

**MINUTES OF THE MEETING OF
EAST LoTHIAN COUNCIL**

**TUESDAY 28 APRIL 2026
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON
AND VIA HYBRID MEETING FACILITY**

1

Committee Members Present:

Councillor S Akhtar	Councillor C McFarlane
Councillor R Bennett	Councillor C McGinn
Councillor L Bruce (R)	Councillor G McGuire
Councillor C Cassini	Councillor S McIntosh
Councillor D Collins (R)	Councillor K McLeod
Councillor F Dugdale	Councillor J McMillan (Provost and Convener)
Councillor J Findlay	Councillor L-A Menzies
Councillor A Forrest	Councillor T Trotter
Councillor N Gilbert (R)	Councillor C Yorkston
Councillor N Hampshire	

Council Officials Present:

Mr L Rockey, Chief Executive
Ms L Brown, Depute Chief Executive – Communities and Children
Ms S Fortune, Depute Chief Executive – Resources and Economy
Ms H Barnett, Head of Corporate Support
Mr K Dingwall, Head of Development
Ms E Dunnet, Head of Finance
Mr D Hood, Head of Operations (Adult Social Care)
Mr E John, Head of Communities and Partnerships
Ms N McDowell, Head of Education (R)
Ms W McGuire, Head of Housing (R)
Mr T Reid, Head of Infrastructure
Ms E Barclay, Democratic Services Assistant
Ms E Brown, Connected Communities Manager
Mr M Conlon, Interim Principal Accountant
Mr S Cooper, Service Manager – Communications (R)
Mr C Grilli, Service Manager – Governance
Mr C Hamm, Sustainability and Climate Change Officer
Ms F McCallum, Service Manager – Strategy, Policy and Performance (R)
Mr C Price, Project Manager (Musselburgh Flood Protection Scheme)
Mr A Stubbs, Service Manager – Roads

(R) = remote participant

Visitors Present:

Mr J Baxter, Jacobs (for Item 5)
Mr S Russell, Turner and Townsend (for Item 5)

Clerk:

Mrs L Gillingwater

Apologies:

Councillor E Allan

Councillor L Jardine

Councillor B Ritchie

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.

1. MINUTES FOR APPROVAL

The minutes of the following meetings were approved:

- a. East Lothian Council, 17 February 2026
- b. Special East Lothian Council, 24 February 2026

2. ACTION LOG

At the request of Councillor Menzies, it was agreed that one consolidated Planning Enforcement action would be retained until after the September Policy and Performance Review Committee meeting. The Council also agreed to note the list of actions and to close the other actions recommended for closure.

3. SUBMISSIONS TO THE MEMBERS' LIBRARY SERVICE, 31 JANUARY TO 31 MARCH 2026

A report was submitted by the Depute Chief Executive – Resources and Economy noting the reports submitted to the Members' Library since the meeting of the Council in February 2026.

Officers responded to questions from Members on items listed on the Bulletin relating to building warrants and the annual Rent Consultation.

The item on the recently opened Edinburgh Innovation Hub was highlighted, with Members being encouraged to visit the new facility.

Decision

The Council agreed to note the reports submitted to the Members' Library Service between 31 January and 31 March, as listed in Appendix 1 to the report.

4. EAST LOTHIAN COMMUNITY PLANNING PARTNERSHIP LOCAL OUTCOME IMPROVEMENT PLAN 2026-36

A report was submitted by the Depute Chief Executive – Children and Communities presenting the new Local Outcome Improvement Plan (LOIP) for 2026-36.

Emma Brown, Connected Communities Manager, presented the report. She explained that the focus of the LOIP was on addressing poverty and inequality. She highlighted the key themes and priorities and drew attention to the extensive public engagement and research which had informed the Plan.

Ms Brown and Eamon John, Head of Communities and Partnerships, responded to a series of questions regarding: how the themes would be incorporated into the work of Area Partnerships, how progress of the LOIP would be monitored, tackling racism, community engagement during the development of the LOIP, the impact of budget pressures on delivering the LOIP, suicide prevention support, and the prevention of gender-based violence.

Members welcomed the LOIP and thanked all those involved for their input. There were comments regarding the Police response to flags being erected in some areas, the creation of a key performance indicator for tackling gender-based violence, the impact of growth and pressures on services, effective partnership working, and the extensive community engagement in the process.

Decision

The Council agreed to consider and note the Local Outcome and Improvement Plan, which was approved by the East Lothian Community Planning Partnership Board on 9 March 2026.

5. MUSSELBURGH FLOOD PROTECTION SCHEME – DELIVERY STRATEGY AND NEXT STEPS

A report was submitted by the Depute Chief Executive – Resources and Economy presenting the Delivery Strategy for the Musselburgh Flood Protection Scheme ('the Scheme'), advising of the next steps, and seeking approval to progress. The report also updated Council on the implications of the recently confirmed cost cap from the Convention of Scottish Local Authorities (COSLA) and the Scottish Government for Cycle 1 flood risk management schemes, including the Musselburgh Scheme. It also provided an update on the Public Local Inquiry (PLI) being conducted by a Reporter under the Flood Risk Management (Scotland) Act 2009.

The Head of Infrastructure, Tom Reid, presented the report, providing an update on the time frame for the PLI, and proposing that the Scheme should progress to Stage 6 – Detailed Design, in order to satisfy the criteria for Scottish Government funding and also meet deadlines imposed by recommendations from COSLA. He warned that delaying progressing to Stage 6 until after the outcome of the PLI would mean that the Council would not meet the timescales for Cycle 1 funding. He confirmed that the funding cap for the Musselburgh Scheme would be £35.6m, with the Scottish Government covering 80% of the costs and the Council funding the remaining 20%. Mr Reid set out a number of scenarios for the Scheme (as set out in Section 3.7f of the report), advising that Plan B was the most likely approach. He added that the final business case would come back to Council for approval.

Mr Reid and other members of the Project Team responded to a series of questions from Members, including: the impact of phasing the project; the effects of dredging the River Esk; the implications for the Musselburgh Active Travel project, with reference to the funding cap for the Scheme; the need for a detailed design for the Scheme to inform the business case;

and the impact of further coastal erosion. It was noted that the detailed design would need to reflect any modifications resulting from the PLI, and that the estimated costs associated with progressing to Stage 6 was considered to be robust and reasonable.

The debate followed, with Members recognising that whilst the Scheme was an emotive issue within the community, it was important to protect homes and businesses from the effects of flooding. Some Members expressed their support for the proposed phasing of the Scheme (Plan B) and felt that having a detailed design would allow for more options in this regard, as well as better scrutiny of the Scheme. The time frame for the PLI was also welcomed.

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

Decision

The Council agreed:

- i. to approve the Scheme's Delivery Strategy and acknowledge that there continued to be a pathway to deliver the Scheme;
- ii. to note that the project team would return to Council for approval prior to commencing any procurement of construction works;
- iii. to approve commencement of Stage 6 (Detailed Design) of the project, which would be advanced concurrently with Stage 5 (Statutory Approvals);
- iv. to note the continuing uncertainty over the Scottish Government's funding of the national flood risk management programme, and the proposed approach to mitigating this risk; and
- v. to note the progress with the Public Local Inquiry.

6. COMMON GOOD BUDGET 2026/27

A report was submitted by the Depute Chief Executive – Resources and Economy providing an update on Common Good Funds and seeking approval of the proposed budget for 2026/27.

Matthew Conlon, Interim Principal Accountant, presented the report, drawing particular attention to elements which had been reflected in the budgets for each of the four Common Good areas. He stipulated that Common Good investment income and funds should be used primarily to maintain the asset base, and he set out the current position and risks associated with the funds.

Responding to questions from Members, officers advised that any surplus income or deficits would be factored into future budgets; that condition surveys and planned maintenance for assets would continue; that the budgets prioritised maintenance of assets and that there was an appropriate balance between that and allocation of grant funding for community benefit; that multi-year Common Good budgets could be considered in future; that income projections for the Herdmanflat development were up to date, and other potential income streams would continue to be explored by officers and partners; and that it was possible that costs associated with vandalism to parking meters on Common Good land could be met from Common Good funds.

During the debate, the value of grant funding to communities was highlighted. It was suggested that multi-year budgets for the Common Good funds would be beneficial for planning the maintenance of assets.

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

Decision

The Council agreed:

- i. to note the ongoing financial challenges relating to the current economic climate and the risks that this presents to the Common Good Funds; and
- ii. to approve the 2026/27 grants budget for Dunbar, Haddington, Musselburgh and North Berwick, as set out in Appendices 2a–2d, noting the context for future budget development.

7. INFRASTRUCTURE STRATEGY – CONSULTATION RESPONSE

A report was submitted by the Depute Chief Executive – Resources and Economy seeking approval of East Lothian Council's response to the Scottish Government consultation on the Infrastructure Strategy 2027-37.

The Head of Infrastructure, Tom Reid, presented the report. He outlined the key aspects of Scottish Government's Infrastructure Strategy, expected to be published later in 2026. Mr Reid highlighted the importance of delivering the required infrastructure for East Lothian, particularly during a period of significant growth. Although supportive of the 'infrastructure first' approach, he warned of the financial challenges associated with delivering new infrastructure and maintaining existing infrastructure. He assured Members that officers would continue working with partners in order to shape the Infrastructure Strategy as it develops.

Officers responded to questions from Members as regards the interconnectivity of infrastructure and opportunities for the Council to provide input going forward, the importance of partnership working and cross-departmental working at government level to deliver the required infrastructure associated with National Planning Framework 4 and the Local Development Plan, and the setting of priorities that ensures long-term sustainable infrastructure investment is underpinned by revenue funding.

The consultation response was largely welcomed by Members. The need for infrastructure being delivered on time was stressed. It was suggested a summary of the points raised at the meeting could be prepared to accompany the Council's response. The reference to a new arts venue in Musselburgh was welcomed, as was the focus on tackling poverty, creating jobs, public assets and place-making. However, one Member expressed concern about the focus of the Strategy on economic growth, which she felt would not address poverty and inequality.

The Provost then moved to the roll call vote on the recommendation:

For (18): Councillors Akhtar, Bennett, Bruce, Cassini, Collins, Dugdale, Findlay, Forrest, Gilbert, Hampshire, McFarlane, McGinn, McGuire, McLeod, McMillan, Menzies, Trotter, Yorkston

Against (0)

Abstentions (1): Councillor McIntosh

Decision

The Council agreed to approve the draft response to the Infrastructure Strategy consultation, as set out in Appendix 1 to the report.

Sederunt: Councillor Collins left the meeting.

8. EAST LoTHIAN COUNCIL CLIMATE CHANGE STRATEGY 2025-30 – UPDATE

A report was submitted by the Depute Chief Executive – Resources and Economy providing the first annual update on the progress of delivering the actions and commitments in the East Lothian Council Climate Change Strategy and Action Plan 2025-30.

Cheyne Hamm, Sustainability and Climate Change Officer, presented the report, drawing attention to progress made to date and proposed changes to the Action Plan.

Mr Hamm responded to questions from Members on investment in delivering climate actions, the impact of actions on residents and services, the proportions of waste going to landfill versus incineration, cost modelling regarding climate change commitments, potential sources of funding to support local authorities meet their climate change commitments, and efforts to reduce food waste.

The report was welcomed by Members, and officers were urged to prioritise applying for funding available to local authorities to tackle climate change.

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

Decision

The Council agreed:

- i. to approve the changes to the East Lothian Council Climate Change Action Plan, outlined in Appendix 1 to the report; and
- ii. to note the key progress made in delivering actions in the East Lothian Council Climate Change Strategy Action Plan 2025-30, and the achievements and developments set out in the report.

9. REVIEW OF EAST LoTHIAN COUNCIL'S FINANCIAL REGULATIONS

A report was submitted by the Depute Chief Executive – Resources and Economy seeking approval of revisions to the Council's Financial Regulations.

Ellie Dunnet, Head of Finance, presented the report, noting that the proposed, non-material, changes to the Financial Regulations would bring the Council into line with current practices and support the Council's financial governance.

In response to a question, Ms Dunnet noted that the Council's financial governance arrangements were subject to annual review as part of the external audit process.

The report was welcomed by the Convener of the Audit & Governance Committee.

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

Decision

The Council agreed to approve the proposed revised East Lothian Council Financial Regulations.

10. SCHEDULE OF MEETINGS 2026/27

A report was submitted by the Depute Chief Executive – Resources and Economy seeking approval of the Schedule of Meetings of the Council, committees and other forums for 2026/27.

The Clerk presented the report, highlighting that the 2026/27 session would end on 30 March 2027, following which there would be an election recess period, with the first meeting of the new Council taking place on 25 May 2027.

The Clerk and the Head of Corporate Support, Hayley Barnett, responded to a number of questions from Members in relation to the timing of meetings, public access to meetings and related documentation, committee membership, and attendance at meetings.

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

Decision

The Council agreed:

- i. to approve the proposed Schedule of Meetings for 2026/27, as set out in Appendix 1 to the report; and
- ii. to authorise the Head of Corporate Support to make minor adjustments to the Schedule, as necessary, and to communicate any such adjustments to Members as soon as practicable.

Signed

Provost John McMillan
Convener of the Council

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/1050703

East Lothian Council
Action Record, February 2025 – April 2026

2

Action Ref.	Meeting Date	Item Number and Title	Action(s) Agreed	Action Owner(s)	Target Completion Date	Actual Completion Date	Comments/Responses/Additional Information
26/02	17 02 26	08 Regional Economic Partnership	<p>Additional question: To share the consultants' brief for the Regional Partnership with Members</p>	Depute Chief Executive – Resources and Economy	August 2026		The Edinburgh and South East City Region Deal has engaged Metro Dynamics to progress discussions on Regional Partnerships. An update will be provided to Members in August 2026 on the scope and discussions to date.
26/07-26/10	17 02 26	10 Planning Enforcement	<p>Additional questions: If available, for data to be provided to Members re. repeat enquiries/formal complaints</p> <p>To consider providing Members with updates on open cases</p> <p>Approved actions: iii to undertake a benchmarking exercise of East Lothian's enforcement reporting arrangements against those of comparable</p>	Chief Planning Officer	September 2026		To be covered in the report to PPRC in September 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>planning authorities, including review of:</p> <ul style="list-style-type: none"> • published service standards and communication commitments • frequency and format of statistical reporting to Members • accessibility of enforcement data for the public <p>transparency of escalation and statutory powers</p> <p>iv. to report back to PPRC within six months with the findings and recommended improvements [of the review]</p>				
26/11	28 04 26	08 Climate Change Strategy 2025-30 Update	<p>Additional question:</p> <p>To provide Members with an update on the Good Food Nation plan</p>				The Council continues to engage with the Scottish Government and other authorities; information on the next steps will be communicated to Members once available

Action Ref.	Meeting Date	Item Number and Title	Action(s) Agreed	Action Owner(s)	Target Completion Date	Actual Completion Date	Comments/Responses/ Additional Information
26/12	28 04 26	08 Climate Change Strategy 2025-30 Update	Additional question: Update on plans to reduce use of natural gas in Council buildings				To be discussed at next meeting of the Climate Change and Sustainability Forum

COMMITTEE:	East Lothian Council
MEETING DATE:	23 June 2026
BY:	Depute Chief Executive – Resources and Economy
REPORT TITLE:	Submissions to the Members’ Library Service, 1 April to 7 June 2026
REPORT STATUS:	Public

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 1 April and 7 June 2026, 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.

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, 1 April to 7 June 2026

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	8 June 2026

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	11 June 2026

**MEMBERS' LIBRARY SERVICE RECORD FOR THE PERIOD
1 APRIL – 7 JUNE 2026**

Reference	Originator	Document Title	Access
31/26	Head of Infrastructure	Sale of Land, Prestonpans	Private
32/26	Depute Chief Executive – Children & Communities	East Lothian Community Planning Partnership Local Outcome Improvement Plan 2026-2036	Public
33/26	Depute Chief Executive – Resources & Economy	Building Warrants Issued under Delegated Powers – March 2026	Public
34/26	Depute Chief Executive – Resources & Economy	Sale of Property at High Street, Dunbar	Private
35/26	Depute Chief Executive – Resources & Economy	Establishment Changes – March 2026	Private
36/26	Depute Chief Executive – Resources & Economy	Development Plan Scheme 17 (2025)	Public
37/26	Depute Chief Executive – Children & Communities	Funding for Communities 2026/27	Public
38/26	Depute Chief Executive – Resources & Economy	Sale of Land – Haddington	Private
39/26	Depute Chief Executive – Resources & Economy	Lease of Land – Haddington	Private
40/26	Director of Health & Social Care	Administrative Service Review – ELHSCP Planning and Performance	Private
41/26	Depute Chief Executive – Resources & Economy	Confirmation of Tree Preservation Order at Land to the East of Coalgate Avenue, Tranent [TPO no. 152 (2026)]	Public
42/26	Depute Chief Executive – Children & Communities	Interim Energy Retrofit Policy (Housing)	Public
43/26	Depute Chief Executive – Resources & Economy	Property Asset Review – Additional Post for Place Project	Public
44/26	Depute Chief Executive – Resources & Economy	Building Warrants Issued under Delegated Powers – March 2026	Public
45/26	Depute Chief Executive – Resources & Economy	Establishment Changes – April 2026	Private
46/26	Depute Chief Executive – Resources & Economy	Deed of Servitude and Licence for Works – Garvald	Private

47/26	Depute Chief Executive – Resources & Economy	Quarterly Customer Feedback Reporting Q4	Public
48/26	Depute Chief Executive – Children and Communities	Equally Safe in East Lothian – Consultation on Draft Strategy	Public
49/26	Head of Infrastructure	Grant of Servitude Rights - Whitecraig	Private
50/26	Depute Chief Executive – Resources & Economy	Building Warrants Issued under Delegated Powers – May 2026	Public
51/26	Head of Corporate Support	Establishment Changes for May 2026	Private

COMMITTEE:	East Lothian Council
MEETING DATE:	23 June 2026
BY:	Depute Chief Executive – Resources & Economy
REPORT TITLE:	Year-end Financial Review 2025/26
REPORT STATUS:	Public

1 PURPOSE OF REPORT

- 1.1 To provide an update on the draft financial position for the year ending 31 March 2026.

2 RECOMMENDATIONS

- 2.1 The Council is recommended to:
- a) Note the draft revenue and capital out-turn positions, that these are provisional and remain subject to audit.
 - b) Note the surplus generated by the IJB and that this has been transferred to the Council's IJB reserve, to be used exclusively on Council IJB activities.
 - c) Agree to provide a letter of guarantee to support the going concern assumption for Enjoy Leisure and Brunton Theatre Trust.
 - d) Agree to continue the budget mitigation measures noting they will remain under review through the quarterly monitoring process.
 - e) Agree to increase the unallocated reserves balance to £9.5 million.
 - f) Note the key performance information for Council Tax Collection, Rent Collection and Scottish Welfare Fund spending.
 - g) Agree to use the remaining funds that will transfer to the Council following the decision of the board to wind up East Lothian Land Limited for capital investment focused on Economic Development.

3 BACKGROUND

- 3.1 During 2025/26, the Council has considered financial reviews setting out the challenges of managing the financial position of the Council. 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 The Council will continue to face significant financial and other risks in future years, and these will continue to be 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 Council Leadership Team (CLT) 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 and the future implications going forward.
- 3.5 This report sets out the financial results for the 2025/26 financial year across all service areas. These results will remain in draft and subject to change pending the finalisation of the 2025/26 audit.

Unaudited Accounts – 2025/26

- 3.6 The draft accounts covering the financial year 2025/26 are in the process of being finalised for publication. The timetable for considering the final accounts is set out below:
 - In accordance with requirements, the Chief Financial Officer will be responsible for ensuring the draft accounts are submitted for audit by the statutory deadline of 30 June 2026. The draft accounts will be published on the council's website and in the Members' Library following submission to audit.
 - The audit will be undertaken between September and October 2026. Resourcing challenges within Audit Scotland mean that it will not be possible to commence the audit any sooner than this, and as a result the Council will not meet the statutory deadline for publishing its audited accounts.
 - Aligned to statutory requirements, the draft accounts will be available for public inspection during the first three weeks of July 2026.
 - Elected Members will be offered a briefing in August 2026 to support a wider understanding of the final accounts and the key issues contained in them.

- In August 2026, the draft accounts will be presented to Council for consideration to support formal requirements to enable Members to scrutinise the unaudited accounts by 31 August 2026.
 - Following an indication by external audit of their planned work schedule, the unaudited accounts are expected to be formally considered by Audit and Governance Committee at the end of November 2026.
- 3.7 The accounts and financial results will remain in draft pending the completion of the audit. If any material changes to the outturn position arise during the audit, members will be kept informed of this.

General Services Revenue Summary – 31 March 2026

- 3.8 An analysis of the financial position across service groups is set out in **Appendix 1** with further details in the paragraphs below.
- 3.9 Several budgets have been adjusted to reflect necessary accounting adjustments to ensure that the surplus or deficit in service areas reflects only costs that are chargeable direct to the taxpayer. The most significant of these adjustments relates to statutory accounting adjustments for pensions made under IAS19. The adjustment to budgets is to ensure that no budget variances arise from these accounting entries.
- 3.10 The budget approved by Council for 2025/26 set out planned use of reserves to achieve a balanced position. In summary, the year-end position before adjusting for transfers to and from earmarked reserves, is a balance of £825,000 which requires to be funded by reserves. This is within the planned drawdown of reserves approved as part of the budget.
- 3.11 The transfers to and from earmarked reserves totalled £4.547 million. These were:
- Scottish Future Trust Funding for Wallyford Learning Campus – £1.667 million (transferred to the SFT earmarked reserve)
 - Service Concessions Adjustments – £1.193 million (transferred to the service concession earmarked reserve)
 - Producer Responsibility Funding – £3.434 million (transferred to the EPR reserve)
 - Other Earmarked Reserves – £1.747 million decrease (£185,000 transferred to Ring-fenced Reserves and £1.932 million drawn down from the Transformation Reserve).
- 3.12 After taking the contributions to reserves into account, there is an overspend of £5.372 million to be funded from planned use of reserves per the agreed budget. This is less than the budgeted planned use of reserves which was £9.980 million; however, it is important to remember this has been taken from the Capital Fund reserve and is non-recurring.

Without these reserves, the Council would be reporting an overspend of £5.372 million.

- 3.13 After taking account of one-off costs to be funded from earmarked reserves, no Head of Service area is over budget. 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.
- 3.14 Non-service expenditure is showing an overspend of £2.6 million. As previously reported in February 2026 the main factors causing this pressure are the vacancy factor and undelivered savings from previous years being included in this area. The vacancy factor has been met by vacant posts in services and other underspends which are offsetting the prior year undelivered savings.
- 3.15 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.
- 3.16 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), £843,000** – External Residential and Alternative Interventions budget (contained within the Management line in **Appendix 1**)
 - **Education (Inclusion and Wellbeing), £901,000** – External day schools and residential costs
 - **Undelivered 2025/26 savings, £320,000** – more detail in section 3.21.
- 3.17 These pressures have been offset in 2025/26 by underspends in staffing. A number of these pressures will be recurring beyond this financial year.

Approved Mitigations

- 3.18 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.
- 3.19 In line with the decision in the 2024/25 year-end financial review presented to Council in June 2025, these mitigations should continue to be accepted as expected business practice and continued for the next 12 months.
- 3.20 These control measures will remain under review through the quarterly budget monitoring process. In 2025/26, no service was 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, of which £1.222 million have been delivered and £320,000 have not been delivered in full. **Appendix 2** sets out the position in more detail. The savings that are not achievable this year are:
- Increase income budget for s36 application fees £220,000 – this is a demand-led area, and the income can be impacted by the timing of major applications with several applications being made in March 2025 which may have impacted the income in 2025/26. This will remain part of our monthly risk-based budget monitoring.
 - Income Generation £100,000 – it is expected that this saving will 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. Ahead of quarter 1 in 2026/27 a review will be undertaken to measure the savings made to date and to adjust budgets appropriately.
 - Income generation, £500,000 – work is progressing towards delivery of this saving in 2026/27.

Reserves

- 3.23 The impact of the 2025/26 revenue out-turn will be a net increase in earmarked and unallocated reserves of £6.920 million, arising from the closing ledger position and adjustments to the unallocated, transformation and the affordable housing earmarked reserve detailed in **Appendix 1**. This comprises drawdowns for planned use of reserves, offset by contributions to earmarked reserves where funds will be required to fulfil a specific purpose in the future.
- 3.24 The Council's approved reserves strategy sets out the requirement to maintain a minimum unallocated balance on the general fund, which at the start of the financial year was set at 2.5% of the annual revenue budget. It is proposed to increase the unallocated reserves by £994,000 to £9.5 million to meet this target. This can be achieved through a transfer of reserves which had been earmarked for planned use during 2025/26 but were not required.
- 3.25 Similarly, a further £1.451 million can be allocated to other Earmarked Reserves for the same reasons as the unallocated balance. This comprises £607,000 to the Transformation Fund and £844,000 to the Ring-Fenced Reserves.
- 3.26 An indicative summary of general reserves at 31 March 2026 is provided in **Appendix 3**.
- 3.27 The closing reserves balance at 31 March 2026 enables unallocated balances to be maintained above the minimum acceptable level set out within the financial strategy. However, as noted in the 2024/25 Annual Audit Report:
- The Council's level of uncommitted general reserves as a percentage of overall budget is below the Scottish average as at 31 March 2025 of 3.2% (based on the 2025/26 budget, the minimum unallocated balance would need to increase to £11 million to align with the 2024/25 Scottish average).
 - The Council should continue to review the level of earmarked and uncommitted reserves to ensure these provide sufficient contingency and continue to support financial sustainability over the short, medium, and long term.
 - One of the key measures of the financial health of a body is the level of reserves held.
- 3.28 In addition, the risks around the low level of unallocated reserves relative to the level of risk facing the Council has continued to be raised within the Financial Strategy and wider Council finance reports. Given the extent of risk factors which the Council continues to face, it is essential that action is taken to preserve the unallocated general fund balance over the coming year, to ensure that the council holds adequate

contingency and would have the capacity to respond to any future unforeseen events.

Additional Scottish Government Funding

- 3.29 Since Council approved the 2025/26 budget in February 2025, there has been additional funding of £2.636 million from the Scottish Government to support policy commitments, which is unchanged since the Quarter 3 report. This is set out in more detail in **Appendix 4**.
- 3.30 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.

Council Tax

- 3.31 At this stage, there is a forecast surplus in the Council Tax budget of around £800,000 (slightly below 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 has been taken account of in the Council Tax assumptions for 2026/27.

Integration Joint Board

- 3.32 Following changes approved by Council in December 2025, IJB budgets were updated to remove services managed by the Head of Housing and the Head of Communities & Partnerships. The management of these resources remains in line with the scheme of integration and wider overall IJB resources.
- 3.33 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 supported by a 10% Council Tax increase.
- 3.34 The IJB has delivered an underspend of £1.4 million due to underspends in staffing, increased income, and lower commissioned care costs. This underspend includes the funding from unscheduled care monies of £625,000 previously reported to Council.
- 3.35 This underspend has been transferred to the IJB Council reserves balance which had previously been exhausted. This reserve is only used to fund Council IJB services and will not be used for any other purposes.
- 3.36 While this is a positive position, the decision to increase funding was taken following an overspend in 2024/25 of £2.8 million, which the Council had to fund from its own general reserves in line with section 9.14 of the scheme of integration as there were no IJB reserves available to the Council. This recognised the demand pressures being faced by IJB.

3.37 Underspend has been reported to Council throughout 2025/26, and it was expected that the additional funding would create initial respite in 2025/26 to ensure that IJB services operate within the resources available. However, demand pressures have not gone away and for 2026/27 Council services within the IJB will be operating in a complex and challenging environment due to:

- Lower growth in the Councils' Financial Settlement due to a decision by the Scottish Government to update the distribution of Adults Services funding to increase the importance of deprivation indices, which has reduced East Lothian's share of the funding by over £1 million.
- Increased savings targets which will be challenging to deliver.
- Continuing increase in population and the demographic impact of this on the demand for services.
- Continuing to support the delivery of care out with of hospital settings.

3.38 The Council's Chief Financial Officer has stressed the need to the IJB's Chief Financial Officer for the IJB 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.

Council's Group Components

3.39 In previous years, a "letter of guarantee" was provided to both Enjoy and Brunton Theatre Trust in closing off their final accounts. The "guarantee", whilst not prescriptive in respect of quantum, gave both organisations positive assurance that the Council would collaborate proactively with them to manage cash flow and fulfil their obligations should the need arise.

3.40 It is recommended that a similar "letter of guarantee" is supported for both Enjoy and Brunton Theatre Trust as part the 2025/26 accounts closedown.

Financial Sustainability

3.41 Given the risks and challenges facing the Council, it remains essential that the Council's financial strategy and wider policies support financial sustainability and capacity to sustain front-line service delivery over the medium term. These pressures arise from significant increases to the cost of delivering services, growing demands aligned to population growth, and continued reductions and direction in national funding. The recurring pressures mean that the five-year outlook for the Council reflects significant gaps between available funding and expenditure demands. Although a balanced budget has now been agreed for 2026/27, without significant increases in funding, the Council will face tough decisions about how the gap can be closed in the years beyond this.

- 3.42 In 2026/27, the Council has higher savings targets than in previous years at £4.6 million, which is almost three times the value of the savings in 2025/26. At this stage around £2.6 million of the total is assessed as being delivered with work ongoing to review progress in delivering the remaining £2 million. An update will be provided in the Quarter 1 financial review to be brought to Council in August 2026.
- 3.43 As a reminder, the Council has a minimum level of unearmarked general reserves. Any unplanned use of reserves arising from overspends will place this below the minimum agreed level and will require other earmarked reserves to be repurposed to replenish this. This presents a risk to the Council's capacity to enable change and reshape service delivery to deliver planned savings.
- 3.44 The national settlement remains aligned to the delivery of wider national policy commitments and settlement conditions which means there are limited options available to redirect funding streams without an impact on the specific policy delivery.
- 3.45 Alongside these national commitments, East Lothian remains one of the fastest growing councils in Scotland with population growth continuing to increase year on year. The ongoing costs and demands of supporting this growth alongside wider challenges remain significant. Without changes in how the Council delivers services and prioritises investment, the financial position will become unsustainable.

Performance Information within Revenues & Benefits

- 3.46 Council Tax in-year collection is slightly below target at Quarter 4. The final quarter has seen some personnel changes following the retirement of some highly experienced team members and work is ongoing to train newer team members, alongside a review of working methods to ensure that there is resilience and stability in the team. Work is also ongoing with other Revenues teams and Council Services such as the Contact Centre to share knowledge and streamline processes to help support service delivery and improve the customer experience.
- 3.47 Volumes of customer-related enquiries remain high, as expected; however, future service improvement work to offer a web chat service will help answer more general customer enquiries in a more efficient way. The Council website and online forms are being promoted wherever possible and in 2025/26 just over 46% of enquiries into the team was via an online form, an increase from 38% in the previous year.
- 3.48 796 new properties were added to the domestic property base in 20265/26 taking the property base to 54,708. Since 2011/12, the property base has increased by over 20%.
- 3.49 Debt recovery work has been initiated for unpaid current year Council Tax and work is ongoing 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
Q4 2025/26	96.44%	96.80%	-0.36%

- 3.50 Rent arrears have increased in the last quarter of 2025/26. A new team leader has been appointed and this service is also in the process of training new team members.
- 3.51 The migration from Housing Benefit to Universal Credit was completed in March and almost half of mainstream Council tenants are claiming this benefit.
- 3.52 Work is ongoing to ensure tenants are supported to remain in their homes, and to access advice and support wherever needed. The launch of the new Homefront leaflet helps to encourage anyone in need of help to get in touch. Face-to-face contact with tenants remains a key feature of service delivery and visiting tenants in their homes and at outreach locations has helped to build trust and good relationships with tenants and other community partners.
- 3.53 The team is currently working with Legal Services to plan for change in the court process effective from 1 April 2026 which may impact on arrears levels which will remain under review in 2026/27.

Period	Actual (£000)	Target (£000)	Variance (£000)
Q4 2025/26	£1,703	£1,433	£270

- 3.54 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 £731,000 was allocated by year-end, 89% of the budget. In addition, a further £75,000 of funding was made available to the Council as a redetermination at the end of the financial year. This additional funding along with the underspend of £84,000 will be carried forward to 2026/27 to support this budget.

Community Care Grants

Q4 2025/26	Q1	Q2	Q3	Q4	Total
Applications	379	336	368	291	1,374
Awards	247	210	204	173	834
Award Rate	65.17%	62.50%	55.43%	59.45%	60.70%
Total Award	£128,000	£126,000	£115,000	£80,000	£449,000
Av Award	£518.32	597.76	562.55	£464.12	£538.37

Crisis Grants

Q4 2025/26	Q1	Q2	Q3	Q4	Total
Applications	916	901	914	996	3,727
Awards	543	505	529	613	2,190
Award Rate	59.28%	56.05%	57.88%	61.54%	58.76%
Total Award	£72,000	£68,000	£68,000	£74,181	£282,181
Av Award	£132.98	£135.01	£128.26	£121.01	£128.85

General Services Capital Summary – 31 March 2026

- 3.55 **Appendix 5** shows the approved and updated 2025/26 budgets and expenditure for the financial year, showing spend of £56 million relative to the updated gross expenditure budget of £77 million. A sizeable proportion of the underspend has already been reprofiled as part of the work on the 2026/27 capital plan and will be used in future years. Where appropriate, this is matched against anticipated income in line with individual project requirements.
- 3.56 Capital income applied during 2025/26 was £15.2 million with the most significant element being capital receipts totalling £13.7 million.
- 3.57 A summary of the key movements from the Quarter 3 projections are shown below:
- Expenditure on the Cycling Walking Safer Streets line was higher than previously reported due to additional external funding for works at Dunbar Station and Wallyford Toll.
 - Within the fleet budget, 22 vehicles, including 2 gritters, have been delayed until 2026/27 due to delays and issues in the manufacturing of the vehicles.

- The actual spend for Whitecraig Primary School was lower than that anticipated at Quarter 3 because the final contractor claim has just been agreed and will be settled in the coming weeks. Officers can confirm that the new primary schools, Whitecraig, Blindwells and Craighall, have been delivered within the overall budget allocated across the three projects.
 - The spend on the link road at Cockenzie has increased due to change controls and contractor claims which are now settled. No further spend is expected on this project.
 - The PPP Projects includes the disclosure of the lease liability under IFRS 16 accounting as well as lifecycle capital spend.
- 3.58 The borrowing requirement reduced from a projected figure of £45.9 million to £41.2 million aligned to slippage in planned spending. Other significant income movements included an increase of £3 million in other funding received and a reduction in the amount of developer contributions applied due to movements in the projects they support.
- 3.59 Following the recent decision made by the board of directors for East Lothian Land Limited to wind up and transfer funds to East Lothian Council, it is recommended that these funds (estimated at £520,000) are used to support capital investment in economic development opportunities in the county. If approved by Council, this will be added to the Council's general services capital programme for 2026-31, with updates provided to Council through quarterly financial reporting.

Housing Revenue Account – 31 December 2025

- 3.60 The HRA is forecast to break even 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. Due to the additional void costs incurred, the CFCR has been reduced to ensure that the HRA meets its closing balance target. **Appendix 6** sets out the revenue spend for the year.
- 3.61 Looking ahead, to meet the key tests in the financial strategy, a £1 million HRA balance and a debt-to-income ratio below a 40%, a review of the rent strategy is ongoing. This will be informed by a 30-year HRA business plan which is in its initial iteration, an Asset Plan, and recommendations on a rent review. This will consider fully the requirements to maintain capital investment in modernising properties and building new council houses.
- 3.62 Capital expenditure was £35.2 million which is £8.6 million lower than the budget. Further details are provided in **Appendix 7**.
- 3.63 The Quarter 3 report noted the reasons for the underspend which is due to fewer new build completions and delays in progressing sites. The

impact of this was reflected in the five-year HRA budget approved in February 2026.

- 3.64 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 and offsets the reduction in CFCR noted in section 3.60.
- 3.65 There remain significant challenges in delivering the programme due to several factors including uncertainties on the level of subsidy, shortage of labour resources, uncertainty in the housing market due to the current economic situation, rising costs and challenges in awarding and mobilisation of contracts.

Conclusion

- 3.66 As highlighted throughout the year in the quarterly financial updates, this has been a positive financial year, with all services delivering within budget. However, the position is underpinned by record levels of additional investment in key services, including Children's Services and the IJB, enabled by a 10% council tax increase, additional funding and use of reserves. Looking ahead to 2026/27, the Council faces a significantly more challenging position with £4.6 million of savings to deliver, three times the target for 2025/26, and planned use of over £2 million of one-off reserves to balance the budget. This is alongside ongoing pressures from population growth, increasing service demand, and rising costs of service delivery.
- 3.67 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.
- 3.68 It should be recognised at this stage that 2026/27 will be a more challenging financial year.

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	
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 - Reserves
- 7.4 Appendix 4 – Additional Funding
- 7.5 Appendix 5 – General Services Capital
- 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 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
- 8.8 Council 17 February 2026 – Item 4 Quarter 3 Financial Review 2025/26

9 AUTHOR AND APPROVER DETAILS

Report Author(s)

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Date	1 June 2026

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	1 June 2026

Appendix 1
East Lothian Council
Budget Monitoring 2025/26 - Year-End

Service	Head of Service	Business Unit	2025/26 Budget £'000	Year to Date			2025/26 Budget Variance £'000	2025/26 Budget Variance %	Financial Risk Assessment
				2025/26 Actual £'000	2025/26 Budget £'000	2025/26 Budget £'000			
Education & Children's	Children's	Performance & Service Delivery	1,513	1,506	1,513	-7	-0.46%		
Education & Children's	Children's	Management	6,797	7,640	6,797	843	12.40%		
Education & Children's	Children's	Assessment HUB and Early Interventions	2,177	2,108	2,177	-69	-3.17%		
Education & Children's	Children's	Long Term Social Work Supervisory Groups	3,793	3,949	3,793	156	4.11%		
Education & Children's	Children's	TAC, Disability & Resources	2,078	1,959	2,078	-119	-5.73%		
Education & Children's	Children's	Fostering, Adoption & Internal Resources	6,388	5,559	6,388	-829	-12.98%		
Education & Children's	Children's	Early Years Intervention	1,113	848	1,113	-265	-23.81%		
Education & Children's	Children's	Disability Short Breaks	999	1,214	999	215	21.52%		
EDUCATION & CHILDREN'S	CHILDREN'S TOTAL		24,858	24,783	24,858	-75	-0.30%		
Education & Children's	Education	Inclusion & Wellbeing	15,877	16,778	15,877	901	5.67%		
Education & Children's	Education	Pre-School Education	17,392	17,335	17,392	-57	-0.33%		
Education & Children's	Education	Primary Schools	61,935	60,492	61,935	-1,443	-2.33%		
Education & Children's	Education	Secondary Schools	57,854	56,409	57,854	-1,445	-2.50%		
Education & Children's	Education	Schools' Support	4,097	3,591	4,097	-506	-12.35%		
EDUCATION & CHILDREN'S	EDUCATION TOTAL		157,155	154,605	157,155	-2,550	-1.62%		
EDUCATION & CHILDREN'S TOTAL			182,013	179,388	182,013	-2,625	-1.44%		
Council Resources	Finance	Financial Services	3,219	3,813	3,219	594	18.45%		
Council Resources	Finance	Revenues & Financial Support	5,234	4,494	5,234	-740	-14.14%		
Council Resources	Finance	Procurement	471	319	471	-152	-32.27%		
Council Resources	Finance	Strategic Change and Organisational Development	844	1,301	844	457	54.15%		
COUNCIL RESOURCES	FINANCE TOTAL		9,768	9,927	9,768	159	1.63%		
Council Resources	Corporate	IT Services	4,001	3,315	4,001	-686	-17.15%		
Council Resources	Corporate	People & Council Support	4,952	4,760	4,952	-192	-3.88%		
Council Resources	Corporate	Governance	2,595	2,500	2,595	-95	-3.66%		
Council Resources	Corporate	Strategy, Policy & Performance	0	19	0	19	0.00%		
Council Resources	Corporate	Communications	608	614	608	6	0.99%		
COUNCIL RESOURCES	CORPORATE TOTAL		12,156	11,208	12,156	-948	-7.80%		
COUNCIL RESOURCES TOTAL			21,924	21,135	21,924	-789	-3.60%		
Health & Social Care Partnership	Head of Operations	Adult Social Work	35,680	35,355	35,680	-325	-0.91%		
Health & Social Care Partnership	Head of Operations	Acute & Ongoing Care	11,206	10,815	11,206	-391	-3.49%		
Health & Social Care Partnership	Head of Operations	Rehabilitation	2,368	2,060	2,368	-308	-13.01%		
Health & Social Care Partnership	Head of Operations	Learning Disability & MH Community Services	22,106	22,053	22,106	-53	-0.24%		
Health & Social Care Partnership	Head of Operations	Head of Operations	5,173	6,709	5,173	1,536	29.69%		
Health & Social Care Partnership	Head of Operations	Business & Performance IJB	4,997	4,538	4,997	-459	-9.19%		
HEALTH & SOCIAL CARE PARTNERSHIP TOTAL			81,530	81,530	81,530	0	0.00%		
Place	Development	Planning & Environmental Services	1,253	1,167	1,253	-86	-6.86%		
Place	Development	Economic Development	833	850	833	17	2.04%		
Place	Development	East Lothian Works	1,282	1,280	1,282	-2	-0.16%		
PLACE	DEVELOPMENT TOTAL		3,368	3,297	3,368	-71	-2.11%		
Place	Housing	Community Housing Group	3,978	3,720	3,978	-258	-6.49%		
Place	Housing	Property Maintenance Trading Account	-1,137	-1,137	-1,137	0	0.00%		
Place	Housing	Housing, Strategy & Development	438	29	438	-409	-93.38%		
PLACE	HOUSING TOTAL		3,279	2,612	3,279	-667	-20.34%		
Place	Infrastructure	Asset Maintenance & Engineering Services	3,765	3,473	3,765	-292	-7.76%		
Place	Infrastructure	Strategic Asset & Capital Plan Management	-792	-1,482	-792	-690	-87.12%		
Place	Infrastructure	Facility Trading Activity	-428	-224	-428	204	47.66%		
Place	Infrastructure	Facility Support Services	3,903	3,528	3,903	-375	-9.61%		
Place	Infrastructure	Roads Services	4,410	4,722	4,410	312	7.07%		
Place	Infrastructure	Transportation	2,560	2,307	2,560	-253	-9.88%		
Place	Infrastructure	Waste Services	10,863	10,693	10,863	-170	-1.56%		
PLACE	INFRASTRUCTURE TOTAL		24,281	23,017	24,281	-1,264	-5.21%		
Place	Communities & Partnerships	Connected Communities	6,515	6,429	6,515	-86	-1.32%		
Place	Communities & Partnerships	Protective Services	2,405	2,226	2,405	-179	-7.44%		
Place	Communities & Partnerships	Landscape & Countryside Management	7,474	7,305	7,474	-169	-2.26%		
Place	Communities & Partnerships	Active Business Unit	4,124	4,206	4,124	82	1.99%		
Place	Communities & Partnerships	Customer Services Group	4,792	4,466	4,792	-326	-6.80%		
PLACE	COMMUNITIES & PARTNERSHIPS TOTAL		25,310	24,632	25,310	-678	-2.68%		
PLACE TOTAL			56,238	53,558	56,238	-2,680	-4.77%		
SERVICE TOTAL			341,705	335,611	341,705	-6,094	-1.78%		
Non-Service Expenditure Sub-Total			24,237	26,892	24,237	2,655	10.95%		
Total Expenditure			365,942	362,503	365,942	-3,439	-0.94%		
Funded By Sub-Total			-365,942	-361,678	-365,942	4,264	1.17%		
Net Expenditure			0	825	0	825	0.23%		
Transformation Fund						-1,932			
Ring Fenced Funds and Other balances						185			
Service Concession reserve						1,193			
EPR Earmarked Reserve						3,434			
SFT Earmarked Reserve						1,667			
Total Contribution to / from reserves						4,547			
Planned Budgeted Use of Reserves						-5,372			
NET EXPENDITURE						-825			
REVISED POSITION ADJUSTED FOR RESERVES						0			
MOVEMENT IN RESERVES									
Ledger Overspend						825			
Increase in Empty Homes Premium for Affordable Housing Reserve						72			
Ring Fenced Funds and Other balances						-844			
Transformation Fund						-607			
Increase in Contingency Reserve						-994			
Reduction in Capital Grants Unapplied						526			
Reduction in Capital Receipts						9,213			
Increase in Capital Fund General Services						-596			
HRA						416			
Total Movement in Reserves						8,011			
Usable Reserves									
Opening Usable Reserves						-58,065			
Movement in Reserves						8,011			
Closing Usable Reserves						-50,054			

Appendix 2
East Lothian Council
2025/26 Budget Efficiencies - Year-End

Service	2025/26			
	Achieved	Amber	Not Achieved	
	£'000	£'000	£'000	
Education	521	0	0	
Finance	120	0	0	
Corporate Services	104	0	0	
Development	135	0	220	
Housing	50	0	0	
Infrastructure	172	0	0	
Communities	120	0	0	
Non Service Expenditure	0	0	100	
Total	1,222	0	320	1,542
	79.25%	0.00%	20.75%	

Appendix 3
East Lothian Council
2025/26 Reserves

Description	Opening Balance	Changes	Closing Balance 2025/26
	£'000	£'000	£'000
General Fund Reserve			
Earmarked			
Transformation Fund	-17,039	1,325	-15,714
DSM	-1,148	0	-1,148
Ring Fenced Funds and Other balances	-1,926	-1,029	-2,955
Service Concession reserve	-2,116	-1,193	-3,309
SFT Earmarked Reserve	-3,014	-1,667	-4,681
EPR Earmarked Reserve	0	-3,434	-3,434
Empty Homes Premium for Affordable Housing	-2,379	72	-2,307
Total Earmarked Reserves	-27,622	-5,926	-33,548
Contingency	-8,506	-994	-9,500
Total General Fund Reserves	-36,128	-6,920	-43,048
Other Reserves			
Insurance Fund	-2,684	0	-2,684
Capital Receipts Reserve	-11,338	9,213	-2,125
Capital Grants Unapplied Account	-5,898	5,898	0
Capital Fund General Services	0	-596	-596
HRA	-2,017	416	-1,601
Total Other Reserves	-21,937	14,931	-7,006
Total Reserves	-58,065	8,011	-50,054

Appendix 4

East Lothian Council

Budget Monitoring 2025/26 - Additional Funding from the Scottish Government

	£million
2025/26 GRG (per Budget Amendment)	265.319
<hr/>	
Additional Funding - GRG	
<hr/>	
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
<hr/>	
Total Additional Funding	2.636
<hr/>	
Revised GRG	267.955
<hr/>	

Appendix 5
East Lothian Council
General Services Capital Budget Monitoring Summary 2025/26
Year-End

	Annual (In-Year)						
	Approved Budget 2025/26	Updated Budget 2025/26	Actual 2025/26	Updated Budget-Actual Variance 2025/26	Previously reported Outturn to Council	Actual to P9 Projection Variance	Reprofiled during budget process
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure							
Community Projects							
Community Intervention	200	242	-	(242)	242	(242)	-
Community Facility Transformation	100	100	-	(100)	100	(100)	-
Community Intervention Fund - Pump Tracks	360	580	141	(440)	190	(49)	139
Community Public Art	-	155	1	(155)	50	(49)	-
Bleachingfield Centre Remodelling Works	2	18	2	(16)	8	(6)	-
Dunbar Conservation Area Regeneration Scheme (CARS)	575	775	-	(775)	525	(525)	250
Support for Business	-	-	8	8	-	8	-
CCTV	169	212	46	(166)	50	(4)	-
Town Centre Regeneration	-	57	29	(28)	635	(606)	-
Total Community Projects	1,406	2,139	226	(1,913)	1,800	(1,573)	389
Town Centre Regeneration (PBIP) Grant	(208)	(265)	(88)	177	(528)	440	-
Other Funding Sources	(510)	(1,101)	(738)	363	(880)	142	(277)
GCG REFCUS	-	-	-	-	-	-	-
Total Income: Community Projects	(718)	(1,366)	(826)	539	(1,408)	581	(277)
Community Projects - General Capital Grant/Borrowing Requirement	689	774	(600)	(1,374)	392	(992)	112
ICT							
IT Programme & Digital Opportunities	2,200	2,200	2,011	(189)	2,200	(189)	-
Telecare System upgrade to Digital	121	121	300	179	253	47	-
Total ICT	2,321	2,321	2,311	(10)	2,453	(142)	
Other Funding Sources	-	-	-	-	-	-	-
Total Income: ICT	-	-	-	-	-	-	-
ICT - General Capital Grant/Borrowing Requirement	2,321	2,321	2,311	(10)	2,453	(142)	0
Fleet							
Amenties - Machinery & Equipment - replacement	200	200	206	6	206	0	-
Vehicles	5,774	7,493	2,019	(5,474)	3,500	(1,481)	1,719
Total Fleet	5,974	7,693	2,225	(5,467)	3,706	(1,481)	1,719
Other Funding Sources	-	-	-	-	-	-	-
Total Income: Fleet	-	-	-	-	-	-	-
Fleet - General Capital Grant/Borrowing Requirement	5,974	7,693	2,225	(5,467)	3,706	(1,481)	0
Open Space							
Synthetic Pitch Replacement Programme	350	318	255	(63)	301	(46)	-
Cemeteries (Burial Grounds)	400	584	74	(509)	75	(1)	509
Climate Change Emergency	800	800	30	(770)	150	(120)	-
Coastal / Flood Protection schemes - Musselburgh	1,394	1,714	1,075	(640)	650	425	164
Coastal Change Management	166	166	76	(90)	95	(19)	71
Coastal Car Park Toilets	4	44	41	(3)	47	(5)	-
Core Path Plan	100	200	27	(173)	27	(0)	-
Harbour Walls	250	250	-	(250)	-	-	250
Nature Restoration	120	120	97	(23)	120	(23)	-
Replacement Play Equipment	545	545	541	(4)	545	(4)	-
Polson Park	140	160	-	(160)	-	-	140
Sports and Recreation LDP	2,237	2,654	551	(2,103)	558	(7)	1,977
Street litter bin replacement	40	40	40	(0)	40	(0)	-
Waste - New Bins	150	150	165	15	165	(0)	-
Waste - Machinery & Equipment - replacement	50	50	23	(27)	15	8	-
Total Open Space	6,746	7,796	2,997	(4,799)	2,788	209	3,111
Developer Contribution	(1,274)	(1,615)	(401)	1,215	(410)	10	(1,195)
Capital Receipts	-	-	-	-	-	-	-
Other Funding Sources	(325)	(404)	(532)	(128)	(487)	(45)	-
Total Income: Open Space	(1,599)	(2,019)	(933)	1,086	(897)	(35)	(1,195)
Open Space - General Capital Grant/Borrowing Requirement	5,146	5,777	2,064	(3,713)	1,891	173	1,916
Roads, Lighting and related assets							
Cycling Walking Safer Streets	496	739	2,895	2,156	739	2,156	-
Parking Improvements	878	1,181	419	(762)	300	119	599
Roads	-	-	-	-	-	-	-
Roads - Structures, Traffic Signals, Area Partnerships	620	620	548	(72)	620	(72)	-
Roads - Carriageways	4,480	4,480	4,620	140	4,380	240	-
Roads - Footways	950	950	786	(164)	950	(164)	-
Roads - Street Lighting	450	450	704	254	550	154	-
Roads - Externally Funded Projects	3,459	3,459	2,507	(952)	2,331	177	-
Total Roads, Lighting and related assets	11,333	11,880	12,478	598	9,870	2,609	599
Developer Contribution	(453)	(453)	112	341	-	(112)	-
Other Funding Sources	(3,006)	(3,013)	4,431	(1,418)	(2,338)	(2,093)	-

Appendix 5
East Lothian Council
General Services Capital Budget Monitoring Summary 2025/26
Year-End

	Annual (In-Year)						
	Approved Budget 2025/26	Updated Budget 2025/26	Actual 2025/26	Updated Budget-Actual Variance 2025/26	Previously reported Outturn to Council	Actual to P9 Projection Variance	Reprofiled during budget process
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure							
Total Income: Roads, Lighting and related assets	(3,459)	(3,466)	(4,543)	(1,077)	(2,338)	(2,205)	-
Roads etc. - General Capital Grant/Borrowing Requirement	7,874	8,414	7,935	(478)	7,532	403	599
Property - Education							
Aberlady Primary - extension	3,935	4,245	62	(4,183)	50	12	4,195
Blindwells Primary - new school	1,632	4,610	3,514	(1,096)	4,210	(696)	400
Craighall Primary - New School	1,572	4,930	3,316	(1,614)	4,530	(1,214)	400
East Linton Primary School - Toilet Upgrades	-	-	3	3	50	(47)	-
Elphinstone Primary - extension	-	-	-	-	50	(50)	-
Free School Meals Expansion to P6-7	-	83	47	(36)	83	(36)	-
Haddington Primary School (Lower Campus)	47	47	-	(47)	47	(47)	-
Gullane Primary - extension including Early Learning and 1140	-	-	6	6	-	6	-
Kingsmeadow Primary School (Upper Campus)	25	26	16	(10)	26	(10)	-
Knox Academy Extension	-	52	36	(16)	394	(358)	-
Law Primary - extension including Early Learning and 1140	-	25	43	17	25	17	-
Letham Primary - New School	47	47	11	(35)	15	(4)	32
Letham Primary - Extension	-	-	-	-	-	-	-
Longniddry Primary & Nursery - Extension	-	-	6	6	50	(44)	-
North Berwick High School - Extension	-	143	72	(71)	143	(71)	-
Ormiston Primary - extension	100	100	-	(100)	100	(100)	-
Pinkie St Peter's Primary - sports hall extension	-	6	18	12	-	18	-
Pinkie St Peter's Primary - extension including Early Learning and 1140	-	278	71	(207)	210	(139)	68
Ross High School - extension	-	13	1	(13)	15	(14)	-
St Gabriel's Primary School	-	-	-	-	-	-	-
School Estate - Curriculum Upgrades	-	267	(12)	(279)	(12)	-	-
School Estate - Security Upgrades	232	232	5	(226)	85	(80)	146
School Estate - ASN Provision Space	140	140	125	(15)	140	(15)	-
Wallyford Primary - New School	115	120	26	(94)	30	(4)	90
Wallyford Learning Campus	-	766	429	(337)	746	(317)	-
Whitcraig Primary - new school including Early Learning and 1140	2,297	9,427	9,420	(7)	10,827	(1,407)	-
Windygoul Primary - Early learning and 1140 extension	156	156	-	(156)	156	(156)	-
Total Property - Education	10,296	25,713	17,216	(8,497)	21,970	(4,754)	5,331
Developer Contribution	(3,030)	(5,839)	(2,782)	3,057	(5,440)	2,658	(892)
1140 Grant Income	(173)	(173)	-	173	(156)	156	(17)
Other Funding Sources	-	(25)	(449)	(423)	(25)	(423)	-
Total Income: Property - Education	(3,203)	(6,037)	(3,231)	2,807	(5,622)	2,391	(909)
Property Education - General Capital Grant/Borrowing Requirement	7,093	19,676	13,986	(5,690)	16,348	(2,363)	4,423
Property - Other							
Accelerating Growth	8,533	6,188	8,755	2,567	7,173	-	-
- Cockenzie	2,369	2,369	3,967	1,598	2,662	1,305	-
- Levelling Up Project Cockenzie	6,164	3,819	4,788	969	4,511	277	-
- Blindwells	-	-	-	-	-	-	-
- Innovation Hub	-	-	-	-	-	-	-
- A1/QMU Junction	-	-	-	-	-	-	-
Court Accommodation	22	22	1	(21)	5	(4)	17
Demolitions - various sites	369	369	132	(237)	250	(118)	119
Eskmill Fire Station Demolition	17	17	25	9	17	9	-
Relocation of Haddington Day Centre to Tynebank Resource Centre	1,325	1,325	5	(1,320)	13	(8)	1,222
Loch Centre Tranent - Major Refurbishment Works	276	970	258	(712)	304	(46)	659
Demolition of TUs	84	84	1	(83)	30	(29)	-
New ways of working Programme	990	1,368	448	(921)	500	(52)	868
Prestongrange Museum	833	2,096	1,531	(565)	2,096	(565)	-
Property Renewals	3,000	3,112	2,893	(219)	3,112	(219)	-
Replacement Childrens House	1,101	1,101	282	(819)	200	82	901
Sports Centres	240	240	405	165	240	165	-
Total Property - Other	16,791	16,893	14,737	(2,156)	13,939	798	3,787
Developer Contribution	-	-	-	-	-	-	(0)
Capital receipts	(2,369)	(2,369)	(3,951)	(1,582)	(2,662)	(1,289)	-
TCR	-	(162)	(162)	-	(162)	-	-
Other Funding Sources	(5,266)	(2,921)	(3,250)	(328)	(3,068)	(182)	-
Total Income: Property - Other	(7,635)	(5,453)	(7,363)	(1,911)	(5,892)	(1,471)	-
Property Other - General Capital Grant/Borrowing Requirement	9,156	11,440	7,374	(4,067)	8,047	(673)	3,787
Total Property Spend - Education and Other	27,087	42,606	31,953	(10,653)	35,909	(3,956)	9,118
Total Income: Property - Education and Other	(10,839)	(11,490)	10,594	896	(11,514)	920	(909)
Property-Education and Other - General Capital Grant/Borrowing Requirement	16,248	31,116	21,360	(9,757)	24,396	(3,036)	8,209
Capital Plan Fees	2,650	2,650	3,006	356	2,650	356	-
PPP Projects	-	-	1,230	1,230	-	1,230	-
Total Gross Expenditure	57,517	77,085	56,428	(20,657)	59,176	(2,748)	14,936
Other Funding Sources	-	-	(445)	(445)	-	445	-

Appendix 5
East Lothian Council
 General Services Capital Budget Monitoring Summary 2025/26
 Year-End

	Annual (In-Year)						
	Approved Budget 2025/26	Updated Budget 2025/26	Actual 2025/26	Updated Budget-Actual Variance 2025/26	Previously reported Outturn to Council	Actual to P9 Projection Variance	Reprofiled during budget process
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure							
PPP Lease Liability Restatement	-	-	(785)	(785)	-	785	-
Total Income:PPP Projects	-	-	(1,230)	(1,230)	-	1,230	-
Income							
Developer Contribution	(4,758)	(7,907)	(3,295)	4,612	(5,850)	2,555	(2,087)
1140 Grant Income	(173)	(173)	-	173	(156)	156	(17)
GCG REFCUS	-	-	-	-	-	-	-
Town Centre Regeneration (PBIP) Grant	(208)	(427)	(251)	177	(690)	440	-
Flood scheme general capital grant	14,134	14,134	14,134	-	14,134	-	-
PPP Lease Liability Restatement	-	-	(785)	(785)	-	(785)	-
Capital receipts	(7,369)	(7,369)	(13,687)	(6,318)	(12,398)	(1,289)	-
Other Funding Sources	(9,107)	(7,464)	(9,844)	(2,380)	(6,798)	(3,046)	(277)
Scottish Government General Capital Grant	(1,282)	(1,282)	(1,476)	(194)	(1,476)	-	-
Total Income	(8,763)	(10,489)	(15,204)	(4,715)	(13,234)	(1,970)	(2,381)
Borrowing Requirement	48,754	66,596	41,224	(25,372)	45,942	(4,718)	12,556

Appendix 6
 East Lothian Council
 Budget Monitoring HRA 2025/26 - Year-End

	2025/26 Budget £'000	2025/26 Actual £'000	2025/26 Variance (Surplus) / Deficit £'000
Total Income	-43,940	-43,885	55
Total Expenditure	40,956	41,860	904
(Surplus) / Deficit for Year	-2,984	-2,025	959

	2025/26 Budget £'000	2025/26 Actual £'000
Management of Balances		
Opening (Surplus) / Deficit	-2,017	-2,017
CFCR	3,400	2,441
(Surplus) / Deficit for Year	-2,984	-2,025
Closing (Surplus) / Deficit	-1,601	-1,601

Appendix 7
East Lothian Council
Budget Monitoring HRA Capital 2025/26 - Year-end

	2025/26 Budget	2025/26 Actual	2025/26 Variance (Surplus) / Deficit
	£'000	£'000	£'000
Modernisation	15,875	15,885	10
New Council Housing	26,169	16,454	-9,715
Fees	1,496	2,834	1,338
Mortgage to Rent	280	0	-280
TOTAL	43,820	35,173	-8,647

Funded By:

	2025/26 Budget	2025/26 Actual	2025/26 Variance (Surplus) / Deficit
	£'000	£'000	£'000
Grants	-6,040	-6,556	-516
Grants MTR	-196	0	196
CFCR	-3,400	-2,441	959
Borrowing	-34,184	-26,176	8,008
TOTAL	-43,820	-35,173	8,647

COMMITTEE:	East Lothian Council
MEETING DATE:	23 June 2026
BY:	Director of Health and Social Care
REPORT TITLE:	East Lothian Integration Joint Board Budget-setting Report
REPORT STATUS:	Public

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to reflect on some of the initiatives delivered by the East Lothian Integration Joint Board (IJB) in 2025/26, and to provide East Lothian Council with an understanding of the outcome of the IJB budget-setting process for Council delegated services for 2026/27.

2 RECOMMENDATIONS

- 2.1 Council is asked to note the contents of this report and the implications of the Council funding allocation on their delegated services.
- 2.2 Council is asked to note that the budget offer reflects the funding provided for 2026/27 but does not consider the substantial forecast financial gaps in funding projected beyond 2026/27 which remain a significant risk for the IJB in delivering a balanced budget and maintaining service delivery levels.

3 BACKGROUND

- 3.1 The IJB set a balanced budget for 2025/26 and started the financial year with a strong financial base. This allowed us to perform well on range of performance indicators including delayed discharge rates, readmission rates, hospital occupancy rates and supporting East Lothian residents at home rather than in hospital.

3.2 The following summaries highlight a range of positive developments that we were able to implement to support the East Lothian population in line with the IJB’s strategic objectives:

- Care at Home wrap around service – provides short-term prevention support in a community setting for vulnerable people to help them stay safe and well at home.
- Additional Unscheduled Care Funding enabled us to extend in reach services across 7 days, increasing capacity by 28 new patients per week, maintaining system flow, and reducing patient length of stay.
- An additional c. 800 hours per week of Care at Home provision delivered each week
- Carer support – expanded hospital-based carer support worker provision to cover the remaining 2 wards at East Lothian Community Hospital and support people from all over Lothian.
- Transformational development of the Falls service into an outpatient clinic-based model which moves the service to a prevention model, providing more focus on early identification and intervention of falls.
- Self-Directed Support – development and progression of the SDS Improvement Plan which aims to make SDS a positive empowering experience that helps people live well, stay connected and achieve their outcomes

3.3 The Council funding offer letter to the IJB included a request that the IJB bring a formal report to the Council on the outcome of the IJB budget-setting process and the implications of the funding offer on Council delegated services. This includes how the planned additional investment would be applied.

3.4 The funding offer from the Council is summarised in **Table 1** below.

Table 1

<u>East Lothian Council - 2026/27 Funding Offer</u>	
	£m
2026/27 Adult Wellbeing Budget	81.53
<u>Additional Resources</u>	
Scottish Government Funding for Pay Awards	0.119
New National Investment	2.354
East Lothian Council - Additional Investment	1.105
2026/27 Total IJB Resource	<u>85.108</u>

- 3.5 This report sets out the outcomes of the IJB budget-setting process and provides further details of the implications of the process for Council delegated services.

Budget-setting Process

- 3.6 The IJB agreed a balanced budget position for 2026/27 at its meeting in March 2026. This was based on the funding offer letter from East Lothian Council and the indicative funding offer letter from NHS Lothian. Table 2 below summarises the IJB’s baseline pressures and the additional spend and commitments, and the additional resources, identified through the Council and NHS financial planning process.
- 3.7 The plans of both Partners identify a funding gap, which is closed through the identification and delivery of efficiencies. This enabled the IJB to set a balanced budget.

Table 2

<u>IJB Financial Plan 2026/27</u>			
	Health £m	Council £m	Total £m
Recurring Pressures	(6.654)	(3.894)	(10.548)
Recurring Resources	3.511	3.294	6.805
Total	(3.143)	(0.600)	(3.743)
Efficiencies	3.143	0.600	3.743
Projected Position	0.000	0.000	0.000

N.B. Negative figures are overspends in the above table

- 3.8 In setting a balanced budget at the start of the year, the IJB was able to present clear directions to the Partners and implement a planned approach to identifying and evaluating efficiencies and transformational change plans going forward.

Implications for Council Delegated Services

- 3.9 A high-level summary of the Council Financial Plan pressures identified and funding allocated to the IJB through the Council Budget Extract is set out in Appendix 1. The additional pressures total £4.178m and the Council Financial Plan identified 3 separate sources of funding to fully fund the increased spend. These are summarised below:

Policy Commitment Funding

£2.473m funding was allocated to the IJB for new policy commitments, including £2.070m for the Real Living Wage, and Free Nursing and Personal Care. An additional £0.119m related to the additional 0.5% pay award directly funded by Scottish Government. And a subsequent

allocation of £0.284m was also made to address a further gap in inflationary uplifts for policy commitments. In line with Scottish Government expectations, the Council has passed through the funding to the IJB. The financial impact of these policy decisions is still being assessed. Any shortfall will become a pressure for the IJB.

Additional Investment Funding

£1.105m of additional funding was allocated to the IJB. Of this funding £0.755m was to fund the base pay uplift awarded to Council staff of 3%. This will fully fund the pay awards for Council employees in 2026/27.

A further £0.350m was allocated to address existing and emerging pressures. These include pressures within Care at Home services, Learning Disabilities services and Replacement Care.

Efficiencies

£0.600m of efficiencies have been identified, with schemes in place to fully fund the remaining gap. These efficiencies contribute to the setting of a balanced budget and enable known and anticipated pressures such as Learning Disabilities transitions from Children's services to be funded.

3.10 The IJB's Medium-term Financial Plan projects significant financial gaps in future years. In order to continue to deliver a balanced budget the IJB will need to plan ahead for further efficiencies during 2026/27. All areas continue to look at ways in which services can be delivered more efficiently, including:

- a reduction in service delivery
- greater focus on prevention and early intervention
- service redesign
- transformational change
- the financial landscape continues to be exceptionally challenging with key risks outlined below.

Challenges and Risks

3.11 A number of challenges and risks arise from the funding allocations received from the Council. The key ones are highlighted below:

- That policy funding will not cover the financial impact of national and local contract agreements. Regular monitoring and reporting will highlight any issues and enable mitigating actions to be identified.
- There is a risk that the efficiency schemes identified to deliver the £0.6m funding gap in 2026/27 do not deliver in full. The schemes identified are the result of a robust assessment process and are rated as medium/low risk of under-delivery, but they will be closely monitored to ensure the IJB receives regular reports.
- Demographic growth – the population of East Lothian is forecast to continue to increase year on year, and this will bring increased demand for services, e.g. Care at Home services.

- Service demand – further financial modelling is underway to assess the financial and operational challenges arising from the increased demand for services.
- There is a risk that contract renewals are not possible to agree as service providers' requirements exceed available funding, resulting in changes in service capacity. To date the IJB has not agreed to any additional uplifts requested as a result of the employer national insurance rate rise in 2025/26.
- The IJB has agreed a new Strategic Plan for the period to 2030/31 and there is a risk that the aims and objectives highlighted in the plan are not deliverable within the funding available. We note the challenge around a 5-year strategic plan against a year-on-year funding settlement.

3.12 The Council funding offer to the IJB was a fair offer, fully funding pay awards and passing through the funding for policy decisions. However, projected gaps on future year financial plans indicate that further substantial levels of efficiencies will be required to enable a balanced budget position to be delivered in the coming years.

4 POLICY IMPLICATIONS

4.1 There are no new policies arising from this paper.

5 RESOURCE AND OTHER IMPLICATIONS

5.1 Finance: as described within the report and supporting appendix.

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.

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 - IJB Financial Plan Extract

8 BACKGROUND PAPERS

8.1 None

9 AUTHOR AND APPROVAL DETAILS

Report Author(s)

Name	Mike Porteous
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Tel/Email	Mike.porteous@nhs.scot
Date	12 June 2026

Head of Service Approval

Name	Fiona Wilson
Designation	Director of Health and Social Care
Confirmation that IIA and other relevant checks (e.g. finance/legal) have been completed	Yes
Approval Date	12 June 2026

APPENDIX 1

Reconciliation of IJB Position						
Growth	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	£000	£000	£000	£000	£000	£000
Pay	874	769	792	544	555	3,534
Inflation & indexation	2,274	1,782	1,819	1,222	1,226	8,323
Growth including RCC	1,030	987	760	653	500	3,930
TOTAL	4,178	3,538	3,371	2,419	2,281	15,787
Additional Investment from East Lothian Council	-1,105	0	0	0	0	-1,105
RSG - funding for new policy commitments	-2,473	-1,500	-1,500	-1,000	-1,000	-7,473
TOTAL	-3,578	-1,500	-1,500	-1,000	-1,000	-8,578
FUNDING GAP - IJB	600	2,038	1,871	1,419	1,281	7,209
Existing savings plans	-600	0	0	0	0	-600
FUNDING BUDGET GAP - IJB	0	2,038	1,871	1,419	1,281	6,609

N.B. In keeping with Council financial presentation positive figures are pressures and negative figures are resources

COMMITTEE:	East Lothian Council
MEETING DATE:	23 June 2026
BY:	Depute Chief Executive – Children and Communities
REPORT TITLE:	Trusts and Funds
REPORT STATUS:	Public

1 PURPOSE OF REPORT

- 1.1 To advise Council on the work of the Task Force established to consider future governance and administration of current Trusts and Funds in its care, and to seek approval to establish a new Scottish Charitable Incorporated Organisation (SCIO) to manage the majority of these funds.

2 RECOMMENDATIONS

Members are recommended to:

- 2.1 Note the work of the Task Force and approve the continuation of the Task Force to facilitate progression through the next phases and stages of this project.
- 2.2 Approve the creation of a SCIO, named East Lothian Benefactors SCIO, to commence the interim stage, facilitating the transfer and management of trust funds.
- 2.3 Approve the appointments of Councillors Akhtar, McGinn, McGuire, and Menzies as the named members for the SCIO application.
- 2.4 Approve the appointment of the Head of Finance, Head of Communities and Partnerships, Service Manager, Governance and Alasdair Swan (being a member of the Task Force) as the interim SCIO Trustees to supervise the required re-organisation of the funds.
- 2.5 Note that during the transitional period, access to trust funds by beneficiaries will continue under the current arrangements.

- 2.6 Delegates to the Head of Communities and Partnerships to identify dormant entries registered against East Lothian Council by OSCR and take steps to remove such entries from the register.
- 2.7 Delegates to the Head of Communities and Partnerships, in consultation with the Head of Finance, to commission external advice as required to support this review, with costs being recharged on a proportionate basis to the trust funds.

3 BACKGROUND

- 3.1 At its meeting of 27 June 2023, East Lothian Council approved recommendations that:
 - Agreed in principle the proposal to explore the transfer of stewardship and administration of the Trusts Funds to a specialist third party, noting that this excluded the Richardson Bequest.
 - Authorised the Head of Finance to consult Group Leaders to progress the transfer of stewardship to a specialist third party, subject to confirmation that this option will maximise best value for the Trust Funds.
 - Noted that some funds, particularly those with property assets, may be retained within the stewardship and administration of the Council.
- 3.2 Following discussions between East Lothian Community Benefits SCIO representatives and East Lothian Council earlier this year in 2026, it was suggested and agreed that the Head of Communities and Partnerships would lead a Task Force into the unlocking of Trust Funds.
- 3.3 A SCIO is a legal structure created specifically for charities in Scotland, regulated solely by OSCR (the Office of the Scottish Charity Regulator), which means it is simpler and less burdensome to administer than older models that require dual regulation by both OSCR and Companies House.
- 3.4 A SCIO has to be formed by a minimum of two natural persons (i.e. not a corporate body) who are the first members of the charity. This means, we must have at least two Councillors named on the application. It is proposed that all Councillors on the Task Force would be named for this purpose. This is because it is proposed that the membership of the SCIO is only open to Elected Members of the Council and all Councillors will be members of the SCIO when it is established. The trustees, according to the proposed eligibility, can be anyone, and for an interim phase it would be proposed that it would be those referred to in paragraph 3.13 of this report. Once the SCIO is operational it is envisaged appropriate community representatives will take on the role of Trustees.
- 3.5 The Trust Funds Advisory Task Force was established to review the Council's trust funds and develop recommendations to rationalise and

modernise their management. Its purpose was to improve accessibility, strengthen governance, and maximise public benefit, including consideration of establishing a SCIO to deliver a more effective and sustainable model aligned with current community needs.

3.6 Task Force members were written to on 27 February 2026 inviting them to be part of a short-life Advisory Task Force to East Lothian Council in considering future governance and administration of current Trusts and Funds held by the Council, with the intent of providing the benefit for East Lothian communities. A schedule of meetings was set for the months of March, April and May, with the aim of reporting to Council in the summer of 2026 with considered recommendations.

3.7 Advisory Task Force Members were made up of the following:

Chair – ELC Head of Communities & Partnerships, Eamon John

ELC Head of Finance, Ellie Dunnet

ELC Service Manager for Governance, Carlo Grilli

East Lothian Community Benefits SCIO, Alasdair Swan

East Lothian Community Benefits SCIO, Jacqueline Campbell

Foundation Scotland, Steff Bell

VCEL Chief Officer, Maureen Allen

Former Area Partnership Chair, North Berwick Coastal, Hilary Smith

Vice Chair, Musselburgh Area Partnership, Alister Hadden

Councillor and Cabinet Spokesperson for Communities, Colin McGinn

Councillor and Opposition Spokesperson for Communities, Lee-Anne Menzies

Councillor and Depute Council Leader, Shamin Akhtar

Councillor and Conservative Group Leader, George McGuire

3.8 Key considerations for the Task Force work included but was not limited to the list of funds, their purposes and any associated deeds, context for re-purposing funds, consideration of other local authorities engaged in and undertaking similar work and their approaches, engagement with OSCR to understand opportunities for us in our approach and associated realistic timelines.

3.9 Following a series of productive meetings, the task force concluded that the most effective way to progress this work is through the creation of a single, modernised charitable structure that:

- Simplifies fragmented legacy trust funds

- Improves public accessibility and uptake
 - Strengthens governance, transparency and impact
 - Aligns fund use with current community needs.
- 3.10 If recommendations in this report are approved this would commence the process to re-align the purpose and operation of certain trusts of which the trust purposes are now outdated and historical in nature. This report is intended to begin the process to permit the funds within these trusts to be utilised in a way that recognises the original trust purpose and at the same time would facilitate appropriate distribution of such funds.
- 3.11 It has become clear through the work of the Task Force that this work will require to be done in stages and phases. There is complexity and nuance involved that requires time on task which explains why many local authorities are experiencing the same challenges in unlocking historic trusts and funds. While this work is ongoing, access to trust funds will continue under the existing arrangements.
- 3.12 The Task Force has been as one, however, in its considered advice to both unlock and re-purpose funds where possible. This report therefore recommends that Council agrees to establish a new SCIO umbrella charity, and to explore the transfer of appropriate trust funds into the SCIO.
- 3.13 If this recommendation is approved by Council, a constitution for the proposed SCIO would be drafted and submitted with an application to OSCR. It is suggested that the name of the new SCIO be East Lothian Benefactors SCIO, in recognition of the Trust and Funds origins. It is further suggested that during this setting up phase the named interim trustees should be Head of Communities and Partnerships, Head of Finance, Service Manager for Governance and Alasdair Swan (as an external member of the Task Force).
- 3.14 The named trustees will continue to work with and as part of the Task Force as we move into successive phases and further consideration of the Trustees will continue at each stage.
- 3.15 In order to fully deliver the vision, set out by Council at the meeting on 27 June 2023 and work towards a greater and appropriate utilisation of the trust funds the Task Force have identified that delivery will require to come through in phases and the setting up of the SCIO as set out above is the first stage.
- 3.16 Once the SCIO is appropriately established then we would progress with a review of all trust funds held and establish whether they should remain within the stewardship and administration of the Council at present or if they should be transferred into the SCIO. This review has already been commenced and as of 31 March 2026 we have identified a total of 47

Trusts which are administered by East Lothian Council. The current total usable reserves are £3,306,060.02.

- 3.17 It is believed that the majority of trusts could be consolidated into the SCIO through application to OSCR. The timeframe for such would depend on the details contained within the trust deed and purpose recorded. OSCR processes would then dictate the appropriate route to take these forward.
- 3.18 The initial phase will focus on those trusts that are already known to OSCR and are accepted as charitable, currently held under a single charity registration number (29 trusts) with a cumulative value of £1,394,557.87 (as of 31 March 2026). These can be identified in Appendix 1 to this report.
- 3.19 For the avoidance of doubt, it is proposed that any trust that holds property would not be transferred to the SCIO at present and would remain in the stewardship and administration of the Council. In addition, any trust which is not capable of being transferred directly through OSCR without additional legal process will not be taken forward at this stage (i.e. court action required). Engagement with the external investment manager concerning the impact of invested funds transferring into the SCIO will be undertaken at the appropriate time as part of this work.
- 3.20 In addition to the above, this report seeks approval from Council to take steps for dormant charitable bodies/entries which have been created, recorded or registered by OSCR to be removed from the register whilst this process is ongoing.
- 3.21 It is recommended that the Task Force remains in place during the setting-up phase to assist in the appropriate formation of the SCIO and thereafter provide further recommendations for the mid- to long-term operations of the SCIO. The next stage will include developing a detailed plan on full implementation of the SCIO and working with communities to have representation for the distribution of funds. Elected Members will provide a scrutiny function in their role as Members of the SCIO.
- 3.22 As the work of the Task Force progresses through the next phases and stages, Members will be provided updates through reports to the Members' Library and, at points where any further decisions are required, reports will be brought forward to Council for Members to consider.
- 3.23 The Chair of the Task Force thanks and acknowledges the work of all Task Force Members in bringing this report to Council for consideration and approval.

4 POLICY IMPLICATIONS

- 4.1 None

5 RESOURCE AND OTHER IMPLICATIONS

- 5.1 Finance: The recommendations in this report concern trust funds and do not have any financial implications for the Council. If the recommendations are approved, any costs incurred to implement these will be recharged to trust funds on a proportionate basis.
- 5.2 Human Resources: The Council is committing senior officer time to progress this work. Ongoing staffing requirements will remain under review.
- 5.3 Other (e.g. Legal/IT): There would be no additional risks associated with this paper; however, there may be requirement for specialist advice in appropriate management of the Trust Fund Portfolio to ensure that OSCR requirements are met and how this may impact current fund arrangements along with future management of these funds. In addition, we may require specialist advice in setting up the SCIO, but it is currently considered achievable though knowledge and skills within the Task Force.
- 5.4 Risk: In the event that this report is not approved then there is the continued reputational risk arising from not enabling these funds to meet their intended purpose.

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	

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

7 APPENDICES

7.1 Appendix 1 List of Trusts and Funds.

8 BACKGROUND PAPERS

8.1 Trusts and Funds Review Report to East Lothian Council 27 June 2023.

9 AUTHOR AND APPROVAL DETAILS

Report Author(s)

Name	Carlo Grilli
Designation	Service Manager - Governance
Tel/Email	cgrilli@eastlothian.gov.uk
Date	04/06/2026

Head of Service Approval

Name	Eamon John
Designation	Head of Communities and Partnerships
Confirmation that IIA and other relevant checks (e.g. finance/legal) have been completed	Yes
Approval Date	09/06/2026

Appendix 1 - Trust Fund Usable Reserves at 31/03/2026 (unaudited)

Trust Name	Usable Reserves	Target Stage
Mrs Bridges Bequest (Musselburgh)	£11,441.08	Stage 1 - known to OSCR
Brown Bequest	£430,044.56	Stage 1 - known to OSCR
Dr Bruce's Fund Registered Charity: SC019149	£18,285.85	Stage 1 - known to OSCR
Brunton Bequest	£5,917.90	Stage 1 - known to OSCR
Thomas Carse Fund	£33,072.33	Stage 1 - known to OSCR
James Easton Bequest	£1,570.20	Stage 1 - known to OSCR
James McKelvie Bequest	£345,128.61	Stage 1 - known to OSCR
Christina Milne Bequest	£22,655.84	Stage 1 - known to OSCR
Lady Milne Memorial Fund	£4,262.56	Stage 1 - known to OSCR
Bankton (Prestonpans) Bequest	£6,113.27	Stage 1 - known to OSCR
Bankton (Tranent) Bequest	£4,846.19	Stage 1 - known to OSCR
Helen Bridges Bequest (North Berwick)	£3,306.89	Stage 1 - known to OSCR
Coronation Fund	£75,746.92	Stage 1 - known to OSCR
Direlton Parish Fund (also known as Lady Hamilton Bequest)	£41,264.87	Stage 1 - known to OSCR
Guns Green	£1,795.86	Stage 1 - known to OSCR
James Hislop Legacy	£7,677.25	Stage 1 - known to OSCR
Mrs M. Brown's Legacy	£2,216.79	Stage 1 - known to OSCR
Clark-Campbell Bequest	£16,527.75	Stage 1 - known to OSCR
Dunbar Memorial Trust	£151,920.47	Stage 1 - known to OSCR
Gourlay Trust	£54,560.91	Stage 1 - known to OSCR
John Gray Trust	£8,687.33	Stage 1 - known to OSCR
Guildry Fund	£2,323.28	Stage 1 - known to OSCR
Haddington Combined Trust	£84,904.97	Stage 1 - known to OSCR
Hamilton (Pencaitland) Bequest	£3,518.27	Stage 1 - known to OSCR
Humbie Parish Fund	£11,386.52	Stage 1 - known to OSCR
Yester Parish Fund	£2,268.94	Stage 1 - known to OSCR
Belhaven Bequest	£12,433.73	Stage 1 - known to OSCR
Hamilton (Innerwick) Bequest	£16,124.76	Stage 1 - known to OSCR
Hamilton (Stenton) Bequest	£1,355.18	Stage 1 - known to OSCR
Oldhamstocks Parish Fund	£13,198.79	Stage 1 - known to OSCR
TOTAL STAGE 1	£ 1,394,557.87	
Burial Grounds Funds	£28,717.73	Stage 2 - not known to OSCR
Inveresk Churchyard	£35,844.66	Stage 2 - not known to OSCR
Caplan Charity	£9,586.20	Stage 2 - not known to OSCR
W.S. Davidson Trust	£26,891.69	Stage 2 - not known to OSCR
Jessie Dickson Mackay Fund	£30,290.01	Stage 2 - not known to OSCR
Lewisvale Park Trust	£ -	Stage 2 - not known to OSCR
Museum Purchases Fund	£55,302.84	Stage 2 - not known to OSCR
Midlothian Education Trust	£2,976.01	Stage 2 - not known to OSCR
Agnes Neillan Bequest	£15,440.12	Stage 2 - not known to OSCR
New Hall Fund	£137,447.60	Stage 2 - not known to OSCR
Sailors Park Trust	£13,461.53	Stage 2 - not known to OSCR
T & AR Taylor Trust	£173,040.19	Stage 2 - not known to OSCR
Frank Tindall Trust	£47,346.64	Stage 2 - not known to OSCR
TOTAL STAGE 2	£ 576,345.22	
John Hume Fund	£815,309.17	Stage 3 - holds property
Wrights and Masons Trust	£334,750.51	Stage 3 - holds property
Yester Precious Lands	£185,097.25	Stage 3 - holds property
TOTAL STAGE 3	£ 1,335,156.93	
TOTAL	£ 3,306,060.02	

COMMITTEE: East Lothian Council

MEETING DATE: 23 June 2026

BY: Depute Chief Executive – Resources and Economy

REPORT TITLE: East Lothian Visitor Levy

REPORT STATUS: Public

7

1 PURPOSE OF REPORT

- 1.1 To summarise the engagement and evidence gathered to inform consultation on a Draft Visitor Levy Scheme for East Lothian, and
- 1.2 To seek approval to undertake statutory consultation on a Draft Visitor Levy Scheme, prepared in accordance with the Visitor Levy (Scotland) Act 2024.

2 RECOMMENDATIONS

Members are recommended to:

- 2.1 Approve the publication of the Draft East Lothian Visitor Levy Scheme, attached as Appendix 1, for the purposes of statutory consultation, and
- 2.2 Note that a further report will be presented to Council following consultation seeking a decision on whether a Visitor Levy should be introduced in East Lothian.

3 BACKGROUND

Legislative Context

- 3.1 The Visitor Levy (Scotland) Act 2024 (the Act) provides local authorities with discretionary powers to introduce a levy on overnight stays in paid accommodation. The legislation sets out a mandatory process which must be followed before a levy can be introduced, including:
 - Preparation and publication of a draft scheme;
 - A statutory consultation period; and

- A minimum 18-month lead-in period between a decision to implement a levy and the commencement date.
- 3.2 The guidance accompanying the legislation highlights the importance of engaging with a wide range of stakeholders during the development of a Draft Levy Scheme, particularly representatives of communities, tourism businesses and visitor organisations. The engagement activity undertaken by the Council and its consultants to date has been designed to support this objective.
- 3.3 The Act also requires the establishment of a Visitor Levy Forum within six months of any decision to implement a scheme. The Forum must include representation from communities, tourism businesses and relevant organisations in its area and has an advisory role in relation to the operation of the scheme, the use of revenues, and future scheme development.
- 3.4 The Act places a statutory requirement on local authorities to use net levy proceeds to support the delivery of the scheme's objectives and, in so doing, develop, support and sustain facilities and services that are substantially for or used by visitors.

Strategic Context

- 3.5 East Lothian has a significant and growing visitor economy which supports employment, local businesses and community assets across the county. Visitor activity can also create pressures on infrastructure, destination management and local services, particularly in peak periods and key visitor locations.
- 3.6 The Council's existing economic development, tourism and place-based strategies recognise both the opportunities and pressures associated with visitor growth, and support sustainable approaches to management and investment.
- 3.7 Within this context, the Act provides the Council with an opportunity to consider, following statutory consultation, whether a visitor levy should be introduced in East Lothian and whether it could support additional investment in facilities and services substantially used by visitors, in line with the requirements of the legislation.

Work Undertaken to Date

- 3.8 Following Council's decision on 29 October 2024 to proceed with development of proposals for a potential East Lothian Visitor Levy, East Lothian Council commissioned evidence gathering, stakeholder engagement and indicative financial analysis to inform this process. The work undertaken to date provides evidence and analysis to assist Members in considering whether to progress to statutory consultation.
- 3.9 This work included:
- Analysis of the scale and characteristics of East Lothian's visitor economy.

- Stakeholder engagement with businesses, organisations and individuals.
- Indicative economic and financial modelling of potential levy scenarios.
- Review of emerging visitor levy approaches elsewhere in Scotland.

Stakeholder Engagement

3.10 A programme of engagement was undertaken during the autumn/winter of 2025, including:

- An online survey completed by 375 respondents, including 152 businesses, 16 other organisations and 207 individuals.
- A series of in-depth interviews with tourism and hospitality businesses across East Lothian.
- Analysis of data from the 2024 East Lothian Visitor Survey.

3.11 The engagement undertaken to date does not constitute the statutory consultation required under the Act. Rather, it has informed preparation of a Draft Visitor Levy Scheme that Members are now being asked to consider for the purposes of statutory consultation. A summary of the engagement findings is set out below, with further details contained within Appendix 2.

Summary of Engagement Findings

3.12 On overall sentiment towards a Visitor Levy, the engagement work highlighted a range of perspectives and differing views across stakeholder groups. Individuals, and representative community and industry organisations were generally more supportive of a potential Visitor Levy than accommodation businesses, where views were more mixed and often dependent on the detailed design of any scheme. Key findings included:

- In the 2024 East Lothian Visitor Survey, 73% of respondents indicated support for a visitor levy where revenue is ring-fenced, with the majority stating that it would not affect their decision to visit. In the 2025 engagement work, individuals and other organisations expressed current or potential future support for a Visitor Levy (62% and 69% respectively).
- In the 2025 engagement with businesses, views were mixed, with a combination of opposition (46%), conditional support (21%), and support (25%). Where support was expressed, it was typically dependent on scheme design, fairness, transparency and governance arrangements, and visible reinvestment of proceeds.

- Across all stakeholder groups, common themes included the importance of transparency, minimising administrative burden (particularly for small businesses), clarity on how levy funds would be used, and alignment with neighbouring authorities.

Perceived Impacts, Design Considerations and Use of Levy Income

3.13 Engagement undertaken as part of the feasibility work identified a range of perspectives on the potential impacts, implementation and design of a Visitor Levy:

- Business concerns focused primarily on the potential impact on visitor numbers and visitor spending, increased accommodation costs and the administrative burden associated with implementation, particularly for smaller operators. Respondents also highlighted practical considerations including integration with booking systems and the complexity associated with exemptions or variable charging approaches.
- Those supportive of a levy highlighted the potential to generate additional investment in tourism infrastructure, facilities and the sustainable management of visitor destinations. As noted above, across stakeholder groups, there was strong emphasis on the importance of transparency, clear governance arrangements and visible reinvestment of levy income in visitor-related infrastructure and services.
- Views on scheme design were mixed, with no clear consensus emerging in relation to e.g. percentage or fixed-rate approaches, seasonal variations, caps on chargeable nights or additional exemptions.

3.14 Overall, the findings highlight that the perceived impacts and acceptability of a Visitor Levy are closely linked to scheme design, implementation and governance arrangements, reinforcing the importance of statutory consultation in informing any future decision on whether a levy should be introduced and how any scheme should operate.

Income Modelling

3.15 As part of the commissioned work, indicative modelling was undertaken to understand the potential scale of revenues, costs and sensitivities associated with a range of possible levy designs. The modelling was illustrative and designed to highlight trade-offs between different options, rather than to predict a single outcome.

3.16 The analysis demonstrates that:

- Revenue outcomes vary significantly depending on levy rate, structure, and exemptions.

- Administrative and set-up costs are a material consideration, particularly in early years.
 - The balance between revenue generation, simplicity, fairness and administrative burden is a key design consideration.
- 3.17 Emerging Visitor Levy schemes across Scotland have generally been developed within a common range. For the purposes of the modelling undertaken as part of this work, a 5% levy rate was used as a baseline assumption to test potential revenue and operational implications. This rate was identified through stakeholder engagement as one of a range of possible approaches and was considered suitable for illustrative modelling purposes.
- 3.18 Using this baseline assumption and applying only the statutory exemptions (see Appendix 1, Section 5) set out in the legislation, this scenario indicates potential gross annual revenues of approximately £1.5 million. After allowing for indicative administration costs and a small percentage to be deducted by accommodation providers to contribute towards the cost of collecting and remitting the levy, this would generate estimated net revenues of £1.2 million per annum. These figures are illustrative only and actual revenues would depend on final scheme design, visitor behaviour, market conditions and operational arrangements.
- 3.19 In parallel to estimating potential revenues, consideration has also been given to the areas in which any levy income could be deployed, informed by emerging practice and stakeholder engagement. Reflecting this, four investment themes have been developed within the draft scheme. These provide a framework for how levy revenues could be utilised, see Appendix 1, Section 7.
- 3.20 These considerations reinforce the importance of further consultation, as required by the Act, to gather feedback on proposed approaches, assumptions and impacts before any decision on implementation is taken.

Draft Visitor Levy Scheme

- 3.21 A Draft East Lothian Visitor Levy Scheme has been prepared in accordance with the requirements of the Act and is attached as Appendix 1. The draft scheme sets out indicative objectives, scope, administrative arrangements and governance structures to support statutory consultation.
- 3.22 The draft scheme is intended to provide a clear basis for consultation and includes indicative proposals to support consideration of key design elements. Feedback from the statutory consultation will build on work undertaken to date and will inform any future recommendations to Council, including whether a Visitor Levy should be introduced and, if so, the final design of any scheme.

- 3.23 The modelling and engagement work informed development of the draft scheme design. While views varied across stakeholder groups and no single approach attracted universal support, a number of factors informed the proposals included within the draft scheme.
- 3.24 A percentage-based levy was considered to provide a more proportionate approach, as the amount paid varies according to the cost of accommodation purchased. This means that visitors staying in lower-cost accommodation pay a lower levy than those staying in higher-cost accommodation. By contrast, a fixed-rate charge would apply equally regardless of the price of accommodation and would therefore represent a proportionately higher cost for visitors using lower-cost accommodation. A percentage-based approach also maintains its value over time without requiring regular adjustment.
- 3.25 The draft scheme does not propose a cap on the number of chargeable nights. While stakeholder views on caps were mixed, analysis of visitor stay patterns indicates that the majority of visits to East Lothian are of relatively short duration. In this context, a cap was not considered likely to materially affect the majority of visitors, while introducing additional complexity to scheme administration and compliance arrangements.
- 3.26 The draft scheme proposes only those exemptions required by the Visitor Levy (Scotland) Act 2024. This reflects the absence of a clear consensus in favour of additional local exemptions through the engagement process and recognises the trade-off between additional exemptions, administrative complexity and potential impacts on levy revenues. The statutory consultation will provide a further opportunity to test views on this approach before any final decision is taken.
- 3.27 Feedback received through statutory consultation would help inform any refinement of scheme design prior to any future decision by Council on whether a Visitor Levy should be introduced and, if so, the form that any scheme should take.

Next Steps

- 3.28 Subject to Council approval, a 12-week statutory consultation will be undertaken. It is proposed that consultation would commence on 26 June 2026.

The consultation would include:

- A public online consultation open to all stakeholders, including residents, visitors, businesses and representative organisations.
 - Targeted engagement sessions with accommodation providers, recognising their central role in the operation of any scheme.
 - Targeted engagement and/or briefings with tourism, business and community representatives, as appropriate.
- 3.29 A further report would be presented to Council following the consultation period, setting out the consultation findings and any proposed

refinements to the draft scheme, and seeking a decision on whether to introduce a Visitor Levy in East Lothian and, if so, approval of a final scheme design. Should Council subsequently decide to introduce a Visitor Levy, the legislation requires a minimum implementation period of 18 months between that decision and the commencement of any scheme. Based on the indicative timetable set out above, the earliest potential commencement date would be spring 2028.

4 POLICY IMPLICATIONS

- 4.1 Progressing a Draft Visitor Levy Scheme to consultation represents a significant policy step, enabling East Lothian Council to consider whether a locally retained levy on overnight visitor accommodation should be introduced. The statutory consultation process will provide an opportunity to test the draft scheme, gather stakeholder views and inform any future policy decisions in relation to a Visitor Levy.
- 4.2 Subject to Council approval to consult, a draft Visitor Levy Scheme would be published for a statutory public consultation period. This process would seek views from residents, businesses, visitors, and key stakeholders, including the tourism and hospitality sector, to inform any future recommendations to Council regarding the design of a scheme and the potential use of levy revenues.
- 4.3 Following consideration of consultation feedback, a further report would be presented to Council setting out the consultation findings and seeking a decision on whether a Visitor Levy should be introduced in East Lothian.

5 RESOURCE AND OTHER IMPLICATIONS

- 5.1 Finance:
 - 5.1.1 The financial implications of introducing a Visitor Levy would be dependent on the final scheme design approved by Council. Indicative modelling undertaken as part of the evidence-gathering process is summarised in Section 3 and detailed within the supporting appendices.
 - 5.1.2 Should Council subsequently decide to introduce a Visitor Levy, there would be ongoing administration costs associated with operating the scheme. Indicative modelling assumes annual operating costs of approximately £225,000, although actual costs would depend on final scheme design and operational arrangements.
- 5.2 Human Resources:
 - 5.2.1 No additional human resource implications arise from the recommendation.
- 5.3 Other (e.g. Legal/IT/Risk):

5.3.1 No additional legal, IT or operational implications arise from the recommendation.

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
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	YES
Other	NO

The Integrated Impact Assessment screening process has been undertaken. As this report seeks approval to undertake statutory consultation rather than approval of a final Visitor Levy Scheme, no definitive conclusions have been reached regarding impacts. Further impact assessment work will be undertaken alongside the statutory consultation process and will inform any future report to Council.

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 - Draft Visitor Levy Scheme
- 7.2 Appendix 2 - Stakeholder Engagement Summary
- 7.3 Appendix 3 - Financial Modelling of Visitor Levy

8 BACKGROUND PAPERS

- 8.1 [Development of a Visitor Levy Proposal](#) – Council Paper October 2024
- 8.2 [Guidance on the visitor levy for local authorities](#)
- 8.3 [Visitor Levy \(Scotland\) Act 2024](#)

9 AUTHOR AND APPROVAL DETAILS

Report Author(s)

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Date	5 June 2026

Head of Service Approval

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Designation	Head of Development
Confirmation that IIA and other relevant checks (e.g. finance/legal) have been completed	Confirmed
Approval Date	15 June 2026

Appendix 1 - East Lothian Draft Visitor Levy Scheme for Consultation

1. Introduction & Purpose of the Scheme

East Lothian Council has prepared this Draft Visitor Levy Scheme for statutory consultation under the powers granted by the Visitor Levy (Scotland) Act 2024 ("the Act"). The Draft Scheme proposes the introduction of a Visitor Levy applicable to persons staying in overnight paid accommodation within the Council boundary.

This proposal aims to:

- Sustain, support and develop infrastructure and amenities used by visitors and residents, supporting inclusive and sustainable economic growth across East Lothian's communities.
- Enhance East Lothian's visitor offer, including its natural, cultural and heritage assets, through reinvestment of levy revenue.
- Ensure tourism growth is sustainable, responsible and aligned with the East Lothian Local Economy Strategy 2024-2034.

2. Scheme Area, Start Date & Duration

- Scheme Area: The entire East Lothian Council geographic boundary.
- Start Date: The commencement date for any Visitor Levy Scheme would be determined by Council following consideration of consultation responses and would be subject to the minimum 18-month implementation period required by the Visitor Levy (Scotland) Act 2024.
- Duration: Indefinite until amended or withdrawn by East Lothian Council.

3. Levy Rate & How It Is Charged

- Levy Rate: 5% of the amount charged for overnight accommodation.
- Chargeable Nights: There is no cap on the number of chargeable nights.
- Seasonality: The levy applies throughout the year with no seasonal variation.
- Remittance and Returns: Levy returns and payments will be submitted free of charge by accommodation providers through the national visitor levy portal <http://www.visitorlevy.scot>

4. Accommodation Types Liable

The levy will apply to all paid overnight accommodation within the East Lothian Council boundary, including accommodation providers whose annual turnover falls below the VAT registration threshold.

This includes:

1. Hotels;
2. Hostels;
3. Guest houses;
4. Bed and breakfast accommodation;
5. Self-catering accommodation, including short-term lets;
6. All paid accommodation on caravan sites and campsites, including temporary tent and campervan pitches
7. Accommodation in a vehicle, or on board a vessel, which is permanently or predominantly situated in one place; and
8. Any other place at which a room or area is offered by the occupier for residential purposes otherwise than as a visitor's only or usual place of residence.

Certain accommodation providers may apply to the Council for a discretionary site exemption if they meet both of the following criteria;

1. The property is occupied by a charity and
2. Overnight stays are wholly or mainly for charitable purposes.

Accommodation providers who do not charge for overnight accommodation, or who cater solely for individuals who are exempted from paying the levy are not liable for the levy.

5. Exemptions & Reimbursements

The Visitor Levy is payable by anyone staying in accommodation which is not their only or usual place of residence (temporary or otherwise). Individuals who do not have an only or usual place of residence are therefore not required to pay the levy. This includes people who are fleeing domestic abuse, homeless, refugees and asylum seekers and people whose homes are unfit or unsafe for habitation. In addition, individuals defined in s. 14 (1) (i) of the Act are exempt from paying the levy.

Individuals who are exempt or excluded will need to pay the levy to the accommodation provider and request reimbursement from the Council, unless their accommodation has been arranged and paid for directly via the Council. Applications for reimbursement will be made to East Lothian Council using a process to be published on the Council's website. Applicants will be required to

provide evidence demonstrating eligibility for exemption or exclusion and evidence that the levy has been paid. Alternative arrangements will be available for applicants unable to access online services.

As at June 2026, only people in receipt of the following benefit payments are exempted: Disability Living Allowance, Disability Assistance, Attendance Allowance, Pension Age Disability Benefit and Personal Independence Payment.

6. Collecting and enforcing the levy

Accommodation providers within the local authority area will be responsible for collecting and remitting the levy. They will be required to submit quarterly returns detailing the total accommodation charges and levy collected through the national visitor levy arrangements in place at the time the scheme is implemented. Levy payments will be remitted at the same time as returns are submitted.

Accommodation providers are required to keep accurate records of all transactions that are subject to the levy. The Council will conduct inspections, as required, to ensure compliance with the scheme and remittance requirements.

Accommodation providers who fail to comply may be subject to penalties in accordance with the Act.

7. Use of Net Proceeds

The Act stipulates that the net proceeds of a visitor levy must be spent on facilitating the achievement of the scheme's objectives and on "developing, supporting and sustaining facilities and services which are substantially for or used by persons visiting [overnight] for leisure or business purposes (or both)". In applying the net proceeds of the Visitor Levy, East Lothian Council will seek to maximise economic, social and environmental benefit for local communities, while supporting a sustainable, responsible and competitive visitor economy. Investment decisions will be guided by the principles of inclusive growth, community wealth building and place-based development, ensuring that levy revenues support facilities and services substantially used by visitors while delivering wider benefits for local communities.

A deduction from levy revenues collected by accommodation providers will be permitted to contribute towards the administrative costs associated with collection and remittance of the levy. For modelling and consultation purposes this has been assumed at 2%

After administration costs, including a 2% retention, net funds will be applied across the following themes:

- Infrastructure, including capital and revenue expenditure that supports sustainable growth in visitor activity, enhances community assets, and mitigates the impacts of visitor pressure on local places.
- Culture, heritage and events that celebrate East Lothian's distinctive identity, support local participation, and deliver economic and social value to communities.
- Visit East Lothian destination and visitor management and marketing activity that improves accessibility, visitor behaviour, dispersal and environmental sustainability, while enhancing the experience of both visitors and residents.
- Business support activity that improves the quality, sustainability, resilience and productivity of the visitor economy.
- For otherwise developing, supporting and sustaining facilities and services which are substantially for or used by persons visiting East Lothian for leisure or tourism purposes.

East Lothian Council will make decisions on the use of funds after consultation with the Visitor Levy Forum (see detail below). Council will seek to align investment decisions with its wider inclusive growth, fair work, and community wealth building approaches.

8. The Visitor Levy Forum

A Visitor Levy Forum will be established to advise on the Visitor Levy scheme, including the use of net proceeds, review of the scheme and any modifications to the scheme.

The forum will be maintained for the duration of the scheme and will be provided with copies of each annual report in relation to the scheme.

The Forum will comprise representatives of local communities, businesses operating within East Lothian's visitor economy, relevant local and national tourism organisations, and other stakeholders or sector specialists as appropriate.

The purpose of the Forum is to provide a structured mechanism for ongoing engagement between East Lothian Council and representatives of communities, businesses and organisations connected to the visitor economy. The Forum will provide advice on the operation of the scheme, the use of levy revenues, proposed modifications to the scheme and the findings of annual reporting and evaluation.

The Forum will meet at least twice annually in accordance with the requirements of the Act.

9. Monitoring, Reporting & Review

The Council will review the scheme every three years to assess whether it is successfully achieving its objectives and to measure the impact of the scheme on businesses, visitors and communities. The Council will publish annual reports detailing levy income collected, expenditure incurred and the outcomes achieved through levy-funded activity. The findings of each three-year review will also be published.

If the Council proposes changes to the scheme, it will undertake any consultation required by the Act and publish a report setting out the proposed changes and the reasons for them.

Any approved changes to the scheme will take effect in accordance with the requirements of the Visitor Levy (Scotland) Act 2024 and any implementation arrangements specified by the Council.

Significant changes to the scheme include:

- Increasing the scheme area;
- Increasing the rate charged; and/or
- Removing any exemptions.

Appendix 2 - Stakeholder Engagement Findings

Stakeholder Engagement Findings

During October and November 2025, 56 Degree Insight undertook a programme of research to explore views on the potential introduction of a visitor levy in East Lothian.

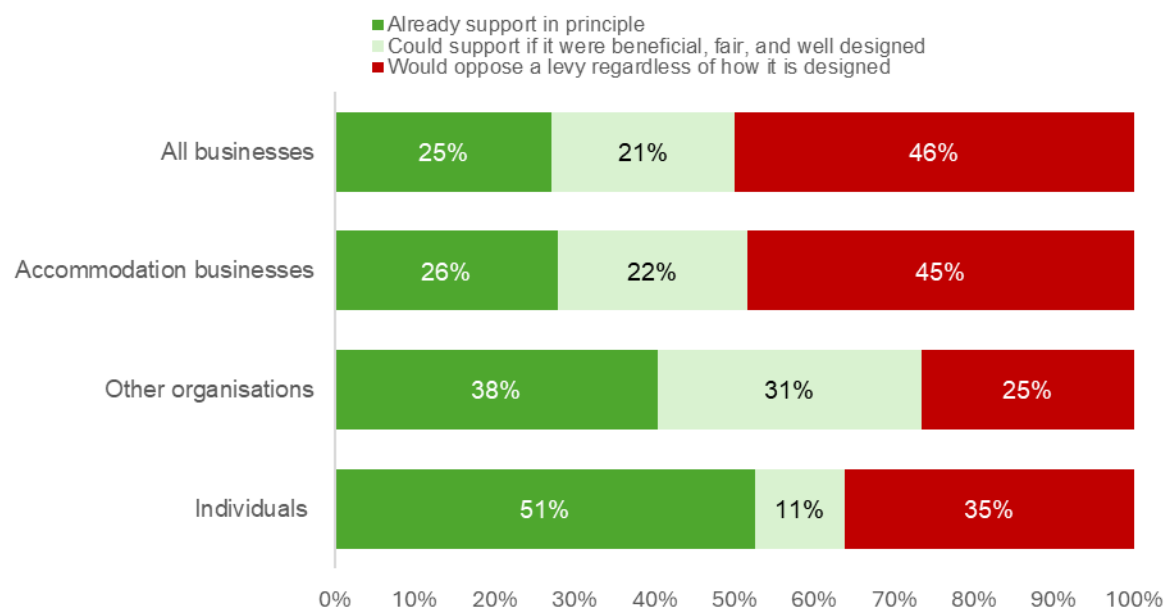
This comprised an online survey completed by 375 respondents, including 152 businesses, 16 other organisations and 207 individuals, and 14 in-depth interviews with tourism and hospitality operators.

In addition to this programme of research, questions regarding the potential introduction of a visitor levy were included in the 2024 East Lothian Visitor Survey undertaken by Visit East Lothian. This survey involved over 1,000 interviews with visitors to the area and found that 73% would support plans for a levy if the money collected could be ‘ring fenced’ to be spent on improvements that would benefit tourists. The majority indicated that the implementation of a levy would make no difference to future plans to visit the area (64%), while 19% were unsure of the impact and 17% stated they would be less likely to visit.

Overall Sentiment

As shown below, attitudes to a visitor levy differed between audiences. Most individuals and other organisations expressed current or potential future support (62% and 69% respectively) while business views were mixed (46% already support / could support if well designed, 46% would oppose regardless, 8% unsure).

Figure 1 – Levels of support and potential / conditional support



Base: All businesses (152), Accommodation businesses (88), Other organisations (16), individuals completing on personal basis (207). Note: respondents who selected ‘unsure’ are not shown.

Perceived Impacts

When asked about the potential effects of an introduction of a levy of around 5%, half (51%) of businesses anticipated that a levy at this level could have a negative impact on their business, while others indicated that the extent of any impact would depend on factors such as the level of the charge, how it is implemented and how revenues are used.

The most common potential issue raised by those who opposed a levy was that higher accommodation prices might deter some visitors or lead to reduced visitor spend in local shops and attractions. The increased administrative burden was also a concern for some, as described further below.

Those who supported the introduction of a levy saw the main benefits as the opportunity to obtain funding for tourism infrastructure and facilities, as a means to ‘protect’ residents from bearing tourism related costs and to manage visitor impacts and support sustainable tourism.

Implementation concerns

The most frequently cited potential implementation concern was the risk of increased administrative burden (70% mentioned). Other potential issues mentioned by smaller percentages included a lack of certainty over the integration of the levy requirements with existing systems and processes (21%) and the particular pressures which may need to be borne by small or family-run businesses (18%).

Design preferences

Views on how a levy should be structured were mixed:

- Preferences between a percentage and a fixed amount were evenly balanced among accommodation businesses (35% percentage vs 34% fixed amount), while individuals leaned towards a percentage (45%).
- Where a percentage model was considered, 5% was the most frequently cited reasonable rate.
- Support for seasonal variation was divided: 45% of accommodation businesses supported the idea, 32% opposed and 24% were unsure.
- 44% favoured a cap on chargeable nights, most commonly at seven nights.
- A minority (21% of accommodation businesses) felt exemptions on visitors to be charged the levy should be considered. Some of those opposed to this idea questioned how these could be verified fairly.

Use of levy income

There was a general view across the stakeholder groups that income from a levy should be ring-fenced for projects that directly support tourism businesses. This was seen as important by 80% of accommodation businesses.

The highest priorities for use of revenue were tourism infrastructure, public toilets, beach and town-centre maintenance, transport and parking, signage and destination marketing.

Many respondents stated that regular clear communications on areas such as income and expenditure would be important to them if a levy was implemented.

Summary

The engagement and analysis undertaken identified a range of views on the potential introduction of a Visitor Levy in East Lothian. Individuals, visitors and representative organisations were generally more supportive of a levy than accommodation businesses, where views were more mixed and often dependent on the detailed design of any scheme.

Across stakeholder groups there was broad agreement on the importance of transparency, clear governance arrangements, visible reinvestment of levy revenues and minimising administrative burden. While concerns were raised regarding potential impacts on visitor numbers, visitor spending and business operations, particularly amongst accommodation providers, there was also recognition of the opportunity to generate additional investment in facilities, services and infrastructure that support the visitor economy.

The findings highlight the importance of scheme design, implementation arrangements and governance in determining the acceptability and perceived impacts of a Visitor Levy. The evidence gathered through this engagement is intended to inform the development of a Draft Visitor Levy Scheme and support Members in considering whether to proceed to statutory consultation.

Appendix 3 - Modelling of Visitor Levy Options

East Lothian's Visitor Economy

East Lothian has a substantial and growing visitor economy. In 2024, the area attracted approximately 1.56 million visitors, comprising 577,000 overnight visitors and 985,000 day visitors. Visitor activity generated an estimated £379 million of economic impact and supported approximately 4,626 FTE jobs.

The Council's visitor accommodation database identifies approximately 634 accommodation providers across East Lothian, providing around 6,800 visitor bedspaces. The accommodation sector is predominantly made up of self-catering accommodation, alongside hotels, guest houses, bed and breakfast accommodation, campsites and caravan parks.

This scale of visitor activity provides the basis for assessing the potential revenue implications of a Visitor Levy.

Financial Assessment Findings

A financial model was developed to assess the indicative cost and revenue implications of a range of visitor levy scenarios, including different percentage rates, fixed amounts and exemption policies. The modelling is intended to illustrate the relative implications of different scheme design choices rather than predict a single expected outcome.

A wider range of scenarios, including fixed-charge models, seasonal approaches and additional exemption arrangements, were also assessed as part of the modelling process and informed development of the Draft Visitor Levy Scheme.

Under the baseline scenario, a 5% levy with statutory exemptions only is estimated to generate approximately £1.51 million in gross annual revenue. After allowing for administrative costs, including payment portal setup, annual operating costs and a 2% accommodation provider deduction allowance, this would equate to indicative net revenues of approximately £1.2 million per annum available for reinvestment in visitor-related facilities and services.

The modelling indicates that revenue outcomes vary significantly depending on levy rate, structure and exemptions. Different approaches involve trade-offs between revenue generation, fairness, administrative complexity, ease of implementation and stakeholder acceptability.

Overall, the analysis suggests that a visitor levy has the potential to provide a significant additional funding source for visitor-related investment in East Lothian. The level of revenue generated would depend on the final scheme design, market conditions and operational arrangements.

Estimated Revenue Outcomes

Under the baseline scenario reflected in the Draft Visitor Levy Scheme, a 5% levy with statutory exemptions only is estimated to generate approximately £1.51 million in gross annual revenue.

Alternative percentage and fixed amount rates were also modelled to illustrate the relationship between levy rate and revenue generation.

Scenario	Estimated Gross Annual Revenue
3% Levy	£0.91 million
5% Levy (Draft Scheme)	£1.51 million
7% Levy	£2.12 million
£5 per night fixed amount	£2.06 million
£2/5 per night tiered fixed amount	£1.75 million

(Tiered fixed amount Scenario – Lower rate £2 modelled on Camping & Touring accommodation assumptions only)

The modelling indicates that revenue outcomes vary significantly depending on levy rate, exemptions and scheme design. While higher rates generate greater revenues, they may also increase concerns relating to affordability, perceived fairness (for example, the proportional impact of percentage-based versus fixed charges across different accommodation types), operational complexity for both the local authority and businesses, and overall stakeholder acceptability. Conversely, lower rates reduce the level of funding available for reinvestment in visitor-related facilities and services.

The 5% levy included within the Draft Visitor Levy Scheme has been selected as the baseline proposal for consultation purposes. Feedback received through statutory consultation will assist Council in considering whether this remains the most appropriate approach and whether any modifications to the proposed scheme should be considered.

Estimated Administration Costs

The financial modelling includes provision for the costs associated with implementing and operating a Visitor Levy Scheme. These costs include system setup and operation, staffing, compliance and enforcement activity, and an allowance for accommodation provider retention in recognition of the role providers would play in collecting and remitting the levy.

For modelling purposes, annual operating costs have been estimated at approximately £225,000, together with one-off implementation and system setup costs. The modelling also incorporates prudent assumptions regarding compliance and payment rates, particularly during the early years of operation.

Actual administration costs and net revenues would depend on the final scheme design, procurement arrangements, system requirements and operational approach adopted by the Council.

Potential Benefits of Investment

The scale of potential revenue generated by a Visitor Levy will depend on the final scheme design approved by Council. However, the modelling indicates that a levy could provide a significant additional source of funding to support facilities and

services substantially used by visitors, in accordance with the requirements of the Visitor Levy (Scotland) Act 2024.

Evidence from visitor economy investment programmes suggests that expenditure on areas such as visitor infrastructure, destination management, transport and accessibility, events, culture and heritage can generate wider economic, social and environmental benefits. While the scale of these benefits varies depending on the nature of the investment and local circumstances, previous evaluations have demonstrated that well-targeted visitor economy investment can support increased visitor spend, business activity, employment and wider community outcomes.

The use of any levy revenues would be determined by Council and informed by consultation feedback, the Visitor Levy Forum and the objectives of any final scheme.

Summary

The financial modelling provides an indicative assessment of the potential revenue implications of a Visitor Levy in East Lothian and demonstrates the influence of key design choices on revenue generation and administration. The analysis has informed development of the Draft Visitor Levy Scheme and provides a basis for consultation on the proposed 5% levy model. Feedback received through the statutory consultation process will inform any future consideration of alternative approaches and any recommendations to Council regarding the final design of a Visitor Levy Scheme.

COMMITTEE:	East Lothian Council
MEETING DATE:	23 June 2026
BY:	Deputy Chief Executive – Resources and Economy
REPORT TITLE:	Update on the Proposed Data Centre at the Former Cockenzie Power Station Site
REPORT STATUS:	Public

1 PURPOSE OF REPORT

- 1.1 To update Council on the status of the proposed data centre development on part of the former Cockenzie Power Station Site.

2 RECOMMENDATIONS

Members are recommended:

- 2.1 To note the content of the report and the status of the proposed data centre development.

3 BACKGROUND

3.1 Heads of Terms/Joint Venture

Following a tender process in spring/summer 2025, Council approved Sustainable Development Capital LLP (SDCL) as the preferred bidder for a potential data centre development of the previous coal yard part of the former power station site. It was accepted by Council that the SDCL proposal presented a significant opportunity to deliver jobs, training and energy investment.

Since then, Council officers, with commercial and legal professional advice, have been involved in the ongoing negotiation of Heads of Terms to underpin the formation of a Joint Venture Agreement and structure with SDCL. The Council and SDCL agreed an exclusivity agreement to

facilitate initial site investigations and advance discussions on power availability.

As part of the ongoing discussions with SDCL, there will be a framework agreed to secure the community benefits that will be delivered as part of the development of a Data Centre.

The Council will lease the 70 acres site to the Joint Venture to enable the delivery of the data centre with no further capital contribution. The mechanism and amount of future capital or revenue return to the Council is yet to be finalised through the ongoing process and will also be subject to the valuation of the site.

The proposal would require planning permission, and no such application has been submitted. Subject to the necessary planning permission and other consents, it is anticipated that construction of the necessary power infrastructure to support data centre development could commence in summer/autumn 2029.

3.2 Community engagement

SDCL recognise the importance of community engagement and have sought early engagement with both Prestonpans and Cockenzie & Port Seton community councils through a meeting held on 13 April. It was recognised by SDCL that, whilst at a very early stage of the project, early engagement with community councils is a critical success factor in the delivery of the data centre. SDCL appreciate the requirement for ongoing dialogue and are content to attend regular meetings.

Agreement has since been reached with both community councils to hold quarterly meetings with them to discuss the proposed data centre and other developments within the former Power Station site. SDCL, other developers, and Local Councillors will also be invited.

3.3 SDCL Activity

In parallel with the ongoing legal negotiations, SDCL have commissioned a number of external advisors to commence pre site due diligence including site characteristics, legal, availability of power, geological, hydrological, access, etc.

3.4 Levelling Up Works and Link Road

The levelling up project, which involved removal of the bund material and concrete structures within the previous coal store, filling off the power station void on the north side of the Edinburgh Road and re-engineering of the land to the south of the new link road to provide 3 development platforms was completed in May 2026. The new link road, following the line of the previous Scottish Power access road through the southern part of the site has been completed and an official opening will be held. Formation of the development platforms and access via the new link road has provided a 70-acre development site which is under consideration for data centre development.

3.5 **Strategic Vision**

Council has a number of significant strategic developments currently underway, including the Edinburgh Innovation Hub, the Edinburgh Innovation Park and Blindwells. These strategic developments do not exist in isolation: rather, they present a holistic and synergistic opportunity to unlock further growth and development across East Lothian. Together, it is hoped that the developments will complement and enhance one another creating a catalyst for additional investment, jobs, skills pathways and broader economic benefits.

3.6 **Next Steps**

In accordance with the August 2025 report, Council will be presented with a further report in August 2026 detailing the final form agreed Heads of Terms between SDCL and the Council. The report will seek Council approval of the final form agreed Heads of Terms to enable the Joint Venture Agreement and structure to be progressed and finalised in draft form.

A subsequent report will then be presented to Council in due course seeking approval of the final form agreed Joint Venture Agreement and structure enabling the arrangement to be concluded and the next steps in the development to proceed. This will provide Council with the opportunity to secure the future return from this development, which in turn could help facilitate the development of the remainder of the former power station site.

Officers will continue to explore the wider opportunities for Cockenzie and it is the intention, in due course, to commission a report for Cockenzie that will set out a strategic vision for the wider site. A particular focus of this report will be to extract the co-dependencies and inter-relationship between the northern and southern part of this site to maximise a return.

4 **POLICY IMPLICATIONS**

4.1 Not applicable

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.

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	No
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	No

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 Private Report to Council, 25 February 2025: Cockenzie Power Station Site Update

8.2 Private Report to Council, 26th August : Cockenzie Power Station Site Update

9 AUTHOR AND APPROVAL DETAILS

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Date	11 June 2026

Head of Service Approval

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Designation	Head of Development
Confirmation that IIA and other relevant checks (e.g. finance/legal) have been completed	Confirmed
Approval Date	15 June 2026

MOTION TO EAST LOTHIAN COUNCIL
23 June 2026

North Berwick Parking Charges

9

Following the introduction of on-street parking charges and residents' permits in North Berwick it has become obvious that there are significant negative impacts on both businesses in the town and on residents both within the parking control areas and on the boundaries of the parking control areas.

Council is asked to:

- 1) Stop the implementation of the parking charges and residents' permits to enable Council officers to properly ascertain the unforeseen impacts that this policy is having on businesses, those working in those businesses and residents;
- 2) Arrange a public meeting in North Berwick attended by senior Council officers so that these problems can be properly aired and understood;
- 3) To undertake a full Equality Impact Assessment; and
- 4) To come back to Council with amended Traffic Regulation Orders that reflect the issues raised by the above recommendations, as soon as possible.

Proposed by Councillor Jeremy Findlay
Date: 9 June 2026

Seconded by Councillor Donna Collins
Date: 9 June 2026

Received by Lel Gillingwater, Team Manager – Democratic & Licensing
Date of receipt: 9 June 2026