's challenging financial position means that it is more important than ever to ensure that we make the best use of the capital resources that are available to us. There is a need to demonstrate that capital expenditure and investment decisions are taken in line with the Council's aims and objectives and, in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code, take account of governance, stewardship, value for money, prudence, sustainability and affordability. Cash flow and the phasing of expenditure has to be considered in order for the Council to maximise opportunities for securing external funding.

REGULATION

Local Authorities are required by regulation to have regard to the Prudential Code for Capital Finance in Local Authorities (December 2021) when carrying out their duties in Scotland under Part 7 of the Local Government (Scotland) Act 2003. The key messages from the code are, in relation to capital expenditure, the consideration of Prudence, Affordability and Sustainability.

The format of the Capital Strategy reflects the requirements of both the latest Prudential Code for Capital Finance in Local Authorities and the Treasury Management in Public Services Code issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). Recent Code revisions have been incorporated into the strategy.

CIPFA's Prudential Code provides a framework for the self-regulation of the authority's capital financing arrangements. It requires local authorities to determine that capital expenditure and investment decisions are affordable, prudent and sustainable, and to set limits on the amount they can afford to borrow in the context of wider capital and revenue planning.

A Capital Strategy is part of the Prudential Code requirements and sets out the long-term context in which capital expenditure and investment decisions are made and that gives due consideration to both risk and reward and to the impact of the strategy on the achievement of the authority's priority outcomes.

The Financial Management Code of Practice has been issued by CIPFA 'to provide guidance for good and sustainable financial management in local authorities and will provide assurance that authorities are managing resources effectively'. The Financial Management Code applies to all local authorities and brings together statutory requirements and Codes of Practice into one document.

CIPFA's current Prudential Code requires the Capital Strategy to demonstrate the concept of proportionality between treasury operations and non-treasury operations. Non-treasury investments are shown in the Proportionality of Non Treasury Investments section.

OBJECTIVES OF THE CAPITAL STRATEGY AND OTHER KEY DOCUMENTS

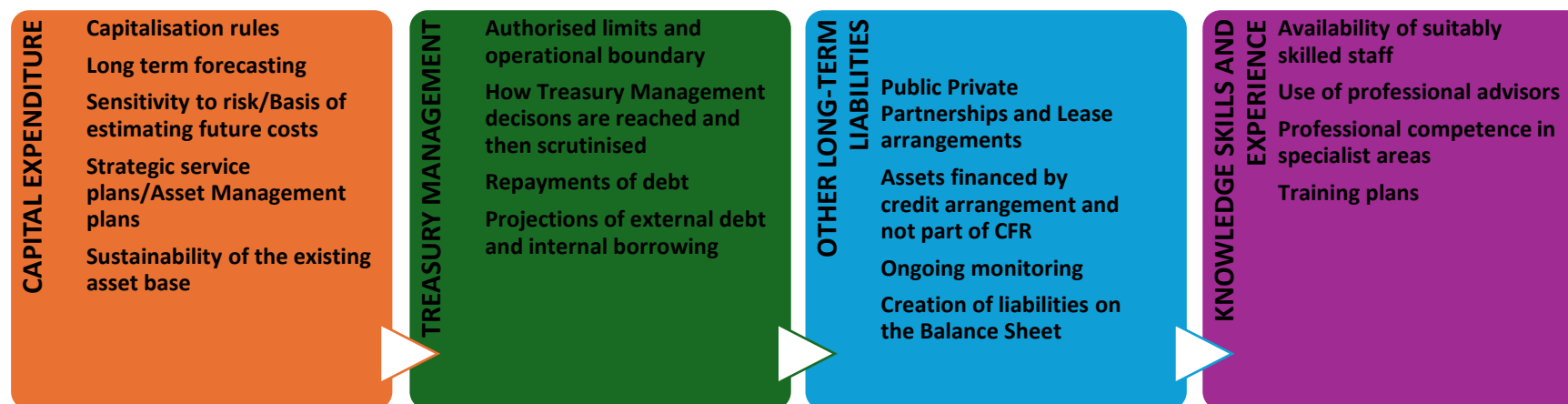
The Capital Strategy is a key document which sets out how the Council will realise its strategic objectives through investment over the medium term, and the governance arrangements which support this. Many other plans and strategies influence capital investment plans, and the strategy seeks to ensure that capital plans are aligned to the Council Plan. The priorities are that:

- capital investment plans are affordable, prudent and sustainable;
- financing decisions are taken in accordance with good professional practice and with a full understanding of the risks involved; and
- robust governance arrangements are in place to support its capital planning activities.

The Capital Strategy is therefore the policy framework document that sets out the principles to be used to guide the allocation of capital investment across all the Council's services and informs decisions on capital spending priorities within the Council's 5-year Capital Plan.

The overarching aim of the strategy is to provide a framework within which the Council's capital investment plans will be delivered. This Capital Strategy updated for the financial years 2026/27 to 2030/31 initially covers a five-year timeframe to allow sufficient opportunity for strategic capital planning. A key purpose of the Capital Strategy is to firmly place decisions around borrowing in the context of the overall longer-term financial position of the Council and to provide improved links between the revenue and capital budgets.

Inevitably, the full picture of the control system around the Council's wide range of capital expenditure and its funding is reflected in a range of documents, monitoring and management arrangements. A summary of four key aspects of capital activities is shown in the following table and further information on the other corporate plans can be found in the next section.

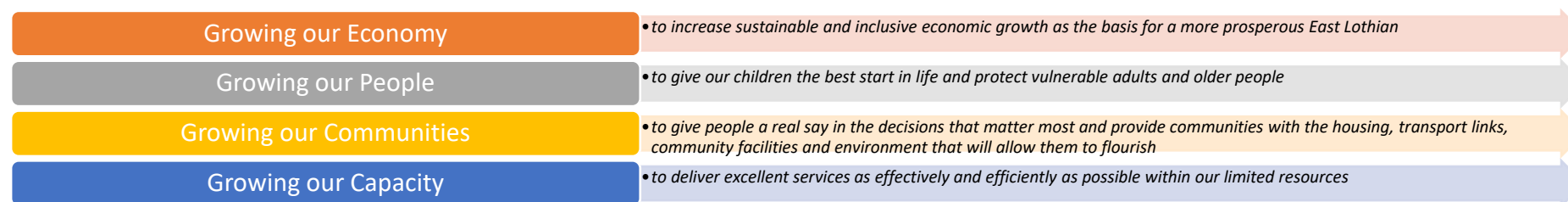


The **East Lothian Council Plan** drives capital investment plans. The Council Plan is the Council's key strategic document. The current plan covers the period from 2022 to 2027.

Following the adoption of this plan, Council approved the following short term priorities which reflect the acute short term challenges facing the council:

- Ensure the financial sustainability of the Council through the delivery of approved savings and transforming the way we deliver services.
- Target resources on statutory services and focus on the highest risks and those most in need.
- Deliver key infrastructure, economic development and environmentally sustainable projects within available council resources and maximising external funding.

The Council Plan sets out the Council's ambitious vision of '***an even more prosperous, safe and sustainable East Lothian with a dynamic and thriving economy that will enable our people and communities to flourish.***' The Plan sets out how the Council will strive to achieve this vision with an overarching objective to '***Reduce inequalities within and across our communities***' and four themes:



The Council Plan does not sit alone; it is part of a suite of strategies and plans which all focus on achieving the vision for East Lothian. These plans and strategies are pieces of the jigsaw (or Golden Thread) that form the whole picture of what the council and its partners are doing to achieve the East Lothian vision. They include:



In addition to the Council Plan, there are a number of complementary proposals and plans which will also drive the capital strategy. Examples are outlined below:

- The **Financial Strategy** sets out a number of requirements to assist capital investment decisions and importantly, manage the associated risk. For the Housing Revenue Account (HRA), the capital Strategy includes recommended limits from the Financial Strategy to maintain an appropriate long-term balance between the various elements of the HRA budget. The ratio of debt charges to income should be no more than 40%, maximising the use and

application of capital receipts, capital grant and Capital Financed from Current Revenue (CFCR) in order to minimise the future impact of debt charges. There is also a minimum reserves policy ensuring that the reserve or balance on the HRA should not fall below £1.0 million. This will allow the Council to maintain a cushion against any unexpected increase in costs or loss of income, and to help to mitigate against risks inherent in UK welfare reform proposals.

- The **Local Housing Strategy** is the sole strategic document for housing, bringing together a wide range of housing related priorities into one place and enabling a co-ordinated response in terms of action. The strategic vision for housing in East Lothian is to have healthy, sustainable homes in vibrant communities that meet increasing levels of need, reduce inequalities and improve wellbeing across all stages of people's lives. There is also a strong connection with the East Lothian Health and Social Care Partnership in providing specialist housing to enable independent living where appropriate and supporting the wider integration of health, social care and housing.
- The main aim of the **Local Transport Strategy** is to provide a mechanism for clean, green and safe travel patterns across the County and beyond. The strategy demonstrates how the Council has applied national, regional and local guidance to its operations. The vision for the Local Transport Strategy has been defined as; "East Lothian will have well-connected communities with increased use of sustainable transport modes to access services and amenities". There are four documents that support this strategy; Road Safety Plan, Road Asset Management Plan, Active Travel Improvement Plan and the Parking Management Strategy.
- The central purpose of the **East Lothian Economic Development Strategy** is to identify the opportunities which east Lothian can exploit to maximise its sustainable economic competitiveness. The strategy contributes directly to economic development objectives set out in the East Lothian Plan. Inclusion in the Edinburgh and South East Scotland City Region Deal is a key opportunity for East Lothian and it will be important to ensure East Lothian optimizes potential economic and social benefits through close partnership working including the opportunity to develop aligned initiatives and funding mechanisms available through the City Deal. Each project must take cognisance of the deal and capture benefits that can be delivered through it. The Cockenzie site is a central area of economic development and unlocking the site and adjacent assets is a key development opportunity for East Lothian.
- Effective management of fleet related assets is critical to the delivery and performance of council services. The **Sustainable Fleet Management Strategy** sets out and controls the management of council fleet related assets. "Our vision is to provide effective fleet procurement, management, and a workshop maintenance service, with a commitment to significantly reducing our reliance on fossil fuels and to make our assets environmentally sustainable within the UK and Scottish governments' timeline of key deliverables". All asset expenditure will be managed by Transport Services via an agreed sustainable replacement/maintenance plan, appropriately funded from dedicated budget allocations. Transport Services will work with services when additional / high cost assets are required that are outside of the approved replacement/maintenance plan to determine if the need can be met through existing wider fleet assets or confirm the need for service units to identify funds to cover such items.
- The **Climate Change Strategy** sets out the Council's vision and overall aims for a Net Zero Council and a Carbon Neutral East Lothian. It sets out what we will do over the next 5 years towards achieving these overall aims, and the specific targets and actions which will help progress towards achieving net zero.
- Capital spending on assets should be fully aligned to the Council's Asset Strategy and Management Plan and the annual review of the Capital Strategy will ensure that these are aligned as the strategies are reviewed and developed.
- The Council does not work in isolation to deliver capital investment for the county. The East Lothian Partnership is a partnership across a number of organisations from public, private, third and community sectors working together to make life better for the people of East Lothian. **The Local Outcomes Improvement Plan (LOIP) 2017-2027** provides a commitment by all partners to deliver improved outcomes for East Lothian people, with a focus

particularly on reducing inequalities and prevention and early intervention. The East Lothian Partnership aims to work collaboratively across its partners with existing governance arrangements including:

- **East Lothian Partnership Governance Group** whose core membership includes the partners who have statutory responsibility for governance under the Community Empowerment (Scotland) Act 2015.
- **East Lothian Partnership Forum**, which brings together a wide range of partners with the aim of actively involving them in the Partnership's work including the Area Partnerships.
- A number of Strategic / Delivery Groups who play a role in delivering the outcomes in the East Lothian Plan - these include **East Lothian's Area Partnerships**
- A strategic 'one council' approach to capital investment decisions must be adopted, ensuring a joined up approach to investment in community priorities.
- The Council is undertaking a Learning Estate Review to consider how the existing capital programme can meet the challenges of population growth and expanded early years' provision (1140 hours), creating environments that support excellence and equity. A Learning Estate Investment Plan (LEIP) is in place to outline how the Council intends to realise its ambitions to develop a modern, safe, sustainable learning estate that enhances and supports communities whilst improving the lives of families in an equitable manner.
- The Local Development Plan sets out the planning strategy and policies to guide growth and deliver new required infrastructure, in particular for education, community, transport and employment. The new housing targets set within LDP2 will continue to have a significant impact in this area in future years.

The current volatile economic environment will have an impact on the Council and its community in the years to come. It is essential that the capital investments are targeted to ensure it provides essential investment aligned to Council priorities, to stimulate, and support economic growth. Nevertheless, the on-going financial challenges requires enhanced affordability criteria to be applied to the capital investment programme to protect both current and future Council Tax payers. Within this context, the Strategy focuses on an enhanced review of the Council's asset base, with a view of maximising capital receipts in order to support transformation of council services and maintain a level of future capital investment, and minimising on-going revenue costs.

With this in mind, the Capital Strategy will focus on:

- Continuing to support a Capital Investment Programme, which will provide essential investment aligned to Council priorities both in the short and medium term, stimulate and support economic growth and critically, remain affordable based on a clear understanding of both capital and future revenue costs.
- Maximising the capital income available to the Council, and where possible ensuring this is paid in advance of capital infrastructure to minimise borrowing obligations. The Council should seek to ensure capital income is aligned to the delivery of core priorities and requirements ensuring full consideration is given to on-going revenue costs of capital infrastructure, and ensuring staffing resources are prioritised in line with the delivery of key Council priorities.
- In support of ensuring affordability for current and future tax payers, the Council should work to minimise the impact of additional net borrowing on the revenue account by ensuring that use of alternative sources of funding is maximised. Capital expenditure affordability for General Services will be

controlled through regular, ongoing review by the Chief Finance Officer, with reference to overall borrowing levels and the impact of debt repayment charges on the revenue budget. For HRA, the ratio of financing costs to rent income should not exceed 40%.

- The Council should continue to manage and review the General Services Loans Fund balance ensuring prudence, maximising the use and application of capital receipts, capital grants, and any flexibility arising from revenue balances, in order to minimise the future impact of debt charges
- Develop an approved five year Capital Plan (for both General Services and HRA) underpinned by longer term models which seeks to minimise net borrowing requirements and is considered affordable both in terms of prudential limits and within the constraints of the revenue budget and wider resource requirements.
- Continuing to manage and review the General Services Loans Fund balance, maximising the use and application of capital receipts, capital grant, and any flexibility arising from revenue balances, in order to minimise the future impact of debt charges.
- Delivering an enhanced review of the Council's assets, which will support the way in which we deliver and support services, minimise future revenue costs, and maximise where appropriate capital receipts which can be used to support future capital investment plans.
- There is a commitment by the Council to identify Common Good assets to ensure that ongoing investment related to these assets is considered and funded appropriately.

GUIDING PRINCIPLES

APPROACH TO BORROWING

The Council is able to borrow money on the money market or from HM Treasury (via the Public Works Loans Board (PWLBB)) to fund capital schemes or, on a short term basis, use its own internal resources (i.e. cash flow). However for all capital schemes initially funded from borrowing, the Council will have to fund the principal repayment and interest costs, these ongoing borrowing costs are unavoidable revenue consequences.

Borrowing can only be considered under the guidance contained in the CIPFA Prudential Code whereby, in summary, the Council is required to ensure that all borrowing is both prudent and affordable. The Prudential Code was revised in December 2021 and requires authorities to ensure that decisions for capital expenditure and investment plans are made with sufficient regard to the long run financing implications and potential risks to the authority and include effective due diligence.

The Council takes a prudent approach to capital investment decisions, paying particular regard to service objectives, value for money, sustainability and affordability. Prudential indicators such as the ratio of financing costs to net revenue are used as an indication of the impact of the capital investment plans on the Councils overall finances.

For any new capital business case, which is not self-funded, the responsible manager must, as appropriate, clearly identify and consider the ongoing revenue implications of:

- Fixed interest and principal repayment costs, resulting from borrowing, including borrowing required due to timing of external funding contributions
- Any associated income streams and potential sensitivities
- Project sustainability
- Exit strategies and potential costs
- The relationship between asset carrying values (revalued net book value) in comparison to outstanding debt
- Demonstrating value for money

All of the above should be considered for the life of the asset.

Each business case must clearly identify and consider the ongoing Balance Sheet implications of:

- The expected change in the level of Council Debt
- Address how any changes in asset value would be funded i.e. impairments
- Maintenance of the asset to ensure sustainable use

The Council's Treasury Management Strategy provides further information on the Council's borrowing strategy for the coming financial year.

CAPITAL EXPENDITURE BUSINESS CASE

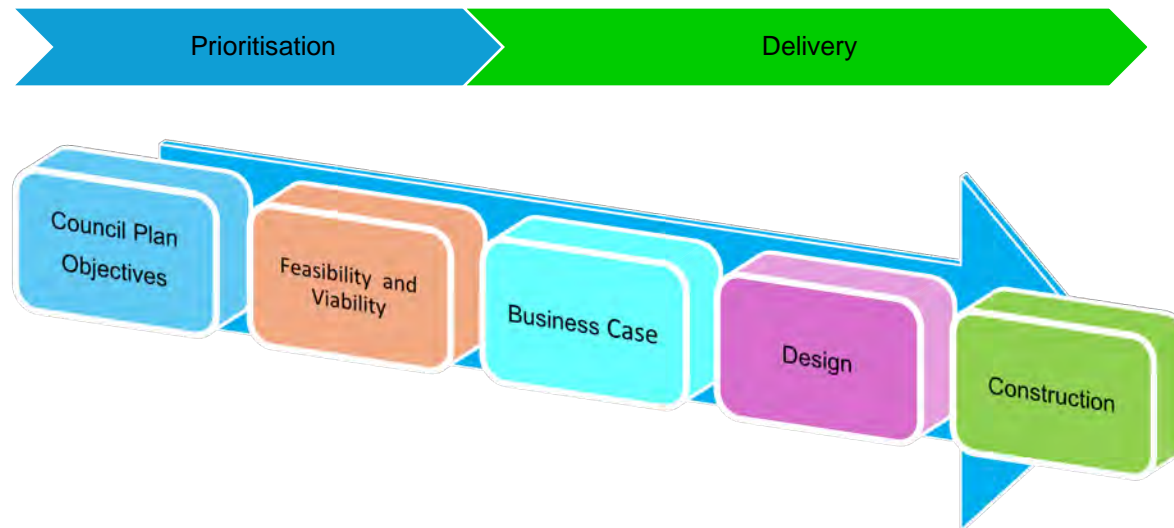
The Capital Business Case will identify the projected running costs and financing costs of the relevant asset and assess the affordability of the proposals both for the initial investment and over the life of the asset. In all cases, the capital expenditure and any ongoing costs must be sustainable in relation to the Council's medium term financial plans.

The business case should take consideration of:

- service objectives and alignment to the council plan;
- stewardship of assets, e.g. asset management planning;
- value for money, e.g. option appraisal;
- prudence and sustainability, e.g. risk, implications for debt and whole life costing;

- affordability, e.g. implications for council tax payers; and
- practicality, e.g. achievability of the forward plan.
- The resource requirements required to develop and deliver capital projects

Each project is brought through a standard process characterised by the following stages, which focus and reduce the options taken forward:



PRIORITISATION AND APPROVAL

It can be difficult for a Council to make choices between competing priorities considering the varied and many services that it provides, balancing delivery of Council Plan objectives against wider statutory obligations within the constraints of affordability. It is the responsibility of senior officers and members to consider and prioritise the competing demands for capital resources in the context of local government funding awarded.

Like many public sector bodies, the Council has experienced significant delays in the physical progress of projects against the approved profile and some cost overruns. This can be directly linked to the size of the programme, capacity to deliver and over optimism about the project in terms of cost, time and external factors outside of the Council's control. When capital schemes are approved their inclusion into the capital programme is based on best estimates and slippage is measured against the approved profile at the end of the financial year. The Council will need to ensure that all projects being proposed for inclusion can be

delivered within the timeframe and budget stated prior to programme entry. Resource capacity and size of the programme will need to be assessed annually as part of the budget setting process and a business case assessment of the potential delivery of major projects, as well as at a programme level, should be carried out annually.

When developing a proposal for inclusion within the capital programme, the proposal must meet at least one of the following criteria:

- **The expenditure is required for statutory reasons, for example to ensure that an asset meets any health and safety requirements;**
- **A self-funding scheme which fits in with strategic planning priority outcomes and resource requirements;**
- **A priority scheme with significant external funding;**
- **A scheme directly focused on Council Plan priority outcomes;**
- **A scheme which will support the delivery of recurring savings within the Councils revenue budget (investment to save);**
- **A scheme which will deliver significant social and health benefits within the housing provision.**

It is essential that capital proposals take cognisance of the associated revenue consequences of the initial investment, and demonstrate that these will be affordable on an ongoing basis.

The Council maintains and reports on a rolling five-year capital plan (including its funding) which is updated and reported to the senior leadership team and members on a quarterly basis. The capital plan will include any capital expenditure re-profiling in the previous quarter.

The capital programme is subject to annual approval by Council and it should be noted that any new schemes being added to the programme outside of the budget setting process would also be subject to approval. Reports and business cases must be submitted to an appropriate group for example (CIAMG (Capital Investment and Asset Management Group) for CAG (Corporate Asset Group), LESM (Learning Estate Senior Managers), HRA Programme Board) prior to formal political approval at Cabinet/Council. There are many groups which consider different elements of the capital plan, and these governance arrangements are currently under review to ensure alignment to the cross party political oversight groups.

The key stages in the Council's prioritisation and approval process for new capital schemes are as follows:

1. The business case can be submitted where a proposal meets the key considerations and Council objectives shown above. The business case would then be considered for progression by the Chief Finance Officer and the Head of Finance. Unless there are extenuating circumstances this would be during the capital budget setting process only.
2. For a specific scheme to be approved/funded there will be a requirement for a detailed capital business case. After the initial submission noted above, the capital business cases will be taken through to a wider consultation with the senior leadership and executive teams. Business cases should include evidence of an options appraisal process and its considerations.

If a change in a scheme is to be funded from a previous approval from Council, for example a timing change in construction with no impact to the overall cost of the project, re-profiling of the scheme will be carried out as part of the capital budget setting or monitoring process. This may be a re-profile for slippage or acceleration, depending on circumstances, approval and the maximisation of grant funding opportunities.

If new and confirmed funding is to be used for a scheme to be funded by e.g. a specific grant and if the scheme is supported by the Chief Finance Officer, it will be reported to Council.

If a project has a change in cost estimates or scope, an updated business case should be provided which will then go through for Council approval.

Business cases will be subject to annual review and updates, and will incorporate key information required to determine initial and ongoing revenue consequences.

3. Any proposals for invest to save schemes, which are usually funded from prudential borrowing, will also require a detailed business case.
4. Where there is a proposal to transfer capital resources from a previously approved scheme to a new scheme and therefore there is a change to "policy", the new scheme should be approved by Council with a detailed business case.
5. The Corporate Management Team, Corporate Asset Group and HRA Programme Board alongside Cabinet/Council have responsibility for the oversight and challenge on the delivery of the capital plan including slippage and outcomes.
6. The Council Management Team and Cabinet/Council will receive three quarterly monitoring reports and one outturn report each financial year.

IMPACTS OF CLIMATE CHANGE

The Climate Change Strategy sets out the Council's vision and overall aims for a Net Zero Council and a Carbon Neutral East Lothian.

The Economic assessment of climate risks and opportunities for Edinburgh and South East Scotland¹ sets out the following findings in relation to the costs of climate change:

Climate change will have a significant economic impact on the ESES economy and could lead to GVA being around 1.6% lower a year by the 2050s, around £1.5bn a year. An analysis of the potential uncertainty around these values also indicates there could be potentially higher risks (for higher warming scenarios or if more uncertain extremes are included). Flooding also represents a significant cost, with annual damages potentially rising from £93m a year today to £182m-£212m a year by 2050s.

The historic emissions, lags of the climate system and current trajectory of global emissions reduction indicates that there will still be significant costs through to 2050 and these can only be reduced by adaptation. Therefore, this analysis presents a strong economic case for the development of an adaptation strategy for the ESES region and associated investment in adaptation to reduce the costs of these damages.

Climate change impacts, in particular flood risk remains a prominent feature of capital expenditure demands facing the council over the medium term.

¹ <https://climatereadyses.org.uk/wp-content/uploads/2025/06/2a-PWA-2025-Economic-Implications-of-Climate-Change-for-ESES-Part-1.pdf>

Citation: England K., Moxey, A. and Watkiss, P. (2024) Economic assessment of climate risks and opportunities for South East Scotland. Task 1: High level analysis of economic impacts and costs of adaptation

MANAGEMENT AND MONITORING OF THE CAPITAL PLAN

The key objective of the Council's management and monitoring of the Capital Plan is to ensure that all Members and the Council Management Team (CMT) have visibility of the capital plan and the approval of individual capital projects to encourage collective responsibility for the capital expenditure on a project and the success of the schemes themselves.

The Council's CMT should ensure that progress against the programme, in terms of expenditure and timescales, is in line with what has previously been agreed. Where projects are exhibiting cost overruns or delays in the completion schedule, these should be addressed promptly.

Arrangements for approval and monitoring of the capital plan are shown in the Prioritisation and Approval section above, with further information provided within the Chief Finance Officer Report below.

GRANT ALLOCATIONS

The Council receives general capital grant funding from the Scottish Government as part of the annual Local Government Settlement. Councils are able to spend this on capital projects that meet local and national priorities to deliver their Single Outcome Agreement or the national Strategic Objective and Purpose.

The Council will consider any possible flexibility in funding streams to seek to ensure that funding is deployed to provide maximum benefit in line with the parameters of the legislation.

Specific Capital Grants, also known as specific purpose grants or ring-fenced grants, are also received and may only be used by local authorities to fund specific capital expenditure. The terms and conditions of each grant are set out separately in the grant offer letters.

The government provides local authorities with some Specific Capital Grants through the Local Government Finance Settlement. Additional Specific Capital Grants are paid to local authorities in Scotland outwith the Local Government Finance Settlement.

The Council can bid for additional external grant funding outwith these funding routes, aligned to support corporate priorities or statutory service objectives and where it can be proved that the project is sustainable, and requirements for match-funding and future revenue consequences have been considered and approved.

CAPITAL RECEIPTS AND CAPITAL CONTRIBUTIONS

The Council receives capital receipts and contributions from:

- Asset Disposals – all capital receipts will be held corporately and used to fund future capital investments or offset debt charges.
- Developer Contributions – unless there are service specific conditions on the use of the contribution, the monies will be used to support existing council priorities and commitments rather than be allocated to new schemes.
- Second Homes Council Tax payments – used for the provision of affordable housing.
- Grant funding from other bodies

The Council is able to use revenue funding and reserves for capital schemes. However, as a result of competing revenue budget pressures and the continued reduction in government support for revenue expenditure, the Council's policy is generally not to budget to use revenue or reserve funds to directly fund capital projects after the feasibility stage.

Where possible, the Council should seek to secure and receive external funding contributions in advance of expending funds on capital projects. Where funding is received in arrears of expenditure, a borrowing requirement can arise which can place additional pressure on debt charges and revenue budget.

As part of the Council's reserves balance and in line with the reserves strategy, the Council has in place the following reserves that can be applied to offset the cost of future borrowing. These funds are not currently reflected to finance existing approved capital investment plans, but remain within the wider Council's General Fund reserves. This remains subject to regular ongoing review.

- Capital Fund & Capital Receipts - established from Capital Receipt income which has not yet been applied in year. This Fund can be used to either reduce loans fund advances or providing funds to cover the principal repayments of the loans fund. Generally capital receipts will be treated as a corporate resource. There is no equivalent fund balance within the HRA account principally due to the cessation of the Right to Buy.
- General Services Capital - established in recent years from flexibility from year end underspends, in order to mitigate against the future impact of growing capital infrastructure commitments.
- Council Tax 2nd Homes - An earmarked fund established by reducing the second home or empty property Council Tax discount for the development of affordable housing. Under Scottish Government direction, Local Authorities can now use this income to support the development of affordable housing, including the disbursement of funds to other organisations or individuals, as well as RSLs.

ALTERNATIVE FUNDING AND DELIVERY OPPORTUNITIES

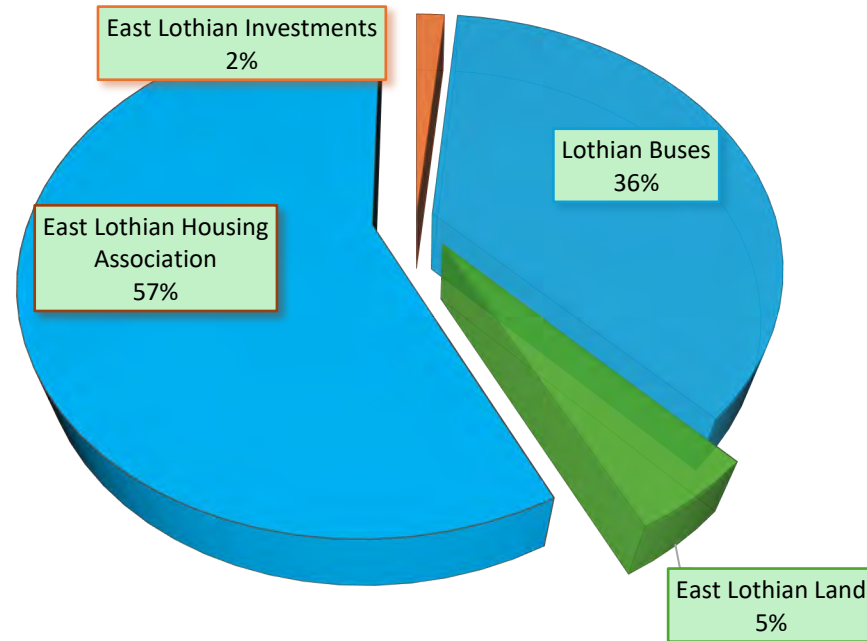
The Council, as appropriate, will continue to consider other methods of supporting capital expenditure within East Lothian and can use its assets to support schemes or aim to maximise funding from any source possible.

The Council continues to bid for additional external funding and/or work with other bodies to secure capital investment or consider use of its own assets in a development, but restricts schemes to those that support corporate priorities or statutory service objectives and where it can be proved that the project is sustainable. Requirements for match-funding and future revenue consequences must be considered and approved along with an assessment of the opportunity costs of alternative options. All schemes are to be agreed with the Chief Finance Officer prior to submission and/or contractual commitment.

PROPORTIONALITY OF NON-TREASURY INVESTMENTS

Non-treasury investments include material investments in subsidiaries, joint ventures, loans to third parties and financial guarantee activities and are separate from the day-to-day treasury management activities. The Council holds non-treasury investments in East Lothian Land, East Lothian Investments, East Lothian Housing Association and Lothian Buses to the value of £13.0 million. The Council also holds investment balances with Investec for Common Good and Trusts. Non-Treasury Investments represent investment for service reasons to meet the needs of the people of East Lothian. They are investments for areas such as transport, investment in growth for the county and social housing. They do not generate a return in monetary terms but result in a social, economic or environmental gain.

SERVICE INVESTMENTS £13.0M



ASSET DISPOSAL STRATEGY

Purchases of assets are primarily to be retained in the long term. However, the Council Management Team will regularly review the asset base to consider where the costs of maintaining any assets outweigh the ability of the asset to fulfil its role in the delivery of services. The review will need to consider the resulting impact on the Council's operational delivery and any costs of disposal.

The strategy for fleet assets is that where the fleet life has not expired but due to either reliability, being beyond economical repair or unable to be reallocated due to changes in service requirements, assets will be disposed. Where the fleet life has expired, either an asset will be held for ongoing use or sent to auction for disposal. Auction disposal provides transparency and provides best disposal value. At all times when considering fleet replacement/disposal overall fleet efficiency is a key consideration.

The strategy for asset disposal is that if an asset is no longer required for service delivery and does not meet the criteria for retention or for inclusion within the non-operational property portfolio, the asset will be declared surplus to the Council's requirements and will be placed on the market for sale. Where a market sale may not be achievable, for example if the market is depressed, retention and inclusion of the asset within the non-operational property portfolio may be considered, provided the following criteria are met:

- market demand – there is a good letting prospect
- suitability for inclusion in the non-operational property portfolio
- good revenue potential with minimal short to medium capital outlay
- good potential for medium to long term capital growth

There is also the option for a community asset transfer to take an asset out of use by the Council. Part 5 of the Community Empowerment Act from the Scottish Government introduced a right for community bodies to make requests to all Scottish Local Authorities, Scottish Ministers and a range of public bodies for any land or buildings they feel they could make better use of. A request can be made for ownership, lease or other rights as they wish. The Council must transparently assess requests against a specified list of criteria, laid out in the Act, and agree the request unless there are reasonable grounds for refusal.

Surplus assets are managed during the disposal process to minimise vacant property, maintenance and security costs.

All capital receipts will be held corporately and used to either offset debt charges or fund future capital investments.

TRAINING AND SKILLS

The Corporate Finance Capital and Treasury teams have responsibility for both the preparation of and on-going management of the capital and treasury management strategies and Capital Programme. The team is staffed by professionally qualified accountants with extensive Local Government finance experience. Team members attend relevant training courses, workshops and events to ensure that their knowledge and skills are up to date and the Council is in a position to address all new technical developments. They follow a Continuous Professional Development Plan (CPD) as part their individual accountancy accreditation. The overall responsibility for capital and treasury activities lies with the Council's Section 95 Officer who, in accordance with statute, is professionally qualified and is suitably experienced to hold the post.

The Council aims to provide training to Members on a regular basis, which is delivered by Council officers and external advisors. This ensures Members have a full understanding of key issues and have the appropriate knowledge and skills to make capital and treasury decisions. Members are updated on developments and issues of significance throughout the year, with information presented to the Audit and Governance Committee (for Treasury Management), Cabinet and Council meetings as part of the Financial update (monitoring) reporting.

The Council currently uses the Link Group, Treasury Solutions as its external Treasury Management advisors and recognises that it is essential to engage with external providers of Treasury Management services in order to acquire access to specialist skills and resources.

TREASURY MANAGEMENT LINKS

All capital decisions to be funded by prudential borrowing will directly affect the Council's Treasury Management activities. The level and timing of the capital expenditure will be reflected in the capital plan once approved and in the strategic cash flow forecasts to plan for the required borrowing.

The resulting costs and any income to fund those costs will be included in the standard budget monitoring and budget setting process. The annual setting of both the Operational and Authorised Limits (for borrowing) will also monitor total borrowing.

BALANCE SHEET CONSIDERATIONS

The impact of capital projects and any prudential borrowing taken have an impact on the Council's balance sheet.

1. Increase in the value of the Council's non-current assets
2. Increase in the Council's long-term borrowing
3. Maturity profile of borrowing and repayment of borrowing
4. Profile of loans fund repayments
5. Increase/decrease in Capital Financing Requirement (CFR)
6. Annual depreciation on operational assets
7. Regular revaluation or impairment on operational assets
8. Impact on Council's cash flow in delivery stage or on purchase
9. Impact on Council's cash flow at time of borrowing

CHIEF FINANCE OFFICER:

STATEMENT ON DELIVERY, AFFORDABILITY AND RISK OF THE CAPITAL STRATEGY

BACKGROUND

The capital strategy is designed to comply with the requirements of the CIPFA Prudential and Treasury Management Codes and the relationship between the Council's capital programme funding and the resulting treasury management activity and the implications for future sustainability considering affordability and sustainability.

SUMMARY OF THE TREASURY POSITION

The table below shows the Council's current forecasted borrowing position and borrowing need including the Capital Financing Requirement (CFR). The CFR is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is a measure of the Council's indebtedness and the underlying borrowing need. Any capital expenditure which has not immediately been paid for through a revenue or capital funding stream, will increase the CFR.

The Council has a number of on-going Public Private Partnership (PPP) and lease arrangements shown as Other Long-Term Liabilities (OLTL) in the table below. The Council currently had £54.102 million (at the end of 2024/25) of OLTL within the CFR.

The Council's actual level of borrowing at the end of 2024/25 was £559.402 million. The Council is currently in an under borrowed position. Under borrowing is the difference between the CFR and external debt. This means that the capital borrowing need is not fully funded by external debt but is supported by the Council's reserves and working balances as a temporary measure.

**Actual Debt and the Capital Financing Requirement (CFR)
(including Other Long Term Liabilities)**

£'000	2024/25 Actual	2025/26 Q2 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate
External Debt						
Debt at 1 April	493,789	559,402	624,925	640,346	644,887	645,581
Expected change in Debt	65,613	65,523	15,421	4,541	694	(1,919)
Other long-term liabilities (OLTL)	30,688	37,712	33,889	30,251	27,415	31,274
Expected change in OLTL	7,024	(3,823)	(3,638)	(2,836)	3,859	(3,304)
Actual gross debt at 31 March	597,115	658,814	670,597	672,302	676,885	671,632
Capital Financing Requirement	682,859	742,365	781,702	808,530	830,725	837,841

The CFR does not increase indefinitely, as annual repayments from revenue are made which reflect the useful life of capital assets financed by borrowing. The repayment of loans fund advances ensures that the Council makes a prudent provision each year to pay off an element of the accumulated loans fund advances made in previous financial years as per Section 2.4 of the Treasury Management Strategy 2025/26.

The operation of the loans fund is regulated by statute, with the latest regulations: (The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 (the 2016 Regulations)) being in force from 1 April 2016.

It is important to note that the Council has for a number of years been projecting a significant borrowing requirement but has not yet needed to undertake the full projected borrowing as there has been reprofiling of the Capital programme and working balances available, resulting in an under borrowed position.

CHIEF FINANCE OFFICER REPORT

The Prudential Code states that it is the responsibility of the Council's Chief Finance Officer (Chief Finance Officer) to explicitly report on the affordability, deliverability and the risks associated with this Strategy. These key elements are set out in the following paragraphs.

Affordability is a key criterion when considering whether a project should be approved for inclusion within the Capital programme. Before any decisions are made, new schemes must be underpinned by a business case identifying the expenditure and funding, appraisal of alternative options and the risks and rewards associated with the scheme. The Business Case preparation and consideration process is set out fully in the Capital Business Case and Prioritisation and Approval sections of this Strategy.

All projects must also have a clearly identified capital funding source with a definite commitment of financial support if external funding, such as an external grant, is to be used. Also, there must be an identified source of funding to support any on-going revenue costs associated with the use of a capital asset, and these must be built into future years financial projections.

Where borrowing is to be used, the affordability test is the ability to fund interest costs linked to the borrowing, together with the statutory repayment of the borrowing (the loans fund charge). This repayment is matched to a prudent asset life and any income streams estimated to fund this asset must be sustainable. The 2016 Regulations set out the requirements for the appropriate governance of such borrowing and the Council's processes comply with the requirements of the Regulations.

The **delivery** of the individual projects within the Capital Programme is directly linked to the process of approving the capital scheme. Each scheme has a project sponsor and a manager responsible for the delivery and the subsequent achievement of the scheme objectives.

The Corporate Asset Group (CAG) meets on a regular basis to discuss and make decisions on areas such as the Community Intervention Fund and any Community Asset Transfer requests as well as the wider capital plan. The Asset Project Board meets on a monthly basis to discuss and support the asset review and regular engagement with members of all parties continues.

Project updates are provided at the regular meetings of CMT as well as an overarching update on the Capital Programme. This facilitates the review and challenge to the delivery of projects and any changes to both the timing and value of the programme. In addition, an annual Financial Review of the Capital Programme is completed each year and submitted to full Council. The financial review process should ensure that all schemes are examined to determine whether they are still aligned to corporate priorities. In year quarterly reporting also considers the deliverability and progress of schemes including any reasons for delayed starts or variations to approved budgetary allocations. It also considers re-profiling of planned expenditure and identifies any unutilised or underutilised resources, which could be reallocated to other projects.

The Council's senior officers also have the opportunity to review and challenge project and programme delivery via monthly updates on the changes/re-profiling of expenditure.

The Council is exposed to a range of **risks** with regard to the continued affordability and delivery of the Capital Programme as follows:

- Financial risks related to the investment of the Council's assets, cash flow and market volatility;
- Macroeconomic risks related to the growth or decline of the local economy, interest rates, inflation and the wider national and global economy.
- Inflationary pressures may have adverse financial implications for other approved capital projects that are currently under development;
- Insurance risks whereby some contractors are either unable or unwilling to put policies and cover levels in place which meet the Council's requirements. Equally, some insurers are broadening the scope of policy exclusions which may mean some construction risks are uninsurable;
- Credit and counterparty risks related to investments, loans to public and private institutions;
- Operational risks related to operational exposures within its organisation, its counterparties and partners;
- Strategic risks related to key initiatives undertaken by the Council such as areas of organisational change deemed necessary to enable the Council to meet its goals and objectives, significant capital schemes, major acquisitions and new ventures;

- Reputational risks related to the Council's dealings and interests, and the impact of adverse outcomes on the Council's reputation and public perception;
- Environmental and social risks related to the environmental and social impact of the Council's strategy and interests. This is a risk that is becoming more high profile given the recent national and international publicity in relation to climate change;
- Governance risks related to ensuring that prudence and careful consideration are prominent in the Council's decision-making, augmented by quality independent advice and appropriate checks to ensure that the Council has the correct level of oversight, scrutiny and efficiency; and
- Risks arising from a financial commitment by the Council in line with Government policy when that policy is then changed mid-stream leaving the Council to manage the position.

CONCLUSION

Managing the Council's risks is an area of significant focus for senior management and Members. It is important to recognise that there are significant risks associated with a large capital programme and associated borrowing, but as far as possible these are mitigated as part of the Council's Treasury Management Practices.

As advised above, where there is a robust capital business plan process, project management arrangements and/or project boards in place and all projects are delivered by suitably skilled staff. Appropriate consideration is also given to tax (VAT) planning, cash flow and the operational planning and resource implications for the use of any asset. Governance is addressed by the establishment of officer/Member working groups with regular and transparent reporting. Due diligence is undertaken on loans and purchases and external advice is sought where necessary.

There are clear links from the Capital Strategy to the Financial Strategy and Treasury Management Strategy, prudential indicators, authorised borrowing limits and the revenue budget. These are also subject to review and oversight by Members at Audit and Governance Committee, Cabinet and Council.

Risk increases with any new borrowing and officers and members must be mindful of this when considering funding arrangements for capital investment. New borrowing will increase the Council's annual level of fixed interest and repayment costs which are already currently forecast to increase in the coming years and could have a borrowing liability of £690.985 million by the end of 2028/29.

Because of this, monitoring and reporting arrangements must allow for capital plans to be regularly revisited and updated with reference to ongoing considerations around prudence, affordability and sustainability.

The pace and level of change in the Council's borrowing is still significant and all members need to be fully informed as to all implications of its capital investment decisions with particular bias on those funded from borrowing.

APPENDIX A

KEY RATIOS AND PRUDENTIAL INDICATORS

Note: Years 2026/27 – 2029/30 are budgets approved in February 2025

Ratio of financing costs to revenue stream

	Year End 2024/25 £'000	Qtr 2 2025/26 £'000	Estimate 2026/27 £'000	Estimate 2027/28 £'000	Estimate 2028/29 £'000	Estimate 2029/30 £'000
General Services						
GS Revenue Stream	330,753	354,626	360,276	365,962	371,879	378,152
GS Financing Costs	16,366	24,901	22,300	23,106	23,404	24,543
Ratio - Financing/Revenue Stream	4.95%	7.02%	6.19%	6.31%	6.29%	6.49%
HRA						
HRA Revenue Stream	40,911	44,149	46,994	49,940	52,818	55,601
HRA Financing Costs	13,757	15,855	18,045	19,031	20,006	20,725
Ratio - Financing/Revenue Stream	33.63%	35.91%	38.40%	38.11%	37.88%	37.27%

Actual Debt and the Capital Financing Requirement (CFR) – excluding Other Long Term Liabilities

	Year End 2024/25 £'000	Qtr 2 2025/26 £'000	Estimate 2026/27 £'000	Estimate 2027/28 £'000	Estimate 2028/29 £'000	Estimate 2029/30 £'000
Total External debt at start of year	493,789	559,402	624,925	640,346	644,887	645,581
Expected/Actual change in debt	65,613	65,523	15,421	4,541	694	(1,919)
Actual/Estimate gross debt at 31 March	559,402	624,925	640,346	644,887	645,581	643,662
The Capital Financing Requirement	628,755	690,658	732,090	760,653	777,785	786,086
(Under)/Over borrowing	(69,352)	(65,733)	(91,744)	(115,766)	(132,204)	(142,424)

Authorised Limit for External Debt

	Year End 2024/25 £'000	Qtr 2 2025/26 £'000	Estimate 2026/27 £'000	Estimate 2027/28 £'000	Estimate 2028/29 £'000	Estimate 2029/30 £'000
Borrowing	708,000	727,000	765,000	804,000	835,000	861,000
Other long term liabilities	38,000	34,000	31,000	28,000	32,000	28,000
Total	746,000	761,000	796,000	832,000	867,000	889,000

Operational Boundary for External Debt

	Year End 2024/25 £'000	Qtr 2 2025/26 £'000	Estimate 2026/27 £'000	Estimate 2027/28 £'000	Estimate 2028/29 £'000	Estimate 2029/30 £'000
Borrowing	654,144	708,473	751,448	781,111	799,448	809,868
Other long term liabilities	37,712	33,889	30,251	27,415	31,274	27,970
Total	682,856	742,363	781,699	808,527	830,723	837,838



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COMMITTEE: East Lothian Council

MEETING DATE: 9 December 2025

BY: Depute Chief Executive – Resources and Economy

REPORT TITLE: Quarter 2 Financial Review 2025/26

REPORT STATUS: Public

8

1 PURPOSE OF REPORT

- 1.1 To provide an update on the in-year financial position at the end of September 2025.

2 RECOMMENDATIONS

- 2.1 The Council is recommended to:

- Note the outcome of the Quarter 2 financial performance against approved budgets including progress toward delivering agreed budget efficiencies.
- Note the risks and other factors that may impact that position by year-end and the range of on-going intervention measures approved by Council.
- Note the additional Scottish Government funding received since Council approved the budget in February 2025.
- Note the update on the Integrated Joint Board position (IJB).
- Note the changes to the accounting arrangements within Roads Services.
- Agree the changes in services delegated to the IJB.
- Note the key performance information for Council Tax Collection, Rent Collection and Scottish Welfare Fund spending.
- Note the revised General Services Capital budget and forecast spend and the update on Prudential and Treasury Indicators.

- Note the HRA Revenue and Capital Spend forecast.

3 BACKGROUND

- 3.1 The Council continues to face increasing costs and demand pressures which present significant challenges to financial sustainability. The most significant of these pressures remain in demand-led services, particularly within Health and Social Care Services delegated to the IJB and Children's Services. In addition, there remain pressures arising from the timing and delivery of planned financial savings.
- 3.2 Whilst the forecast at Quarter 1 indicated a break-even position which has been maintained at Quarter 2, the Council continues to face a high number of significant financial and other risks, which may materialise over the remainder of the financial year. These risks include policy expectations relating to minimum learning hours and reduced class contact time and will continue to be closely monitored.
- 3.3 Given the severity of these risks to future financial sustainability, the Council approved an updated list of mitigations at the June 2025 meeting which the CMT is responsible for applying to manage any in-year financial pressures.
- 3.4 Within this context, the Finance Service will continue to engage with colleagues across services to manage expenditure commitments in 2025/26 and the future implications going forward.

General Services Revenue Summary – 30 September 2025

- 3.5 An analysis of the financial position across service groups is set out in in **Appendix 1** with further details in the paragraphs below.
- 3.6 At Quarter 2, the forecast outturn for 2025/26 is in line with the overall budget after taking account of planned reserve movements. Without planned use of reserves, there would be a forecast overspend of £9.1 million.
- 3.7 Within this overspend there are various one-off costs that are being funded from earmarked reserves. The planned use of earmarked reserves for one-off funding totals £2.198 million split as follows:
 - Planned use of Transformation Fund and other ring-fenced funds, £1.649 million.
 - Planned use of Health & Social Care (IJB delegated services), £549,000 – this figure has been agreed with the IJB Chief Officer and Chief Financial Officer.
- 3.8 There are also several planned transfers to earmarked reserves that need taken account of, totalling £2.633 million, they are for:

- Scottish Futures Trust funding for Wallyford Learning Campus, £1.440 million, in line with Council's decision to create the reserve in June 2024.
 - Service concessions adjustments, £1.193 million, in line with Council's decision to create this reserve in June 2024.
- 3.9 The revised position after applying transfers to and from earmarked reserves is an overspend of £9.482 million to be funded from planned use of capital reserves. This is an increase of £691,000 on the Quarter 1 position (£8.791 million). The capital reserves available to fund the overspend is £9.980 million meaning at this stage no unplanned use of reserves will be required.
- 3.10 At this stage, after taking account of one-off costs to be funded from earmarked reserves, no Head of Service area has an overspend forecast. This includes Children's Services and IJB delegated services which overall are forecasting modest underspends reflective of the additional investment approved by Council in February 2025.
- 3.11 Non-service expenditure is showing an overspend projection of £4 million. As previously reported in August 2025 the main factors causing this pressure are the vacancy factor and undelivered savings from previous years being included in this area. The vacancy factor will be met by vacant posts in services and other underspends and additional council tax income are offsetting the prior year undelivered savings.
- 3.12 In addition, there are overspends in insurance payments. This includes payments for claims dating back several years that are now settling as well as increased settlements relating to the historical child abuse enquiry. This is an area of increased budget monitoring scrutiny.
- 3.13 There do remain areas of emerging pressure within services which are offset by underspends elsewhere in service budgets. The forecast overspends are summarised below:
- Children's Services (Management), £970,000 – external residential and alternative interventions budget (contained within the management line in **Appendix 1**)
 - Education (Inclusion and Wellbeing), £1.079 million – external day schools and residential costs
 - Health & Social Care, £935,000 – commissioned care costs.
 - Roads, £192,000 – increasing cost of materials.
 - Undelivered 2025/26 savings, £85,000 – more detail in section 3.26.

- 3.14 A number of these pressures will be recurring beyond this financial year.

Changes to the Roads Trading Account

- 3.15 Following feedback from External Audit and a review by officers a decision has been taken to discontinue the Roads Trading Account. This will simplify the budget monitoring of the Roads Service and help improve effectiveness. This change was noted in the recent Internal Audit of the Roads Trading Account that was reported to Audit and Governance Committee on 25 November 2025 and is subject to ongoing review and evaluation by Finance and Roads. This represents a change to accounting treatment and will not affect the net budget position.

Risks and Other Factors

- 3.16 Pay agreements for non-teaching staff have been reached with Trade Unions and whilst the individual Council allocations have not yet been confirmed, the Scottish Government have committed to fund the costs above 3% in each of 2025/26 and 2026/27. The agreements are for 4% in 2025/26 and 3.5% in 2026/27 and the forecast assumes this additional funding being provided.
- 3.17 Pay agreements for teachers were reached with Trade Unions on 11 November 2025 and whilst individual allocations have not yet been confirmed, the Scottish Government has committed to fund the costs above 3% in each year and the forecast assumes this.
- 3.18 Population growth and demographic change in East Lothian continue to pose significant ongoing challenges which are likely to remain and increase over the longer term based on current projections.
- 3.19 The forecast assumes £3.8 million of teacher funding that has not yet been confirmed by the Scottish Government which is linked to maintaining teacher numbers. At this stage it is expected that teacher numbers will meet the target.
- 3.20 There are ongoing discussions about increasing minimum learning hours for Primary 1 and 2 pupils to 25 hours which is excess of the current East Lothian provision which could cost an additional £900,000 by 2027/28. In addition, Scottish Government has indicated an expectation that meaningful progress is made towards reduced class contact time for teachers, which could cost an additional £4.5 million. At this stage it is not anticipated that the Scottish Government will provide the funding required to enable these changes; however, failure by the Council to do so could result in a penalty being applied to existing funding available to the council.
- 3.21 The potential for increases in requirements for demand led services such as Homelessness, Children's, and Adult Social Work along with growing demand for Additional Support Needs services remains an ongoing risk which could give rise to overspends during the year.

- 3.22 The forecast assumes some slippage in the delivery of agreed savings; however, there is a residual risk to the delivery of the remaining savings, with further information set out in section 3.26 to 3.28.
- 3.23 Severe weather over winter could increase costs for the Council, particularly in Infrastructure Services.

Approved Mitigations

- 3.24 At the June 2025 Council meeting, the council agreed to continue the following control measures which the CMT is responsible for applying, they are:
- Recruitment – posts will only be filled if there would be an obvious detrimental impact on the service being provided from not doing so and sign-off has been given by CMT and EMT. This applies to all posts.
 - All Council managers must operate within approved budget levels, preserving underspends where possible.
 - Where a service is overspent or at risk of overspending, urgent financial recovery actions will be required to bring spending in line with approved budget levels.
 - Use of agency staff should be kept to a minimum and should be kept under close review.
 - Council officers will continue to collaborate with partner bodies including the IJB to explore all options to try and mitigate overspends and ensure spending remains aligned to approved budgets.
 - In-year financial review papers will continue to be reported to Council rather than cabinet
- 3.25 These control measures will remain under review through the quarterly budget monitoring process. At this stage, no service has been asked to prepare a financial recovery plan due to the forecast being in line with budget.

2025/26 Efficiencies

- 3.26 Council approved planned efficiencies of £1.542 million for 2025/26. At this stage, £930,000 have been achieved, £527,000 are assessed as achievable though further work may be required, and £85,000 are assessed as unachievable in the current financial year. **Appendix 2** sets out the position in more detail. The savings that are not achievable this year are:
- Move file sharing with external organisations from Objective Connect to M365 Toolset £40,000 – due to a staff vacancy the work required to facilitate this change could not be progressed and the existing

contract had to be extended for 12 months. The post has now been filled, and work is ongoing to achieve the saving in 2026/27.

- Realign contributions to City Region Project Management Office based on population £45,000 – this saving cannot be delivered at this stage and will require the agreement of all partners in the City Region Deal to agree to firstly review the charge and agree any changes in charges to partners. The cost has increased in 2025/26 and therefore there is a double pressure of the undelivered saving and the unbudgeted cost increase. The service manager is working to identify alternative options to mitigate this pressure.

3.27 In 2024/25, just over £2 million of efficiencies had not been delivered; of those, charging for garden waste collection, review of the management of sports facilities, and the review of adaptations have now been delivered. This leaves £1.5 million of prior year savings not yet fully achieved, they are:

- Asset Review, £1 million – following the report to Council in October 2025, work is ongoing to meet this savings target.
- Income generation, £500,000 – work is progressing to develop proposals, and income is expected to be achieved in 2025/26 but depending on timing of implementation it may not be the full amount.

3.28 In addition to the above, a saving planned for 2023/24, to review public holidays, has not yet been delivered.

Council Tax

3.29 At this stage, there is a forecast surplus in the council tax budget of around £1 million (around 1% of the budget). This is due to an increase in the number of dwellings over and above the estimates incorporated into the budget, along with earlier occupation of the dwellings being completed this financial year. This will be taken account of in the council tax assumptions for 2026/27.

3.30 Without this surplus in council tax, there would be an overspend projected at this stage and a need to make an unplanned drawdown from reserves.

Additional Scottish Government Funding

3.31 Since Council approved the 2025/26 budget in February 2025, there has been additional funding of £185,000 from the Scottish Government. This is set out in more detail in **Appendix 3**.

3.32 The additional funding is to support existing commitments or specific national policy objectives so they cannot help to alleviate wider pressures in the Council's financial position.

Integrated Joint Board

- 3.33 The IJB has delegated authority over the Health & Social Care budget along with a small number of other budgets within Community Housing, the Housing Revenue Account and Housing Capital. The management of these resources remains in line with the scheme of integration and wider overall IJB resources.
- 3.34 The Council recognised the demand challenges facing the Council-delegated IJB services and agreed to increase funding by around £4 million in 2025/26 on top of passported funding from the Scottish Government to help address these pressures.
- 3.35 At this stage, there is an underspend forecast for the IJB of £344,000. This includes funding from unscheduled care monies of £549,000 to cover costs associated with this policy which has been agreed with the Chief Officer and the Chief Financial Officer of the IJB.
- 3.36 While this is a positive position, there remain several areas of pressure including commissioned services for older people and people with learning disabilities which will need to be addressed in the longer term. Demand for these services, particularly external commissioned services such as Care Homes and Care at Home, remains a risk to the in-year position.
- 3.37 The IJB is currently working to develop robust and deliverable medium-term financial plans, which can meet the full extent of the projected budget gap including that arising from delegated Council functions in collaboration with the funding partners.
- 3.38 The IJB Council-delegated services currently include several areas managed by the Head of Housing that fall under HRA and General Fund Housing as well as Telecare Services which are managed by the Head of Communities and Partnerships. The Service Manager for Governance has confirmed that the scheme of integration does not formally include these services and that they are additional areas that the Council chose to include when the IJB was established. Following discussions at officer level it is deemed appropriate to remove these budgets from the IJB and focus Council IJB services on the remaining services under the control of the Head of Operations within the Health and Social Care Partnership. The services being removed from the IJB will continue to be managed by the Head of Housing and the Head of Communities and Partnerships. The Chief Finance Officer of the IJB will present a report to IJB in December 2025 detailing the changes and the formal changes will be implemented for the Quarter 3 budget monitoring and an updated funding letter will be sent from the Council to the IJB to formalise the changes in the budget. Overall, this will have no impact on the IJB forecast outturn position in 2025/26.

Council's Group Components

- 3.39 Enjoy have accepted the conditions of the additional £250,000 funding offer that Council approved in August 2025.

Performance Information within Revenues & Benefits

- 3.40 Council tax in-year collection is slightly below target at Quarter 2. Demand from customers for support remains high and an additional 463 new properties were added to the end of Quarter 2. Debt recovery work has been initiated for unpaid current year council tax and work continues to support those who are struggling to pay by offering flexible payment arrangements and signposting advice and financial support to help maximise income where eligibility exists and manage debt.

Period	Actual	Target	Variance
Q2 2025/26	53.10%	53.48%	-0.38%

- 3.41 Current tenant rent arrears is currently higher than the target set. Quarter 2 is always a challenging period and the winter rent charge break at the end of Quarter 3 helps to reduce arrears levels significantly as those in arrears continue to pay. Rent Officers continue to support locally, and work is ongoing to support tenants over the winter period.

Period	Actual Q2 (£000)	Target (£000)	Variance (£000)
Q2 2025/26	£1,668	£1,605	£63

- 3.42 Scottish Welfare Fund remains a key element of the local safety net, offering vital support to residents' financial hardship through the provision of crisis grants and community care grants. This is funded from the Scottish Governments wider Social Security Assistance budget. The Council received £581,000 of funding from the Scottish Government which has been supplemented from a carry forward of £140,000 from 2024/25. The overall funding available in 2025/26 is £721,000 of which £394,000 had been used by the end of Quarter 2. 53% of the grants paid out are to families facing exceptional pressure with around 33% paid to those requiring living expenses. The table below sets out the Quarter 2 activity.

Q2 2025/26	Community Care Grants	Crisis Grants	Total
Applications	336	901	1,237
Awards	210	505	715
Award Rate	62.50%	56.05%	57.80%

Total Award	£126,000	£68,000	£194,000
Average Award	£598	£135	£271

- 3.43 Based on the current budget position, there is a risk that a decision to move to the high and most compelling criteria for assessing community care grants may need to be taken in early 2026 to ensure that sufficient funding remains through to the end of the financial year.

General Services Capital Summary – 30 September 2025

- 3.44 **Appendix 4** shows the approved and updated 2025/26 budgets and expenditure to 30 September 2025, showing spend of £26 million relative to the updated gross expenditure budget of £77 million.
- 3.45 At this stage, expenditure of around £65 million is forecast by the end of the financial year. The forecast reflects a range of assumptions that are subject to change and may therefore have an impact on the actual position achieved at the end of the financial year. There remains a wide range of external pressures which place significant pressure on wider affordability limits.
- 3.46 In addition to the normal RAG flags, a 'P' flag is included to identify projects where the variance is due to a change in spend profile, related to project progress.
- 3.47 A summary of the key areas of variation are shown below:
- Fleet projections have been amended to reflect that several items on order are unlikely to be delivered before the end of the financial year and a carry forward of the committed but unspent budget will be requested following the year-end outturn.
 - Land purchases for burial provision at Tranent has been delayed due to a potential site being ruled out based on the results of site investigation works. Further work is now proposed to undertake targeted analysis of potential sites with the intent to engage and secure land. This work will not be completed in 2025/26.
 - Several projects within the Sports and Recreation LDP have been reprofiled to 2026/27 due to resource issues within the design team.
 - The replacement Children's House project will align with the construction of the Wallyford Area 1 housing development, and this will not take place until 2026/27.
 - Within Education, extensions at Aberlady, Elphinstone and Longniddry Primary Schools and toilet upgrades at East Linton Primary School will now take place in 2026/27.
- 3.48 As reported to Council in October 2025, there are ongoing budget pressures at Whitecraig Primary School due to contractor claims. It is

anticipated that it will be possible to partially offset the impact of this pressure through budget savings at both Blindwells and Craighall Primary Schools. There are also emerging budget pressures within the Cockenzie and Levelling Up budget lines due to contractor claims. Projections will be updated as more information becomes available.

- 3.49 The projection for developer contributions, early learning 1140 grant and other funding sources are linked to the forecasts for the projects they support. There continues to be ongoing risks around the timing and realisation of planned developer contributions that may put additional strain on borrowing requirements and this position will continue to be closely monitored.
- 3.50 The reduction in projected expenditure has reduced the in-year borrowing requirement projection by £6 million.

Treasury Update – 30 September 2025

- 3.51 In accordance with the Prudential and Treasury codes of practice, in addition to the mid-year and year end reporting on Treasury activity and reporting of Prudential and Treasury indicators to Audit and Governance Committee, quarterly reporting on Treasury activity is required.
- 3.52 During Quarter 2 there was no external borrowing. The following external borrowing was repaid during this period.

Lender	Principal (£000)	Type	Interest Rate (%)	Original Maturity	Date Repaid
Barclays	5,000	Fixed Rate Maturity	4.25	21/06/2066	25/07/2025
Dexia	4,000	Lenders Option Borrowers Option	4.10	30/03/2056	30/09/2025
Total	9,000				

- 3.53 During the second quarter of the year, the opportunity arose to repay a £5 million market loan from Barclays Bank which was not due to mature until June 2066 at a discounted rate. Given that the interest rate (4.25%) was higher than the rate that the Council could receive from investing surplus cash balances (3.95%) and that interest rates are forecast to fall further by the time that refinancing of this debt will be required, a decision was taken to repay this loan.
- 3.54 The decision has given rise to a £1.1 million gain due to the discounted repayment, which will be used to reduce forecast debt charges.

- 3.55 The Dexia loan was also repaid early due to the Lenders Option being exercised with an unfavourable rate. There was a further £4.761 million paid for instalments due on PWLB loans.
- 3.56 It is important to note that the borrowing requirement as reported in the General Services and HRA monitoring is borrowing from the Loans Fund.
- Capital Financing Requirement (CFR) shown in **Appendix 5** under items 1.2 and 1.3 is the financing still required after relevant grants and receipts have been applied, to fund the capital programme. This is known as the borrowing requirement.
 - Loans Fund borrowing is then funded by external borrowing and the use of working capital. As this uses the cash balances held by the council, cash flow monitoring is an important part of the Treasury function and is a factor in determining the timing of external borrowing. Actual external debt is shown in item 2.3, and the Loans Fund debt is shown in item 3.
- 3.57 The Prudential, Treasury Management and Loans Fund indicators are set out in **Appendix 5**. For context, the 2024/25 Actual and 2025/26 Budget as per the approved Treasury Strategy as well as the projections for 2025/26 based on the Quarter 2 position for General Services and HRA capital are shown.
- 3.58 Key points to note from the appendix:
- The budget figures for 2025/26 were set based on in-year 2024/25 capital projections. The actual outturn was lower for General Services meaning the starting point for 2025/26 was also lower. General Services capital spend projection at Quarter 2 is higher than the approved budget due to projects from 2024/25 being carried into 2025/26 as is the Capital Financing Requirement (CFR). The HRA capital spend projection at Quarter 2 and CFR are lower than budget.
 - The CFR will start to fall when loans fund principal repayments are greater than the in-year borrowing requirement.
 - The Loans Fund follows the same pattern as the CFR. As a result of the projected capital expenditure, loans fund advances are increasing above the principal repayment of loans fund debt.
- 3.59 Cash balances are continually monitored and managed. As investment rates have been higher than the interest rate on the bank account balance, several short-term investments were placed during Quarter 2. In summary:
- 37 short term investments placed.
 - Maturity Range – one day to three months
 - 34 investments with HM Treasury (four to mature in Quarter 3)
 - Two sustainable investments

- One investment with local authorities
- 3.60 Cash flow continues to be closely monitored to ensure the Council has sufficient cash resources to meet ongoing requirements.

Housing Revenue Account – 30 September 2025

- 3.61 The HRA is expected to breakeven at this stage. The significant work that was undertaken in the final quarter of 2024/25 and which has continued in the first quarter of 2025/26 to reduce the backlog of void properties continues to have a positive impact and is reflected in increased repairs costs. The voids projection at this stage is in line with the position at Quarter 1. **Appendix 6** sets out the revenue spend for the year.
- 3.62 Capital expenditure at Quarter 2 was £11.9 million with around £34.7 million of spend forecast for the year in line with the projection at Quarter 1. This is significantly less than the £43.8 million budget approved by council. Further details are provided in **Appendix 7**. The main points to note are:
- The expected number of completions in 2025/26 is 84 houses, down ten from the budgeted figures. This is due to slight delays in work proceeding at two sites, Schaw Road and Halhill North. Overall, 30 houses were expected to be completed at these sites in 2025/26 with 20 now forecast. The ten outstanding houses are expected to be completed in 2026/27. Around £1.3 million of budget will be carried forward to 2026/27 for these sites.
 - Due to delays relating to planning and operational reasons, there are changes in the timescale to deliver new build council houses at three sites, Herdmanflatt, Wallyford Area 1 and Wallyford Primary School. This has resulted in reduced spend in 2025/26 which will now be incurred in 2026/27. Around £8 million of budget will be carried forward to 2026/27 for these sites.
 - The impact of this slippage will be reflected in the updated 5-year housing capital programme budget model that is currently being developed.
 - Modernisation and Energy Efficiency budgets are projected to spend to budget and programmes are progressing.
 - At this stage, there have been no Mortgage to Rent purchases.
- 3.63 The forecast borrowing to fund the capital programme is around £8 million less than budgeted and this reflects the slippage in new council house building.
- 3.64 Looking ahead, to meet the two key tests in the financial strategy, a £1 million minimum HRA balance and a debt-to-income ratio below 40%, it will be necessary to review the 10-year model financial model and develop a longer-term business plan to ensure that funding priorities,

including modernisation and new build council housing remain affordable within available resources. Work is ongoing to develop a 30-year business model.

Conclusion

- 3.65 Whilst the in-year position reported is positive with no requirement for any unplanned use of reserves at this stage, the Council continues to operate in a challenging financial environment. The current budget still requires a planned use of around £9.5 million of one-off reserves which will have to be addressed in future year budget models. This is in addition to the ongoing challenges of population growth, increasing demand for services and continuing increase in the cost of operating services.
- 3.66 The Council will continue to take steps to ensure that it can sustain the delivery of vital services to the community and effectively manage wider assets. The scale of the challenge will require difficult decisions in the years ahead to ensure ongoing financial sustainability.

4 POLICY IMPLICATIONS

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

5 RESOURCE AND OTHER IMPLICATIONS

- 5.1 Finance: as described above and in the supporting appendices
- 5.2 Human Resources: none
- 5.3 Other (e.g. Legal/IT): none
- 5.4 Risk: as described above and in the supporting appendices

6 INTEGRATED IMPACT ASSESSMENT

- 6.1 *Select the statement that is appropriate to your report by placing an 'X' in the relevant box.*

An Integrated Impact Assessment screening process has been undertaken and the subject of this report does not affect the wellbeing of the community or have a significant impact on: equality and human rights; tackling socio-economic disadvantages and poverty; climate change, the environment and sustainability; the Council's role as a corporate parent; or the storage/collection of personal data.

X

or

The subject of this report has been through the Integrated Impact Assessment process and impacts have been identified as follows:

☐

Subject	Impacts identified (Yes, No or N/A)
Equality and human rights	
Socio-economic disadvantage/poverty	
Climate change, the environment and sustainability	
Corporate parenting and care-experienced young people	
Storage/collection of personal data	
Other	

[Enter information on impacts that have been identified]

The Integrated Impact Assessment relating to this report has been published and can be accessed via the Council's website:

https://www.eastlothian.gov.uk/info/210602/equality_and_diversity/12014/integrated_impact_assessments

7 APPENDICES

- 7.1 Appendix 1 – General Fund Monitoring
- 7.2 Appendix 2 – General Services Revenue Budget Efficiencies
- 7.3 Appendix 3 – Additional Funding
- 7.4 Appendix 4 – General Services Capital
- 7.5 Appendix 5 – Treasury Update
- 7.6 Appendix 6 – HRA Revenue
- 7.7 Appendix 7 – HRA Capital

8 BACKGROUND PAPERS

- 8.1 Council – 10 December 2024 – Item 3 Financial and Capital Strategies 2025 to 2030
- 8.2 Council – 18 February 2025 – Item 2 Budget, Council Tax and Rent Setting 2025/26 Onwards
- 8.3 Council – 18 February 2025 – Item 2a Cross Party Housing Revenue Account including Council House Rent Proposals 2025/26 to 2029/30
- 8.4 Council – 18 February 2025 – Item 2b Cross Party General Services Revenue and Capital Budget Including Council Tax Proposals 2025/26 to 2029/30
- 8.5 Council – 18 18 February 2025 – Item 3 Treasury Management Strategy 2025/26 to 2029/30
- 8.6 Council 26 August 2025 – Item 7 Quarter 1 Financial Review 2025/26

9 AUTHOR AND APROVER DETAILS

Report Author(s)

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Date	25 November 2025

Head of Service Approval

Name	Ellie Dunnet
Designation	Head of Finance
Confirmation that IIA and other relevant checks (e.g. finance/legal) have been completed	Yes
Approval Date	26 November 2025

Appendix 1
East Lothian Council
Budget Monitoring 2025/26 - Quarter 2

Service	Head of Service	Business Unit	2025/26 Budget £'000	Year to Date			2025/26 Budget Variance to Date £'000	2025/26 Budget Variance to Date %	Financial Risk Assessment
				2025/26 Actual to Date £'000	2025/26 Budget to Date £'000	2025/26 Budget Variance to Date £'000			
Education & Children's	Children's	Performance & Service Delivery	1,513	790	780	10	1.28%		
Education & Children's	Children's	Management	6,790	3,328	2,823	505	17.89%		
Education & Children's	Children's	Assessment HUB and Early Interventions	2,177	1,023	1,090	-67	-6.15%		
Education & Children's	Children's	Long Term Social Work Supervisory Groups	3,793	1,934	1,920	14	0.73%		
Education & Children's	Children's	TAC, Disability & Resources	2,078	542	588	-46	-7.82%		
Education & Children's	Children's	Fostering, Adoption & Internal Resources	6,388	2,933	3,377	-444	-13.15%		
Education & Children's	Children's	Early Years Intervention	1,113	444	459	-15	-3.27%		
Education & Children's	Children's	Disability Short Breaks	999	564	501	63	12.57%		
EDUCATION & CHILDREN'S	CHILDREN'S TOTAL		24,851	11,558	11,538	20	0.17%		
Education & Children's	Education	Inclusion & Wellbeing	15,867	3,705	3,165	540	17.06%		
Education & Children's	Education	Pre-School Education	17,390	3,303	3,352	-49	-1.46%		
Education & Children's	Education	Primary Schools	61,671	32,729	33,433	-704	-2.11%		
Education & Children's	Education	Secondary Schools	61,928	29,359	29,657	-298	-1.00%		
Education & Children's	Education	Schools' Support	3,393	1,468	1,638	-170	-10.38%		
Education & Children's	Education	East Lothian Works	1,335	848	953	-105	-11.02%		
EDUCATION & CHILDREN'S	EDUCATION TOTAL		161,584	71,412	72,198	-786	-1.09%		
EDUCATION & CHILDREN'S TOTAL			186,435	82,970	83,736	-766	-0.91%		
Council Resources	Finance	Financial Services	2,890	2,100	2,148	-48	-2.23%		
Council Resources	Finance	Revenues & Financial Support	5,109	2,732	2,924	-192	-6.57%		
Council Resources	Finance	Procurement, Digital and Transformation	1,315	830	868	-38	-4.38%		
COUNCIL RESOURCES	FINANCE TOTAL		9,314	5,662	5,940	-278	-4.68%		
Council Resources	Corporate	IT Services	4,001	1,694	1,633	61	3.74%		
Council Resources	Corporate	People & Council Support	5,108	3,522	3,663	-141	-3.85%		
Council Resources	Corporate	Governance	2,595	1,003	1,024	-21	-2.05%		
Council Resources	Corporate	Communications	608	299	304	-5	-1.64%		
COUNCIL RESOURCES	CORPORATE TOTAL		12,312	6,518	6,624	-106	-1.60%		
COUNCIL RESOURCES TOTAL			21,626	12,180	12,564	-384	-3.06%		
Health & Social Care Partnership	Head of Operations	Adult Social Work	35,680	15,372	15,384	-12	-0.08%		
Health & Social Care Partnership	Head of Operations	Acute & Ongoing Care	11,206	5,665	5,703	-38	-0.67%		
Health & Social Care Partnership	Head of Operations	Rehabilitation	2,368	1,185	1,297	-112	-8.64%		
Health & Social Care Partnership	Head of Operations	Learning Disability & MH Community Services	22,106	9,673	9,608	65	0.68%		
Health & Social Care Partnership	Head of Operations	Head of Operations	5,173	1,513	1,500	13	0.87%		
Health & Social Care Partnership	Head of Operations	Business & Performance IJB	4,997	2,960	3,054	-94	-3.08%		
HEALTH & SOCIAL CARE PARTNERSHIP	IJB TOTAL		81,530	36,368	36,546	-178	-0.49%		
HEALTH & SOCIAL CARE PARTNERSHIP TOTAL			81,530	36,368	36,546	-178	-0.49%		
Place	Development	Planning & Environmental Services	1,028	754	860	-106	-12.33%		
Place	Development	Economic Development	833	949	886	63	7.11%		
PLACE	DEVELOPMENT TOTAL		1,861	1,703	1,746	-43	-2.46%		
Place	Housing	Housing, Strategy & Development	352	-363	-275	-88	32.00%		
Place	Housing	Property Maintenance Trading Account	-1,153	1,783	1,783	0	0.00%		
Place	Housing	Community Housing Group	3,890	514	543	-29	5.34%		
PLACE	HOUSING TOTAL		3,089	1,934	2,051	-117	-5.70%		
Place	Infrastructure	Asset Maintenance & Engineering Services	3,765	2,083	2,067	16	0.77%		
Place	Infrastructure	Strategic Asset & Capital Plan Management	-792	1,084	1,278	-194	-15.18%		
Place	Infrastructure	Facility Trading Activity	-428	3,153	3,201	-48	-1.50%		
Place	Infrastructure	Facility Support Services	3,903	834	975	-141	-14.46%		
Place	Infrastructure	Landscape & Countryside Management	7,243	4,379	4,443	-64	-1.44%		
Place	Infrastructure	Active Business Unit	4,124	1,868	2,005	-137	-6.83%		
Place	Infrastructure	Roads Services	4,249	1,541	1,445	96	6.64%		
Place	Infrastructure	Transportation	2,418	659	887	-228	-25.70%		
Place	Infrastructure	Waste Services	13,355	4,365	4,497	-132	-2.94%		
PLACE	INFRASTRUCTURE TOTAL		37,837	19,966	20,798	-832	-4.00%		
Place	Communities & Partnerships	Connected Communities	6,415	3,457	3,512	-55	-1.57%		
Place	Communities & Partnerships	Protective Services	2,397	1,272	1,309	-37	-2.83%		
Place	Communities & Partnerships	Customer Services Group	4,792	3,067	3,187	-120	-3.77%		
PLACE	COMMUNITIES & PARTNERSHIPS TOTAL		13,604	7,796	8,008	-212	-2.65%		
PLACE TOTAL			56,391	31,399	32,603	-1,204	-3.69%		
SERVICE TOTAL			345,982	162,917	165,449	-2,532	-1.53%		
Non-Service Expenditure Sub-Total			21,426	851	-1,179	2,030	-172.18%		
Total Expenditure			367,408	163,768	164,270	-502	-0.31%		
Funded By Sub-Total			-358,621	-211,035	-210,563	-472	-0.22%		
Net Expenditure			8,787	-47,267	-46,293	-974	-2.10%		
Reserves Funding Sub-Total			-8,787	0	-1,260	1,260	100.00%		
TOTAL LEDGER POSITION			0	-47,267	-47,553	286	0.17%		

Appendix 2

East Lothian Council

2025/26 Budget Efficiencies - Quarter 2

Service	2025/26		
	Achieved	Amber	Unachievable
	£'000	£'000	£'000
Education	521	0	0
Finance	45	75	0
Corporate Services	64	0	40
Development	10	300	45
Housing	50	0	0
Infrastructure	120	52	0
Communities	120	0	0
Non Service Expenditure	0	100	0
Total	930	527	85
	60.31%	34.18%	5.51%
			1,542

Appendix 3

East Lothian Council

Budget Monitoring 2025/26 - Additional Funding from the Scottish Government

	£million
2025/26 GRG (per Budget Amendment)	265.319
Additional Funding - GRG	
Social Care Real Living Wage (settlement less than estimate in the budget)	-0.049
Employer NI Increase (settlement higher than estimate in the budget)	0.070
Kinship & Foster Care Funding	0.037
Nature Restoration Fund	0.068
Holiday Playschemes and Activities for Disabled Children	0.019
Prisoners (Early Release) (Scotland) Act 2025 - Support for housing costs	0.017
Scottish School Milk Subsidy Scheme	0.023
Total Additional Funding	0.185
Revised GRG	265.504

Appendix 4

East Lothian Council

General Services Capital Budget Monitoring Summary 2025/26 Quarter 2

RAG G Green
A Amber
R Red
P Change in Spend Profile

	RAG	Approved Budget 2025/26	Updated Budget 2025/26	Actual 2025/26	Updated Budget- Actual Variance 2025/26	Projected Outturn 2025/26	Updated Budget - Outturn Variance 2025/26
		£'000	£'000	£'000	£'000	£'000	£'000
Expenditure							
Community Projects							
Community Intervention	G	200	242	-	(242)	242	-
Community Facility Transformation	G	100	100	-	(100)	100	-
Community Intervention Fund - Pump Tracks	G	360	580	134	(447)	441	(139)
Community Public Art	G	-	155	0	(155)	155	-
Bleachingfield Centre Remodelling Works	G	2	18	1	(17)	8	(10)
Dunbar Conservation Area Regeneration Scheme (CARS)	G	575	775	-	(775)	525	(250)
Support for Business	G	-	-	-	-	-	-
CCTV	G	169	212	7	(205)	212	-
Town Centre Regeneration	G	-	57	25	(32)	816	759
Total Community Projects		1,406	2,139	166	(1,973)	2,499	360
Town Centre Regeneration (PBIP) Grant		(208)	(265)	(25)	240	(644)	(379)
Other Funding Sources		(510)	(1,101)	(0)	1,100	(1,301)	(201)
GCG REFCUS		-	-	-	-	-	-
Total Income: Community Projects		(718)	(1,366)	(25)	1,340	(1,945)	(580)
Community Projects - General Capital Grant/Borrowing Requirement		689	774	141	(633)	554	(220)
ICT							
IT Programme & Digital Opportunities	G	2,200	2,200	742	(1,458)	2,200	-
Telecare System upgrade to Digital	G	121	121	-	(121)	121	-
Total ICT		2,321	2,321	742	(1,579)	2,321	-
Other Funding Sources	G	-	-	-	-	-	-
Total Income: ICT		-	-	-	-	-	-
ICT - General Capital Grant/Borrowing Requirement		2,321	2,321	742	(1,579)	2,321	-
Fleet							
Amenties - Machinery & Equipment - replacement	G	200	200	140	(60)	200	-
Vehicles	G	5,774	7,493	569	(6,924)	5,000	(2,493)
Total Fleet		5,974	7,693	708	(6,984)	5,200	(2,493)
Other Funding Sources	G	-	-	-	-	-	-
Total Income: Fleet		-	-	-	-	-	-
Fleet - General Capital Grant/Borrowing Requirement		5,974	7,693	708	(6,984)	5,200	(2,493)
Open Space							
Synthetic Pitch Replacement Programme	G	350	318	30	(288)	318	-
Cemeteries (Burial Grounds)	G	400	584	56	(528)	75	(509)
Climate Change Emergency	G	800	800	-	(800)	800	-
Coastal / Flood Protection schemes - Musselburgh	G	1,394	1,714	217	(1,497)	1,714	-
Coastal Change Management	G	166	166	47	(119)	153	(13)
Coastal Car Park Toilets	G	4	44	46	2	50	5
Core Path Plan	G	100	200	-	(200)	200	-
Harbour Walls	G	250	250	-	(250)	250	-
Nature Restoration	G	120	120	-	(120)	163	43
Replacement Play Equipment	G	545	545	74	(471)	545	-
Polson Park	G	140	160	-	(160)	160	-
Sports and Recreation LDP	G	2,237	2,654	243	(2,412)	1,126	(1,529)
Street litter bin replacement	G	40	40	40	(0)	40	-
Waste - New Bins	G	150	150	134	(16)	150	-
Waste - Machinery & Equipment - replacement	G	50	50	15	(35)	50	-
Total Open Space		6,746	7,796	902	(6,894)	5,793	(2,003)
Developer Contribution		(1,274)	(1,615)	(178)	1,438	(891)	724
Capital Receipts		-	-	-	-	-	-
Other Funding Sources		(1,125)	(1,204)	(172)	1,032	(1,304)	(100)
Total Income: Open Space		(2,399)	(2,819)	(350)	2,469	(2,195)	624
Open Space - General Capital Grant/Borrowing Requirement		4,346	4,977	552	(4,425)	3,598	(1,379)
Roads, Lighting and related assets							
Cycling Walking Safer Streets	G	496	739	363	(377)	739	-
Parking Improvements	P	878	1,181	27	(1,155)	500	(681)
Roads	G	-	-	-	-	-	-
Roads - Structures, Traffic Signals, Area Partnerships	G	620	620	73	(547)	620	-
Roads - Carriageways	G	4,480	4,480	1,741	(2,739)	4,480	-
Roads - Footways	G	950	950	338	(612)	950	-
Roads - Street Lighting	G	450	450	276	(174)	550	100
Roads - Externally Funded Projects	G	3,459	3,459	880	(2,579)	2,331	(1,129)
Total Roads, Lighting and related assets		11,333	11,880	3,696	(8,184)	10,170	(1,710)
Developer Contribution		(453)	(453)	-	453	-	453
Other Funding Sources		(3,006)	(3,013)	880	2,133	(2,338)	675

Appendix 4

East Lothian Council

General Services Capital Budget Monitoring Summary 2025/26 Quarter 2

RAG G Green
A Amber
R Red
P Change in Spend Profile

	RAG	Approved Budget 2025/26	Updated Budget 2025/26	Actual 2025/26	Updated Budget- Actual Variance 2025/26	Projected Outturn 2025/26	Updated Budget - Outturn Variance 2025/26
Expenditure		£'000	£'000	£'000	£'000	£'000	£'000

Community Projects							
Total Income: Roads, Lighting and related assets		(3,459)	(3,466)	(880)	2,586	(2,338)	1,129
Roads etc. - General Capital Grant/Borrowing Requirement		7,874	8,414	2,816	(5,597)	7,832	(581)

Property - Education							
Aberlady Primary - extension	P	3,935	4,245	-	(4,245)	50	(4,195)
Blindwells Primary - new school	G	1,632	4,610	3,472	(1,139)	4,210	(400)
Craighall Primary - New School	G	1,572	4,930	3,265	(1,665)	4,530	(400)
East Linton Primary School - Toilet Upgrades	G	-	-	-	-	30	30
Elphinstone Primary - extension	G	-	-	-	-	131	131
Free School Meals Expansion to P6-7	G	-	83	-	(83)	83	-
Haddington Primary School (Lower Campus)	G	47	47	-	(47)	47	-
Gullane Primary - extension including Early Learning and 1140	G	-	-	(390)	(390)	-	-
Kingsmeadow Primary School (Upper Campus)	G	25	26	16	(10)	26	-
Knox Academy Extension	G	-	52	-	(52)	394	342
Law Primary - extension including Early Learning and 1140	G	-	25	3	(23)	25	-
Letham Primary - New School	G	47	47	11	(35)	19	(28)
Letham Primary - Extension	G	-	-	-	-	15	15
Longniddry Primary - Extension	G	-	-	-	-	-	-
North Berwick High School - Extension	G	-	143	61	(81)	143	-
Ormiston Primary - extension	A	100	100	11	(89)	100	-
Pinkie St Peter's Primary - sports hall extension	G	-	6	38	32	6	-
Pinkie St Peter's Primary - extension including Early Learning and 1140	G	-	278	11	(267)	278	-
Ross High School - extension	G	-	13	-	(13)	13	-
St Gabriel's Primary School	G	-	-	-	-	-	-
School Estate - Curriculum Upgrades	G	-	267	(15)	(281)	267	-
School Estate - Security Upgrades	G	232	232	-	(232)	85	(147)
School Estate - ASN Provision Space	G	140	140	77	(63)	140	-
Wallyford Primary - New School	G	115	120	22	(98)	25	(95)
Wallyford Learning Campus	G	-	766	322	(444)	766	-
Whitecraig Primary - new school including Early Learning and 1140	A	2,297	9,427	5,635	(3,793)	10,827	1,400
Windygoul Primary - Early learning and 1140 extension	G	156	156	-	(156)	156	-
Total Property - Education		10,296	25,713	12,539	(13,174)	22,367	(3,347)

Developer Contribution		(3,030)	(5,839)	(4,786)	1,053	(5,465)	373
1140 Grant Income		(173)	(173)	-	173	(156)	17
Other Funding Sources		-	-	-	-	-	-
Total Income: Property - Education		(3,203)	(6,012)	(4,786)	1,226	(5,621)	390
Property Education - General Capital Grant/Borrowing Requirement		7,093	19,702	7,754	(11,948)	16,745	(2,956)

Property - Other							
Accelerating Growth		8,533	6,188	4,899	(1,289)	6,588	400
- Cockenzie	A	2,369	2,369	1,004	(1,365)	2,769	400
- Levelling Up Project Cockenzie	G	6,164	3,819	3,895	76	3,819	-
- Blindwells	G	-	-	-	-	-	-
- Innovation Hub	G	-	-	-	-	-	-
- A1/QMU Junction	G	-	-	-	-	-	-
Court Accommodation	G	22	22	1	(21)	5	(17)
Demolitions - various sites	G	369	369	-	(369)	369	-
Eskmill Fire Station Demolition	G	17	17	-	(17)	17	-
Relocation of Haddington Day Centre to Tynebank Resource Centre	G	1,325	1,325	-	(1,325)	103	(1,222)
Loch Centre Tranent - Major Refurbishment Works	G	276	970	196	(774)	304	(666)
Demolition of TUs	G	84	84	23	(61)	84	-
New ways of working Programme	G	990	1,368	117	(1,252)	1,368	-
Prestongrange Museum	G	833	2,096	669	(1,427)	2,096	-
Property Renewals	G	3,000	3,112	1,516	(1,596)	3,112	-
Replacement Childrens House	G	1,101	1,101	-	(1,101)	200	(901)
Sports Centres	G	240	240	181	(59)	240	-
Total Property - Other		16,791	16,893	7,602	(9,290)	14,486	(2,407)

Developer Contribution		-	-	-	-	-	-
Capital receipts		(2,369)	(2,369)	(1,004)	1,365	(2,769)	(400)
TCR		-	(162)	-	162	(162)	-
Other Funding Sources		(5,266)	(2,921)	(3,242)	(321)	(2,921)	-
Total Income: Property - Other		(7,635)	(5,453)	(4,246)	1,207	(5,853)	(400)
Property Other - General Capital Grant/Borrowing Requirement		9,156	11,440	3,357	(8,084)	8,634	(2,807)

Total Property Spend - Education and Other		27,087	42,606	20,142	(22,464)	36,853	(5,753)
Total Income: Property - Education and Other		(10,839)	(11,464)	-	9,032	2,433	(11,474)
Property-Education and Other - General Capital Grant/Borrowing Requirement		16,248	31,142	11,110	(20,032)	25,379	(5,763)
Capital Plan Fees	G	2,650	2,650	-	(2,650)	2,650	-
PPP Projects	G	-	-	-	-	-	-

Appendix 4

East Lothian Council

General Services Capital Budget Monitoring Summary 2025/26

Quarter 2

RAG G Green
 A Amber
 R Red
 P Change in Spend Profile

	RAG	Approved Budget 2025/26	Updated Budget 2025/26	Actual 2025/26	Updated Budget- Actual Variance 2025/26	Projected Outturn 2025/26	Updated Budget - Outturn Variance 2025/26
Expenditure		£'000	£'000	£'000	£'000	£'000	£'000

Community Projects							
Total Gross Expenditure		57,517	77,085	26,357	(50,728)	65,486	(11,599)

Other Funding Sources		-	-	-	-	-	-
PPP Lease Liability Restatement		-	-	-	-	-	-
Total Income:PPP Projects		-	-	-	-	-	-

Income							
Developer Contribution	G	(4,758)	(7,907)	(4,964)	2,944	(6,357)	1,551
1140 Grant Income	G	(173)	(173)	-	173	(156)	17
Town Centre Regeneration (PBIP) Grant	G	(208)	(427)	(25)	402	(806)	(379)
Flood scheme general capital grant	G	14,134	14,134	-	(14,134)	14,134	-
Capital receipts	G	(7,369)	(7,369)	(6,004)	1,365	(7,769)	(400)
Other Funding Sources	G	(9,907)	(8,239)	(4,295)	3,944	(7,864)	375
Scottish Government General Capital Grant	G	(1,282)	(1,282)	(1,282)	-	(1,282)	-
Total Income		(9,563)	(11,263)	(16,569)	(5,306)	(10,100)	1,163

Borrowing Requirement	G	47,954	65,822	9,788	(56,034)	55,386	(10,435)
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1 PRUDENTIAL INDICATORS	2024-25	2025-26	2025-26	2025-26	2025-26
	Actual £'000	Budget £'000	Q2 Projection £'000	Q1 Projection £'000	Movement £'000
1.1 Capital Expenditure					
General Services	91,921	57,517	65,486	74,657	-9,171
HRA	32,471	43,820	34,578	34,741	(163)
TOTAL	124,392	101,337	100,064	109,398	-9,334
1.2 Capital Financing Requirement (CFR) – General Services					
brought forward 1 April	313,376	356,643	342,283	342,283	0
carried forward 31 March	342,283	390,824	383,902	389,893	(5,991)
In year borrowing requirement	28,907	34,181	41,619	47,610	-5,991
1.3 Capital Financing Requirement (CFR) - HRA					
brought forward 1 April	265,745	284,350	286,472	286,472	0
carried forward 31 March	286,472	312,242	306,756	306,919	(163)
In year borrowing requirement	20,726	27,892	20,284	20,447	-163
1.4 Total CFR excluding PPP and leases					
General Services	342,283	390,824	383,902	389,893	-5,991
HRA	286,472	312,242	306,756	306,919	(163)
TOTAL	628,755	703,065	690,658	696,812	-6,154
1.5 Annual Change in CFR					
General Services	28,907	34,181	41,619	47,610	-5,991
HRA	20,726	27,892	20,284	20,447	(163)
TOTAL	49,633	62,073	61,904	68,058	-6,154
1.6 Ratio of financing costs to net revenue stream					
General Services	4.95%	7.30%	7.02%	7.06%	-0.04%
HRA	33.63%	36.97%	35.91%	36.02%	-0.11%
1.7 Impact of Capital Investment Decisions					
General Services – Debt per Band D equivalent	£5,489	£6,180	£6,071	£6,166	-£95
HRA – Debt per dwelling	£30,427	£32,781	£32,205	£32,222	-£17

2 TREASURY MANAGEMENT INDICATORS	2024-25	2025-26	2025-26	2025-26	2025-26
	Actual £'000	Budget £'000	Q2 Projection £'000	Q1 Projection £'000	Movement £'000
2.1 Authorised Limit for External Debt -					
Borrowing at 31 March	708,000	741,000	727,000	737,000	-10,000
Other long term liabilities (PPP and Leases)	38,000	33,000	34,000	34,000	0
Total	746,000	774,000	761,000	771,000	-10,000
2.2 Operational Boundary for External Debt -					
Borrowing at 31 March	645,144	720,562	708,473	714,627	-6,154
Other long term liabilities (PPP and Leases)	37,712	32,041	33,889	33,889	0
Total	682,856	752,604	742,363	748,516	-6,154
2.3 Actual External Debt					
Borrowing at 31 March	559,402	637,466	624,925	631,079	-6,154
Other long term liabilities (PPP and Leases)	37,712	32,041	33,889	33,889	0
Total	597,115	669,507	658,814	664,968	-6,154

3 LOANS FUND	2024-25	2025-26	2025-26	2025-26	2025-26
	Actual £'000	Budget £'000	Q2 Projection £'000	Q1 Projection £'000	Movement £'000
3.1 General Services					
Opening balance	313,376	356,643	342,283	342,283	0
Add advances	35,715	47,658	55,090	61,081	(5,991)
Less repayments	(6,807)	(13,477)	(13,471)	(13,471)	0
Closing balance	342,284	390,824	383,902	389,893	-5,991
3.2 HRA					
Opening balance	265,745	284,350	286,472	286,472	0
Add advances	26,558	34,184	26,665	26,828	(163)
Less repayments	(5,831)	(6,292)	(6,381)	(6,381)	0
Closing balance	286,473	312,242	306,756	306,919	-163
3.3 Total					
Opening balance	579,121	640,993	628,755	628,755	0
Add advances	62,274	81,842	81,755	87,909	(6,154)
Less repayments	(12,638)	(19,769)	(19,851)	(19,851)	0
Closing balance	628,757	703,066	690,658	696,812	-6,154

Appendix 6
East Lothian Council
Budget Monitoring HRA 2025/26 - Quarter 2

	2025/26 Budget	2025/26 Actual	2025/26 Budget to Date	2025/26 Variance (Surplus) / Deficit
	£'000	£'000	£'000	£'000
Total Income	-43,940	-21,799	-21,822	23
Total Expenditure	40,956	11,964	12,007	-43
(Surplus) / Deficit for Year	-2,984	-9,835	-9,815	-20

2025/26 Forecast	2025/26 Forecast Variance
£'000	£'000
-43,908	32
40,884	-72
-3,024	-40

	2025/26 Budget
	£'000
Management of Balances	
Opening (Surplus) / Deficit	-2,017
CFCR	3,400
(Surplus) / Deficit for Year	-2,984
Closing (Surplus) / Deficit	-1,601

2025/26 Forecast	2025/26 Forecast Variance
£'000	£'000
-2,017	0
3,400	0
-3,024	-40
-1,641	-40

Appendix 7

East Lothian Council

Budget Monitoring HRA Capital 2025/26 - Quarter 2

	2025/26 Budget	2025/26 Actual to Date	2025/26 Budget to Date	2025/26 Budget Variance to Date	2025/26 Forecast	2025/26 Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Modernisation	13,375	6,268	6,688	-420	13,375	0
Energy Efficiency Fund	2,500	246	1,250	-1,004	2,500	0
New Council Housing	26,169	5,435	6,542	-1,107	16,782	-9,387
Fees	1,496	0	0	0	1,496	0
Mortgage to Rent	280	0	0	0	280	0
TOTAL	43,820	11,949	14,480	-2,531	34,433	-9,387

Funded By:

	2025/26 Budget	2025/26 Actual to Date	2025/26 Budget to Date	2025/26 Budget Variance to Date	2025/26 Forecast	2025/26 Forecast Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Grants	-6,040	-1,928	-3,020	1,092	-4,617	1,423
Grants MTR	-196	0	0	0	-196	0
CFCR	-3,400	0	0	0	-3,400	0
Borrowing	-34,184	0	0	0	-26,220	7,964
TOTAL	-43,820	-1,928	-3,020	1,092	-34,433	9,387

East Lothian Council

2024/25 Annual Audit Report

9a



Prepared for East Lothian Council and the Controller of Audit
November 2025

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Accessibility

You can find out more and read this report using assistive technology on our website www.audit.scot/accessibility.

Key messages

Audit of the annual accounts

- 1 All audit opinions state that the annual accounts of East Lothian Council and its group administered by the council were free from material misstatement for the year ended 31 March 2025.
- 2 The management commentary, annual governance statement and remuneration report were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

Wider scope audit

- 3 The council has appropriate budget setting and monitoring arrangements in place but continues to face significant challenges to identify and agree the required future savings to balance its budget.
- 4 Usable reserves increased or remained stable, except for the Capital Fund where receipts were applied to fund capital expenditure in the year. The level of General Fund reserves has increased with the majority of the fund being earmarked for specific purposes.
- 5 Edinburgh Innovation Hub (EIH) is consolidated as a joint venture between the council and Queen Margaret University. Given the level of public funding invested in the joint venture, it is important that the council ensures appropriate arrangements are in place to secure assurance over financial stewardship, which would ordinarily be achieved through an independent audit process.
- 6 Our review of the council's financial systems for 2024/25 identified that limited progress has been made in addressing previously reported internal control weaknesses.
- 7 The council has an assurance gap for IT systems that are hosted externally.
- 8 The new finance management system was scheduled to go live in October 2025 with the implementation of different modules/functions being rolled out on a phased basis. Implementation has been delayed and is now anticipated

in 2026. It is important that that the revised implementation timescales are clearly set out to avoid further delays and additional costs being incurred.

- 9** Medium-term financial plans reflect the council's strategic priorities. The council faces significant challenges in addressing a budget gap of £73.782 million over the next five years.
- 10** Improving the council's financial sustainability must be a priority objective for the financial governance of the council. It is important for the council to focus on financial resilience including key indicators and measures.
- 11** The council has clearly articulated its vision and priorities and has sound governance arrangements in place for how it conducts business.

Best Value audit

- 12** The council has a clear vision and plan to support the transformation of its services, which aims to deliver a portfolio of change over a five-year period and support the financial sustainability of the council.
- 13** The council has robust governance arrangements in place for projects in its transformation programme. It has a dedicated transformation team but is experiencing staffing issues on some projects due to staff turnover and staff vacancies linked to the temporary nature of these projects.
- 14** The council has effective arrangements in place for reporting progress on the projects in its transformation programme to its senior leadership team and plans to enhance reporting to elected members. The council presented its first annual progress report on transformation to full council in August 2025.
- 15** Audit work assessed the arrangements the council has in place for preparing and publishing SPI and concluded the arrangements in place were appropriate.
- 16** The council has updated its approach to reporting performance against the Council Plan, the council's strategic plan 2022-2027. The council reviews and reports its performance using a number of measures that are clearly aligned to the priorities and outcomes set out in the Council Plan.
- 17** The council's overall performance has remained similar to its prior year results and has increased compared with the Scottish average.

Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of East Lothian Council's annual accounts and the wider scope areas specified in the [Code of Audit Practice \(2021\)](#).
2. The Annual Audit Report is addressed to East Lothian Council, hereafter referred to as 'the council' and the Controller of Audit, and will be published on [Audit Scotland's website](#) in due course.

Appointed auditor and independence

3. John Boyd, of Audit Scotland, has been appointed as external auditor of the council for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, John Boyd and the audit team are independent of the council and its group in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from the council, including no provision of non-audit services.

Acknowledgements

4. We would like to thank the council and its staff, particularly those involved in preparation of the annual accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

Audit scope and responsibilities

Scope of the audit

5. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement.
- An opinion on statutory other information published with the financial statements in the annual accounts, the Management Commentary, and the Annual Governance Statement, and an opinion on the audited part of the Remuneration Report.
- Conclusions on the council's arrangements in relation to the wider scope areas: Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
- Reporting on the council's arrangements for securing Best Value.
- Providing assurance on the Housing Benefit Subsidy Claim, Non-Domestic Rates Return, Whole of Government Accounts return, and summary financial statements.
- A review of the council's arrangements for preparing and publishing statutory performance information.
- Provision of this Annual Audit Report.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of the council and the auditor. A summary of the key responsibilities is outlined below.

Auditor's responsibilities

7. The responsibilities of auditors in the public sector are established in the Local Government (Scotland) Act 1973. These include providing an independent opinion on the financial statements and other information reported within the annual accounts, and concluding on the council's arrangements in place for the wider scope areas and Best Value.

8. The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve the council from its responsibilities outlined below.

9. The Annual Audit Report includes an agreed action plan at [Appendix 1](#) setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

The council's responsibilities

10. The council has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of annual accounts, comprising financial statements for the council and its group that gives a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

National performance audit reporting

11. The Auditor General for Scotland and the Accounts Commission regularly publish performance audit reports. These cover a range of matters, many of which may be of interest to the council and the Audit and Governance Committee. Details of national and performance audit reports published over the last year can be seen in [Appendix 3](#).

Audit of the annual accounts

Main judgements

Our audit opinions on the annual accounts of East Lothian Council and its group administered by the council are unmodified, i.e. the financial statements and related reports are free from material misstatement.

The management commentary, annual governance statement and remuneration report were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

Audit opinions on the annual accounts are free from material misstatement

12. The council approved the annual accounts for East Lothian Council and its group for the year ended 31 March 2025 by the Audit and Governance Committee on 25 November 2025. In addition to the council the group accounts consolidate the financial results of the council and its subsidiaries and its investments in associates and interests in joint ventures. These include: East Lothian Land Ltd, East Lothian Mid-Market Homes LLP, Common Good Funds, Trust Funds, East Lothian Investments, Enjoy East Lothian Ltd, Brunton Theatre Trust, East Lothian Integration Joint Board, Edinburgh Innovation Park Joint Venture Ltd and Lothian Valuation Joint Board.

13. The Independent Auditor's Report is included in the council's annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.

Unaudited annual accounts were received in line with the year-end timetable however did not include revaluation adjustments

14. The unaudited annual accounts were received on 26 June 2025 and in accordance with the agreed audit timetable. The accounts did not include revaluation adjustments in year which resulted in revised unaudited accounts being issued on 10 September 2025. We received good support during the course of the financial audit from the core finance team.



Audit Fee

15. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £323,280. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

Materiality

16. The concept of materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual accounts.

17. Broadly, the concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the annual accounts. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

18. Materiality levels for the audit of the council and its group were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual accounts and summarised in [Exhibit 1](#).

Exhibit 1

2024/25 Materiality levels for East Lothian Council and its group

Materiality	The council	Group
Materiality – set at 2 per cent of gross expenditure	£9.8 million	£9.875 million
Performance materiality – set at 65 per cent of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£6.3 million	£6.4 million
Reporting threshold – set at 5 per cent of materiality.	£0.490 million	£0.493 million

Source: Audit Scotland

Significant findings and key audit matters

19. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged as governance, which for the council is the Audit and Governance Committee.

20. The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor's professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

21. In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement.
- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- Significant events or transactions that occurred during the year.

22. The significant findings and key audit matters to report are outlined in [Exhibit 2](#).

Exhibit 2

Significant findings and key audit matters

Significant findings and key audit matters	Outcome
<p>1. IFRS 16 - Leases</p> <p>Effective from 1 April 2024, IFRS 16 requires Local Authorities to recognise a Right of Use (RoU) asset and corresponding lease liability for all lease types (property, land, vehicles, plant, equipment). On transition, leases are accounted for retrospectively, with the cumulative impact recognised at 1 April 2024.</p> <p>Following the implementation of IFRS 16 Leases from 1 April 2024, some updates were required in the unaudited annual accounts to ensure full compliance with the disclosure requirements as follows:</p> <ul style="list-style-type: none"> • Depreciation charge for right-of-use assets by class of underlying asset. • Additions to right-of-use assets requires these to be brought onto the balance sheet at 1 April under IFRS 16, rather than additions in year. • Amendment required to the leases disclosure to include opening balances and movements in year by class of underlying asset. 	<p>The council has now reflected all the required IFRS 16 disclosures within the revised annual accounts.</p>

Significant findings and key audit matters**Outcome**

- for operating leases, lease income; to separately disclose income relating to variable lease payments that do not depend on an index or a rate.

2. Revaluation of land and buildings

In accordance with the Code of Practice on Local Authority Accounting, the council is required to ensure that the carrying value of property, plant and equipment reflects current value at the end of the reporting period.

Although a revaluation of land and buildings was commissioned for 2024/25, the updated valuation information was not available at the time the unaudited accounts were prepared and published. The revaluation exercise identified a £41.920 million increase in the carrying value of these assets compared to the figures disclosed in the unaudited accounts.

The council has now updated the annual accounts to reflect the revised figures from the revaluation exercise undertaken in 2024/25.

3. Funding advanced to Edinburgh Innovation Park Joint Venture

Although the consolidated balances of the Edinburgh Innovation Hub were not material to the council's group accounts as at 31 March 2025, individual classes of transactions and balances within the joint venture were material. Targeted audit procedures were performed to gain assurance over material expenditure.

Audit testing identified that the council advanced funding to the Edinburgh Innovation Park Joint Venture (JV) in excess of the £6 million agreed in the Joint Venture Agreement.

At 31 March 2025, the amount owed by the JV to the council was £4.736 million. This amount had not been recognised as a debtor in the council Financial Statements.

The council has updated the accounts to reflect excess funding provided to the Edinburgh Innovation Park Joint Venture. A receivable of £4.736 million has been recognised as an inter-entity debtor as at 31 March 2025. This was processed through the following journal entries:

Dr Joint Venture Debtor: £4.736 million

Cr Capital Fund Reserves: £4.736 million

Source: Audit Scotland

Qualitative aspects of accounting practices

23. ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of the council's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

Accounting policies

24. The appropriateness of accounting policies adopted by the council was assessed as part of the audit. These were considered to be appropriate to the circumstances of the council, and there were no significant departures from the accounting policies set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Accounting estimates

25. Accounting estimates are used in number of areas in the council's financial statements, including the valuation of land and buildings assets and the valuation of the pension liability. Audit work considered the process management of the council has in place around making accounting estimates, including the assumptions and data used in making the estimates, and the use of any management experts. Audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were considered to be reasonable.
- There was no evidence of management bias in making the accounting estimates.

Disclosures in the financial statements

26. The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was adequate, with additional levels of detail provided for disclosures around areas of greater sensitivity, such as financial instruments and valuation of the pension liability. The audit identified a number of disclosure adjustments required which are detailed in [exhibit 4](#) below.

Group audit

27. East Lothian Council is part of a group and prepares group financial statements. The group is made up of 11 components, including East Lothian Council which is the parent of the group.

28. As outlined in the Annual Audit Plan, audit work was required on a number of the group's components for the purposes of the group audit, and this work was performed by a combination of the audit team and the components' audit teams. Group financial audit questionnaires were issued to component auditors, where required, to outline the expectations and requirements in performing the audit work for the purposes of the group audit. The audit work performed on the group's components is summarised in [Exhibit 3](#).

Exhibit 3**Summary of audit work on the group's components**

Group component	Component Auditor and audit work required	Summary of audit work performed
East Lothian Council	Audit Scotland Fully scope audit of the council's annual accounts.	Consolidated on a line-by-line basis. Audit team confirmed correct accounting treatment. The outcome of audit work performed is reported within the Annual Audit Report, with details of significant findings and key audit matters reported in Exhibit 2.
East Lothian Land Ltd	Greaves West & Ayre None	Consolidated on a line-by-line basis. Audit team confirmed correct accounting treatment.
East Lothian Mid-Market Homes LLP	Whitelaw Wells None	Consolidated on a line-by-line basis. Audit team confirmed correct accounting treatment.
East Lothian Council Trust Funds	Audit Scotland Audited by Audit Scotland as part of East Lothian Council annual accounts	Consolidated on a line-by-line basis. Audit team confirmed correct accounting treatment.
East Lothian Council Common Good	Audit Scotland Audited by Audit Scotland as part of East Lothian Council annual accounts	Consolidated on a line-by-line basis. Audit team confirmed correct accounting treatment.
East Lothian Integration Joint Board	Audit Scotland None	Accounted for on equity basis. Audit team confirmed correct accounting treatment.
Lothian Valuation Joint Board	Audit Scotland None	Accounted for on equity basis. Audit team confirmed correct accounting treatment.
Edinburgh Innovation Park Joint Venture	Audit Scotland None	Accounted for on equity basis. Audit team confirmed correct accounting treatment and performed local procedures.
East Lothian Investments	Greaves West & Ayre None	Accounted for on equity basis. Audit team confirmed correct accounting treatment.

Group component	Component Auditor and audit work required	Summary of audit work performed
Enjoy East Lothian Ltd	Azets None	Accounted for on equity basis. Audit team confirmed correct accounting treatment.
Brunton Theatre Trust	Whitelaw Wells None	Accounted for on equity basis. Audit team confirmed correct accounting treatment.

Source: Audit Scotland

Significant matters discussed with management

29. All significant matters identified during the audit and discussed with the council's management have been reported in the Annual Audit Report.

Audit adjustments

30. Audit adjustments were required to the financial statements to correct misstatements that were identified from the audit. Details of all audit adjustments greater than the reporting threshold of £0.490 million are outlined in [Exhibit 4](#).

Exhibit 4

Audit adjustments

Details	Financial statements lines impacted	Group Comprehensive Income and Expenditure Statement (CIES)		Group Balance Sheet	
		Dr	Cr	Dr	Cr
Audit adjustments to financial statements		£000	£000	£000	£000
1. Revaluation of assets					
Dr: Property, Plant and equipment				41,920	
Cr: Cost of services – revaluation loss / impairment			6,380		
Cr: Revaluation Reserve					35,540
2. Reclassification of short term investments					
Dr: Cash and cash equivalents				5,000	

Details	Financial statements lines impacted	Group Comprehensive Income and Expenditure Statement (CIES)	Group Balance Sheet
Cr: Short term investments			5,000
3. Recognition of intercompany debtor with Edinburgh Innovation Park Joint Venture			
Dr: Debtors and prepayments		4,736	
Cr: Capital Fund (Capital receipts reserve)			4,736
4. Revision to East Lothian Mid-Market Homes accounts *			
Dr: Creditors		2,153	
Dr: Gross Expenditure		13	
Cr: Debtors			75
Cr: Property, Plant and equipment			2,091
5. Overstatement in a school valuation due to incorrect occupancy rate adjustment.			
Dr. Cost of Services		385	
Dr. Revaluation Reserve			6,282
Cr. Property, Plant and equipment			6,667
Total adjustments		398	6,380
Net impact on financial statements*		<u>5,982</u>	<u>5,982</u>
Audit adjustments in disclosures			
1. Adjustments required to Remuneration Report to include required disclosures on trade union activities and revisions required to exit package information.			
2. Adjustments required to Note 8 to reclassify £7.7 million from other service income to Government Grants and Contributions.			
3. Adjustments to Note 8 required due to miscoding between contribution to Integration Joint Board and employee benefit expenses £2.7 million.			

Details	Financial statements lines impacted	Group Comprehensive Income and Expenditure Statement (CIES)	Group Balance Sheet
4. Adjustments to Note 11 Agency Income and Expenditure required to reflect the amount disclosed in respect of the City Region Deal - Edinburgh Innovation Park. The figure disclosed was understated by £3.3 million.			
5. Note 15 Capital Commitments narrative. General Fund Capital Commitments understated by £3.3 million and HRA overstated by £2 million.			
6. Adjustment to Note 26 required due to misclassification between trade and other receivables and prepayments £0.735 million.			
7. Adjustment required to Note 36 in relation to grant income credited to services. Figure disclosed is understated by £14.4 million.			
8. Adjustments to Note 38 Cash Flow Statement- Other Disclosures to incorporate short term investments of £5 million.			
*Group audit adjustment only			

Source: Audit Scotland

31. In addition to the corrected misstatements outlined in [Exhibit 4](#), there were other misstatements identified greater than the reporting threshold. The value, nature, and circumstances of the uncorrected misstatements were considered, individually and in aggregate, by the audit team, and it was concluded these were not material to the financial statements. As a result, these did not have any impact on the audit opinions given in the Independent Auditor's Report.

32. It is the auditor's responsibility to request that all misstatements greater than the reporting threshold are corrected, even if they are not material. Management of the council have not processed any audit adjustments to correct these misstatements. However, the final decision on whether an audit adjustment is processed to correct a misstatement rests with the Audit and Governance Committee as those charged with governance. Details of the uncorrected misstatements can be seen in [Appendix 2](#).

Significant risks of material misstatement identified in the Annual Audit Plan

33. Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 5](#).

Exhibit 5

Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>Fraud caused by management override of controls</p> <p>Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> • Evaluate the design and implementation of controls over journal entry processing. • Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. • Test journals entries, focusing on those that are assessed as higher risk. • Evaluate significant transactions outside the normal course of business. • Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements. • Assess changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias. 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> • The design and implementation of controls over journal processing were appropriate. • No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in financial reporting. • No significant issues were identified from testing of journal entries. • No significant issues were identified from transactions outside the normal course of business. • The controls in place for identifying and disclosing related party relationships and transactions were adequate. • No significant issues were identified with changes to methods and underlying assumptions used to prepare accounting estimates and there was no evidence of management bias. <p>Conclusion: no evidence of fraud caused by management override of controls.</p>
<p>Valuation of property, plant and equipment</p> <p>East Lothian Council held £1,288 million of property, plant, and equipment (PPE) at 31 March 2024, of which</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> • Evaluate the design and implementation of controls over the valuation process. • Review the information provided to the valuer and 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> • The design and implementation of controls over the valuation process were appropriate.

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>over £1,100 million was land and building assets.</p> <p>East Lothian Council is required to value land and building assets at existing use value where an active market exists for these assets. Where there is no active market, these assets are valued on a depreciated cost replacement (DRC) basis. As a result, there is a significant degree of subjectivity in these valuations which are based on specialist assumptions, and changes in the assumptions can result in material changes to valuations.</p>	<p>assess this for completeness and accuracy.</p> <ul style="list-style-type: none"> • Evaluate the competence, capabilities, and objectivity of the valuer. • Obtain an understanding of management's involvement in the valuation process to assess if appropriate oversight has occurred. • Review the appropriateness of the key data and assumptions used in the 2024/25 valuation process, and challenge these where required. • Review management's assessment that the value in the balance sheet of assets not subject to a valuation process in 2024/25 is not materially different to current value at the year-end, and challenge this where required. 	<ul style="list-style-type: none"> • The information provided to the valuer was accurate and complete. • The valuer had sufficient competence, capability, and objectivity to perform their work. • Management are involved in the valuation process and have an appropriate level of oversight. • The data and assumptions used in the 2024/25 valuation process were appropriate. • Management's assessment of assets not subject to a valuation process in 2024/25 was reasonable and concluded there was unlikely to be a material difference to the current value at the year-end. <p>Conclusion: no issues identified.</p>
<p>Estimation of the pension liability</p> <p>East Lothian Council had a pension liability of £11.8 million at 31 March 2024.</p> <p>East Lothian Council is a member of Lothian Local Government Pension Scheme (LGPS) which is a defined benefit pension scheme. Lothian LGPS is subject to formal valuation every three years, and this sets out each member's share of the scheme's overall pension liability and contributions for the next three years. The last formal valuation was carried out at 31 March 2023.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> • Evaluate the design and implementation of controls over the pension liability estimation process. • Review the information provided to the actuary and assess this for completeness and accuracy. • Evaluate the competence, capabilities, and objectivity of the actuary. • Obtain an understanding of the management's involvement in the estimation process to assess if appropriate oversight has occurred. • Review the appropriateness of the key data and assumptions used by 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> • The design and implementation of controls over the pension liability estimation process were appropriate. • The information provided to the actuary was accurate and complete. • The actuary had sufficient competence, capability, and objectivity to perform their work. • Management are involved in the estimation process and have an appropriate level of oversight. • The data and assumptions used in the estimation process were appropriate.

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>An estimation of East Lothian Council share of the overall pension liability is required in each intervening year between formal valuations, and these are carried out by Hymans Robertson LLP. There is a significant degree of subjectivity in the estimation of the pension liability as the estimation is based on specialist assumptions, and changes in the assumptions can result in material changes to the estimation.</p>	<p>management for the estimation of the pension liability, and challenge these where required.</p> <ul style="list-style-type: none"> Audit Scotland uses PwC as an auditor's expert to inform the planned audit procedures outlined above. Therefore, the audit team will also review the information provided by PwC and reflect this in the planned audit procedures where required. 	<ul style="list-style-type: none"> The information provided by PwC was reviewed and this reflected in the planned audit procedures, where required. <p>Conclusion: the recognition of unfunded and funded elements of the pension liability, is not materially misstated.</p>
<p>Risk of fraud in the completeness of expenditure</p> <p>In December 2024, the Council's Financial Review 2024/25 forecast that before applying the planned use of reserves there is a projected overspend for the year of £8.5 million. The council's planned use of general fund reserves for 2024/25 is £1.830 million and planned use of earmarked reserves totalling £1.540 million. Taking the above into account, the unplanned overspend is currently forecast to be £3.7 million for 2024/25.</p> <p>Management have implemented an action plan with the aim of reducing the level of overspend faced but there remains a significant risk that East Lothian Council will be unable to balance the 2024/25 budget and further one-off measures will be required at the year end to ensure the</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> Evaluate the design and implementation of controls over expenditure. Undertake substantive audit testing at a significant risk level on non-pay expenditure transactions recorded in period 1 and 2 of 2025/26 to confirm costs have been recognised in the appropriate period. Review expenditure accruals for indication of understatement. 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> The design and implementation of controls over expenditure were appropriate. Through substantive audit testing that non-pay expenditure transactions recorded in period 1 and 2 of 2025/26 have been recognised in the appropriate period. Expenditure accruals were correctly recognised. <p>Conclusion: no issues identified.</p>

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>funding of the overspend including the utilisation of non-earmarked reserves. This creates an increased risk of material misstatement in the accounts. Our risk is focused on those expenditure streams where there is greatest opportunity for manipulation including non-pay expenditure.</p>		

Source: Audit Scotland

Whole of Government Accounts (WGA) return

34. The council is part of the WGA boundary and therefore prepares a return that is used by HM Treasury to prepare the WGA. The National Audit Office (NAO) is the auditor for the WGA and issues instructions outlining audit procedures auditors must follow when auditing a WGA return. The threshold for requiring audit procedures to be performed on the WGA return was set at £2 billion.

35. The council is below this threshold and therefore only limited audit procedures are required, with a submission of an assurance statement to the NAO. The council has submitted the cycle one return, based on the unaudited annual accounts and are on track to submitted the cycle two return based on the audited annual accounts in December 2025.

Prior year recommendations

36. The council has made progress in implementing the agreed prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with the body and are outlined in [Appendix 1](#).

Wider scope audit

Conclusion

The council has appropriate budget setting and monitoring arrangements in place but continues to face significant challenges to identify and agree the required future savings to balance its budget.

Usable reserves increased or remained stable, except for the Capital Fund where receipts were applied to fund capital expenditure in the year. The level of General Fund reserves has increased with the majority of the fund being earmarked for specific purposes.

Edinburgh Innovation Hub (EIH) is consolidated as a joint venture between the council and Queen Margaret University. Given the level of public funding invested in the joint venture, it is important that the council ensures appropriate arrangements are in place to secure assurance over financial stewardship, which would ordinarily be achieved through an independent audit process.

Our review of the council's financial systems for 2024/25 identified that limited progress has been made in addressing previously reported internal control weaknesses.

The council has an assurance gap for IT systems that are hosted externally.

The new finance management system was scheduled to go live in October 2025 with the implementation of different modules/functions being rolled out on a phased basis. Implementation has been delayed and will now take place in 2026. It is important that the revised implementation timescales are clearly set out to avoid further delays and additional costs being incurred.

Medium-term financial plans reflect the council's strategic priorities. The council faces significant challenges in addressing a budget gap of £73.782 million over the next five years.

Improving the council's financial sustainability must be a priority objective for the financial governance of the council. It is important for the council to focus on financial resilience including key indicators and measures.

The council has clearly articulated its vision and priorities and has sound governance arrangements in place for how it conducts business.

Audit approach to wider scope

Wider scope

37. As reported in the Annual Audit Plan, the wider scope audit areas are:

- Financial Management.
- Financial Sustainability.
- Vision, Leadership and Governance.
- Use of Resources to Improve Outcomes.

38. Audit work is performed on these four areas and a conclusion on the effectiveness and appropriateness of arrangements the council has in place for each of these is reported in this chapter.

Significant wider scope risks

39. Audit work has been performed in response to the significant wider scope risks identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit 6](#).

Exhibit 6

Significant wider scope risks

Significant risk	Planned audit response	Outcome of audit work
<p>Financial sustainability</p> <p>East Lothian Council continues to operate in an increasingly complex and challenging environment, aiming to provide the best possible service within the resources available.</p> <p>As at Quarter 3, the council was projecting an unplanned overspend of £1.1 million for 2024/25, with a reported cumulative budget gap of £79.718 million over the period 2025/26 to 2029/30.</p> <p>Management have implemented a programme of reviews to contribute towards addressing the financial pressures. However, there is a risk that the council plans do not deliver the required savings to address the projected shortfall.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> • Review the council's annual budget setting arrangements. • Review and assess budget monitoring arrangements. • Review of the council's medium to longer term financial planning including how the council aligns savings plans and transformation activity with strategic priorities. • Review the council's financial position and delivery of planned savings. 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> • The council's annual budget setting and monitoring arrangements were appropriate. • The council's medium and longer term financial planning aligns with their strategic priorities. • The council faces significant challenges in addressing a budget gap of £73.782 million over the next five years. • The council recognise the financial challenges facing the organisation. • The council continues to undertake scenario

Significant risk	Planned audit response	Outcome of audit work
		<p>planning and transformational reviews to support medium and long term financial plans.</p> <p>Conclusion:</p> <p>The council will need to significantly change what they deliver over the next 5 years with the focus being on ensuring that statutory duties can be met within the budget envelope. There will be difficult decisions to take on whether the council can continue to deliver services and if so, what those services will actually look like.</p>

Source: Audit Scotland

Conclusions on wider scope audit

Financial Management

The council reported an underspend in 2024/25

40. The council approved its 2024/25 General Services revenue and capital budgets in February 2024, setting the revenue budget at £303.996 million and identifying a funding gap of £17.289 million. The end-of-year financial review, presented to the council in June 2025, reported an initial overspend of £4.4 million. However, after accounting for the planned use of reserves and one-off mitigation measures, the final position reflected an underspend of £1.2 million largely due to one-off mitigations including VAT rebates and insurance prepayments.

41. Changes to the council's budget position were reported quarterly through financial review and budget monitoring reports presented to the Council throughout the year. These reports provide a comprehensive level of detail on the forecast outturn position.

The council has appropriate budget setting and monitoring arrangements in place

42. The council's budget and savings plans are aligned to the council's objectives, priorities, and strategic goals, as set out in the 2022-2027 Council Plan.

43. The full council receives regular revenue and capital monitoring reports and, from a governance perspective, conducts detailed scrutiny of financial performance. From our review of these reports, and attendance at council meetings throughout the year, we concluded that these reports provide an overall picture of the budget position at a service level. The reports contain good explanations for significant variances against budget to allow both members and officers to carry out scrutiny of the council's finances. The council continues to face significant challenges to identify and agree the required future savings to balance its budget.

44. During 2024/25, the council approved £7.925 million in planned efficiency savings. Of this, £5.906 million (74.5 per cent) were successfully delivered, while £2.019 million (25.5 per cent) were not fully achieved but are expected to be realised in 2025/26.

45. The council introduced cost control measures in 2022/23, with further mitigation actions approved on 29 August 2024. These measures remained in place throughout 2024/25 and will continue into 2025/26. Key actions include:

- recruitment – posts will only be filled if there would be an obvious detrimental impact on the three agreed short term Council Plan priorities from not doing so and sign-off has been given by Corporate Management Team (CMT) and Executive Management Team (EMT). The council recognises this may result in ongoing disruptions to service delivery and the closure of council facilities.
- all council managers must operate within approved budget levels, preserving underspends where possible.
- where a service is overspent or at risk of overspending, urgent financial recovery actions will be required in order to bring spending in line with approved budget levels.
- use of agency staff should be kept to a minimum and should be kept under close review.
- council officers will continue to work with partner bodies including the Integration Joint Board (IJB) to minimise the risk of overspends.
- in-year financial review papers will continue to be reported to council rather than Cabinet.

46. The council has appropriate budget setting and monitoring arrangements in place, with the above control measures under review through the quarterly budget monitoring process.

Usable reserves increased or remained stable, except for the Capital Fund where receipts were applied to fund capital expenditure in the year. The level of General Fund reserves has increased with the majority of the fund being earmarked for specific purposes

47. One of the key measures of the financial health of a council is the level of reserves held. The General Fund is the largest usable reserve and is used to fund the delivery of services.

48. The level of usable reserves held by the council increased from £55.507 million in 2023/24 to £58.066 million in 2024/25, a net increase of £2.559 million, see [exhibit 7](#). The General Fund balance is £36.129 million, however £27.623 million has been earmarked for a specific priorities which includes a £17 million transformation fund. This leaves a residual £8.506 million of uncommitted general reserves. Against an expenditure budget of £303.996 million for 2024/25 this unearmarked element represents a 2.8 per cent reserve.

49. While this meets the council's minimum reserve threshold of 2.5 per cent, it remains below the Scottish average of 3.2 per cent, indicating limited flexibility to absorb future financial risks or unforeseen pressures.

Exhibit 7

East Lothian Council usable reserves

Reserve	31 March 2021 £'million	31 March 2022 £'million	31 March 2023 £'million	31 March 2024 £'million	31 March 2025 £'million
General fund	28.328	29.685	26.414	34.169	36.129
Housing revenue account	2.009	1.748	1.487	1.535	2.017
Capital fund	2.446	4.603	14.607	14.013	11.338
Capital grants unapplied	-	-	-	3.106	5.898
Insurance fund	2.306	2.684	2.684	2.684	2.684
Total usable reserves	35.089	38.720	45.192	55.507	58.066

Source: East Lothian Council annual accounts 2020/21 to 2024/25

50. Councils can hold reserves for a number of reasons. Some reserves are earmarked for identified expenditure which will, or may occur over the short, medium or longer term. In addition to these reserves, there are uncommitted reserves which help manage unforeseen circumstances.

51. The Local Authority Accounting Panel (LAAP) provides guidance on the establishment and maintenance of local authority reserves and balances. The LAAP Bulletin does not prescribe a minimum level of reserves which should be held by a council. It is for the council to consider an appropriate level of reserves taking account of their strategic, operational and financial risks. However, it does state that reserves should not be held without a clear purpose.

52. We are satisfied that the council undertakes regular reviews of its reserves to ensure they remain at an appropriate level. However, the continued use of reserves to support recurring expenditure presents sustainability challenges. Looking ahead, the council will need to make difficult decisions to address these pressures, with a clear financial strategy and robust management of reserves essential to maintaining long-term financial sustainability.

General Services Capital expenditure was less than originally budgeted in 2024/25

53. The council approved the general services 2024/25 capital programme in February 2024. The general services programme for 2024/25 originally totalled £117 million, and the housing capital programme amounting to £31.6 million.

54. At each council meeting, capital programme monitoring reports are presented to members. Throughout the year these reports detailed the various movements in the general services programme budget. Revisions were made to the general services programme resulting in a revised budget of £118 million.

55. At the June 2025 council meeting, the general services outturn capital programme spend was reported as £95.7 million for 2024/25, resulting in an underspend of £22.3 million. A substantial portion of this underspend has already been reprofiled into future years as part of the council's 2025/26 capital planning process

56. The housing capital programme outturn was reported as £32.471 million for 2024/25, against the budget of £31.579 million, resulting in an overspend of £0.892 million.

Edinburgh Innovation Hub

57. Edinburgh Innovation Hub (EIH) is consolidated as a joint venture between the council and Queen Margaret University. The joint venture is currently under development and aims to support innovation led businesses through providing a range of services including commercial and laboratory space.

58. EIH is consolidated into the council's group accounts as a joint venture. While the balances as at 31 March 2025 were not material to the group overall, our review identified that individual classes of transactions and balances within the joint venture structure were material. EIH claimed exemption from an independent audit for the 2024/25 financial year. As a result, we performed targeted audit procedures to obtain assurance over the material levels of expenditure incurred.

59. As detailed in exhibit 2 above, audit testing identified that the council advanced funding to the Edinburgh Innovation Park Joint Venture in excess of the £6 million agreed in the Joint Venture Agreement. At 31 March 2025, the amount owed to the council was £4.736 million but had not been recognised as a debtor within the annual accounts.

Recommendation 1

Given the level of public funding invested in the joint venture, it is important that the council ensures appropriate arrangements are in place to secure assurance over financial stewardship, which would ordinarily be achieved through an independent audit process.

Our review of the council's financial systems for 2024/25 identified that limited progress has been made in addressing previously reported internal control weaknesses

60. In line with our responsibilities under the Code of Audit Practice, we assessed the adequacy of the systems of internal control established by management. This included evaluating whether the council:

- has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements
- has systems of internal control which provide an adequate means of preventing and detecting error, fraud, or corruption
- complies with established policies, procedures, laws, and regulations.

61. Our audit work included walkthroughs and testing of 13 material systems, such as the general ledger, accounts payable and receivable, revenues and benefits, social care, housing management, payroll, and associated feeder systems (e.g. PECOS and TOTAL).

62. As reported in prior year annual audit reports, our review of the council's financial systems continues to highlight ongoing inconsistencies and inefficiencies in the operation of internal controls.

63. While some improvements have been noted, ongoing inconsistencies and inefficiencies continue to present a risk to the robustness of the council's internal control environment. We identified that regular and documented user access reviews had not been undertaken across several key financial systems. The absence of these reviews increases the risk of unauthorised or inappropriate access to financial data.

64. As a result of our findings, we did not place reliance on these internal controls for our audit of the 2024/25 annual accounts. Instead, we increased our substantive audit testing of income and non-pay expenditure to obtain the required assurance to support our audit opinion.

Recommendation 2

The council should implement regular and documented user access reviews across all key financial systems. These reviews should be conducted at defined intervals to ensure that access rights remain appropriate, reflect current roles and responsibilities, and mitigate the risk of unauthorised or inappropriate access to financial data. Evidence of these reviews should be retained to support the control environment and provide assurance over system integrity.

The council has an assurance gap for IT systems that are hosted externally

65. Last year we noted that the council does not receive formal assurances regarding the IT control environment for systems which are externally hosted. Audit work in 2024/25 identified that this extends across the following systems:

- PECOS – purchase to pay system cloud hosted by Elcom
- iTrent – payroll system cloud hosted by MidlandsHR
- Mosaic – social care system cloud hosted by Access Group

66. The council has not received any assurances around the operation of these controls at the third-party provider. Management is satisfied that there have been no issues around service performance or availability of information to support the preparation of the financial statements and there is no adverse impact on the system of internal control or governance arrangements in respect of the use of these systems.

Recommendation 3

The council should ensure there is appropriate oversight of its continuity and security of IT operations, and ensure the necessary assurances are obtained for externally hosted systems.

The implementation of the council's new finance management system has been delayed until 2026

67. The council's current core finance management system, Microsoft Dynamics Great Plains, has been in place since 2005 with the current support contract for this system was due to end in Summer 2026. At the June 2024 meeting of the Digital Transformation Board, approval was given to purchase the Connected Intelligence Anywhere (CIA) system from Technology One.

68. The new finance management system was scheduled to go live in October 2025 with the implementation of different modules/functions being rolled out on a phased basis. Implementation has been delayed and will now take place in 2026.

Recommendation 4

It is important that that the revised implementation timescales are clearly set out to avoid further delays and additional costs being incurred.

69. The audit work performed on the arrangements the body has in place for securing sound financial management found that these were generally effective however, recurring issues were noted in relation to internal control inconsistencies and inefficiencies and assurance gaps on general IT controls. This judgement is evidenced by the body:

- having clear and up-to-date policies and procedures, for example, financial regulations and scheme of delegation, in place that ensure effective financial management.

- having clear and up-to-date policies in place for preventing and detecting fraud and other irregularities, and participation in fraud prevention and detection activities such as the National Fraud Initiative (NFI).
- having suitably qualified and experienced staff leading the finance function, which has sufficient skills, capacity, and capability to effectively fulfil its role.
- having effective arrangements in place for the scrutiny of arrangements that support sound financial management, and effective scrutiny and challenge provided by the Audit and Governance Committee.

Financial Sustainability

Medium-term financial plans reflect the council's strategic priorities. The council faces significant challenges in addressing a budget gap of £73.782 million over the next five years.

70. In February 2025 the council presented a of robustness of estimates and adequacy of reserves. The statement included a summary of the factors that had 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.

71. It concluded that while the budget proposals for the forthcoming financial year were considered to be competent, the funding gap for the period beyond this remained significant and presented a risk to the council's capacity to set balanced budgets in future years. It also highlighted that unallocated general balances, which the council holds to offset the impact of unforeseen risks and emergencies, remained low relative to the overall risk environment.

72. In June 2025, the Financial Review 2024/25 reported that as at the end of quarter one, before applying the planned use of reserves there is a forecast overspend for the year of £7.7 million. The 2025/26 budget includes a planned use of £9.980 million from capital reserves. As at Quarter 1, there are no overspends forecast and no unplanned use of reserves required.

73. While no unplanned use of reserves is required at this stage, reliance on one-off reserves is not sustainable and must be addressed in future budget models. At the council meeting in August 2025, the budget gap across the coming years 2026/27 to 2030/31 before taking any measures to balance was £73.782 million, as detailed in [exhibit 8](#).

Exhibit 8

Identified budget gap 2026/27 to 2030/31

	£'million	£'million	£'million	£'million	£'million	£'million
Budget gap	£17.940	£17.528	£14.129	£11.549	£12.636	£73.782

Source: East Lothian Council: Budget Development 2026-27 Onwards

74. To address the budget gap, the council will need to review what services it can afford to continue to deliver and how these services will be provided. The council will need to significantly change what they deliver over the next 5 years with the focus being on ensuring that statutory duties can be met within the budget envelope. There will be difficult decisions to take on whether the council can continue to deliver services and if so, what those services will actually look like.

Improving the council's financial sustainability must be a priority objective for the financial governance of the council. It is important for the council to focus on financial resilience including key indicators and measures

75. The Chartered Institute of Finance and Public Accountancy (CIPFA) introduced a Financial Management Code for implementation by 31 March 2021. This provides "guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the code, authorities will be able to demonstrate their financial sustainability". A key goal of the FM Code is to improve and evidence the financial resilience of organisations by embedding enhanced standards of financial management.

76. The council continues to face a highly challenging financial environment as it develops its five-year budget strategy for the period 2026-2031. While the council has taken steps to mitigate financial pressures through planned savings and incremental increases in Council Tax, the medium-term financial outlook remains significantly constrained.

77. The most recent budget development reports reported to council in August 2025 indicate a projected cumulative funding gap of £73.8 million over the five-year period to 2030/31, of which £9.2 million relates to the Integration Joint Board (IJB). Even after factoring in previously approved savings measures and assumed annual Council Tax increases of 5 per cent, a substantial residual budget gap of £43.5 million remains. Notably, £10.4 million of this shortfall is forecast to arise in the 2026–27 financial year alone.

78. To support financial planning, the council has undertaken scenario modelling to assess the potential impact of varying economic conditions and policy developments. Under the central (neutral) planning scenario, the council forecasts a cumulative funding gap of £73.8 million over the five-year period. However, under a more adverse scenario, characterised by higher pay inflation,

constraints on council tax increases, and delays in the delivery of planned savings, the funding gap could escalate to in excess of £91 million. This would represent a significant threat to the council's financial sustainability and its ability to maintain service delivery at current levels.

79. The council has approved a five-year capital investment programme amounting to £248 million. This figure incorporates both slippage from prior years and the reinstatement of previously paused projects. The capital programme is largely driven by population growth, with a substantial proportion of investment directed towards the expansion and enhancement of the education estate. However, in recognition of increasing borrowing costs and a reduction in available capital grant funding, the council acknowledges the need to reassess the overall affordability and prioritisation of its capital plans to ensure long-term financial sustainability.

80. To ensure the sustainability of both revenue and capital plans, the council has committed to a set of budget development principles. These include minimising reliance on one-off resources, aligning financial planning with strategic priorities, and investing in transformation and efficiency initiatives. The council is also progressing work to develop a 30-year business plan for the Housing Revenue Account, which will support long-term capital planning and inform future rent strategies.

81. The council's financial strategy for 2026–2031 is being developed in a context of significant uncertainty and risk. While the council has taken steps to manage these pressures through savings, tax increases, and transformation initiatives, the scale of the challenge ahead will require continued focus, early decision-making, and robust financial governance to ensure long-term sustainability.

82. Key financial information considered in forming the judgement on the council's arrangements for securing financial sustainability is outlined in [Exhibit 9](#).

Exhibit 9

Key financial information

Budget setting	2022/23 (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)
Budget gap	13.290	17.158	17.289	17.651
Planned to be met via:				
• Savings and flexibilities	0.393	4.402	9.750	2.343
• Use of reserves	8.690	7.378	2.935	5.852
• Additional council tax	4.207	5.378	1.204	9.456
• Council tax freeze grant			3.400	

Savings delivered	0.393	3.527	5.906	-
Use of / (contribution to) reserves	5.986	9.700	2.935	-
Total usable reserves carried forward	45.192	55.507	53.329	
General Fund:				
• Earmarked	19.214	26.569	27.623	-
• Uncommitted	7.200	7.600	8.506	-

Source: The council's 2024/25 annual accounts and council papers

Recommendation 5

The council should continue to assess the projected level of savings generated, the level of reserves held and how this continues to support financial resilience and sustainability over the medium term.

Vision, Leadership and Governance

The council has clearly articulated its vision and priorities

83. The Council Plan 2022-2027 was approved by the council on 23 August 2022. The Council's vision over the 5 years is '***an even more prosperous, safe and sustainable East Lothian, with a dynamic and thriving economy that enables our people and communities to flourish.***'

84. The council agreed to focus on delivering a smaller number of priorities than originally approved in the Council Plan 2022-27. This has resulted in three priorities which are aligned to the Council Plan's overarching and thematic objectives:

- Ensure the financial sustainability of the council through the delivery of approved savings and transforming the way we deliver services
- Target resources on statutory services and focus on the highest risks and those most in need
- Deliver key infrastructure, economic development and environmentally sustainable projects within available council resources and maximising external funding

85. The council has updated its approach to Council Plan performance reporting, as detailed at paragraphs 104 – 107 below.

A new Chief Executive was appointed during 2024/25

86. The council has an experienced management team in place that has been relatively stable in recent years. In November 2024 the then Chief Executive, announced her intention to retire in February 2025. The new Chief Executive took up his role in April 2025.

87. The Executive Director – Place, retired in November 2024, with the position remaining unfilled during 2025. In October 2025 there was a restructuring exercise undertaken at the Executive Director level. The Executive Director – Place role was formally deleted with the Executive Director Council Resources role being amended to Depute Chief Executive Resource and Economy (Chief Financial Officer).

The council has sound governance arrangements in place for how it conducts business

88. The council's governance arrangements have been set out in the Annual Governance Statement in the annual accounts. We have reviewed these arrangements and concluded that they are appropriate. This is informed by our regular attendance at the Audit and Governance Committee and review of council and other committee papers as appropriate.

89. The Audit and Governance Committee's role is to support the council in establishing, maintaining, and improving effective governance, risk management, and internal control arrangements.

90. The audit work performed on the arrangements the council has in place around its Vision, Leadership and Governance found that these were effective and appropriate. This judgement is evidenced by the council:

- having a Corporate Plan in place, supported by Operational Plans, that clearly set out its vision, strategy, and priorities and reflect the pace and depth of improvement required to realise these in a sustainable manner.
- involving service users, delivery partners, and other stakeholders in the development of its vision, strategy, and priorities to ensure these align to their needs.
- having clear financial and performance reporting in place, both internally and externally, that is linked to its Operational Plans.
- having effective governance arrangements in place in general, as reflected in the Annual Governance Statement included in the annual accounts.

Equalities and fairness

91. We noted in our Annual Audit Plan 2024/25 that auditors are required to carry out a review of the 'fairness and equality' characteristic at least

once during the audit appointment. We completed this work as part of the 2024/25 audit.

92. The council demonstrates a clear commitment to fairness and equality through a comprehensive framework of strategies, policies, and reporting mechanisms. The council has embedded equality considerations into its strategic planning, service delivery, and employment practices, aligning with the requirements of the Equality Act 2010, and other relevant legislation.

93. This is reflected in the publication of key documents such as the Equality Plan 2021–2025, the Poverty Plan 2024–2028, and the Procurement Strategy 2023–2028, all of which incorporate equality objectives and align with statutory duties. The council has also made effective use of Integrated Impact Assessments (IIAs), which are consistently applied to ensure equality considerations are integrated into policy development and decision-making processes.

94. A positive organisational culture is further supported by the requirement for all staff to complete annual equality training, with content regularly updated to reflect legislative changes.

95. Our review identified the following areas where the council needs to take action to ensure continued compliance with equalities and fairness as detailed below:

- while the council tracks various performance indicators through its Policy and Performance Review Committee, there is limited alignment between these indicators and the specific equality outcomes and actions outlined in the Equality Plan. This makes it challenging to assess progress and impact.
- the Equality Mainstreaming and Outcomes Report for 2023–2025 has been delayed beyond the statutory two-year reporting requirement, impacting on the council's ability to assess progress and identify areas for improvement.
- the council's Equality Training Plan 2015-18 is the most current training plan. We understand this has not been updated since it was originally published. There is a risk that this does not reflect the most up to date guidance.

Recommendation 6

To ensure the council continues to demonstrate its commitment to equalities and fairness the council should review the timing of its reporting and ensure the training materials available remain fit for purpose.

Use of Resources to Improve Outcomes

96. The audit work performed on the arrangements the council has in place around its Use of Resources to Improve Outcomes found that these were effective and appropriate. This judgement is evidenced by the council:

- being able to demonstrate a clear link between the use of resources and delivery of its priorities.
- having arrangements in place to benchmark its performance to identify areas of improvement.
- being able to demonstrate improvements in performance against benchmarks and relative to other comparable organisations.

Best Value audit

Conclusion

The council has a clear vision and plan to support the transformation of its services, which aims to deliver a portfolio of change over a five-year period and support the financial sustainability of the council.

The council has robust governance arrangements in place for projects in its transformation programme. It has a dedicated transformation team but is experiencing staffing issues on some projects due to staff turnover and staff vacancies linked to the temporary nature of these projects.

The council has effective arrangements in place for reporting progress on the projects in its transformation programme to its senior leadership team and plans to enhance reporting to elected members. The council presented its first annual progress report on transformation to full council in August 2025.

Audit work assessed the arrangements the council has in place for preparing and publishing SPI and concluded the arrangements in place were effective and appropriate.

The council has updated its approach to Council Plan performance reporting. The council reviews and reports its performance using a number of measures that are clearly aligned to the priorities and outcomes set out in the Council Plan.

The council's overall performance has remained similar to its prior year results and has increased compared with the Scottish average.

The council should ensure that as the new approach to performance reporting is embedded it continues to comply with the requirements of the Statutory Performance Information Direction.

Audit approach to Best Value

97. Under the Code of Audit Practice, the audit of Best Value in councils is fully integrated within the annual audit. As part of the annual audit, auditors are required to take a risk-based approach to assessing and reporting on whether the council has made proper arrangements for securing Best

Value, including follow up of findings previously reported in relation to Best Value.

Themes prescribed by the Accounts Commission

98. The Accounts Commission also reports nationally on thematic aspects of councils' approaches to, and performance in, meeting their Best Value duties. As part of the annual audit, thematic reviews, as directed by the Accounts Commission, are conducted on the council. The thematic review for 2024/25 is on the subject of service transformation and involves considering how the council is redesigning services to maintain outcomes and deliver services more efficiently.

99. Conclusions and judgements on the council's approach to service transformation are outlined in a separate Management Report which is available on the Audit Scotland website. A summary of the conclusions and judgments made in the report is outlined below.

- The Accounts Commission's [Local government in Scotland Financial bulletin 2023/24](#) notes that councils need to intensify transformation activity, progressing at scale and pace to ensure their financial sustainability.
- East Lothian Council has a clear vision and plan to support the transformation of its services, which aims to deliver a portfolio of change over a five-year period and support the financial sustainability of the council. It has a defined transformation programme in place that clearly sets out what transformation activity is underway. In addition, there are several projects, led at service level, that the council consider to be transformational. The council should ensure that each of these projects meet the objectives set out within its transformation strategy.
- The council faces a projected funding gap of over £17 million for 2025/26, rising to over £79 million by 2029/30. It estimates that the current portfolio of transformation projects will deliver recurring savings of £6.1 million over the five-year period to 2029/30. While recognising that transformation is a key enabler to financial sustainability, the council's financial and transformation strategies make it clear that it is only part of the council's solution to closing its funding gap. Other measures include cost reduction through energy efficiency, investment in early intervention and prevention and developing and growing income streams. The council's collective change activity needs to be sufficiently ambitious to respond to the scale of its financial challenges.
- Over half of the council's current 15 transformation projects are in the delivery stage and detailed information has been compiled for each of these. The council has allocated earmarked reserves totalling £18.5 million to support and enable transformation and in 2024/25, £1.486 million was spent from this reserve.

- The council has robust governance arrangements in place for projects in its transformation programme. It has a dedicated transformation team but is experiencing staffing issues on some projects due to staff turnover and staff vacancies linked to the temporary nature of these projects. Also, there are constraints on the availability of some staff carrying out business-as-usual work to contribute to the transformation programme due to heavy workloads. This presents a significant risk to the progress of the council's transformation programme.
- The council has effective arrangements in place for reporting progress on the projects in its transformation programme to its senior leadership team and plans to enhance reporting to elected members. An overview of all significant transformation activity is not currently compiled. This creates a risk that elected members are not fully sighted on the progress of all key transformation activity across the council as a whole.
- The majority of the council's current transformation programme is council led and does not involve working with partners. The council is at an early stage of progressing opportunities to work with partners in service-led transformation activities outside its current transformation programme.
- The council has shared examples of where it is listening to its communities in relation to transformation projects. Integrated Impact Assessments (IIAs) are being carried out during the development of transformation projects where the council believe they are appropriate and there are examples of community engagement taking place in relation to these.
- The council has had a transformation programme in place since 2016. In the context of the growing financial challenges facing the council, the focus of this programme has shifted in recent years. A new framework was introduced in 2024 and is being developed which better captures, monitors and reports on the financial and non-financial benefits of transformation projects. The council is due to present its first annual progress report on transformation to full council in Autumn 2025.

100. The audit recommendations from the thematic report, together with the management responses, are included in [Appendix 1](#) of this report.

Statutory performance information (SPI) and service performance

101. The Accounts Commission issued a [Statutory Performance Information Direction](#) which requires the council to report its:

- SPI 1: performance in improving services and progress against agreed desired outcomes, and

- SPI 2: a self-assessment and audit, scrutiny, and inspection body assessment of how it has responded to these assessments.

102. Auditors have a statutory duty to satisfy themselves that the council has made proper arrangements for preparing and publishing statutory performance information in accordance with the Direction and report a conclusion in the Annual Audit Report.

103. Audit work assessed the arrangements the council has in place and concluded the arrangements in place were appropriate.

The council has updated its approach to Council Plan performance reporting

104. The [Best Value: Revised Statutory Guidance 2020](#) sets out that councils should be able to demonstrate a trend of improvement over time in delivering its strategic priorities.

105. In December 2024, a Review of Performance Reporting and Indicators report was presented to the Policy and Performance Review Committee (PPRC). The report outlined the statutory duties placed upon the council as well as the new Statutory Performance Information Direction guidance. The report committed the council to review the new Direction and Guidance and identify any gaps in the current performance reporting. In June 2025, the PPRC approved a report on a Performance Framework Refresh. The report outlined the proposed refreshed approach to Council Plan performance PPRC reporting, to ensure reports comply with any statutory requirements and follow good public performance reporting practices.

106. This has resulted in the council adopting a performance reporting hierarchy model, which refers to how different aspects of an organisation's performance are structured and presented in reports, typically from a high-level overview to more granular details. This hierarchy helps organise and communicate information about performance against key objectives, focusing on different levels of management and their responsibilities as follows:

- **strategic level:** provides a broad overview of overall performance, focusing on key strategic objectives and organisational goals set out in the Council Plan and subsequent strategic priorities approved by the council in February 2024. Strategic level reports will be presented to PPRC annually in June of each year and will replace the current top 10/50 indicators reports.
- **tactical level:** Heads of Service areas, analysing performance against defined targets and metrics for the group of services they are responsible for. Head of Service level reports will be presented to PPRC at least quarterly and will replace the current quarterly reports.
- **operational level:** focus on individual projects, tasks, and processes, providing detailed information on performance outcomes and any potential areas for improvement. Reporting of these will remain in line with the current reporting regime.

107. Both strategic and head of service reports will present performance updates structured around the council's strategies and priorities as follows:

- Ensure the financial sustainability of the council through the delivery of approved savings and transforming the way we deliver services (contributes to the long-term objective: Grow our Capacity)
- Target resources on statutory services and focus on the highest risks and those most in need (sits under the long-term objective: Grow our People)
- Deliver key infrastructure, economic development and environmentally sustainable projects within available council resources and maximising external funding (contributes to the long-term objectives: Grow our Economy and Grow our Communities).

The council's overall performance has remained similar to its prior year results and has increased compared with the Scottish average

108. The council participates in the [Local Government Benchmarking Framework](#) (LGBF). The framework brings together a wide range of information about how all Scottish councils perform in delivering services, including the cost of services and how satisfied citizens are with them. The council notes that the use of the LGBF allows it to self-assess its performance across years, and to compare performance with peers against an agreed suite of performance indicators, which will assist in achieving best practice and efficiencies.

109. The most recent National Benchmarking Overview Report 2023/24: <https://www.improvementservice.org.uk/benchmarking/reports> was presented to the PPRC in June 2025 to provide a summary of the council's performance in 2023/24.

110. The full Local Government Benchmarking Framework includes 109 indicators. There are 75 indicators which relate to the performance of services in delivering outputs and outcomes; 22 indicators relate to the cost of delivering services; and 12 indicators measure satisfaction. All cost indicators have been adjusted for inflation to provide a real cost comparison on trend data.

111. For 2023/24, only 91 indicators have comparable data to measure a percentage change of status from the previous year. In 2023/24, 26 (29 per cent) of indicators improved, 45 (49 per cent) remained static, and 20 (22 per cent) declined.

	Improved status	No change	Declined
Cost	9	6	5
Performance	17	28	15
Satisfaction	-	11	-
Grand total	26	45	20

112. Comparison of the council's indicators against the Scottish average shows that 48 (53 per cent) of the indicators are performing better than the Scottish average. The council's quartile performance when ranking each performance indicator from 1 (highest performance/ lowest cost) to 32 (lowest performance/ highest cost) improved slightly during 2023/24. Just under a third (31 per cent) of the council's indicators are in quartile 1 and fewer than one in four (only 18.4 per cent) are in quartile four. Overall, 60.9 per cent of indicators are within the first two quartiles (top 50 per cent).

Quartile	2022/23	%	2023/24	%
Quartile 1	27	30.0	27	31.0
Quartile 2	23	25.6	26	29.9
Quartile 3	23	25.6	18	20.7
Quartile 4	17	18.9	16	18.4

Progress against previous Best Value findings and recommendations

113. Best Value findings and recommendations have been made in previous years' Annual Audit Reports, Management Reports on themes prescribed by the Accounts Commission, and Controller of Audit Reports on the council's performance in meeting its Best Value duties.

114. Details of previous recommendations and progress the council is making against these can be seen in [Appendix 1](#). *The council has implemented the previous recommendations made.*

Conclusions on Best Value

The council's arrangements and performance in meeting Best Value and community planning duties are effective

115. The audit work performed on the arrangements the council has in place for securing Best Value and its community planning arrangements found these were effective and appropriate. This judgement is evidenced by:

- the council having well established and effective governance arrangements in place, with the Best Value being a key aspect of the governance arrangements
- the arrangements the council has in place around the four wider scope audit areas, which are effective and appropriate, contribute to it being able to secure Best Value
- progress the council is making to embed sustainability into corporate and operational plans and enhance reporting arrangements around sustainability.

Appendix 1

Action plan 2024/25

2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p>1. Edinburgh Innovation Hub</p> <p>Edinburgh Innovation Hub (EIH) is consolidated as a joint venture between the council and Queen Margaret University.</p> <p>Risk: There is a risk that there is not appropriate independent oversight of the financial transactions within the joint venture.</p>	<p>Given the level of public funding invested in the joint venture, it is important that the council ensures appropriate arrangements are in place to secure assurance over financial stewardship, which would ordinarily be achieved through an independent audit process.</p> <p>Page 27</p>	<p>Accepted</p> <p>External audit arrangements are in place for the joint venture and scrutiny arrangements are currently provided as part of the City Region Deal governance structure. Once operational, EIH will report to the council's audit and governance committee at least annually to enable effective financial stewardship.</p> <p>Depute Chief Executive – Resources and Economy</p> <p>June 2026</p>
<p>2. Internal control</p> <p>Our review of the council's financial systems continues to highlight ongoing inconsistencies and inefficiencies in the operation of internal controls.</p> <p>Risk: there is a risk that this may result in inefficient, inconsistent processes and ultimately control weaknesses.</p>	<p>The council should implement regular and documented user access reviews across all key financial systems. These reviews should be conducted at defined intervals to ensure that access rights remain appropriate, reflect current roles and responsibilities, and mitigate the risk of unauthorised or inappropriate access to financial data. Evidence of these reviews should be retained to support the control environment and provide assurance over system integrity.</p> <p>Page 27</p>	<p>Accepted</p> <p>The Council Management Team takes IT security seriously and recently approved a review of systems administration across the council. The review is currently underway and aims to strengthen and improve consistency, including ensuring that there are appropriate user access controls in place for all systems.</p> <p>Council Leadership Team</p> <p>July 2026</p>

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p>3. Assurance gap</p> <p>The council does not receive formal assurances regarding the IT control environment for systems which are externally hosted.</p>	<p>The council should ensure there is appropriate oversight of its continuity and security of IT operations, and ensure the necessary assurances are obtained for externally hosted systems.</p> <p>Page 28</p>	<p>Accepted</p> <p>Management will explore options for including assurance over continuity and security arrangements as part of our specification of requirements for future contracts to ensure that we have an understanding of what potential new suppliers are willing to commit to.</p> <p>Service Manager - IT</p> <p>April 2026</p>
<p>4. Implementation of the new financial system</p> <p>The new finance management system was scheduled to go live in October 2025.</p> <p>Implementation has been delayed and will now take place in 2026.</p>	<p>It is important that that the revised implementation timescales are clearly set out to avoid further delays and additional costs being incurred.</p> <p>Page 28</p>	<p>Accepted</p> <p>This project remains a key priority for the finance service and significant efforts are underway to ensure successful implementation of the replacement system in the first half of next year.</p> <p>Head of Finance</p> <p>June 2026</p>
<p>5. Financial sustainability</p> <p>The council continues to face a highly challenging financial environment as it develops its five-year budget strategy for the period 2027-2031.</p>	<p>The council should continue to assess the projected level of savings generated, the level of reserves held and how this continues to support financial resilience and sustainability over the medium term.</p> <p>Page 32</p>	<p>Partially Accepted</p> <p>This action was implemented in February 2025.</p> <p>Head of Finance</p> <p>Implemented</p>
<p>6. Equalities and fairness</p> <p>Our review identified areas where the council needs to take action to ensure continued compliance with equalities and fairness.</p>	<p>To ensure the council continues to demonstrate its commitment to equalities and fairness the council should review the timing of its reporting and ensure the training materials available remain fit for purpose.</p> <p>Page 34</p>	<p>Accepted</p> <p>Officers will work to ensure that future reporting timelines are aligned with Equality legislation (April), with the next Mainstreaming Outcomes report due in April 2027. A review of training materials will also be taken forward.</p> <p>Head of Corporate Support</p> <p>April 2027</p>

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
2024/25 recommendations from the BV thematic report		
<p>1. Ensuring transformation plans are sufficiently ambitious</p> <p>The council faces a projected funding gap of over £17 million for 2025/26, rising to over £79 million by 2029/30. It estimates that the current portfolio of transformation projects will deliver recurring savings of £6.1 million over the five-year period to 2029/30. Whilst we recognise that transformation alone will not offer the full solution to the council's funding gap, the level of financial savings from the council's collective change activity should be commensurate with the scale of its financial challenges.</p>	<p>While we recognise that transformation activity is designed to have wider benefits beyond financial savings, the council should ensure its plans for transformation are sufficiently ambitious to respond to the financial challenges it faces.</p>	<p>The Council is prioritising its resources to support a range of projects focused on key enablers of change. It has also prioritised the delivery of transformation as a key council objective.</p> <p>An update will be provided to Council in August 2025.</p> <p>Transformation & Digital Portfolio Manager</p> <p>August 2025 / ongoing</p>
<p>2. Including all significant transformation activity in transformation strategy</p> <p>Officers have told the audit team about other significant transformation projects that are being taken forward by services that are not included in the current transformation programme.</p>	<p>There are a number of projects, led at service level, that the council consider to be transformational. The council should take the opportunity, when conducting the annual review of its Transformation Strategy (2024-2029), to ensure all significant transformation activity is reflected as well as ensuring that each project meets the objectives set out within its transformation strategy.</p>	<p>Officers will consider options for incorporating service led transformation activity within future reporting, with a view to capturing resource commitment and benefits delivered.</p> <p>Transformation & Digital Portfolio Manager</p> <p>August 2026</p>

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p>3. Reporting on transformation</p> <p>Officers have committed to sharing detailed reporting on the progress of its transformation programme with elected members as part of its annual report, starting from Autumn 2025.</p> <p>Officers have told the audit team about other significant plans for change that are being taken forward by services that are not included in the transformation programme. There is a risk that officers and members do not have a full overview of the range of transformation activity taking place within the council.</p>	<p>The council should ensure it delivers on its commitment to report on transformation to elected members. This should include regular reporting on planned and realised financial and non-financial benefits from its transformation work in line with what is set out in the Transformation Strategy. The council should put in place arrangements to report to elected members on the full range of transformation activity being progressed.</p>	<p>A report will be presented to Council in August providing an update on progress made towards delivering the council's transformation strategy.</p> <p>This report will also consider how wider transformation activity can be incorporated into future updates to Council.</p> <p>Transformation & Digital Portfolio Manager</p> <p>August 2025</p>
<p>4. Resourcing transformation</p> <p>The demands of the council's business-as-usual activities are limiting the wider organisation's ability to respond to the increased demand for transformation staff resource. These pressures present a risk to the progress of the council's transformation programme.</p>	<p>The council should ensure that its workforce has capacity to deliver on its transformation ambitions. This includes balancing workforce planning with the resource needs of wider business groups and recruiting additional roles for transformation if required.</p>	<p>The Council has allocated significant resources within earmarked reserves to support transformation activity, and this will remain under review to ensure that there is sufficient capacity to deliver on our ambitions in the context of acute funding constraints.</p> <p>Transformation & Digital Portfolio Manager</p> <p>December 2025</p>
<p>5. Measuring the impact of transformation</p> <p>The council is monitoring and reporting on the financial and non-financial benefits from its transformation projects. It recognises that benefits reporting is an area requiring further work to</p>	<p>The council should continue to improve its methodology for measuring financial and non-financial benefits from its transformation projects.</p>	<p>The council recognises the importance of ensuring that the benefits of transformation are captured and reported. While the financial savings delivered are already being reported through regular finance updates, future reporting will also capture the non-financial benefits delivered.</p>

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
improve accuracy and consistency.		Transformation & Digital Portfolio Manager August 2025

Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>1. Revaluation of land and buildings</p> <p>In accordance with the Code of Practice in Local Authority Accounting, the council is required to ensure the carrying value of property, plant and equipment “<i>does not differ materially from that which would be determined using the current value at the end of the reporting period</i>”.</p> <p>Following the publication of the unaudited accounts, the council undertook a revaluation exercise which resulted in a £52 million reduction in the carrying value of assets.</p> <p>Our audit testing of the revaluation found errors in the work performed. This included: inconsistencies between the underlying data used (floor space / land areas) by the valuer and the councils’ records; inconsistent information on the use of assets; and errors in valuation calculations. There had been limited management challenge and review to confirm completeness and accuracy of the valuation prior to audit inspection.</p>	<p>While recognising the council engage with an independent valuer to undertake a valuation of land and buildings, the valuation is underpinned by data provided by the council. It is important that the council ensure complete and accurate information is provided to the valuer in a timely manner to support the valuation and that there is appropriate challenge and review to ensure the valuations are reasonable. This should be done in sufficient timeframes to support the preparation of the unaudited accounts.</p> <p>Management response:</p> <p>Officers will ensure that all floor plans are reviewed and revised as appropriate and that accurate records are held. A full valuation of all operational and non-operational assets will be carried out for the 2024/25 Accounts by an independent valuer. This information will be reviewed with an internal RICS member and samples will be taken and reviewed to gain management assurance of the figures received.</p> <p>Responsible officer:</p> <p>Executive Director of Council resources</p> <p>Agreed date:</p> <p>June 2025</p>	<p>Implemented.</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>Risk: A risk that the council does not have a complete and accurate record of assets held and that this could result in material errors in the valuation of land and buildings.</p>		
<p>2. Statutory override</p> <p>The statutory override relating to valuation of infrastructure assets is due to end for the 2024/25 financial statements.</p> <p>Risk: A permanent solution has not yet been agreed and CIPFA believe that this will continue be an area of enhanced scrutiny for local government auditors.</p>	<p>The council should proactively work with CIPFA and the wider local government sector to arrive at appropriate solution for the implementation of accounting for infrastructure assets.</p> <p>Management response:</p> <p>Officers consider that the time and expense required to value infrastructure assets would not represent best value in the use of public resources and we will continue to make this case to CIPFA alongside colleagues from other local authorities.</p> <p>Responsible officer:</p> <p>Executive Director for Council Resources</p> <p>Agreed date:</p> <p>April 2025</p>	<p>Ongoing.</p> <p>Finance circular 6/2025 confirms that the temporary statutory override has now been further extended until March 2027.</p>
<p>3. Trade Union disclosure</p> <p>The Trade Union (Facility Time Publication Requirements) Regulations 2017 require employers to publish a range of information both on their website by 31 July and in their annual accounts.</p>	<p>The council needs to ensure that it captures all required information to fully comply with the Trade Union Regulations 2017.</p> <p>Management response:</p> <p>We will aim to include this disclosure as part of our future reporting.</p> <p>Responsible officer:</p> <p>Service Manager – People and Council Support</p> <p>Agreed date:</p> <p>July 2025</p>	<p>Not implemented.</p> <p>The adjustment was omitted from the unaudited accounts but has been incorporated into the revised accounts presented to the Audit and Governance Committee.</p>
<p>4. Budget setting</p> <p>The 2023/24 end of year financial review presented to the council in June 2024</p>	<p>Given the financial pressures and ongoing reliance on using reserves to deliver services it is vital the council identify the</p>	<p>See 2024/25 matter arising 5 above.</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>reported a deficit on the provision of services of £12.273 million.</p>	<p>measures required to deliver against their savings plans.</p> <p>Management response:</p> <p>Officers will continue to develop and progress workstreams needed to realise savings plans over the coming year, and progress will be reported through regular finance updates to Council.</p> <p>Responsible officer:</p> <p>Council Management Team</p> <p>Agreed date:</p> <p>Ongoing</p>	
<p>5. Capital programme</p> <p>Capital programmes can be delayed through their complexity, pressing demands and involvement of third parties. As part of the mitigation measures agreed by the council uncommitted expenditure was paused or reprofiled.</p>	<p>The council should establish clear indicators to support its assessment of the ongoing affordability of the capital programme.</p> <p>Management response:</p> <p>Indicators are disclosed as part of our treasury management strategy and reporting and we will work to improve the visibility of these in informing the judgements taken around the affordability of capital plans and borrowing.</p> <p>Responsible officer:</p> <p>Executive Director for Council Resources / Head of Finance</p> <p>Agreed date:</p> <p>April 2025</p>	<p>Implemented.</p>
<p>6. Internal control</p> <p>We identified instances where there was a lack of corporate understanding of end to end transaction processes, controls and dependencies. As a result there is a risk that this may result in inefficient, inconsistent processes and ultimately control weaknesses.</p>	<p>As the council implements the new financial system it is important that management can assure itself that it has addressed legacy issues around corporate understanding of end to end processes and control weaknesses.</p> <p>Management response:</p> <p>The new system will define high-level (in-system) business processes, that will be supplemented with process mapping to capture new end-to-end processes.</p> <p>Responsible officer:</p>	<p>See 2024/25 matter arising 2 above</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
	<p>Executive Management Team</p> <p>Agreed date:</p> <p>December 2025</p>	
<p>7. Reserves</p> <p>As at 31 March 2024, the council had a total General Fund balance of £34.169 million. Of this £26.569 million has been earmarked for a specific priority with a residual balance of £7.600 million of uncommitted general reserves.</p>	<p>The council should ensure that there is a clear risk assessment and scrutiny of the level of reserves held and how this supports financial resilience and sustainability over the medium term.</p> <p>The council should consider the adequacy of minimum unallocated reserves in the context of revenue overspends and benchmark data.</p> <p>Management response:</p> <p>This is set out within the financial strategy and risks are reported through the corporate risk register. We will continue to do this.</p> <p>Responsible officer:</p> <p>Head of Finance</p> <p>Agreed date:</p> <p>Ongoing</p>	<p>See 2024/25 matter arising 5 above.</p>
<p>8. Financial resilience</p> <p>The council is facing a significant funding gap to meet the growing infrastructure and service requirements aligned to rapid population growth.</p>	<p>Given the scale of the financial challenges the council must continue to develop financial resilience indicators and resilience measures, with a greater emphasis on its reserves position.</p> <p>Management response:</p> <p>The financial strategy sets the minimum level of unallocated balance for our general reserves and this level is reviewed on an annual basis. Movement in this balance due to budget variances is the key indicator that we use to assess financial resilience and this is reported to Council throughout the year.</p> <p>Responsible officer:</p> <p>Head of Finance</p> <p>Agreed date:</p> <p>Ongoing</p>	<p>See 2024/25 matter arising 5 above.</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>9. Digital technology</p> <p>The capacity of the council's IT team remains challenging with vacancies in key areas leading to skills gaps and workforce pressures. This has resulted in a number of key plans not being progressed or tested.</p>	<p>The council needs to prioritise digital transformation to improve service delivery and generate savings over the medium and longer term. The council needs to strengthen their digital strategy, cyber security, business continuity management and associated policies to address prior year audit recommendations.</p> <p>Management response:</p> <p>The current transformation portfolio includes priority digital by default projects, including Finance System Replacement, Housing Management System Replacement, Website replacement, Roll-out of Microsoft 365, Development of an Enterprise IT Systems strategy and roadmap. We are also undertaking a project to identify manual effort that could be reduced/eliminated by using automation/systems.</p> <p>Responsible officer:</p> <p>Executive Director for Council Resources / Service Manager for IT</p> <p>Agreed date:</p> <p>Ongoing</p>	<p>Ongoing</p> <p>A service review is currently being progressed within IT to support enhanced capacity and resilience</p> <p>A new Strategic Digital Lead post is currently being progressed to strengthen the digital capacity.</p> <p>A new project team has been established which will report to the DTB to strengthen digital planning across the organisation.</p> <p>Strategic Digital Lead</p> <p>May 2027</p>
<p>10. Council priorities</p> <p>In February 2024, the council approved proposals to re-prioritise the Council Plan recognising the context and factors that influenced the objectives had since changed.</p>	<p>The council agreed to focus on delivering a smaller number of priorities than originally approved in the Council Plan 2022-27. The council needs to set clear performance outcome targets for each of its refreshed priority areas to ensure resources are allocated appropriately. As resources are aligned to the priority areas, the council also needs to be clear on what is an acceptable level of performance in non-priority areas.</p> <p>Management response:</p> <p>As part of the review of performance reporting we will review the top 10 indicators and clarify alignment with the reprioritised council plan, aligning to requirements of the revised Statutory</p>	<p>Implemented.</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
	<p>Performance Information Direction expected in 2025.</p> <p>Responsible officer:</p> <p>Transformation & Digital Portfolio Manager</p> <p>Agreed date:</p> <p>December 2025</p>	
<p>11. Committee attendance</p> <p>In June 2024 as both were not quorate, the Audit & Governance Committee and the Policy and Performance Review Committee meetings had to be cancelled or rescheduled.</p>	<p>Elected members should ensure attendance at Committee meetings to enable the Committee to fulfil its delegated functions</p> <p>Management response:</p> <p>Officers to proactively contact members to confirm attendance in advance of each meeting. The hybrid meeting facility to be offered for all formal Council meetings to support member attendance. In consultation with political groups, consideration will be given to assess if membership requires to be reviewed and amended as part of the annual review of Standing Orders.</p> <p>Responsible officer:</p> <p>Head of Corporate Support</p> <p>Agreed date:</p> <p>February 2025</p>	<p>Implemented.</p>
<p>12. Decision making</p>	<p>It is essential elected members work together as a collective body to make the strategic decisions and difficult choices to ensure the council's future financial sustainability.</p> <p>Management response:</p> <p>The council agreed to establish a cross party budget working group and this has been running since 2022. The approach to this is subject to regular review and remains a key budget development principle within the approved financial strategy. Officers will continue to facilitate cross party working aligned to the Council decision over the next year.</p>	<p>Implemented.</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
	Responsible officer: Executive Management Team Agreed date: Ongoing	

Progress against 2023/24 Best Value findings and recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update on progress
1. Action plan The council's workforce action plan has 40 actions capturing a range of workforce challenges however they are not SMART. Risk – There is a risk actions cannot be evaluated to allow progress to be measured, monitored and reported.	The council should build on its workforce planning to date by expanding the range of data and intelligence it draws upon, with SMART action plans setting out how council level and service level actions are being progressed. Management response Management to review the current workforce plan and actions and develop further SMART actions. Responsible officer Executive Director for Council Resources Date June 2025	Implemented. An ELC Workforce Plan Implementation group was established in August 2025. A Workforce Action Plan was revised in August 2025 incorporating SMART actions. This was presented at Cabinet for approval in September 2025. In addition, the Local Government Association (LGA) are running training sessions with the Corporate Management Team in November 2025.
2. Service workforce planning The council does not have standard guidance, templates or toolkits to support services in developing a consistent approach to workforce planning.	The council should prepare guidance and templates to assist services in identifying supply and demand issues and consider the emerging objectives and actions within their areas whilst ensuring there is a consistent approach to workforce planning across the council. Management response	Ongoing. Service level planning guidance and templates have been created and approved by the Workforce Plan Implementation group. HR will be providing service managers with reports to assist them

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update on progress
<p>Risk – There is a risk that service workforce planning is not consistent and does not support the 2023-2027 Workforce Plan</p>	<p>Management to further develop service plan guidance to provide clearer alignment with corporate workforce plan.</p> <p>Responsible officer</p> <p>Executive Director for Council Resources</p> <p>Date</p> <p>April 2025</p>	<p>with identifying roles and risk and critical roles, contract type/FTE/PT/agency workers. The LGA recommended this was the data to include for strategic workforce planning at a service level.</p> <p>The guidance/template will be rolled out from January 2026 working with each Head of Service management team to ensure they have adequate time and support to do this.</p> <p>Responsible: Head of Corporate Support (Strategic Lead for workforce planning)</p> <p>April 2026</p>
<p>3. Digital transformation</p> <p>The council has completed a limited number of corporate digitalisation projects.</p> <p>Risk – There is a risk the council is not using digital technology to shape its future workforce.</p>	<p>The council should increase the pace of roll-out of its digital transformation projects and develop measures to capture and monitor the impact of digital technology on workforce productivity and service outcomes. It should also set out how it expects digital technology to shape its future workforce.</p> <p>Management response</p> <p>The Council has prioritised investment and focus to date on key corporate systems and platforms. The Council's Digital Transformation Board is overseeing the prioritisation of projects, but much of this is dependent on financial resources being made available to support the development and implementation of digital opportunities in a managed and sustainable way.</p> <p>Responsible officer</p>	<p>Point closed and being tracked through matter arising 9, 2023/24 above on digital technology.</p> <p>Progress is monitored via the Digital Transformation Board (DTB) that meets regularly throughout the year. Projects prioritised for delivery by the Service are:</p> <ul style="list-style-type: none"> • Cloud Migration (Revenues system) • Housing Management System • Lets & Bookings System replacement • Finance System Replacement

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update on progress
	<p>Executive Director for Council Resources</p> <p>Date</p> <p>On-going</p>	<ul style="list-style-type: none"> • Website Replacement • M365 Roll Out
<p>4. Digital exclusion</p> <p>The council has set out its intention to address digital exclusion.</p> <p>Risk – There is a risk that the workforce are not appropriately supported.</p>	<p>The Council should further develop the workforce plan to allow it to monitor progress in addressing digital exclusion in its workforce.</p> <p>Management response</p> <p>Management will review the workforce action plan and consider further areas for addressing digital exclusion and how this can be monitored.</p> <p>Responsible officer</p> <p>Executive Director for Council Resources</p> <p>Date</p> <p>June 2025</p>	<p>Ongoing</p> <p>A paper was presented at CMT in June 2025 on this topic. Progress will be monitored via an annual review completed by OD involving services where digital inclusion is more challenging. This was reported in the most recent Workforce Action Plan.</p> <p>Responsible: Head of Corporate Support (Strategic Lead for workforce planning)</p> <p>August 2026</p>
<p>5. Remote and hybrid working</p> <p>The council has developed a detailed measurement framework in 2020 to capture the impact of its employees working more remotely but has not applied this.</p> <p>Risk – There is a risk the council cannot quantify the benefits for staff including wellbeing, and any savings achieved or improvements to services.</p>	<p>The council should build on the work it conducted in 2020 to review the effectiveness of its WorkSmart policy. This should capture the benefits for staff including wellbeing, and any savings achieved or improvements to services.</p> <p>Management response</p> <p>Management already capture significant management information to monitor the effectiveness. Management will consider how this can be consolidated, captured and monitored through the review of workforce plan SMART actions.</p> <p>Responsible officer</p> <p>Executive Director for Council Resources</p> <p>Date</p> <p>June 2025</p>	<p>Ongoing</p> <p>A questionnaire has been developed to enable managers to provide feedback on home / hybrid working arrangements. This will provide some insight into how well these arrangements are working and identify what may need to change before any further review of the arrangements take place.</p> <p>Responsible: Head of Corporate Support (Strategic Lead for workforce planning)</p> <p>August 2026</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update on progress
<p>6. Succession planning</p> <p>Almost 25 per cent of the council's employees are over 55 years old.</p> <p>Risk – There is a risk that the council plans do not address future succession planning challenges.</p>	<p>The council needs to put clear plans in place to address future succession planning challenges.</p> <p>Management response</p> <p>Management will continue to build upon the range of existing initiatives to explore further options to support succession planning.</p> <p>Much of the challenge requires a national approach, and management will continue to support national workforce discussions.</p> <p>Responsible officer</p> <p>Executive Management Team</p> <p>Date</p> <p>April 2025</p>	<p>Ongoing</p> <p>The intention of the 2026 Workforce Plan would be to address this at a service and corporate level.</p> <p>Responsible: Head of Corporate Support (Strategic Lead for workforce planning)</p> <p>August 2026</p>
<p>7. Trade unions</p> <p>The council and trade unions did not meet between June 2023 and June 2024 after the trade unions went into dispute with the council. A Recognition Agreements was signed by all parties in March 2024.</p> <p>Risk – There is a risk that the council and trade unions do not have a constructive working relationship and future workforce planning is impacted.</p>	<p>To support the successful implementation of future workforce planning it is important that the council and trade unions have a constructive working relationship in line with the Joint Trade Union Recognition Agreement signed in March 2024.</p> <p>Management response</p> <p>Management will continue to support and promote constructive discussions with the Joint Trade Unions aligned to the Recognition Agreement.</p> <p>Responsible officer</p> <p>Executive Director for Council Resources</p> <p>Date</p> <p>On-going</p>	<p>Implemented.</p>
<p>8. Performance management framework</p> <p>The council does not have a comprehensive overview of performance measures and targets which measures the</p>	<p>The Council should develop a workforce planning performance management framework, linked to its Workforce Plan to inform future workforce planning.</p> <p>Management response</p>	<p>Ongoing</p> <p>The intention of the 2026 Workforce Plan would be to address this at a service and corporate level.</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update on progress
<p>overall effectiveness of the council's workforce planning.</p> <p>Risk – There is a risk that the council does not have the data to inform decisions about staffing levels, skills requirements and resource allocation.</p>	<p>Management will review the workforce action plan to ensure it captures clear performance management information to inform future planning.</p> <p>Responsible officer Executive Director for Council Resources</p> <p>Date June 2025</p>	<p>Responsible: Head of Corporate Support (Strategic Lead for workforce planning)</p> <p>August 2026</p>

Appendix 2

Summary of uncorrected misstatements

Details	Financial statements lines impacted	Statement of Comprehensive Net Expenditure (SoCNE)		Statement of Financial Position (SoFP)	
		Dr	Cr	Dr	Cr
Uncorrected misstatements		£000	£000	£000	£000
1. Overstatement of short-term debtors in balance sheet					
Dr. Income		857			
Cr. Short Term Debtors - Trade and Other Receivables					857
2. Overstatement of expenditure due to missed prepayment					
Dr. Short term debtors – trade and other receivables				618	
Cr. Expenditure			618		

Appendix 3

Supporting national and performance audit reports

Report name	Date published
Local government budgets 2024/25	15 May 2024
Integration Joint Boards: Finance and performance 2024	25 July 2024
The National Fraud Initiative in Scotland 2024	15 August 2024
Transformation in councils	1 October 2024
Alcohol and drug services	31 October 2024
Fiscal sustainability and reform in Scotland	21 November 2024
Public service reform in Scotland: how do we turn rhetoric into reality?	26 November 2024
Auditing climate change	7 January 2025
Local government in Scotland: Financial bulletin 2023/24	28 January 2025
Transparency, transformation and the sustainability of council services	28 January 2025
Sustainable transport	30 January 2025
A review of Housing Benefit overpayments 2018/19 to 2021/22: A thematic study	20 February 2025
Additional support for learning	27 February 2025
Integration Joint Boards: Finance bulletin 2023/24	6 March 2025
Integration Joint Boards finances continue to be precarious	6 March 2025
Council Tax rises in Scotland	28 March 2025

East Lothian Council

2024/25 Annual Audit Report



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Dr Bruce Fund (SC019149)

2024/25 Annual Audit Report

9b



Prepared for the Dr Bruce Fund
November 2025

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Key messages

Audit of the annual accounts

- 1 All audit opinions stated that the annual accounts were free from material misstatement.
- 2 There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by the Dr Bruce Fund.

Financial Sustainability and Best Value audit

- 3 There are no medium- and longer-term plans in place to secure the financial sustainability of the Dr Bruce Fund.
 - 4 The Dr Bruce Fund has effective and appropriate arrangements in place for securing Best Value.
-

Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of Dr Bruce Fund's annual accounts and the wider scope areas specified in the [Code of Audit Practice \(2021\)](#).
2. The Annual Audit Report is addressed to the Dr Bruce Fund and the Controller of Audit, and will be published on [Audit Scotland's website](#) in due course.

Appointed auditor and independence

3. Mark Ferris, of Audit Scotland, has been appointed as external auditor of the Dr Bruce Fund for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, Mark Ferris as engagement lead and the audit team are independent of the Dr Bruce Fund in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from Dr Bruce Fund, including no provision of non-audit services.

Acknowledgements

4. We would like to thank the Dr Bruce Fund and the staff at East Lothian Council, particularly those involved in preparation of the annual accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

Audit scope and responsibilities

Scope of the audit

5. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement.
- An opinion on statutory other information published with the financial statements in the annual accounts and the Trustees' Annual Report.
- Concluding on the financial sustainability of the Dr Bruce Fund.
- Reporting on the Dr Bruce Fund arrangements for securing Best Value.
- Provision of this Annual Audit Report.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of the body and the auditor. A summary of the key responsibilities is outlined below.

Auditor's responsibilities

7. The responsibilities of auditors in the public sector are established in the Local Government (Scotland) Act 1973. These include providing an independent opinion on the financial statements and other information reported within the annual accounts, and concluding on the Dr Bruce Fund arrangements in place for the wider scope areas and Best Value.

8. The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve the body from its responsibilities outlined below.

Dr Bruce Fund responsibilities

9. The Dr Bruce Fund has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of annual accounts, comprising financial statements for the body that gives a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

Audit of the annual accounts

Main judgements

All audit opinions stated that the annual accounts were free from material misstatement.

There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by the Dr Bruce Fund.

Audit opinions on the annual accounts

10. The Dr Bruce Fund annual accounts were approved by the Audit and Governance Committee on 25 November 2025 and certified by the appointed auditor on 25 November 2025. The Independent Auditor's Report is included in the Dr Bruce Fund annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



Audit timetable

11. The unaudited annual accounts and all working papers were received on 31 July 2025 in accordance with the agreed audit timetable.

Audit Fee

12. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £2,000. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

Materiality

13. The concept of materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual accounts.

14. Broadly, the concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the annual accounts. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

15. Materiality levels for the Dr Bruce Fund were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual accounts. Materiality levels were updated, and these can be seen in [Exhibit 1](#).

Exhibit 1

2024/25 Materiality levels for the Dr Bruce Fund

Materiality	Amount
Materiality – set at 2 per cent of net assets	£300
Performance materiality – set at 75 per cent of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£225
Reporting threshold – set at 5 per cent of materiality	£15

Source: Audit Scotland

Significant findings and key audit matters

16. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged as governance, which for the Dr Bruce Fund is the Audit and Governance Committee.

17. The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor's professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

18. In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement.
- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.

- Significant events or transactions that occurred during the year.

19. There are no significant findings or key audit matters to report.

Qualitative aspects of accounting practices

20. ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of the body's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

Accounting policies

21. The appropriateness of accounting policies adopted by the Dr Bruce Fund was assessed as part of the audit. These were considered to be appropriate to the circumstances of the Dr Bruce Fund, and there were no significant departures from the accounting policies set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Disclosures in the financial statements

22. The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was considered to be adequate except in respect of related party transactions.

23. ISA (UK) 550 requires the auditors to report any significant matters in connection with related parties identified during the audit.

24. The Dr Bruce Fund does not have its own bank account, and all financial transactions are processed through the bank accounts of East Lothian Council. An inter-entity account is maintained within the ledgers of East Lothian Council to account for these transactions and at 31 March 2025 the amounts owed by East Lothian Council to the Dr Bruce Fund in respect of cash held on their behalf was £3,166.

25. The amount owed was included within Other Debtors at 31 March 2025, however our audit work identified that no disclosures were included within the annual accounts to identify this as a related party balance.

26. The annual accounts have been updated to include a related parties note detailing the transactions and balances with East Lothian Council and the Debtors note to the accounts was revised to separately disclose the amounts owed to the Dr Bruce Fund by East Lothian Council at 31 March 2025.

Significant matters discussed with management

27. All significant matters identified during the audit and discussed with the Dr Bruce Fund's management have been reported in the Annual Audit Report.

28. We reported within the 2023/24 Annual Audit Report of East Lothian Council that the council could consider the external appointment of a trustee to the Dr Bruce Fund. This would remove the Section 106 requirement for an audit and reduce the scrutiny requirement to an independent examination of the accounts and accounting records.

29. No progress has been made in respect of this recommendation in 2024/25. Discussions with management has noted that the appointment of an external trustee is being targeted by 31 March 2026.

30. East Lothian Council has reached an agreement with another council to undertake an independent examination of the 2025/26 annual accounts.

Significant risks of material misstatement identified in the Annual Audit Plan

31. Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit , \(page 10\)](#).

Exhibit 2

Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>Fraud caused by management override of controls</p> <p>Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> Evaluate the design and implementation of controls over journal entry processing. Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. Test journals entries, focusing on those that are assessed as higher risk. Evaluate significant transactions outside the normal course of business. 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> The design and implementation of controls over journal processing were appropriate. No inappropriate or unusual activity relating to the processing of journal entries was identified. No significant issues were identified from testing of journal entries. There were no transactions identified which were outside the normal course of business.

Risk of material misstatement	Planned audit response	Outcome of audit work
	<ul style="list-style-type: none"> Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements. 	<ul style="list-style-type: none"> The controls in place for identifying related party relationships were adequate. See Paragraph 24 for findings relating to disclosures to related party transactions in the financial statements. <p>Conclusion: No evidence of fraud caused by management override of controls.</p>

Source: Audit Scotland

Financial Sustainability and Best Value audit

Conclusion

There are no medium and longer-term plans in place to secure the financial sustainability of the Dr Bruce Fund.

The Dr Bruce Fund has effective and appropriate arrangements in place for securing Best Value.

Audit approach to wider scope and Best Value

Wider scope

32. The Annual Audit Plan reported the Dr Bruce Fund was considered to be a less complex body for the wider scope audit. Therefore, the wider scope audit does not cover all four wider scope areas and is instead limited to concluding on the financial sustainability of the Dr Bruce Fund.

Duty of Best Value

33. The duty on auditors to consider the arrangements in place to secure Best Value applies to the body as it falls within section 106 of the Local Government (Scotland) Act 1973.

34. Consideration of the arrangements Dr Bruce Fund has in place to secure Best Value has been carried out alongside the wider scope audit.

Conclusions on Financial Sustainability

35. During the year ended 31 March 2025, the Dr Bruce Fund awarded grants to individuals and organisations totalling £3,650 and there was a net reduction in funds in the year of £3,064.

36. The income generated by the Fund's investments were insufficient to cover the expenditure incurred in delivering the Funds activities. At 31 March 2025, the total unrestricted funds of the Dr Bruce Fund were £17,182.

37. There are no medium and longer-term plans in place to secure the financial sustainability of the Dr Bruce Fund.

38. If the Dr Bruce Fund continues with the disbursements at the level of 2024/25, the Funds will be depleted by 31 March 2031.

39. We reported in the 2023/24 Annual Audit Report of East Lothian Council that a review of the council's charitable trusts, including the Dr Bruce Fund was being undertaken and a report had been presented in June 2023 setting out the potential options arising from the review.

40. The council has not yet finalised a decision on the re-organisation, transfer or amalgamation of the charitable trusts due to the prioritisation of officer's and Councillors time.

41. We will continue to monitor the progress by the council as part of our 2025/26 audit.

Conclusions on Duty of Best Value

42. The audit work performed on the arrangements Dr Bruce Fund has in place for securing Best Value found these were effective and appropriate. This judgement is evidenced by:

- Dr Bruce Fund having well established and effective governance arrangements in place.
- the arrangements Dr Bruce Fund has in place to secure financial sustainability which help ensure the effective use of available resources.

Dr Bruce Fund (SC019149)

2024/25 Annual Audit Report



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COMMITTEE:	East Lothian Council
MEETING DATE:	9 December 2025
BY:	Depute Chief Executive - Resources and Economy
REPORT TITLE:	Corporate Governance Framework
REPORT STATUS:	Public

1 PURPOSE OF REPORT

- 1.1 To present the East Lothian Council Local Code of Corporate Governance and to confirm the approach to the development of the Annual Governance Statement for 2025/2026.

2 RECOMMENDATIONS

Members are recommended to:

- 2.1 Approve the East Lothian Council Local Code of Corporate Governance.
- 2.2 Note the approach to the 2025/2026 annual assurance process and the development of the Annual Governance Statement.

3 BACKGROUND

- 3.1 As Members will be aware, the Council is accountable to the public and other stakeholders for ensuring that there is a sound system of governance. To support this, the Council is required to prepare and publish an Annual Governance Statement (AGS) as part of the Annual Accounts.
- 3.2 In previous years, the Council has developed the AGS by adopting the principles of good governance set out in the Chartered Institute of Public Finance & Accountancy and Society of Local Authority Chief Executives model framework Delivering Good Governance in Local Government ("the CIPFA/SOLACE framework" 2016).

- 3.3 This approach provided a framework to assess where the Council was in terms of governance. This exercise tested the design of the Council's internal control framework and improvement actions developed. The exercise and scoring regime did not attempt to rate how effectively or consistently controls were applied. This was instead undertaken during the population of assurance schedules by Heads of Service. Together these exercises combine to provide a holistic look across the Council's control framework, incorporating both design and application and provide a strong basis to draft the AGS.
- 3.4 In May 2025, CIPFA/SOLACE published an addendum to the 2016 Framework. The addendum strongly recommends that local authorities develop their own Local Code of Corporate Governance rather than adopting the principles set out in the 2016 Framework.
- 3.5 This report presents the East Lothian Council Draft Local Code of Corporate Governance for Council's approval. This will be used alongside updated assurance schedules and other sources of assurance (internal audit findings, risk management evidence, performance reports, external regulator findings etc.) to support the development of the 2025/20206 AGS.
- 3.6 The CIPFA/SOLACE Scottish Guidance confirms that the draft Local Code is presented to the Audit and Governance Committee for review before consideration by the Council for approval. The Audit and Governance Committee considered the Draft Code at its meeting on 25 November 2025 and recommended approval to Council.

4 POLICY IMPLICATIONS

- 4.1 There are no direct policy implications. Consideration of policy is made within the Local Code of Corporate Governance.

5 RESOURCE AND OTHER IMPLICATIONS

- 5.1 Finance: There will be no additional resource requirements to implement the Local Code of Corporate Governance and assurance approach for 2025/2026.
- 5.2 Human Resources: The assurance process will be led by the Council's Monitoring Officer but will require time and input from all senior officers.
- 5.3 Other (e.g. Legal/IT): None
- 5.4 Risk: Risk is a key element of the Code and commentary is provided throughout.

6 INTEGRATED IMPACT ASSESSMENT

6.1 **Select the statement that is appropriate to your report by placing an 'X' in the relevant box.**

An Integrated Impact Assessment screening process has been undertaken and the subject of this report does not affect the wellbeing of the community or have a significant impact on: equality and human rights; tackling socio-economic disadvantages and poverty; climate change, the environment and sustainability; the Council's role as a corporate parent; or the storage/collection of personal data.

X

or

The subject of this report has been through the Integrated Impact Assessment process and impacts have been identified as follows:

Subject	Impacts identified (Yes, No or N/A)
Equality and human rights	
Socio-economic disadvantage/poverty	
Climate change, the environment and sustainability	
Corporate parenting and care-experienced young people	
Storage/collection of personal data	
Other	

[Enter information on impacts that have been identified]

The Integrated Impact Assessment relating to this report has been published and can be accessed via the Council's website:

https://www.eastlothian.gov.uk/info/210602/equality_and_diversity/12014/integrated_impact_assessments

7 APPENDICES

7.1 Appendix 1 – East Lothian Draft Local Code of Corporate Governance

8 BACKGROUND PAPERS

8.1 [CIPFA/SOLACE Addendum to Delivering Good Governance, May 2025](#)

9 AUTHOR AND APPROVAL DETAILS

Report Author(s)

Name	Hayley Barnett
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Tel/Email	hbarnett@eastlothian.gov.uk
Date	25 November 2025

Head of Service Approval

Name	Hayley Barnett
Designation	Head of Corporate Support
Confirmation that IIA and other relevant checks (e.g. finance/legal) have been completed	Confirmed
Approval Date	25 November 2025



East Lothian Council Local Code of Corporate Governance

East Lothian Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Council operates through a governance framework for the conduct of its affairs which brings together an underlying set of legislative requirements, governance principles and management processes.

The Council's Local Code of Corporate Governance, which is consistent with the principles and requirements of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government, 2016 and the addendum, covering the annual review of governance and the annual governance statement, published in May 2025, will help to ensure proper arrangements continue to be in place to meet the Council's responsibilities.

The concept underpinning the Framework is that it assists local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The Framework helps authorities individually in reviewing and accounting for their own unique approach.

The overall aim is to ensure that:

- resources are directed in accordance with agreed policy and according to priorities
- there is sound and inclusive decision making
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The environment in which it works local government is increasing in complexity. Whether working with other authorities, public sector bodies, the third sector or private sector providers, local authorities must ensure that robust governance arrangements are established at the outset.

This necessitates the design of governance structures from the bottom up, ensuring that the core principles of good governance covering openness and stakeholder engagement, defining outcomes, monitoring performance and demonstrating effective accountability are integrated and embedded within the new structures and that mechanisms for effective scrutiny are established.

The 'Framework' defines the seven core principles of good governance, which the Council fully supports, namely:

- (i) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- (ii) Ensuring openness and comprehensive stakeholder engagement
- (iii) Defining outcomes in terms of sustainable economic, social, and environmental benefits
- (iv) Determining the interventions necessary to optimise the achievement of the intended outcomes
- (v) Developing the entity's capacity, including the capability of its leadership and the individuals within it
- (vi) Managing risks and performance through robust internal control and strong public financial management
- (vii) Implementing good practices in transparency, reporting, and audit to deliver effective accountability

East Lothian Council aims to meet the highest standards of corporate governance to help ensure that it meets its objectives. It will test its structure against these principles by:

- Reviewing its existing governance arrangements against the 'Framework'
- Developing and maintaining an up-to-date Local Code of Governance including arrangements for ensuring its ongoing application and effectiveness
- Preparing a Governance Statement in order to report publicly on the extent to which it complies with its own code on an annual basis, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes for the coming period.

The preparation and publication of an Annual Governance Statement in accordance with the Framework fulfils the statutory requirement for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review within its Statement of Accounts.

This process not only creates an opportunity for the Council to set out its standards for good governance but also to ensure that its governance arrangements are seen to be sound. This is important as the governance arrangements in public services are closely scrutinised.

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

A1 Behaving with integrity

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation	<p>Standards for elected members are set out in the Councillors Code of Conduct.</p> <p>The Employees Code of Conduct reflects the values and behaviours of the Council, The East Lothian Way, and “The Seven Principles of Public Life” identified by the Nolan Committee on Standards in Public Life. It also signposts to Council’s Whistleblowing Policy.</p> <p>The Councillor/Officer Protocol was agreed by Council.</p> <p>The Scheme of Delegation sets out the powers delegated to Council Officers and ensures decisions are taken at the appropriate level. Officers are in place for statutory roles, including the Council’s Monitoring Officer.</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
		<p>Councillors' register of interest, expenses and membership of organisations are published on the Council's website.</p> <p>The Council's Whistleblowing Policy provides guidance to employees on reporting incidents of malpractice or wrongdoing.</p> <p>Performance Review and Development (PRD) is in place for employees and is based upon The East Lothian Way values and behaviours.</p>
2	Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)	The Council Plan 2022-27 (reprioritised in 2024) was agreed by Council and published on website. It sets out the values (The East Lothian Way), principles and behaviours that guide how the council and its staff operate.
3	Leading by example and using these standard operating principles or values as a framework for decision making and other actions	<p>The Council's Standing Orders govern the conduct of Council and committee meetings.</p> <p>The Scheme of Administration and Scheme of Delegation are in place to govern decision making.</p> <p>Council considers the findings of Standards Commission Scotland hearings within three months, required by the Ethical Standards in Public Life etc. (Scotland) Act 2000.</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
		<p>Declarations of interest are set out in the Council's Standing Orders which govern the conduct of each Council and Committee meeting.</p> <p>Councillors' register of interest, expenses and membership of organisations are published on the Council's website.</p>
4	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	<p>Councillors and Employees Codes of Conduct outline the arrangements for identifying, mitigating and recording conflicts of interest, hospitality and gifts.</p> <p>Declarations of Interest are set out in the Council's Standing Orders which govern the conduct of each Council and Committee meeting.</p> <p>Councillors' register of interest, expenses and membership of organisations are published on the Council's website</p> <p>Employees Code of Conduct signposts to The Council's Whistleblowing Policy.</p> <p>The Council's Whistleblowing Policy provides guidance to employees on reporting incidents of malpractice or wrongdoing.</p> <p>The Council's Strategy for the Prevention and Detection of Fraud and Corruption is in place to tackle fraud with Counter Fraud Annual Plan's approved by the Audit and Governance Committee.</p>

A2 Demonstrating strong commitment to ethical values

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Seeking to establish, monitor and maintain the organisation's ethical standards and performance	<p>Annual Governance Statement is the outcome of self-evaluation of compliance.</p> <p>The Audit and Governance Committee includes a role to ensure the highest standards of probity and public accountability are demonstrated.</p>
2	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation	<p>Standards of conduct and behaviour are set out in the Councillors and Employees Codes of Conduct.</p> <p>Induction programmes include the above to ensure competency.</p>
3	Developing and maintaining robust policies and procedures	<p>Employee Code of Conduct reflects the values of the Council, incorporates "The Seven Principles of Public Life"</p> <p>The East Lothian Way values and behaviours, set out in the Council Plan guide how the council and its staff operate.</p> <p>Performance Review and Development (PRD) is in place for employees and is based upon The East Lothian Way values and behaviours (referenced in PRD templates).</p> <p>East Lothian Council Complaints Handling Procedure is in place.</p>
4	Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation	<p>The East Lothian Council Procurement Strategy 2023 -2028 sets out the values (The East Lothian Way), principles and behaviours that guide how the council and its external providers staff operate.</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
		<p>An annual Procurement Report reported publicly is to give transparency to the Council's external spend with suppliers, and report on its compliance with the procurement regulations and performance against its procurement strategy.</p> <p>Relevant governance documentation sought to be put in place for external providers of services e.g. Enjoy Leisure, Chester Race Company Ltd, East Lothian Mid-Market Homes, the Brunton Theatre Trust.</p>

A3 Respecting the rule of law

	Behaviours and actions that demonstrate good governance ccc	Demonstration of good governance in practice
1	Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	<p>The Council has appointed statutory officers as follows: Head of Paid Service, Monitoring Officer, Depute Chief Executive Resources and Economy (section 95/chief finance officer), Chief Education Officer, Chief Internal Auditor, Chief Social Work Officer, Chief Planning Officer and Data Protection Officer.</p> <p>Advice and overseeing compliance on legal and governance matters is provided by the Council Solicitor and the Monitoring Officer as set out in Scheme of Delegation.</p>
2	Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	<p>The Scheme of Delegation sets out the roles, responsibilities and delegations for statutory officers and Chief Officials.</p> <p>Membership of Professional Bodies is required.</p>

	Behaviours and actions that demonstrate good governance ccc	Demonstration of good governance in practice
3	Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	The Council's Standing Orders including the Scheme of Administration, the Scheme of Delegation and Financial Regulations reflect the legal requirements placed upon the authority. These documents are reviewed annually.
4	Dealing with breaches of legal and regulatory provisions effectively.	<p>The Head of Corporate Support fulfils the Monitoring Officer statutory role and is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.</p> <p>Advice and overseeing compliance on legal and governance matters is provided by the Council Solicitor and the Monitoring Officer as set out in Scheme of Delegation.</p>
5	Ensuring corruption and misuse of power are dealt with effectively	<p>The Council's Strategy for the Prevention and Detection of Fraud and Corruption is in place to tackle fraud with Counter Fraud Annual Plan's approved by the Audit and Governance Committee.</p> <p>The Council's Whistleblowing Policy provides guidance to employees on reporting incidents of malpractice or wrongdoing.</p> <p>Internal Audit used to investigate any alleged incidents of breaches of legal and regulatory provisions, corruption or misuse of power.</p> <p>The Council's Disciplinary Policy is in place for employees.</p>

	Behaviours and actions that demonstrate good governance ccc	Demonstration of good governance in practice
		<p>Annual elected member training in place on the Councillors' Code of Conduct. The Standards Committee is responsible for dealing with matters relating to conduct and ethical standards.</p> <p>Council considers the findings of Standards Commission Scotland hearings within three months, required by the Ethical Standards in Public Life etc. (Scotland) Act 2000.</p>

B. Ensuring openness and comprehensive stakeholder engagement

Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders

B1 Openness

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	<p>Behaviours demonstrated in B1.2. B1.3 and B1.4.</p> <p>Compliance with Data Protection Act and Freedom of Information legislation.</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
2	Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	<p>All meetings set out within the Scheme of Administration held in public. The rationale for those held in private documented (Schedule 7a. of the Local Government (Scotland) Act 1973)</p> <p>Council and committee meetings webcast. Council and committee reports, minutes, workplans and action logs are published on the Council's website.</p> <p>Annual schedule of Council and Committee meetings are agreed by Council and published.</p>
3	Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	<p>Committee report templates in place include a section on implications covering policy implications, resources – finance, human resources and other (legal/IT) risk and integrated impact section.</p> <p>Report writing guidance in place for report authors.</p> <p>All reports must be signed off by the relevant Head of Service (including explicit confirmation that the integrated impact assessment has been considered) and Executive Director.</p>
4	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action	<p>Community Engagement and Participation Strategy under development. This is led by the East Lothian Partnership and is due to be complete by March 2026.</p> <p>Local Area Plans under development via the Area Partnerships.</p> <p>Service specific consultation is also undertaken via the Council's consultation hub.</p> <p>Community Asset Transfer and Participation Request processes in place</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice

B2 Engaging comprehensively with institutional stakeholders

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	<p>The East Lothian Partnership (Community Planning Partnership) has in place the East Lothian Plan 2017-2027 as the Local Outcomes Improvement Plan (LOIP).</p> <p>The East Lothian Partnership is currently working towards a new Local Outcome Improvement Plan 2026-2036. The East Lothian Partnership LOIP is informed by Strategic Needs Assessments (SNA) following a period of co-production including streamlining partners strategic plans.</p>
2	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	<p>The Council has in place formal partnerships under the East Lothian Partnership and extensive engagement with statutory partners, Queen Margaret University and private business.</p> <p>The Council along with NHS Lothian work together to plan and deliver adult community health and social services through the Health and Social Care Partnership.</p> <p>The Council effectively works in partnership as part of the City Region Deal.</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
		<p>There are six Local Area Partnerships in East Lothian. These are chaired by local residents and supported by the Council. Elected members from the relevant wards attend the partnerships. The partnerships foster good engagement and communication between local communities and the Council.</p> <p>The Council's key engagement with the third sector is via VCEL (East Lothian's third sector interface). Elected members and trade union officials meet as the Joint Consultative Committee.</p>
3	<p>Ensuring that partnerships are based on:</p> <ul style="list-style-type: none"> • trust; • a shared commitment to change; • a culture that promotes and accepts challenge among partners; and • that the added value of partnership working is explicit 	<p>Please see B2.1 and B2.2</p> <p>The East Lothian Partnership (Community Planning Partnership) has in place the East Lothian Plan 2017-2027 as the Local Outcomes Improvement Plan (LOIP) as a shared commitment to change.</p> <p>The East Lothian Partnership undertook a self-assessment between November 2024-March 2025. This produced an Improvement Plan which sought to strengthen the governance, reporting procedures, representation and community engagement with partners. Through the development of the Local Outcome Improvement Plan 2026-2036, there has been a commitment to a journey of change, improvement, shared values and structures to improve culture between statutory and community partners.</p> <p>The Audit and Governance Committee, the Policy, Performance and Risk Committee and Council receives reports from key partners including the East Lothian Integration Board, Enjoy Leisure, East Lothian Land Ltd, East Lothian Investments Ltd, the Brunton Theatre Trust, the Edinburgh Innovation Hub and the City Region Deal.</p>

B3 Engaging stakeholders effectively, including individual citizens and service users

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes	Community Engagement and Participation Strategy under development. This is led by the East Lothian Partnership and is due to be complete by March 2026.
2	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	<p>Community Participation Opportunities Guide</p> <p>Community Engagement and Participation Strategy under development. This is led by the East Lothian Partnership and is due to be complete by March 2026.</p> <p>The Consultation Hub on the council website gives online public access to consultations and includes a “we asked, you said, we did” section to give clarity on how feedback has been used.</p> <p>Communications Strategy 2022-27</p>
3	Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs	<p>Community Engagement and Participation Strategy under development. This is led by the East Lothian Partnership and is due to be complete by March 2026.</p> <p>The Consultation Hub on the council website gives online public access to consultations and includes a “we asked, you said, we did” section to give clarity on how feedback has been used.</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
		The Council has put robust arrangements in place to comply with key elements of the Community Empowerment Act.
4	Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.	<p>The East Lothian Partnership Engagement Report, 2025 represents the voice of over 25,000 residents and 100 represented community partners or data sets.</p> <p>The bi-annual East Lothian Residents Survey provides an important source of information about residents' views about priorities and services (send to a representative group of 10,000 residents).</p> <p>The Council seeks feedback through the Complaints Handling Procedure.</p> <p>The Council is currently actively working with Volunteer Centre East Lothian (VCEL) to support lived experience panels and engages with partner panels e.g. Carers of East Lothian- Carers Panel, Who Cares Scotland – Young Champs, Health and Social Care Partnership – Live Experience Panel, Bridges – Youth Ambassadors, Recharge – Young Reformers etc.</p>
5	Taking account of the interests of future generations of taxpayers and service users	<p>Annual Student Evaluation Experience (Education)</p> <p>Youth Work Strategy and Youth Work panels</p> <p>The East Lothian Promise Framework</p> <p>Review of policies and procedures of the Council under United Nations Convention on the Rights of a Child (UNCRC).</p>

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available

C1 Defining outcomes

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions	<p>The East Lothian Partnership (Community Planning Partnership) has in place the East Lothian Plan 2017-2027 as the Local Outcomes Improvement Plan (LOIP).</p> <p>The Council Plan 2022-27 (reprioritised in 2024) was agreed by Council and published on website. It sets out the vision and intended outcomes of the Council. In June 2025, the Council agreed a refined set out Council Plan Actions to provide a basis for the organisation's overall strategy, planning and other decisions.</p>
2	Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	Council and committee reports outlining any proposals to change policies, strategies and plans include a section on implications covering policy implications, resources – finance, human resources and other (legal/IT) risk and integrated impact section.
3	Delivering defined outcomes on a sustainable basis within the resources that will be available	<p>Council Plan Action Plan agreed by Council.</p> <p>Quarterly financial performance reported to Council including revenue, capital and Prudential and Treasury Indicators.</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
		Refreshed Performance Framework agreed June 2025.
4	Identifying and managing risks to the achievement of outcomes	<p>Risk Management Strategy is in place.</p> <p>The Corporate Risk Register is presented to Council twice a year and the Audit and Governance Committee scrutinise and each Head of Service's Risk Register.</p> <p>The officer Corporate Risk Group meets quarterly and reports to the Council Leadership Team and Local Risk Working Groups are in place within each service area.</p>
5	Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available	<p>The bi-annual Residents Survey provides an important source of information about residents' views about priorities and services.</p> <p>The Council holds a budget consultation in advance of setting the annual revenue and capital budgets including the level of Council Tax.</p> <p>Consultation also takes place annually in advance of setting the levels of Council House rents and Housing Revenue account budget.</p> <p>Service specific consultation is also undertaken via the Council's consultation hub.</p>

C2 Sustainable economic, social and environmental benefits

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision	<p>The 2022-2027 Council Plan was set within the context of the social, economic and environmental challenges faced by East Lothian and in February 2024 the Council agreed a reprioritisation of the Council Plan in order to respond to the new challenges and the limited resources it has the Council focusing on delivering a smaller number of priorities.</p> <p>Refined set out Council Plan Actions approved by the Council in June 2025 to support the delivery of the reprioritised Council Plan.</p> <p>Five Year Financial and Capital Strategies agreed and set out the framework as to how resources will be deployed to support Council priorities.</p> <p>Established budget development process in place. The Council holds a budget consultation in advance of setting the annual revenue and capital budgets including the level of Council Tax.</p> <p>Integrated Impact Assessments carried out to assess impact of decisions and policies on equalities groups. The process sets equality considerations alongside the Council's social policy objectives and also considers the impact of decisions in relation to the environment and the economy.</p> <p>Committee report templates in place include a section on implications covering policy implications, resources – finance, human resources and other (legal/IT) risk and integrated impact section.</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
2	Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints	<p>Five Year Financial and Capital Strategies agreed and set out the framework as to how resources will be deployed to support Council priorities.</p> <p>Quarterly financial performance reported to Council including revenue, capital and Prudential and Treasury Indicators.</p> <p>Transformation Strategy 2024-2029 agreed recognising the need to modernise how services are delivered within the context of financial challenges and ever-changing external pressures.</p> <p>Procurement Strategy 2023-2028 recognises the key role the Council has to deliver social, economic and environmental outcomes.</p>
3	Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	<p>The bi-annual Residents Survey provides an important source of information about residents' views about priorities and services.</p> <p>The Council holds a budget consultation in advance of setting the annual revenue and capital budgets including the level of Council Tax.</p> <p>Consultation also takes place annually in advance of setting the levels of Council House rents and Housing Revenue account budget.</p> <p>Service specific consultation is also undertaken directly with client/user groups via the Council's consultation hub.</p> <p>The Council seeks feedback through the Complaints Handling Procedure.</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
4	Ensuring fair access to services	<p>Reducing Inequalities is an overarching objective of the Council Plan 2022-2027.</p> <p>Equality Plan 2025-2029 agreed by Cabinet.</p> <p>Equality Plan action plan reported publicly through the Equality Outcomes and Mainstreaming Reports.</p> <p>Integrated Impact Assessments carried out to assess impact of decisions and policies on equalities groups. The process sets equality considerations alongside the Council's social policy objectives, and also considers the impact of decisions in relation to the environment and the economy.</p>

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

D1 Determining interventions

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided.	<p>Council and committee reports outlining any proposals to change policies, strategies and plans include a section on implications covering policy implications, resources – finance, human resources and other (legal/IT) risk and integrated impact section.</p> <p>Report writing guidance in place for report authors.</p> <p>All reports must be signed off by the relevant Head of Service (including explicit confirmation that the integrated impact assessment has been considered) and Executive Director.</p> <p>Committee reports are published on Council’s website one week in advance of meeting dates.</p> <p>Officers and subject matter experts attend Council and Committee meetings to advise as appropriate.</p> <p>Business Case development and approval process in place for transformation project establishment including options appraisals, outcome/benefit realisation and risk assessments.</p> <p>Stage Gate Review process in place for Projects.</p>
2	Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available	<p>The bi-annual Residents Survey provides an important source of information about residents’ views about priorities and services.</p> <p>The Council holds a budget consultation in advance of setting the annual revenue and capital budgets including the level of Council Tax.</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
	including people, skills, land and assets and bearing in mind future impacts	<p>Consultation also takes place annually in advance of setting the levels of Council House rents and Housing Revenue account budget.</p> <p>Service specific consultation is also undertaken directly with client/user groups and via the Council's consultation hub.</p>

D2 Planning interventions

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	<p>Annual calendar of Council and Committee meetings published.</p> <p>All new and reviewed strategies and policies approved by the Cabinet or the Council.</p> <p>Scrutiny of corporate (strategic) and service performance (tactical) at the Policy, Performance and Review Committee as per agreed work programme following review by the Corporate Management Team.</p> <p>Operational (Service) level performance is managed in line with our service planning guidance and reported via statutory reporting required by specific legislation or regulations.</p> <p>Participation and annual completion of the Local Government Benchmarking Framework</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
2	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	<p>As D1.2</p> <p>The Council has in place formal partnerships under the East Lothian Partnership and extensive engagement with statutory partners, Queen Margaret University and private business to support different models of service delivery.</p> <p>The Joint Consultative Committee is the corporate committee for formal trade union engagement. Trade Unions are also engaged through local joint consultative groups across the Council.</p> <p>Service Specific staff engagement events also take place e.g. Asset Review: Place Making Proposals.</p>
3	Considering and monitoring risks facing each partner when working collaboratively including shared risks	<p>Engagement with Scottish Government on Scottish National Risk Register and consideration of risk in relation to the Council's Risk Register.</p> <p>Engagement with UK Government on National Security Risk Register and consideration of risk in relation to the Council's Risk Register.</p> <p>East Lothian Council Risk Management Strategy 2023-2026 is in place.</p>
4	Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances	East Lothian Council's Improvement Framework – Improvement to Excellence (i2e) ensures delivery of continuous improvement and Best Value across all Council services.

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
		Operational Service Plans in place. The Service Plan provides a more specific representation of what is involved in the delivery of outcomes and priorities, recognising the resource implications, actions and risks concerned. These are on place for three years but are on a regular basis and adapted to changing circumstances.
5	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	<p>Refreshed Performance Framework agreed June 2025.</p> <p>Corporate (strategic) annual performance presented to the Policy, Performance and Review Committee, following the Corporate Leadership Team review.</p> <p>Service (tactical) performance presented quarterly as per agreed work programme. KPIs and key actions reviewed in line with committee reporting requirements. These reports show the progress the services have made towards the priorities set out within the Council Plan.</p> <p>Operational (Service) level performance is managed in line with the Council's service planning guidance and reported via statutory reporting required by specific legislation or regulations.</p> <p>Guidance in place to support the development of performance indicators.</p>
6	Ensuring capacity exists to generate the information required to review service quality regularly	<p>East Lothian Council's Improvement Framework – Improvement to Excellence (i2e) ensures delivery of continuous improvement and Best Value across all Council services.</p> <p>All services undertake annual reviews of three-year Service Plans. Service Plans include sections on Outcomes and Priorities/Service Outcome Indicators. The main</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
		<p>source of content for the Service Plan is self-evaluation. This includes Public Sector Improvement Framework (PSIF), currently being rolled out on a service-by-service basis. Guidance is in place to support self-evaluation.</p> <p>Action plans are developed by the relevant service following any internal audit inspections. (See section F3 – robust internal control)</p> <p>Action plans are developed corporately or by the relevant service following an independent inspection.</p>
7	Preparing budgets in accordance with organisational objectives, strategies and the medium-term financial plan	<p>Cross-Party Budget Group in place. Budget development process agreed by Council. Budget modelling and scenario planning carried out.</p> <p>Five Year Financial and Capital Strategies agreed and set out the framework as to how resources will be deployed to support Council priorities.</p> <p>Business Case development and approval process in place, capital spend including options appraisals, outcome/benefit realisation and risk assessments.</p>
8	Informing medium- and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	<p>Five Year Financial and Capital Strategies agreed and set out the framework as to how resources will be deployed to support Council priorities.</p> <p>Quarterly financial performance reported to Council including revenue, capital and Prudential and Treasury Indicators.</p>

D3 Optimising achievement of intended outcomes

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring the medium-term financial strategy integrates and balances service priorities, affordability and other resource constraints	<p>Five Year Financial and Capital Strategies agreed and set out the framework as to how resources will be deployed to support Council priorities.</p> <p>Quarterly financial performance reported to Council including revenue, capital and Prudential and Treasury Indicators.</p>
2	Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	See D3.1
3	Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	See D3.1
4	Ensuring the achievement of 'social value' through service planning and commissioning <i>(Social Value is technically referred to as Community Benefit in Scotland)</i>	<p>The East Lothian Council Procurement Strategy 2023 -2028 sets out the vision <i>To provide excellent services that deliver best value procurements with Community Benefits that support recovery and renewal, reduce poverty and inequality and respond to the climate emergency</i></p> <p>Community Benefits is contractual obligation for where the aggregated spend is more than £50k and a statement/question is included in the tender documents for all such contracts.</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
		<p>An annual Procurement Report reported publicly demonstrating achieved community wealth benefits.</p> <p>Established Community Wealth Building Sub-Groups (e.g. Progressive Procurement Group) with direct input into Local Development Strategy.</p> <p>Community Wealth Building Charter and action plan in place (approved by the East Lothian Partnership).</p>

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

E1 Developing the entity's capacity

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness	<p>All services undertake annual reviews of three-year Service Plans.</p> <p>Refreshed Performance Framework agreed June 2025 (see review governance at D2.5).</p> <p>Use of the Local Government Benchmarking Framework and participation in relevant benchmarking exercises</p> <p>Asset Review: Place Making in progress. Corporate Asset Group meetings on a regular basis.</p> <p>East Lothian Council's Improvement Framework – Improvement to Excellence (i2e) ensures delivery of continuous improvement and Best Value across all Council services.</p> <p>Transformation Strategy 2024-2029 in place and governed by the Transformation and Major Projects Group (Corporate Leadership Team, meet 6-weekly)</p>
2	Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently	<p>Refreshed Performance Framework agreed June 2025 (see review governance at D2.5).</p> <p>Use of the Local Government Benchmarking Framework and participation in relevant benchmarking exercises</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
3	Recognising the benefits of partnerships and collaborative working where added value can be achieved	<p>The Council has in place formal partnerships under the East Lothian Partnership and extensive engagement with statutory partners, Queen Margaret University (QMU), the third sector and private business to support different models of service delivery.</p> <p>Formal Governance arrangements in place with key partners e.g. Joint Venture agreement with QMU. Grant letter issue third sector providers.</p>
4	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	<p>The 2023-2027 Workforce Plan in place.</p> <p>Action Plan in place to respond to Audit Scotland recommendations to improve ELC's Workforce Plan 2023-2027 as part of the Workforce Innovation Audit.</p> <p>Service level workforce planning requirements incorporated into Service Plans</p> <p>Strategic Workforce Plan 2026-2029 development underway.</p>

E2 Developing the capability of the entity's leadership and other individuals

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the	Induction Programme for elected members to understand roles, responsibilities and standards.

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
	relationship and that a shared understanding of roles and objectives is maintained	<p>The Councillor/Officer Protocol was agreed by Council.</p> <p>Regular meetings are held between Chief Executive, Leader, Provost and Group Leaders.</p> <p>Fortnightly Council Leadership Group with senior officers and Cabinet Members.</p> <p>Pre-meetings for Council, Cabinet and Committee meetings</p>
2	Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	<p>The Scheme of Delegation sets out the roles, responsibilities and delegations for statutory officers and Chief Officials.</p> <p>Membership of Professional Bodies is required.</p> <p>The Council's Standing Orders including the Scheme of Administration which reflects the powers delegated by Council to specific committees, the Scheme of Delegation which reflects the decision-making responsibilities delegated to officers, and the Financial Regulations. These documents are reviewed annually, approved by Council and published on the Council's website.</p>
3	Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure, whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority	<p>Please see A 1.4 and E2.1</p> <p>Regular meetings are held between Chief Executive and Leader.</p> <p>The Chief Executive is a Statutory post (Head of Paid Service) with Job Outline in place,</p> <p>Particular delegations to Chief Executive are detailed within the Scheme of Delegation.</p> <p>The Head of Corporate Support fulfils the Monitoring Officer statutory role provides advice, if required on decision making and delegations.</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
4	Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:-	<p>Monthly Member's Briefing Sessions include training, policy changes, service delivery changes, politically sensitive matters.</p> <p>Induction Programme and access to Learn-Pro Online courses, Seminars and national resources.</p> <p>Fortnightly Council Leadership Group with senior officers and Cabinet Members.</p> <p>Leadership Development Programme in place for the Corporate Leadership Team, Inspiring Leaders programme in place.</p> <p>Performance Review and Development (PRD) is in place for employees and is based upon The East Lothian Way values and behaviours.</p>
-	- ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged	<p>Engagement with candidates in advance of Local Government elections.</p> <p>Please also see E2.4</p>
-	- ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis	<p>Identification of training needs for elected members as part of the elected member Induction Programme.</p> <p>Skills Matrix in place for Audit and Governance and Policy, Performance and Review Committee.</p> <p>Performance Review and Development (PRD) is in place for employees.</p> <p>Learning at Work Policy for Employees.</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
-	- ensuring personal, organisational and system wide development through shared learning, including lessons learnt from both internal and external governance weaknesses	<p>Performance Review and Development (PRD) is in place for employees</p> <p>LeFssons Learned exercise carried out as part of programme/project governance approach and regulated procurement projects.</p> <p>Council Improvement Plan in place and monitored.</p> <p>Audit actions monitored e.g. Corporate Leadership Team review Internal Audit actions.</p>
5	Ensuring that there are structures in place to encourage public participation	<p>All meetings set out within the Scheme of Administration held in public.</p> <p>Council and committee meetings webcast. Council and committee reports, minutes, workplans and action logs are published on the Council's website.</p> <p>Annual schedule of Council and Committee meetings are agreed by Council and published.</p> <p>Community Participation Opportunities Guide</p> <p>Community Engagement and Participation Strategy under development. This is led by the East Lothian Partnership and is due to be complete by March 2026.</p> <p>Application of requirements of the Community Empowerment Act.</p>
6	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	<p>Leadership Development Programme in place for the Corporate Leadership Team</p> <p>Corporate Leadership Team, Public Sector Improvement Framework (PSIF) Self-Evaluation carried out in 2023. PSIF currently being rolled out on a service-by-service basis.</p> <p>Audit and Governance Committee Annual Self-Evaluation process.</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
		Policy, Performance and Review Committee Development Plan in place.
7	Holding staff to account through regular performance reviews which take account of training or development needs	Performance Review and Development (PRD) is in place for employees. Guidance is provided for managers and staff noting regular reviews should take place to monitor progress. Specific section within templates on training and development needs.
8	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	<p>Range of relevant HR policies including Flexible Working Hours, Flexible Retirement, Home Working, Learning at Work, Managing Attendance, Menopause and Hormonal Conditions, Shared Parental Leave, Special Leave, Time Off in Lieu,</p> <p>Healthy Working Lives in place</p> <p>Employee Assistance Programme with access to occupational health, mental health support, physiotherapy, massage and reflexology, financial well-being support, 'wellness Wednesday'</p> <p>Wellness Action Plans</p> <p>Listening Ears Programme where volunteer 'good listeners' are available for employees to reach out to with concerns.</p> <p>Health and Wellbeing initiatives monitored by the Joint Consultative Committee</p>

F. Managing risks and performance through robust internal control and strong public financial management

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.

It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

F1 Managing risk

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	<p>East Lothian Council Risk Management Strategy 2023-2026 is in place.</p> <p>Risk Appetite Statement in place.</p> <p>Committee report templates in place include a section on implications covering risks.</p> <p>Business Case development and approval process in place for transformation project establishment including options appraisals, outcome/benefit realisation and risk assessments.</p> <p>The Corporate Risk Register and Service level risk registers are reviewed by the Corporate Leadership Team.</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
		<p>The Corporate Risk Register is presented to Cabinet annually and scrutinised by the Audit and Governance Committee.</p> <p>Service level risk registers scrutinised by the Audit and Governance Committee.</p>
2	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	<p>Each service is responsible for identification; assessment; recording; and management of operational risks. Risk Registers in place for all Council Services recorded and managed on risk management software.</p> <p>Corporate Risk Management team in place.</p> <p>The Corporate Risk Management team hold focused annual 'risk' months with each Head of Service to focus on embedding and reviewing risk management.</p> <p>Guidance documents on risk management and use of the risk management software are available for officers.</p>
3	Ensuring that responsibilities for managing individual risks are clearly allocated	Responsibilities for risks are set out in risk registers and allocated on the risk management software.

F2 Managing performance

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Monitoring service delivery effectively including planning, specification, execution and independent post-implementation review	Service Plans in place. All services undertake annual reviews of three-year Service Plans.

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
		<p>Scrutiny of corporate (strategic) and service performance (tactical) at the Policy, Performance and Review Committee as per agreed work programme, following review by the Corporate Management Team.</p> <p>Operational (Service) level performance is managed in line with our service planning guidance and reported via statutory reporting required by specific legislation or regulations.</p> <p>Performance reporting published on Council's website.</p> <p>Procurement - contract and supplier management (CSM). Where requirements are identified, supplier obligations are included within tender documents and monitored as part of on-going contract and supplier management.</p>
2	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	<p>Committee report templates in place include a section on implications covering policy implications, resources – finance, human resources and other (legal/IT) risk and integrated impact section.</p> <p>Report writing guidance in place for report authors.</p> <p>All reports must be signed off by the relevant Head of Service (including explicit confirmation that the integrated impact assessment has been considered) and Executive Director.</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
3	<p>Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (OR, for a committee system)</p> <p>Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making</p> <p>Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</p>	<p>The Council's scrutiny arrangements are established through the Council's Scheme of Administration – Audit and Governance Committee, Policy, Performance and Review Committee and Police Fire and Community Safety Scrutiny Committee and reviewed annually.</p> <p>Both committees meet quarterly and have a workplan in place, officers attend to respond to scrutiny questions, constructive links to senior officers including Chief Internal Auditor.</p> <p>Committee self-evaluation exercises take place on a regular basis and development plans developed and monitored as required.</p> <p>Committee agenda and minutes are published on the Council's website.</p> <p>Also see F2.1</p>
4	<p>Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</p>	See F2.1
5	<p>Ensuring there is consistency between specification stages (such as budgets) and post-implementation reporting (e.g. financial statements)</p>	Governance arrangements in place including Standing Orders and Financial Regulations.

F3 Robust internal control

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Aligning the risk management strategy and policies on internal control with achieving objectives	<p>See F1.1 Risk Management Policy</p> <p>Internal Audit review risk management arrangements on an annual basis</p> <p>Risk based Internal Audit Plan approved by the Audit and Governance Committee.</p> <p>External and Internal auditors provide assurance on the adequacy and effectiveness of control measures.</p>
2	Evaluating and monitoring risk management and internal control on a regular basis	<p>Risk based Internal Audit Plan approved by the Audit and Governance Committee.</p> <p>Review of Risk Management areas and each Internal Audit by the Corporate Leadership Team.</p> <p>Annual reporting by Internal Audit to the Audit & Governance Committee on the overall effectiveness of the framework of governance, risk management and internal control as part of the process for preparation of the Council's Annual Governance Statement.</p>
3	Ensuring effective counter fraud and anti-corruption arrangements are in place	<p>The Council's Strategy for the Prevention and Detection of Fraud and Corruption is in place to tackle fraud with Counter Fraud Annual Plan's approved by the Audit and Governance Committee.</p> <p>The Integrity Group (senior officers, chaired by the Council's Monitoring Officer) meet quarterly to improve the Council's resilience to fraud, corruption, theft and crime (including cybercrime and money laundering). The Integrity Group is accountable to the Council Leadership Team, the S95 Finance Officer, and annually will provide assurance and to the Audit & Governance Committee.</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
		<p>Counter Fraud Officer in post based within the Internal Audit Function. Service Level Fraud Risk Assessments in place (to inform Corporate Risk Assessment). Fraud Risk Register in Place.</p> <p>The Council's Whistleblowing Policy provides guidance to employees on reporting incidents of malpractice or wrongdoing.</p> <p>Internal Audit used to investigate any alleged incidents of breaches of legal and regulatory provisions, corruption or misuse of power.</p>
4	Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	<p>Internal Audit provide an annual assurance statement on the effectiveness of the council framework of governance risk management and Internal Control this is then used as part of preparation of the Council's Annual Governance Statement.</p> <p>Internal Audit reports directly to the Audit & Governance Committee on provision of the Internal Audit statutory service and conformance with Global Internal Audit Standards (GIAS).</p> <p>Stage Gate Review process in place for Projects.</p>
5	Ensuring an Audit and Scrutiny Committee or equivalent group or function which is independent of the executive and accountable to the governing body:	The role of the Audit and Governance Committee is to have high-level oversight of internal control, governance and risk management.

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
	<ul style="list-style-type: none"> - provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment - that its recommendations are listened to and acted upon 	<p>Independence is maintained through membership composition. No Cabinet members are permitted to be on the Committee, all political parties are represented.</p> <p>Annual self-evaluation of the effectiveness of Audit and Governance Committee</p> <p>Annual Internal Audit Report and Chief Internal Auditor's Annual Opinion.</p> <p>Committee Action log in and work plan place.</p>

F4 Managing data

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	<p>Centralised Information Governance Team that monitors and assesses compliance with its statutory obligations under information governance legislation.</p> <p>Data Protection Policy (and processes)</p> <p>Access to Information Policy</p> <p>Information Asset Register</p> <p>Records Management Policy</p> <p>Mandatory and regular (Meta-Compliance) training for all staff</p> <p>Information Governance Annual Report to Audit and Governance Committee.</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
2	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	As F4.1 Data sharing protocols are in place. Data sharing arrangements in place with partners and suppliers. Periodic Internal Audit reviews covering Information Governance.
3	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	Quality and validation of data used in decision making and performance reporting is typically the responsibility of the service area. Internal Audit annual reviews on Performance Management cover validation of the KPI data submitted for Local Government Benchmarking Framework.

F5 Strong public financial management

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance	As D2.8, D3.
2	Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	Budget monitoring framework and procedures in place. This is reviewed regularly and endorsed by the Council Leadership Team. Monitoring of financial risk and associated controls is reported regularly to the Audit and Governance Committee and as part of financial update reports to Council.

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
		Implementation of recommendations from external and internal audit and reviewed and monitored by the Audit & Governance Committee.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

G1 Implementing good practice in transparency

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	Public Performance Reporting published on Council's website. Committee report templates and report writing guidance in place for report authors. Council and Committee reports published on the Council website.
2	Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public	All meetings set out within the Scheme of Administration held in public. The rationale for those held in private documented (Schedule 7a. of the Local Government (Scotland) Act 1973)

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
	scrutiny while not being too onerous to provide and for users to understand	<p>Council and committee meetings webcast. Council and committee reports, minutes, workplans and action logs are published on the Council's website.</p> <p>Public Performance Reporting published on Council's website.</p> <p>Committee report templates and report writing guidance in place for report authors.</p> <p>The Council produces and publishes statutory annual accounts which are subject to external audit.</p> <p>Public Performance Reporting published on Council's website.</p> <p>Service-specific Annual Reports presented e.g. Chief Social Work Officer Annual Report.</p>

G2 Implementing good practices in reporting

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Reporting at least annually on performance, value for money and the stewardship of its resources	<p>Refreshed Performance Framework agreed June 2025 with annual reports presented to the Policy Performance and Review Committee.</p> <p>The Statement of Accounts, incorporating a Management Commentary, provides financial and other performance information regarding the operation of the Council, its wider achievements and areas for development. The Statement of Accounts is produced in accordance with statutory guidelines and deadlines.</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
		<p>External Audit Annual Report provides assurance and key recommended improvements.</p> <p>An annual Procurement Report reported publicly is to give transparency to the Council's external spend with suppliers, and report on its compliance with the procurement regulations and performance against its procurement strategy.</p>
2	Ensuring members and senior management own the results	Meeting dates of Corporate Leadership Team (senior officers) and the Council Leadership Team (senior officers and elected members) and other senior management and elected member forums have been aligned to enable appropriate engagement and consultation prior to Council, Cabinet and Committees. Outcomes and actions from meetings are tracked.
3	Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)	A self-evaluation of compliance with the Governance Framework is undertaken annually. The Annual Governance Statement is the outcome of that process alongside the assurance statements provided by each Head of Service and Depute Chief Executive. Areas for Improvement are monitored in the Council Improvement Plan and scrutinised by the Audit and Governance Committee.
4	Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	The annual assurance process and the Annual Governance Statement reflect the assurances received from Heads of Service and Depute Chief Executives which covers the Council's service delivery arrangements.
5	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis	The Statement of Accounts, incorporating a Management Commentary, provides financial and other performance information regarding the operation of the Council, its wider achievements and areas for development. The

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
	and the statements allow for comparison with other similar organisations	Statement of Accounts is produced in accordance with statutory guidelines and deadlines.

G3 Assurance and effective accountability

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring that recommendations for corrective action made by external audit are acted upon	<p>External Audit reports outlining findings and recommendations (including follow-up progress) are presented to the Audit and Governance Committee.</p> <p>Actions incorporated into the Council Improvement Plan and scrutinised by the Audit and Governance committee.</p>
2	Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon	<p>Chief Internal Auditor meets regularly with Chair of Audit Committee.</p> <p>Regular reports on Internal Audit activity, performance and compliance presented to the Audit Committee.</p> <p>Regular reports are presented to the Audit Committee on Management's progress with implementation of recommendations made by Internal Audit to ensure these are acted upon.</p> <p>Compliance with Global Internal Audit Standards.</p>
3	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	<p>Reports by external scrutiny and inspection bodies outlining findings and recommendations presented to relevant committee (e.g. Education Scotland Inspection reports and follow up visits are presented to the Education and</p>

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
		Children's Service Committee) including associated Action Plans for improvement.
4	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	<p>The annual assurance process and the Annual Governance Statement reflect the assurances received from Heads of Service and Depute Chief Executives which covers the Council's service delivery arrangements.</p> <p>All ALEO organisations report on an annual basis to the Audit & Governance Committee</p>
5	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met	<p>As G4.4 and relevant service level agreements are in place with partners. The East Lothian Partnership and the Integration Joint Board have their own governance frameworks in place to align with the Council's governance framework.</p>

COMMITTEE: East Lothian Council

MEETING DATE: 9 December 2025

BY: Depute Chief Executive – Resources and Economy

REPORT TITLE: Appointment of Religious Representative to the Education and Children's Services Committee

REPORT STATUS: Public

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1 PURPOSE OF REPORT

- 1.1 To appoint a religious representative to the Education and Children's Services Committee.

2 RECOMMENDATIONS

Members are recommended to:

- 2.1 Approve the appointment of Reverend Keith Mills of the Baptist Church of Dunbar as a religious representative on the Education & Children's Services Committee.

3 BACKGROUND

- 3.1 In accordance the Local Government (Scotland) Act 1973, the Council is required to appoint three representatives to the Education and Children's Services Committee who represent local religious communities in the area, one of whom must represent the Church of Scotland, one of whom must represent the Roman Catholic Church, and one of whom who should represent another church or denominational body within the area.
- 3.2 In 2022, following the Local Government Election, the Church of Scotland and the Roman Catholic Church each nominated representatives to serve on the Education Committee (now the Education and Children's Services Committee). The third position on the Committee has been vacant since 2018, despite several attempts to

attract a representative, through advertisements in the local press and on social media. The vacancy was advertised most recently in September 2025, and on this occasion four notes of interest were received. One of those interested parties subsequently withdrew their note of interest, one did not meet the criteria as set out in the legislation, and one was happy to step aside to allow the remaining candidate's nomination to proceed.

- 3.3 The remaining candidate is Reverend Keith Mills, who has been the minister of the Baptist Church in Dunbar for 34 years. He and his wife are also foster carers, having looked after 130 children and young people over the past 35 years.
- 3.4 Members are therefore asked to approve the appointment of Reverend Mills to the Education & Children's Services Committee.

4 POLICY IMPLICATIONS

- 4.1 None

5 RESOURCE AND OTHER IMPLICATIONS

- 5.1 Finance: None
- 5.2 Human Resources: None
- 5.3 Other (e.g. Legal/IT): None
- 5.4 Risk: None

6 INTEGRATED IMPACT ASSESSMENT

- 6.1 ***Select the statement that is appropriate to your report by placing an 'X' in the relevant box.***

An Integrated Impact Assessment screening process has been undertaken and the subject of this report does not affect the wellbeing of the community or have a significant impact on: equality and human rights; tackling socio-economic disadvantages and poverty; climate change, the environment and sustainability; the Council's role as a corporate parent; or the storage/collection of personal data.

X

or

The subject of this report has been through the Integrated Impact Assessment process and impacts have been identified as follows:

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Subject	Impacts identified (Yes, No or N/A)
Equality and human rights	
Socio-economic disadvantage/poverty	
Climate change, the environment and sustainability	
Corporate parenting and care-experienced young people	
Storage/collection of personal data	
Other	

[Enter information on impacts that have been identified]

The Integrated Impact Assessment relating to this report has been published and can be accessed via the Council's website:

https://www.eastlothian.gov.uk/info/210602/equality_and_diversity/12014/integrated_impact_assessments

7 APPENDICES

7.1 None.

8 BACKGROUND PAPERS

8.1 Letters/emails in support of interested parties.

9 AUTHOR AND APPROVAL DETAILS

Report Author(s)

Name	Lel Gillingwater
Designation	Team Manager – Democratic & Licensing
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Date	26 November 2025

Head of Service Approval

Name	Hayley Barnett
Designation	Head of Corporate Support
Confirmation that IIA and other relevant checks (e.g. finance/legal) have been completed	Yes
Approval Date	26 November 2026