



---

**COMMITTEE:** East Lothian Council

**MEETING DATE:** 17 February 2026

**BY:** Depute Chief Executive – Resources and Economy

**REPORT TITLE:** Quarter 3 Financial Review 2025/26

**REPORT STATUS:** Public

---

## **1 PURPOSE OF REPORT**

1.1 To provide an update on the in-year financial position at the end of December 2025.

## **2 RECOMMENDATIONS**

2.1 The Council is recommended to:

- Note the outcome of the Quarter 3 financial performance against approved budgets including progress towards delivering agreed budget efficiencies;
- Note the risks and other factors that may impact that position by year-end and the range of ongoing 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 in the budgets delegated to IJB following the changes in services delegated to the IJB approved by Council in December 2025;
- 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; and
- 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 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 Council Leadership Team (CLT) is responsible for applying to manage any in-year financial pressures.
- 3.3 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 – 31 December 2025**

- 3.4 An analysis of the financial position across service groups is set out in Appendix 1 with further details in the paragraphs below.
- 3.5 At Quarter 3, 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 £8.814 million.
- 3.6 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 £1.784 million split as follows:
  - Planned use of Transformation Fund and other ring-fenced funds, £1.154 million.
  - Planned use of Health & Social Care (IJB delegated services), £630,000 – this figure has been agreed with the IJB Chief Officer and Chief Financial Officer.
- 3.7 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.
- 3.8 The revised position after applying transfers to and from earmarked reserves is an overspend of £9.663 million to be funded from planned use of capital reserves. This is an increase of £181,000 on the Quarter 2 position (£9.482 million). The capital reserves budget to fund the

overspend is £9.980 million meaning at this stage no unplanned use of reserves will be required.

- 3.9 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.
- 3.10 Non-service expenditure is showing an overspend projection of £4.4 million. As previously reported in December 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 which are offsetting the prior year undelivered savings.
- 3.11 In addition, there are overspends within 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.
- 3.12 There do remain areas of emerging pressure within services which are offset by underspends elsewhere in service budgets. These are summarised below:
  - Children's Services (Management), £755,000 – external residential and alternative interventions budget (contained within the Management line in **Appendix 1**)
  - Education (Inclusion and Wellbeing), £1.244 million – external day schools and residential costs
  - Health & Social Care, £950,000 – commissioned care costs.
  - Undelivered 2025/26 savings, £185,000 – more detail in section 3.21.
- 3.13 A number of these pressures will be recurring beyond this financial year.

#### Risks and Other Factors

- 3.14 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.
- 3.15 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 and 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, penalties may be applied to existing funding available to the Council if these obligations are not met.

- 3.16 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.
- 3.17 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 sections 3.21 to 3.23.
- 3.18 Severe weather over the remaining winter months could increase costs for the Council, particularly in Infrastructure Services.

#### Approved Mitigations

- 3.19 At the June 2025 Council meeting, Council agreed to continue the following control measures which the CLT is responsible for applying:
  - 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 CLT and ELT. 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
- 3.20 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

- 3.21 Council approved planned efficiencies of £1.542 million for 2025/26. At this stage, £930,000 have been achieved, £427,000 are assessed as achievable though further work may be required and £185,000 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 PMO based on population, £45,000 – the cost has increased in 2025/26 to reflect increasing areas of workload undertaken through regional activity and the ongoing impact will be closely monitored.
- Income generation, £100,000 – this saving will now be realised in 2026/27.

3.22 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 – work is ongoing to meet this savings target.
- Income generation, £500,000 – work is progressing to develop proposals, it is unlikely that income will be achieved in 2025/26. It is expected that this income target will be achieved in 2026/27.

3.23 In addition to the above, a saving planned for 2023/24, to review public holidays, has not yet been delivered.

#### Council Tax

3.24 At this stage, there is a forecast surplus in the Council Tax budget of around £900,000 (around 1% of the budget estimate). 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.

3.25 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

3.26 Since Council approved the 2025/26 budget in February 2025, there has been additional funding of £2.636 million from the Scottish Government. The funding includes funding for teachers and non-teachers' pay awards above 3% This is set out in more detail in Appendix 3.

3.27 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.

#### Integration Joint Board

3.28 Following changes approved by Council in December 2025, the IJB has delegated authority over the Health & Social Care. The management of these resources remains in line with the scheme of integration and wider overall IJB resources. A revised funding letter has been sent to the IJB and is included in [Appendix 8](#).

3.29 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.

3.30 At this stage, there is an underspend forecast for the IJB of £370,000. This includes funding from unscheduled care monies of £630,000 to cover costs associated with this policy which has been agreed with the Chief Officer and the Chief Financial Officer of the IJB.

3.31 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.

3.32 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.

#### Performance Information within Revenues & Benefits

3.33 Council Tax in-year collection is slightly below target at Quarter 3. Demand from customers for support remains high and an additional 728 new properties were added to the end of Quarter 3. 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
Q3 2025/26	81.75%	82.38%	-0.38%

3.34 Although current tenant rent arrears is short of target, there has been a significant reduction in arrears since Quarter 2. This is partly due to the free rent fortnight but also through continued efforts from rent income

staff to support tenants over the winter period. Efforts continue to ensure that tenants are aware of the support in place if they are concerned about paying, or in need of advice to access financial support.

Period	Actual Q2 (£000)	Target (£000)	Variance (£000)
Q3 2025/26	£1,520	£1,485	£35

3.35 Scottish Welfare Fund remains a key element of the local safety net, offering vital support to residents facing 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 with a further £89,000 made available by the Scottish Government at the end of 2025. The overall funding available in 2025/26 is £815,000 of which £576,000 had been used by the end of Quarter 3, 71% of the budget. Without the carry forward and additional funding, the funding would be fully spent by the end of Quarter 3. Any underspend will be carried forward to 2026/27 to supplement funding from the Scottish Government. The tables below set out the Quarter 3 activity.

#### Community Care Grants

Q3 2025/26	Quarter 1	Quarter 2	Quarter 3	Total
Applications	379	336	368	1083
Awards	247	210	204	661
Award Rate	65.17%	62.50%	55.43%	61.03%
Total Award	£128,000	£126,000	£115,000	£368,000
Av Award	£518.32	597.76	562.55	£557.20

#### Crisis Grants

Q3 2025/26	Quarter 1	Quarter 2	Quarter 3	Total
Applications	916	901	914	2,731
Awards	543	505	529	1,577
Award Rate	59.28%	56.05%	57.88%	57.74%
Total Award	£72,000	£68,000	£68,000	£208,000
Av Award	£132.98	£135.01	£128.26	£132.04

## General Services Capital Summary – 31 December 2025

3.36 **Appendix 4** shows the approved and updated 2025/26 budgets and expenditure to 31 December 2025, showing spend of £38 million relative to the updated gross expenditure budget of £77 million.

3.37 At this stage, expenditure of around £59 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.

3.38 In addition to the RAG (Red/Amber/Green) flags, a P flag is included to identify projects where the variance is due to a change in spend profile, related to project progress.

3.39 A summary of the key areas of variation is 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.
- The telecare system upgrade costs have increased to ensure that all telecare alarms are compliant before the analogue lines are turned off at the end of 2026.
- The Musselburgh coastal/flood prevention scheme projection is reduced to reflect the impact of the Public Local Inquiry into the scheme.
- The New Ways of Working project has been reprofiled due to delays to work starting at the Fisherrow Centre.

3.40 As reported to Council in October 2025, there is a risk of budget overspend for 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.

3.41 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.

3.42 The reduction in projected expenditure has reduced the in-year borrowing requirement projection by £9 million.

## Treasury Update – 31 December 2025

3.43 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.

3.44 During Quarter 3 the following external borrowing was undertaken.

Loan	Date	Principal (£000)	Maturity (Years)	Interest Rate (%)
PWLB _ EIP	28/11/2025	5,000	3	4.09
PWLB – EIP	19/12/2025	11,000	5	4.16
PWLB – Maturity	19/12/2025	9,000	2.5	4.54

3.45 £35 million has been advanced so far in 2025/26 from PWLB and it is anticipated that a further £40 million will be required in the final quarter.

3.46 There was one maturity borrowing repaid during Quarter 3, as well as instalments made in relation to Annuity and EIP borrowing as detailed below.

Lender	Principal repaid (£000)	Type	Interest Rate (%)	Loan Term	Balance (£000)
PWLB	529	Maturity	7.875	30 years	0
PWLB	95	Fixed Rate Annually	7.00	35 years	1,585
PWLB	95	Fixed Rate Annually	6.75	31 years	526
PWLB	64	Fixed Rate Annually	6.50	32 years	512
PWLB	21	Fixed Rate Annually	6.50	32 years	146
PWLB	417	Fixed Rate EIP	4.19	11 years	7,917
PWLB	500	Fixed Rate EIP	4.48	10 years	8,500
PWLB	909	Fixed Rate EIP	4.83	11 years	15,455
PWLB	435	Fixed Rate EIP	4.19	11 years	8,261
<b>Total</b>	<b>3,065</b>				

3.47 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.

3.48 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.

3.49 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 3 position for General Services and HRA capital are shown.

3.50 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 3 is higher than the approved budget due to projects from 2024/25 being carried into 2025/26, however, the Capital Financing Requirement (CFR) is forecast to be lower. Similarly, the HRA capital spend projection at Quarter 3 and CFR are also lower than budget. The application of IFRS16 has increased the total CFR so that currently the full position is close to that given in the budget.
- The Loans Fund follows the same pattern as the CFR. As a result of the projected capital expenditure, which is funded through borrowing, loans fund advances are increasing above the principal repayment of loans fund debt.
- The CFR will start to fall when loans fund principal repayments are greater than the in-year borrowing requirement.

3.51 Cash balances are reviewed regularly. As investment rates have been higher than the interest rate on the bank account balance, several short-term investments were placed during Quarter 3. In summary:

- 28 short-term investments placed.
- Maturity Range – one day to four months
  - 26 investments with HM Treasury (one to mature in Quarter 4)
  - Two Lloyds Call investments

3.52 Cash flow continues to be closely monitored to ensure the Council has sufficient cash resources to meet ongoing requirements.

### **Housing Revenue Account – 31 December 2025**

3.53 The HRA is forecast to breakeven at this stage. The significant work that was undertaken in the final quarter of 2024/25 and which continued in 2025/26 to reduce the backlog of void properties means that the overall void rent loss will be around £500,000 lower than in 2024/25. [Appendix 6](#) sets out the revenue spend for the year.

3.54 Capital expenditure at Quarter 3 was £19.6 million with around £33.5 million of spend forecast for the year. 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 £1.6 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, Hermanflatt, 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.
- 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.

3.55 The forecast borrowing to fund the capital programme is around £9 million less than budgeted and this reflects the slippage in new council house building.

3.56 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**

3.57 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 £9.4 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.

3.58 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 tough 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.

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	

Subject	Impacts identified (Yes, No or N/A)
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](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
- 7.8 Appendix 8 – Revised Budget Offer letter to the IJB

## 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 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

8.7 Council 9 December 2025 – Item 8 Quarter 2 Financial Review 2025/26

## 9 AUTHOR AND APPROVER DETAILS

### Report Author(s)

<b>Name</b>	Ellie Dunnet  David Henderson  Ann-Marie Glancy
<b>Designation</b>	Head of Finance  Service Manager – Service Accounting  Service Manager – Corporate Accounting
<b>Tel/Email</b>	<a href="mailto:edunnet@eastlothian.gov.uk">edunnet@eastlothian.gov.uk</a>  <a href="mailto:dhenderson2@eastlothian.gov.uk">dhenderson2@eastlothian.gov.uk</a>  <a href="mailto:aglancy@eastlothian.gov.uk">aglancy@eastlothian.gov.uk</a>
<b>Date</b>	4 February 2026

### Head of Service Approval

<b>Name</b>	Ellie Dunnet
<b>Designation</b>	Head of Finance
<b>Confirmation that IIA and other relevant checks (e.g. finance/legal) have been completed</b>	Yes
<b>Approval Date</b>	4 February 2026

Service	Head of Service	Business Unit	2025/26 Budget	Year to Date			2025/26 Budget Variance to Date %	Financial Risk Assessment
				2025/26 Actual to Date	2025/26 Budget to Date	2025/26 Variance to Date		
				£'000	£'000	£'000		
Education & Children's	Children's	Performance & Service Delivery	1,513	1,142	1,127	15	1.33%	
Education & Children's	Children's	Management	6,790	5,020	4,454	566	12.71%	
Education & Children's	Children's	Assessment HUB and Early Interventions	2,177	1,549	1,620	-71	-4.38%	
Education & Children's	Children's	Long Term Social Work Supervisory Groups	3,793	3,049	2,914	135	4.63%	
Education & Children's	Children's	TAC, Disability & Resources	2,078	776	853	-77	-9.03%	
Education & Children's	Children's	Fostering, Adoption & Internal Resources	6,388	4,392	4,986	-594	-11.91%	
Education & Children's	Children's	Early Years Intervention	1,113	667	854	-187	-21.90%	
Education & Children's	Children's	Disability Short Breaks	999	877	728	149	20.47%	
<b>EDUCATION &amp; CHILDREN'S</b>	<b>CHILDREN'S TOTAL</b>		<b>24,851</b>	<b>17,472</b>	<b>17,536</b>	<b>-64</b>	<b>-0.36%</b>	
Education & Children's	Education	Inclusion & Wellbeing	15,867	5,668	4,734	934	19.73%	
Education & Children's	Education	Pre-School Education	17,390	4,600	4,686	-86	-1.84%	
Education & Children's	Education	Primary Schools	61,935	54,613	55,767	-1,154	-2.07%	
Education & Children's	Education	Secondary Schools	62,194	48,622	49,317	-695	-1.41%	
Education & Children's	Education	Schools' Support	3,521	2,065	2,358	-293	-12.43%	
Education & Children's	Education	East Lothian Works	1,216	1,079	1,221	-142	-11.63%	
<b>EDUCATION &amp; CHILDREN'S</b>	<b>EDUCATION TOTAL</b>		<b>162,123</b>	<b>116,647</b>	<b>118,083</b>	<b>-1,436</b>	<b>-1.22%</b>	
<b>EDUCATION &amp; CHILDREN'S TOTAL</b>			<b>186,974</b>	<b>134,119</b>	<b>135,619</b>	<b>-1,500</b>	<b>-1.11%</b>	
Council Resources	Finance	Financial Services	3,146	3,144	3,350	-206	-6.15%	
Council Resources	Finance	Revenues & Financial Support	5,109	4,596	4,910	-314	-6.40%	
Council Resources	Finance	Procurement, Digital and Transformation	1,315	1,342	1,386	-44	-3.17%	
<b>COUNCIL RESOURCES</b>	<b>FINANCE TOTAL</b>		<b>9,570</b>	<b>9,082</b>	<b>9,646</b>	<b>-564</b>	<b>-5.85%</b>	
Council Resources	Corporate	IT Services	4,001	3,528	3,490	38	1.09%	
Council Resources	Corporate	People & Council Support	4,952	4,749	4,880	-131	-2.68%	
Council Resources	Corporate	Governance	2,595	1,699	1,725	-26	-1.51%	
Council Resources	Corporate	Communications	608	474	481	-7	-1.46%	
<b>COUNCIL RESOURCES</b>	<b>CORPORATE TOTAL</b>		<b>12,156</b>	<b>10,450</b>	<b>10,576</b>	<b>-126</b>	<b>-1.19%</b>	
<b>COUNCIL RESOURCES TOTAL</b>			<b>21,726</b>	<b>19,532</b>	<b>20,222</b>	<b>-690</b>	<b>-3.41%</b>	
Health & Social Care Partnership	Head of Operations	Adult Social Work	35,680	25,026	25,041	-15	-0.06%	
Health & Social Care Partnership	Head of Operations	Acute & Ongoing Care	11,206	8,200	8,249	-49	-0.59%	
Health & Social Care Partnership	Head of Operations	Rehabilitation	2,368	1,619	1,815	-196	-10.80%	
Health & Social Care Partnership	Head of Operations	Learning Disability & MH Community Services	22,106	15,508	15,361	147	0.96%	
Health & Social Care Partnership	Head of Operations	Head of Operations	5,173	4,212	4,193	19	0.45%	
Health & Social Care Partnership	Head of Operations	Business & Performance IUB	4,997	4,102	4,288	-186	-4.34%	
<b>HEALTH &amp; SOCIAL CARE PARTNERSHIP</b>	<b>IUB TOTAL</b>		<b>81,530</b>	<b>58,667</b>	<b>58,947</b>	<b>-280</b>	<b>-0.48%</b>	
<b>HEALTH &amp; SOCIAL CARE PARTNERSHIP TOTAL</b>			<b>81,530</b>	<b>58,667</b>	<b>58,947</b>	<b>-280</b>	<b>-0.48%</b>	
Place	Development	Planning & Environmental Services	1,028	997	1,087	-90	-8.28%	
Place	Development	Economic Development	833	1,244	1,299	-55	-4.23%	
<b>PLACE</b>	<b>DEVELOPMENT TOTAL</b>		<b>1,861</b>	<b>2,241</b>	<b>2,386</b>	<b>-145</b>	<b>-6.08%</b>	
Place	Housing	Housing, Strategy & Development	352	-231	-46	-185	402.17%	
Place	Housing	Property Maintenance Trading Account	-1,153	2,943	2,943	0	0.00%	
Place	Housing	Community Housing Group	3,890	1,575	1,617	-42	2.60%	
<b>PLACE</b>	<b>HOUSING TOTAL</b>		<b>3,089</b>	<b>4,287</b>	<b>4,514</b>	<b>-227</b>	<b>-5.03%</b>	
Place	Infrastructure	Asset Maintenance & Engineering Services	3,765	3,045	3,022	23	0.76%	
Place	Infrastructure	Strategic Asset & Capital Plan Management	-792	894	1,209	-315	-26.05%	
Place	Infrastructure	Facility Trading Activity	-428	3,366	3,434	-68	-1.98%	
Place	Infrastructure	Facility Support Services	3,903	2,343	2,512	-169	-6.73%	
Place	Infrastructure	Roads Services	4,249	2,770	2,669	101	3.78%	
Place	Infrastructure	Transportation	2,418	2,113	2,394	-281	-11.74%	
Place	Infrastructure	Waste Services	13,355	7,366	7,539	-173	-2.29%	
<b>PLACE</b>	<b>INFRASTRUCTURE TOTAL</b>		<b>26,470</b>	<b>21,897</b>	<b>22,779</b>	<b>-882</b>	<b>-3.87%</b>	
Place	Communities & Partnerships	Connected Communities	6,415	4,591	4,668	-77	-1.65%	
Place	Communities & Partnerships	Protective Services	2,397	1,914	1,988	-74	-3.72%	
Place	Infrastructure	Landscape & Countryside Management	7,243	6,468	6,568	-100	-1.52%	
Place	Infrastructure	Active Business Unit	4,124	2,737	2,880	-143	-4.97%	
Place	Communities & Partnerships	Customer Services Group	4,792	4,199	4,325	-126	-2.91%	
<b>PLACE</b>	<b>COMMUNITIES &amp; PARTNERSHIPS TOTAL</b>		<b>24,971</b>	<b>19,909</b>	<b>20,428</b>	<b>-520</b>	<b>-2.55%</b>	
<b>PLACE TOTAL</b>			<b>56,391</b>	<b>48,334</b>	<b>50,108</b>	<b>-1,774</b>	<b>-3.54%</b>	
<b>SERVICE TOTAL</b>			<b>346,621</b>	<b>260,652</b>	<b>264,896</b>	<b>-4,244</b>	<b>-1.60%</b>	
Non-Service Expenditure Sub-Total			21,387	7,576	4,279	3,297	77.05%	
Total Expenditure			368,008	268,228	269,175	-947	-0.35%	
Funded By Sub-Total			-359,221	-257,127	-256,369	-758	-0.30%	
Net Expenditure			8,787	11,101	12,806	-1,705	13.31%	
Reserves Funding Sub-Total			-8,787	0	-1,889	1,889	100.00%	
<b>TOTAL LEDGER POSITION</b>			<b>0</b>	<b>11,101</b>	<b>10,917</b>	<b>184</b>	<b>0.07%</b>	

**Appendix 2**  
**East Lothian Council**  
**2025/26 Budget Efficiencies - Quarter 3**

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	0	100
<b>Total</b>	<b>930</b>	<b>427</b>	<b>185</b>
	60.31%	27.69%	12.00%
			<b>1,542</b>

**Appendix 3****East Lothian Council****Budget Monitoring 2025/26 - Additional Funding from the Scottish Government**

	£million
<b>2025/26 GRG (per Budget Amendment)</b>	<b>265.319</b>
<hr/>	
<b>Additional Funding - GRG</b>	
Social Care Real Living Wage (settlement less than estimate in the budget)	-0.059
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
School Milk	0.023
No One Left Behind	0.066
Single Use Vapes	0.003
Fairer Futures Partnership	0.069
Ukraine Resettlements	0.068
Discretionary Housing Payments	0.036
Rapid Rehousing Transition	0.020
Pay Funding (Non Teachers)	1.560
Teacher Induction Scheme (settlement less than estimate in the budget)	-0.005
Scottish Welfare Fund	0.089
Pay Funding (Teachers)	0.555
<b>Total Additional Funding</b>	<b>2.636</b>
<hr/>	
<b>Revised GRG</b>	<b>267.955</b>

0.000
265.319
-2.636

Appendix 4

East Lothian Council

General Services Capital Budget Monitoring Summary 2025/26

Quarter 3

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
<b>Expenditure</b>						

<b>Community Projects</b>						
Community Intervention	G	200	242	183	(59)	242
Community Facility Transformation	G	100	100	-	(100)	100
Community Intervention Fund - Pump Tracks	P	360	580	140	(441)	190
Community Public Art	P	-	155	0	(155)	50
Bleachingfield Centre Remodelling Works	G	2	18	1	(17)	8
Dunbar Conservation Area Regeneration Scheme (CARS)	G	575	775	-	(775)	525
Support for Business	G	-	-	36	36	-
CCTV	P	169	212	10	(202)	50
Town Centre Regeneration	P	-	57	173	116	635
<b>Total Community Projects</b>		<b>1,406</b>	<b>2,139</b>	<b>544</b>	<b>(1,596)</b>	<b>1,800</b>
<b>Town Centre Regeneration (PBIP) Grant</b>		(208)	(265)	(173)	92	(528)
Other Funding Sources		(510)	(1,101)	(0)	1,100	(880)
GCGRFCUS		-	-	-	-	-
<b>Total Income: Community Projects</b>		<b>(718)</b>	<b>(1,366)</b>	<b>(173)</b>	<b>1,192</b>	<b>(1,408)</b>
<b>Community Projects - General Capital Grant/Borrowing Requirement</b>		<b>689</b>	<b>774</b>	<b>(403)</b>	<b>392</b>	<b>(382)</b>
<b>ICT</b>						
IT Programme & Digital Opportunities	G	2,200	2,200	1,607	(593)	2,200
Telecare System upgrade to Digital	P	121	121	164	43	253
<b>Total ICT</b>		<b>2,321</b>	<b>2,321</b>	<b>1,771</b>	<b>(550)</b>	<b>2,453</b>
Other Funding Sources	G	-	-	-	-	-
<b>Total Income: ICT</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ICT - General Capital Grant/Borrowing Requirement</b>		<b>2,321</b>	<b>2,321</b>	<b>(550)</b>	<b>2,453</b>	<b>132</b>
<b>Fleet</b>						
Amenties - Machinery & Equipment - replacement	G	200	200	206	6	206
Vehicles	P	5,774	7,493	1,869	(5,623)	3,500
<b>Total Fleet</b>		<b>5,974</b>	<b>7,693</b>	<b>2,076</b>	<b>(5,617)</b>	<b>3,706</b>
Other Funding Sources	G	-	-	-	-	-
<b>Total Income: Fleet</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fleet - General Capital Grant/Borrowing Requirement</b>		<b>5,974</b>	<b>7,693</b>	<b>(5,617)</b>	<b>3,706</b>	<b>(3,986)</b>
<b>Open Space</b>						
Synthetic Pitch Replacement Programme	G	350	318	15	(303)	301
Cemeteries (Burial Grounds)	G	400	584	61	(523)	75
Climate Change Emergency	P	800	800	30	(770)	150
Coastal / Flood Protection schemes - Musselburgh	A	1,394	1,714	504	(1,211)	650
Coastal Change Management	G	166	166	59	(107)	95
Coastal Car Park Toilets	G	4	44	47	2	47
Core Path Plan	P	100	200	14	(186)	27
Harbour Walls	P	250	250	-	(250)	-
Nature Restoration	G	120	120	-	(120)	120
Replacement Play Equipment	G	545	545	181	(364)	545
Polson Park	P	140	160	-	(160)	-
Sports and Recreation LDP	P	2,237	2,654	338	(2,317)	558
Street litter bin replacement	G	40	40	40	(0)	40
Waste - New Bins	G	150	150	165	15	165
Waste - Machinery & Equipment - replacement	G	50	50	15	(35)	15
<b>Total Open Space</b>		<b>6,746</b>	<b>7,796</b>	<b>1,468</b>	<b>(6,328)</b>	<b>2,788</b>
Developer Contribution		(1,274)	(1,615)	(207)	1,408	(410)
Capital Receipts		-	-	-	-	-
Other Funding Sources		(1,125)	(1,204)	(333)	871	(637)
<b>Total Income: Open Space</b>		<b>(2,399)</b>	<b>(2,819)</b>	<b>(540)</b>	<b>2,279</b>	<b>(1,047)</b>
<b>Open Space - General Capital Grant/Borrowing Requirement</b>		<b>4,346</b>	<b>4,977</b>	<b>(4,049)</b>	<b>1,741</b>	<b>(3,236)</b>
<b>Roads, Lighting and related assets</b>						
Cycling Walking Safer Streets	G	496	739	467	(272)	739
Parking Improvements	P	878	1,181	90	(1,091)	300
Roads	G	-	-	-	-	-
Roads - Structures, Traffic Signals, Area Partnerships	G	620	620	260	(360)	620
Roads - Carriageways	G	4,480	4,480	2,504	(1,976)	4,380
Roads - Footways	G	950	950	499	(451)	950
Roads - Street Lighting	G	450	450	511	61	550
Roads - Externally Funded Projects	G	3,459	3,459	1,338	(2,121)	2,331
<b>Total Roads, Lighting and related assets</b>		<b>11,333</b>	<b>11,880</b>	<b>5,670</b>	<b>(6,210)</b>	<b>9,870</b>
Developer Contribution		(453)	(453)	-	453	-
Other Funding Sources		(3,006)	(3,013)	-	1,338	1,675

Appendix 4

East Lothian Council

General Services Capital Budget Monitoring Summary 2025/26

Quarter 3

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
<b>Expenditure</b>						
<b>Community Projects</b>						
<b>Total Income: Roads, Lighting and related assets</b>		(3,459)	(3,466)	(1,338)	2,128	(2,338) 1,129
<b>Roads etc. - General Capital Grant/Borrowing Requirement</b>		7,874	8,414	(4,081)	7,532	(881)
<b>Property - Education</b>						
Aberlady Primary - extension	P	3,935	4,245	16 (4,230)	50	(4,195)
Blindwells Primary - new school	G	1,632	4,610	3,487 (1,123)	4,210	(400)
Craighall Primary - New School	G	1,572	4,930	3,316 (1,614)	4,530	(400)
East Linton Primary School - Toilet Upgrades	G	-	-	-	50	50
Elphinstone Primary - extension	G	-	-	-	50	50
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	-	-	(350) (350)	-	-
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	5 (21)	25	-
Letham Primary - New School	G	47	47	11 (35)	15	(32)
Letham Primary - Extension	G	-	-	-	-	-
Longniddry Primary - Extension	G	-	-	0 0	50	50
North Berwick High School - Extension	G	-	143	71 (72)	143	-
Ormiston Primary - extension	A	100	100	- (100)	100	-
Pinkie St Peter's Primary - sports hall extension	G	-	6	48 42	-	(6)
Pinkie St Peter's Primary - extension including Early Learning and 1140	G	-	278	11 (267)	210	(68)
Ross High School - extension	G	-	13	1 (13)	15	15
St Gabriel's Primary School	G	-	-	-	-	-
School Estate - Curriculum Upgrades	G	-	267	(12) (279)	(12)	(279)
School Estate - Security Upgrades	G	232	232	- (232)	85	(147)
School Estate - ASN Provision Space	G	140	140	119 (21)	140	-
Wallyford Primary - New School	G	115	120	26 (94)	30	(90)
Wallyford Learning Campus	G	-	766	365 (401)	746	(20)
Whitecraig Primary - new school including Early Learning and 1140	A	2,297	9,427	8,580 (847)	10,827	1,400
Winggou Primary - Early learning and 1140 extension	G	156	156	- (156)	156	-
<b>Total Property - Education</b>		10,296	25,713	15,710 (10,003)	21,970	(3,730)
<b>Developer Contribution</b>		(3,030)	(5,839)	(4,803)	1,036	(5,440) 398
1140 Grant Income		(173)	(173)	(16)	157	(156) 17
Other Funding Sources		-	-	-	-	-
<b>Total Income: Property - Education</b>		(3,203)	(6,012)	(4,818)	1,193	(5,596) 415
<b>Property Education - General Capital Grant/Borrowing Requirement</b>		7,093	19,702	(8,810)	16,374	(3,314)
<b>Property - Other</b>						
Accelerating Growth		8,533	6,188	6,266 78	7,173	985
- Cockenzie	A	2,369	2,369	1,045 (1,324)	2,662	293
- Levelling Up Project Cockenzie	A	6,164	3,819	5,222 1,403	4,511	692
- Blindwells	G	-	-	-	-	-
- Innovation Hub	G	-	-	-	-	-
- A1/QMU Junction	G	-	-	-	-	-
Court Accommodation	G	22	22	1 (21)	5	(17)
Demolitions - various sites	G	369	369	132 (237)	250	(119)
Eskmill Fire Station Demolition	G	17	17	16 (0)	17	-
Relocation of Haddington Day Centre to Tynebank Resource Centre	G	1,325	1,325	2 (1,323)	13	(1,313)
Loch Centre Tranent - Major Refurbishment Works	G	276	970	258 (712)	304	(666)
Demolition of TUs	G	84	84	8 (76)	30	(54)
New ways of working Programme	P	990	1,368	296 (1,072)	500	(868)
Prestongrange Museum	G	833	2,096	1,048 (1,048)	2,096	-
Property Renewals	G	3,000	3,112	2,287 (825)	3,112	-
Replacement Childrens House	G	1,101	1,101	- (1,101)	200	(901)
Sports Centres	G	240	240	357 117	240	-
<b>Total Property - Other</b>		16,791	16,893	10,673 (6,220)	13,939	(2,954)
<b>Developer Contribution</b>		-	-	-	-	-
Capital receipts		(2,369)	(2,369)	(1,045)	1,324	(2,662) (293)
TCR		-	(162)	-	162	(162) -
Other Funding Sources		(5,266)	(2,921)	(3,621)	(700)	(3,068) (146)
<b>Total Income: Property - Other</b>		(7,635)	(5,453)	(4,666)	787	(5,892) (439)
<b>Property Other - General Capital Grant/Borrowing Requirement</b>		9,156	11,440	(5,434)	8,047	(3,393)
<b>Total Property Spend - Education and Other</b>		27,087	42,606	26,382 (16,224)	35,909	(6,697)
<b>Total Income: Property - Education and Other</b>		(10,839)	(11,464)	- 9,484	1,980	(11,488) (24)
<b>Property-Education and Other - General Capital Grant/Borrowing Requirement</b>		16,248	31,142	(14,244)	24,421	(6,721)
Capital Plan Fees	G	2,650	2,650	- (2,650)	2,650	-
PPP Projects	G	-	-	-	-	-
<b>Total Gross Expenditure</b>		57,517	77,085	37,911 (39,174)	59,176	(17,909)

Appendix 4

East Lothian Council

General Services Capital Budget Monitoring Summary 2025/26

Quarter 3

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
<b>Expenditure</b>							
<b>Community Projects</b>							
Other Funding Sources		-	-	-	-	-	-
PPP Lease Liability Restatement		-	-	-	-	-	-
<b>Total Income:PPP Projects</b>		-	-	-	-	-	-
<b>Income</b>							
Developer Contribution	G	(4,758)	(7,907)	(5,010)	2,898	(5,850)	2,057
1140 Grant Income	G	(173)	(173)	(16)	157	(156)	17
Town Centre Regeneration (PBIP) Grant	G	(208)	(427)	(173)	254	(690)	(263)
Flood scheme general capital grant	G	14,134	14,134	-	(14,134)	14,134	-
Capital receipts	G	(7,369)	(7,369)	(10,781)	(3,412)	(12,398)	(5,029)
Other Funding Sources	G	(9,907)	(8,239)	(5,293)	2,946	(6,922)	1,316
Scottish Government General Capital Grant	G	(1,282)	(1,282)	(1,282)	-	(1,282)	-
<b>Total Income</b>		(9,563)	(11,263)	(22,554)	(11,291)	(13,165)	(1,902)
<b>Borrowing Requirement</b>	G	47,954	65,822	15,357	(50,465)	46,011	(19,811)

1 PRUDENTIAL INDICATORS	2024-25	2025-26	2025-26	2025-26	2025-26
	Actual £'000	Budget £'000	Q3 Projection £'000	Q2 Projection £'000	Change £'000
<b>1.1 Capital Expenditure</b> General Services HRA TOTAL	91,921 32,471 124,392	57,517 43,820 101,337	60,606 33,491 94,097	65,486 34,578 100,064	(4,880) (1,087) (5,968)
<b>1.2 Capital Financing Requirement (CFR) – General Services</b> brought forward 1 April carried forward 31 March In year borrowing requirement	313,376 342,283 28,907	356,643 390,824 34,181	342,283 374,527 32,244	342,283 383,902 41,619	0 (9,375) (9,375)
<b>1.3 Capital Financing Requirement (CFR) - HRA</b> brought forward 1 April carried forward 31 March In year borrowing requirement	265,745 286,472 20,726	284,350 312,242 27,892	286,472 305,363 18,891	286,472 306,756 20,284	0 (1,393) (1,393)
<b>1.4 Total CFR excluding PPP and leases</b> General Services HRA TOTAL	342,283 286,472 628,755	390,824 312,242 703,065	374,527 305,363 679,890	383,902 306,756 690,658	(9,375) (1,393) (10,768)
<b>1.5 Annual Change in CFR</b> General Services HRA TOTAL	28,907 20,726 49,633	34,181 27,892 62,073	32,244 18,891 51,135	41,619 20,284 61,904	(9,375) (1,393) (10,768)
<b>1.6 Ratio of financing costs to net revenue stream</b> General Services HRA	4.95% 33.63%	7.30% 36.97%	7.06% 35.91%	7.02% 35.91%	0.04% 0.00%
<b>1.7 Impact of Capital Investment Decisions</b> General Services – Debt per Band D equivalent HRA – Debt per dwelling	£5,489 £30,427	£6,180 £32,781	£5,923 £32,059	£6,071 £32,205	(148) (146)
2 TREASURY MANAGEMENT INDICATORS	2024-25	2025-26	2025-26	2025-26	2025-26
	Actual £'000	Budget £'000	Q3 Projection £'000	Q2 Projection £'000	Change £'000
<b>2.1 Authorised Limit for External Debt -</b> Borrowing at 31 March Other long term liabilities (PPP and Leases) Total	708,000 38,000 746,000	741,000 33,000 774,000	722,000 34,000 756,000	727,000 34,000 761,000	(5,000) 0 (5,000)
<b>2.2 Operational Boundary for External Debt -</b> Borrowing at 31 March Other long term liabilities (PPP and Leases) Total	645,144 37,712 682,856	720,562 32,041 752,604	697,705 33,889 731,594	708,473 33,889 742,363	(10,768) 0 (10,769)
<b>2.3 Actual External Debt</b> Borrowing at 31 March Other long term liabilities (PPP and Leases) Total	559,402 37,712 597,115	637,466 32,041 669,507	561,529 29,105 590,634	624,925 33,889 658,814	(63,396) -4,784 (68,180)
3 LOANS FUND	2024-25	2025-26	2025-26	2025-26	2025-26
	Actual £'000	Budget £'000	Q3 Projection £'000	Q2 Projection £'000	Change £'000
<b>3.1 General Services</b> Opening balance Add advances Less repayments Closing balance	313,376 35,714 (6,807) 342,283	356,643 47,658 (13,477) 390,824	342,283 45,715 (13,471) 374,527	342,283 55,090 (13,471) 383,902	0 (9,375) 0 (9,375)
<b>3.2 HRA</b> Opening balance Add advances Less repayments Closing balance	265,745 26,558 (5,831) 286,472	284,350 34,184 (6,292) 312,242	286,472 25,272 (6,381) 305,363	286,472 26,665 (6,381) 306,756	0 (1,393) 0 (1,393)
<b>3.3 Total</b> Opening balance Add advances Less repayments Closing balance	579,121 62,273 (12,638) 628,756	640,993 81,842 (19,769) 703,066	628,755 70,987 (19,851) 679,890	628,755 81,755 (19,851) 690,658	0 (10,768) 0 (10,768)

**Appendix 6**  
**East Lothian Council**  
**Budget Monitoring HRA 2025/26 - Quarter 3**

	2025/26 Budget £'000	2025/26 Actual £'000	2025/26 Budget to Date £'000	2025/26 Variance (Surplus) / Deficit £'000	2025/26 Forecast £'000	2025/26 Forecast Variance £'000
Total Income	-43,940	-29,093	-29,124	31	-43,719	221
Total Expenditure	40,956	14,610	15,178	-568	40,734	-222
(Surplus) / Deficit for Year	-2,984	-14,483	-13,946	-537	-2,985	-1

	2025/26 Budget £'000	2025/26 Forecast £'000	2025/26 Forecast Variance £'000
<b>Management of Balances</b>			
Opening (Surplus) / Deficit	-2,017	-2,017	0
CFCR	3,400	3,361	-39
(Surplus) / Deficit for Year	-2,984	-2,985	-1
Closing (Surplus) / Deficit	-1,601	-1,641	-40

**Appendix 7**  
**East Lothian Council**  
**Budget Monitoring HRA Capital 2025/26 - Quarter 3**

	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	8,915	6,688	2,227	13,375	0
Energy Efficiency Fund	2,500	1,379	1,250	129	2,500	0
New Council Housing	26,169	9,349	6,542	2,807	15,840	-10,329
Fees	1,496	0	0	0	1,496	0
Mortgage to Rent	280	0	0	0	280	0
<b>TOTAL</b>	<b>43,820</b>	<b>19,643</b>	<b>14,480</b>	<b>5,163</b>	<b>33,491</b>	<b>-10,329</b>

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	-4,623	1,417
Grants MTR	-196	0	0	0	-196	0
CFCR	-3,400	0	0	0	-3,361	39
Borrowing	-34,184	0	0	0	-25,311	8,873
<b>TOTAL</b>	<b>-43,820</b>	<b>-1,928</b>	<b>-3,020</b>	<b>1,092</b>	<b>-33,491</b>	<b>10,329</b>

4<sup>th</sup> February 2026

Mike Porteous  
Chief Finance Officer  
East Lothian Integrated Joint Board

Dear Mike,

**Revised Financial resource from East Lothian Council to East Lothian Integration Joint Board – 2025-26**

This letter sets out the updated level of financial resources delegated by the Council to the IJB in 2025-26 and is aligned to the Council budget approved on 18 February 2025 and subsequent agreed changes.

**2025-26 Revised Financial Resource Update**

Firstly, I want to confirm the that the IJB funding for 2025-26 has increased by £235,000, this is pay funding which the council has agreed to pass over to the IJB. Secondly, the IJB Council-delegated services include 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. In December 2025, council and IJB agreed 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 Telecare service is an income budget of £74,000 and other delegated budgets relating to housing total £1.494m. All amendments are set out in the table below.

<b>2025-26 Total IJB Financial Resource as at February 2025</b>	<b>£82.715m</b>
Funding for additional 1% pay award	£0.235m
<b>2025-26 Total IJB Financial Resource as at August 2025</b>	<b>£82.950m</b>
<b>Agreed Transfers</b>	
Telecare transfer to Council	£0.074m
Non-HRA Private Sector Housing Grant transfer to Council	(£0.256m)
HRA - Disabled Adaptations (Capital) transfer to Council	(£1.000m)
HRA - Garden Aid transfer to Council	(£0.238m)
<b>TOTAL - Other Delegated Budgets</b>	<b>(£1.494m)</b>
<b>2025-26 Total IJB Financial Resource Updated</b>	<b>£81.530m</b>

## **2026-27 Financial Resource offer to IJB**

As part of the Council's ongoing commitment to strong and effective partnership working, we also wish to recognise the wider contributions that continue to support the Integration Joint Board in delivering shared outcomes and managing financial pressures. These include the Council's investment in sport and leisure provision, which promotes population health and preventative approaches, the capital funding allocated to support the analogue to digital transition for community alarms and the delivery of the new core and cluster units at Fa'side, comprising 13 specialist homes that have enabled a number of adults with learning disabilities to return to East Lothian from external placements. Together, these wider commitments reflect the Council's dedication to integrated service delivery and improved outcomes for East Lothian residents.

As you know, the national Scottish Government budget is not expected to be formally approved until end of February, and we will continue to work together to formulate a balanced budget for the next financial year and beyond.

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

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

Yours sincerely

Sarah Fortune  
Depute Chief Executive Resources and Economy (Chief Financial Officer)  
East Lothian Council

Cc: Laurence Rockey – Chief Executive, ELC  
Fiona Wilson – Chief Officer East Lothian  
David Hood – Head of Operations East Lothian  
Andrew Cogan – Chair East Lothian IJB  
Shamin Akhtar – Vice Chair East Lothian IJB  
Ellie Dunnet – Head of Finance  
David Henderson – Service Manager, Service Accounting