EXTRACT FROM RESOURCES COMMITTEE MINUTES - 31 MARCH 2005

RE84 TREASURY MANAGEMENT STRATEGY

The Executive Manager (Finance and Asset Strategy) introduced the report which detailed guidance issued by the Office of the Deputy Prime Minister (ODPM) under Section 15 (1) (a) of the Local Government Act 2003 requiring that Local Authorities prepare an Annual Investment Strategy. He added that the report contained the Council's Annual Investment Strategy for 2005/06, which covered treasury limits, current treasury position, and prospects for interest rates, specified and non-specified investments and liquidity of investments.

In response to a question from Councillor Row the Executive Manager (Finance and Asset Strategy) informed the Committee that they sought advice from Butlers Treasury Advisors and a fee was paid for this service.

RESOLVED that the Council be requested to approve at the meeting on 26 April:

1. The Annual Investment Strategy 2005/06 including the criteria for determining suitable counterparties.

2. A maximum amount of £12 million for Non – Specified investments managed internally by the Council.

3. A maximum amount of £5 million for Non-Specified investments managed by Standard Life.

AGENDA ITEM 7(I)

REPORT TO RESOURCES COMMITTEE – 31 MARCH 2005

Committee:	**Resources**
Date:	**31 March 2005**
Agenda Item No:	**7**
Title:	**Treasury Management Strategy**
Author:	**Nick Harris (01799) 510313**

Summary

1 Guidance issued by the Office of the Deputy Prime Minister (ODPM) under Section 15(1)(a) of the Local Government Act 2003 requires that local authorities prepare an Annual Investment Strategy. The guidance complements the existing requirements contained within in the *Treasury Management in the public Services : Code of Practice* and the *Prudential Code for Capital Finance in Local Authorities* both published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

2 The Guidance requires the Strategy to be approved by Council and subject to any amendments proposed by this Committee the Strategy will be considered by the Council at its meeting on 26 April.

Background

3 LOCAL GOVERNMENT INVESTMENTS – GUIDANCE

The regulations governing what investments a local authority can undertake - the Approved Investment Regulations (1990) - were repealed on 1 April 2004 to be replaced by Part 1 of the Local Government Act 2003. With effect from this date investments are be dealt with by guidance, not legislation. The following is a summary of the guidance:

4 Annual Investment Strategy

As detailed in the introduction to this report there is also a requirement in the CIPFA Treasury Management Code for authorities to produce an annual investment strategy and an annual report on it. The guidance supplements this with the requirement to cover:

Specified Investments
Non - specified Investments
Liquidity of Investments

These terms are examined in further detail below:

Specified Investments

This identifies investments that offer high security and high liquidity. Authorities will be able to use these with minimal procedural formalities. These instruments must be sterling denominated and have a maturity of less than one year and if made with a body corporate this body must have been awarded a high credit rating by a credit rating agency. The Annual Investment Strategy must state how a high credit rating is to be defined, how frequently ratings are to be monitored and what action is to be taken when ratings change.

Non-Specified Investments

All other security types fall into this category, which appears to be a very wide definition and includes the use of derivative instruments. The Annual Investment Strategy must set out the procedures for determining which categories may prudently be used, which categories have been so identified and the maximum amounts that may be held in each category at any time during the financial year.

Liquidity of Investments

The Annual Investment Strategy must set out procedures for determining the maximum periods for which funds may prudently committed and the minimum amount which is to be held during the financial year in investments other than long-term investments.

5 UTTLESFORD DISTRICT COUNCIL'S ANNUAL INVESTMENT STRATEGY 2005-06

The Council has customarily considered an annual strategy statement but the adoption of the Treasury Management Code of Practice and the Government guidance outlined above place new requirements on the Council. Additionally the advent of the 2003 Prudential Code for Capital Finance in Local Authorities requires certain decisions to be made on treasury management matters. The suggested strategy for 2005-06 covers the following:

- Treasury Limits
- The current treasury position
- Prospects for interest rates
- Specified Investments.
- Non Specified Investments
- Liquidity of Investments

Treasury Limits

6. It is a statutory duty under Section 3 of the Local Government Act 2003 for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is the “Affordable Borrowing Limit”. The Council must have regard to the Prudential Code when setting its limit for the next three years. In the report to the meeting of this Committee on 3 February 2005 it was resolved that since it was expected that the Council’s debt free status would remain for 2005-06 to 2007-08, the related Prudential Indicators would be nil. It follows therefore that the “Affordable Borrowing Limit” should also be set at nil.

The Current Treasury Position

7 The Council currently (as at 22 March) has £10.30 million invested principally in UK Building Societies and UK registered banks together with £5m placed with the Fund Manager Standard Life Investments Ltd. All of these institutions meet the Council’s lending criteria.

Prospects for Interest Rates

8 As part of its arrangement with the Council for treasury management advisory services Butlers provide regular commentaries on the future movements in interest rates. Their central forecast is that the Bank of England’s Base Rate (currently 4.75%) has reached its peak and the Monetary Policy Committee (MPC) will start to reduce the rate during the December quarter. This is not necessarily a consensus view and the OECD has argued that rates will need to rise to 5.75% by the end of the year. Firstly, demand in the economy may continue to expand at a rate above trend and excess capacity in the economy is very low which means that inflationary pressures could increase. Secondly, buoyant consumer borrowing may continue to raise the level of consumer debt. Thirdly, the recent pace of consumer spending is not sustainable and will need to be rained in.

Butlers believe however, that there are negative factors also to consider and they judge these to be more persuasive. Any rise would put unwelcome pressure on sterling, the outlook for inflation is less pessimistic and consumer borrowing will moderate in response to rises in interest rates that have already been made.

Specified Investments – Internally and Externally Managed Funds

9 As noted above the Strategy must state how a high credit rating is to be defined, how frequently ratings are to be monitored and what action is to be taken when ratings change. Currently the Council’s approved lending criteria allow it to lend to banks that have been awarded ratings by Fitch, the credit rating agency as follows:

Short Term	F1+ or F1
Long Term	A+ or better
Individual Rating	B/C or better
Support Rating	3

An explanation of the concept of credit rating and the scales used by Fitch can be found in the appendix to this report.

To qualify as Specified the investment must be made with an institution having a “high” credit rating although “high” is not precisely defined in the guidance. Since the guidance also states that the Specified Investments must have a maturity of less than one year it makes sense that the Short Term Rating should form the mainstay of the criteria and it is proposed that in order to be described as a Specified an investment must be made with an institution carrying a Short Term Rating of F1 or F1+.

With regard to monitoring, as part of its service from Butlers, the Council is notified immediately by email of changes to the credit rating of individual banks. A regular summary report is also provided. It is proposed that the summary reports augmented by subsequent email alerts be consulted when a new investment is being considered.

If a rating is changed to less than F1 prior to a proposed investment being made, this may disqualify the bank from becoming a counterparty. If the rating changes during the duration of an investment to lower than F1, the Council’s Section 151 Officer will determine whether to request early repayment which will incur a cost or to let the investment run to maturity. In reaching this decision advice will be sought from Butlers and the Principal Accountant, the officer with day-to-day responsibility for treasury management.

Non Specified Investments – Internally Managed Funds

10 This is less straightforward as a number of different areas must be considered and is complicated further by the need to accommodate the funds under the management of Standard Life. Historically the Council has used the Fitch ratings agency but Standard Life use Moody’s. There is little difference in practical terms between these two agencies but they do use different scoring systems. The Moody’s criteria to be applied to the Fund managed by Standard Life are addressed later in this report.

Criteria for investments up to one year where the institutions have a credit rating are not required in the Non-Specified section of this report since such investments are deemed to be Specified and are dealt with in the preceding paragraphs.

Criteria where the institutions have no credit rating

11 Most banks and other institutions that the Council has invested in will have applied for and been awarded credit ratings by Fitch or one of the other

ratings companies. Historically however, the Council has invested much of its portfolio with the major Building Societies ranked by asset size. The 2004-05 Strategy limited this list to nineteen being those societies having assets in excess of £1 billion. Since then one society has been removed from the list. Of these, ten have a Fitch rating of F1 or better. (The remainder have not applied to be rated but are nevertheless considered to be financially sound). It is proposed that the Council lends only to these 18 Building Societies with assets in excess of £1 billion. The ten Societies that have a rating of F1 or better will fall into the Specified category so long as an investment is made for a period of less than one year. The remaining eight must therefore fall into the Non-Specified category regardless of the investment duration.

The ranked Building Societies are as follows:

Nationwide
Britannia
Yorkshire
Portman
Coventry
Chelsea
Skipton
West Bromwich
Principality
Newcastle

The remaining eight without rankings are as follows:

Leeds and Holbeck
Cheshire
Derbyshire
Norwich and Peterborough
Stroud and Swindon
Nottingham
Dunfermline
Scarborough

Criteria for investments in excess of one year

12 The Council is advised that in the main the best rates for longer term investments will come from Building Societies, with only a few banks willing to quote for periods longer than one year. Therefore it is necessary to determine how rating criteria are used for long term investing. It is proposed that the following is adopted:

Societies with a ‘A-’ or better long-term rating – two year maximum duration. Currently these would be the ten societies identified in the paragraph above.

Societies with a ‘AA-’ or better long-term rating – four year maximum duration. Currently only one Building Society, the Nationwide has this ranking. It is not envisaged that the Council will be investing for a three to four year period during 2005-06.

Societies with a 'AAA' long-term rating – five year maximum duration
Currently no Building Societies have this ranking. It is not envisaged that the Council will be investing for a period above four years during 2005-06.

It is further proposed that as a further proviso building societies must have the following individual and support ratings:

For a two year investment limit:
Individual Rating – C or better
Support Rating – 3 or better
All ten Building Societies listed above have these ratings.

For a four year investment limit:
Individual Rating – B or better
Support Rating – 2 or better
Whilst all ten have an individual rating of B or better, only the Nationwide has a support rating of 2 or better. However, see comments above regarding likelihood of the Council investing for periods in excess of two years.

For a five year investment limit:
Individual Rating – B or better
Support Rating – 1
No Building Societies have a support rating of 1.

Although it is understood that many banks may be less willing than building societies to offer suitable rates for long term deals it is proposed that the same criteria be applied.

<u>Non – Specified Investments - Funds Managed by Standard Life</u>

13 As noted above Standard Life use Moody's rankings when considering an investment. These are broadly similar and comparable to the Fitch system. Moody's Aa and A Long Term ratings equate to the Fitch F1+ F1 ratings.

Standard Life are managing £5m of the Council's cash balances. In order to capitalise on their specialist expertise the following investment instruments have been agreed:

- UK Government Gilts and Treasury Bills. (Final Maturity must not be greater then five years.)
- Supranational Bonds. (Final Maturity must not be greater than five years.)
- Certificates of Deposit (For Aa rated institutions maximum security of five years, for A rated institutions maximum security of two years.)
- Cash Deposits. (Final maturity must not exceed two years.)

Criteria for what instruments the Council is willing to use

14 Currently the Council invests almost its entire portfolio in fixed rate, fixed duration investments, the exception being a £250,000 deposit with Abbey National. For the year ahead it is not proposed that the Council directly uses any other instruments. With regard to the fund manager, Standard Life, the terms of the appointment give Standard Life the scope to invest the Council's funds in UK Government securities (Gilts), Supranational bonds or Certificates of Deposit as well as cash deposits. It is therefore proposed that the use of these instruments by Standard Life be approved.

Monetary Limit

15 The Guidance states that the through the Annual Investment Strategy the Council must set a limit on the amount that may be held in Non Specified Investments at any time during the year. In order to bring an element of simplicity to the debate the limits applicable to the Council' internally managed funds and the funds under management by Standard Life are examined separately in the first instance.

Internally Managed Funds

16 As stated earlier in this report, most of the Council's cash balances are invested in Building Societies many of which have not applied for a credit rating. Therefore by definition investments with un-rated Building Societies must be classified as Non-Specified Investments even if the duration of the investment is less than one year. It is proposed that the maximum amount of Non-Specified investments be set at £12m for 2005-06.

Funds Managed by Standard Life

17 The weighted average of the fund will be two years or less. It is likely therefore, that on a duration basis alone the investments made by the fund will often be in excess of the twelve months that would be required for them to be qualify as Specified investments and it is therefore recommended that the maximum amount of Non-Specified investments made through the fund be set at £5m i.e. the whole value of the fund.

Liquidity of Investments

18 In determining the amount of funds that can be prudently committed for more than one year the Council must consider the relationship between overall funds and foreseeable spending needs, together with the need to make provision for contingencies and maintain adequate reserves. The Strategy must also state the minimum amount that is to be held in short term investments.

As noted above when day-to-day cash flow considerations permit and when officers consider there is financial benefit to the Council, funds have been invested for periods greater than one year. Taking this and the needs of the fund manager into account it is considered that it would be prudent to maintain a minimum level of £8 million in short term investments.

It is RECOMMENDED that the Council be requested to approve at its meeting on 26 April

1. The Annual Investment Strategy 2005-06 including the criteria for determining suitable counterparties.

2. A maximum amount of £12 million for Non – Specified investments managed internally by the Council.

3. A maximum amount of £5m million for Non - Specified investments managed by Standard Life.

Background Papers: The Prudential Code for Capital Finance in Local Authorities (CIPFA)
Local Government Investments – Guidance (ODPM)

APPENDIX

Fitch Credit Ratings Defined

Credit ratings are an essential aid to Councils and other investors in considering suitable investment counterparties. They provide a guide as to the risks of the investment not being repaid. They are not it must be emphasised, a guarantee. Since it is not possible to eliminate all risks when undertaking investments, the Council must seek to strike a balance that sets the risks at an acceptable level whilst at the same time leaving scope to maximise investment returns. The use of credit ratings provided by a reputable agency is a rational approach to the risk/return dilemma.

Fitch is a widely used rating agency; it uses four criteria that can be used collectively as a guide to the overall financial standing of an institution or an individual basis for specific purposes. The following is a brief outline of how the ratings work.

Short Term

A Short Term rating has a time horizon of less than 12 months and is therefore the principal rating used for selecting counterparties for short-term investments. The scale is as follows:

<u>F1 – Highest Quality</u>
Indicates the strongest capacity for timely repayments of financial commitments and may have an added "+" to denote any exceptionally strong credit feature.

<u>F2, F3, B, C and D</u>
Indicate descending capacity for timely payment of financial commitments. F2 is defined as Good and D denotes actual or imminent payment default.

The Council will not invest in any institution rated below F1 other than Building Societies with assets over £1 billion that have not applied to be rated.

Long Term

The Long Term rating looks at a time frame in excess of 12 months and is the principal rating used when considering longer term investments. The scale is as follows:

<u>AAA – Highest Credit Quality</u>
Denotes the lowest expectation of credit risk and is assigned in cases of exceptionally strong capacity for timely payment of financial commitments. This capacity is unlikely to be adversely affected by foreseeable events.

<u>AA+, AA, AA-, A+</u>
Indicate a low expectation of credit risk but capacity for timely payment of financial commitments may be more vulnerable to foreseeable events. The Council will only invest in the longer term with a counterparty that has been awarded a rating of A+ or

better. The Council would not consider investing with counterparties rated B,C and D ratings due to the higher risk of credit risk developing over time.

Individual Ratings

Individual ratings attempt to assess how an institution would be viewed if it were entirely independent and could not rely on external support. These ratings are designed to assess an institution's exposure to, appetite for, and management of risk, and thus represents Fitch's view on the likelihood that it would run into significant difficulties such that it would require support. The scale is as follows:

A – A very strong institution. Characteristics may include outstanding profitability and balance sheet integrity.

B – A strong institution for which there are no major concerns. Characteristics may include strong profitability and balance sheet integrity.

C – An adequate institution that possesses one or more troublesome aspects. There may be some concerns regarding profitability and balance sheet integrity.

D and E indicate sufficient concerns for the Council not to consider investing in such counterparties.

Note: In addition, Fitch use gradations among these five ratings, i.e. A/B, B/C, C/D and D/E. For short term investments the Council will not use a counterparty with a rating below B/C.

Support Ratings

The Support Rating denotes the probability of external support either from a parent institution or national or regional government. The scale is as follows:

1 – Denotes an extremely high probability of support. The potential provider of support is very highly rated in its own right and has a very high propensity to provide support to the institution in question.

2, 3, 4 and 5 denote decreasing probability of support and/or the rating of the potential provider and/or the likelihood of the support being provided.

EXTRACT FROM RESOURCES COMMITTEE MINUTES – 31 MARCH 2005

RE85 **ANNUAL EFFICIENCY STATEMENTS**

The Committee considered the report, which provided an overview of the purpose and requirements of Annual Efficiency Statements under the Gershon review.

The Executive Manager (Financial and Asset Services) explained that the Gershon review identified possible efficiency gains of over £20billion across the public sector by 2007/08. He added that these figures had been built into the assumptions underpinning the Chancellor of the Exchequer's recent budget announcements. He said that the target for local government was around £6.5billion by 2007/08 and that detailed guidance and requirements had been issued. He added that the Council would need to develop a longer-term strategy to meet the increasing requirements of the Annual Efficiency Statements.

> RESOLVED that the Committee note the report and submit it to Council to notify all Members of the key elements of this key corporate requirement.

AGENDA ITEM 7(ii)

REPORT TO RESOURCES COMMITTEE – 31 MARCH 2005

Committee	**Resources Committee**
Date	**31 March 2005**
Agenda Item No:	**8**
Title:	**Annual Efficiency Statements**
Author:	**Philip O'Dell (01799) 510670**

Summary

1 This report provides a brief overview of the purpose and requirements of Annual Efficiency Statements, required under what has become known as 'Gershon' after the leader of the recent review of public sector efficiency.

Background

2 The Gershon review identified possible efficiency gains of over £20billion across the public sector by 2007/08. These figures are built into the assumptions underpinning the Chancellor of the Exchequer's recent Budget announcements. The target for local government is around £6.5billion by 2007/08.

3 Detailed guidance has been received and more is awaited, but the main points are:

a) Each council is expected to make 2.5% of efficiency savings per annum on a cumulative basis over the next three years. Cuts in levels of service, performance and quality will not count towards this target, nor will increased income for the same level of service. Councils can still decide, as locally democratic bodies whether to cut service quality or levels, and whether to increase income for an unchanged service, but such choices will not count towards the efficiencies being targeted under this regime.

b) At least half of the efficiency savings should be 'cashable', releasing funds to invest in frontline services or to keep the Council Tax or housing rent levels down. The remainder can be 'non-cashable'. These are quantified changes that get more work from the same resources, such as reductions in staff sickness levels or greater speed of dealing with transactions, perhaps by use of information technology. These non-cashable items will require lateral thinking in terms of identification, but very often build on initiatives that councils are already taking to improve efficiency.

c) The majority of the efficiencies are expected to be achieved via improved procurement, rationalisation of corporate (support) services, improved use of information technology and partnership working, although there are many other ways to meet the requirements.

Detailed requirements

4 Councils will need to produce Annual Efficiency Statements, submitted on–line to the government and 'signed' by the leader of the council, the chief executive and the chief financial officer.

5 There will be a forward-looking statement, identifying what councils think they can achieve against their 2.5% annual target. The figures will be broken down over individual services and will include details of how efficiencies are to be achieved, as well as a commentary on the overall approach to efficiency. For 2005/06 this has to be done by 15th April 2005, with Uttlesford's first target set at £264,000.

6 There will be a backward-looking part to the requirement each year, identifying and reviewing actual efficiencies. The first of these will relate to 2004/05 and is due by 15 June 2005.

7 For district councils, there is voluntary half-year disclosure to the government on progress in achieving the efficiency target.

8 There will need to be clear audit trails and the process and figures will be reviewed by external audit.

9 It is expected that the Annual Efficiency Statement for the year ahead will be included in Best Value Performance Plans still due for publication by 30th June.

10 Scope exists for other local publication of targets and achievements for increased efficiency.

11 Further guidance is awaited from government, mainly surrounding a mechanism to check that quality has not fallen during the implementation of efficiencies

Meeting the immediate deadlines and targets

12 Officers are confident that analysis of the last two budget processes and particularly some of the savings made in them will result in the cashable efficiencies target being met. An Executive Management Team meeting will shortly focus on the non-cashable aspect, with the expectation again being that the immediate requirement can be met.

Longer term requirements and a wider corporate approach

13 The Council needs to develop a longer-term strategy to meet the increasing requirements of the Annual Efficiency Statements. This will require engaging staff at all levels in the approach, building it into our service and financial planning, developing simple yet effective ways to capture and record valid efficiencies, and addressing the real opportunities and difficulties of alternative methods of service delivery and organisational functioning. There are also clear links to the Comprehensive Performance Assessment and Best Value processes, which will use the Annual Efficiency Statements as key evidence.

14 It could well be that on officer working group is set up to give initial energy to the process, although longer term the key will be wide involvement around the Council.

RECOMMENDED that the Resources Committee notes the content of this report and submits it to Full Council to notify all Members of the key elements of this key corporate requirement.

Background Papers: Guidance from ODPM

AGENDA ITEM 7(iii)

EXTRACT FROM RESOURCES COMMITTEE MINUTES – 31 MARCH 2005

RE90 **COMMITTEE TIMETABLE**

The Committee considered the report, which contained the draft Committee timetable.

Members identified that the date for Scrutiny 1 in November was on a Tuesday and would need to be altered to be Wednesday 9 November 2005. It was further agreed to amend the Resources Committee date from the 22 September 2005 to the 29 September 2005 due to the Liberal Democrats Conference. There was a discussion about whether it was appropriate to tailor Council dates to fit in with political commitments. Councillor Wilcock added that the Stansted Airport Advisory Panel dates would need to be altered as they did not fit in with key dates and he would advise the Democratic Services Manager of the new dates.

> RESOLVED that the Council on 26 April be requested to approve the Committee Timetable 2005/06 with the agreed amendments

COMMITTEE TIMETABLE 2005/06

	Day	May	June	July	Aug	Sept	Oct	**Nov**	Dec	Jan	Feb	Mar	Apr	May
Community and Leisure	Tues		7			6	25			10		7		
Health and Housing	Thur		9			8	27			12 26		9		
Environment	**Tue**		14			13		1		17		14		
Licensing	Wed		15			14		2		18		15		
Transport & Highways *Held at Great Dunmow	Thur		16			8		3		19		16		
Scrutiny 1	Wed		22			21		9		25		22		
Resources	Thur		23	28		29		17			2 9	23		
Scrutiny 2	Wed			6			5	30			8		5	
Council	Tues	17 annual		19			18		13		16 Thurs		25	16 annual
Development Control **2pm**	Wed	18	8 29	20	10 31	21	12	2 23	14	11	1 22	15	5 26	17
Standards Cttee***4pm**	Mon	16		18		12		14		16		20		
Stansted Airport AP	Mon		6	25		12	24		12	23		6	24	
Workshops	Mon		27	11		26	10	21	5	23	20	27	10	

All meetings held at Saffron Walden except Transport and Highways. Meetings to start at 7.30pm except Development Control which starts at 2.00pm and Standards Committee which starts at 4.00pm.

AGENDA ITEM 7(iv)

SCRUTINY COMMITTEE 2 – 13 APRIL 2005

SC2.50 **CLEAN NEIGHBOURHOODS AND ENVIRONMENT BILL**

The Committee considered the report, which contained a key issues brief from the Local Government Association on the Clean Neighbourhoods and Environment Bill. The Executive Manager Strategy and Performance explained that the Bill was aimed at providing the measures to tackle environmental crime such as litter, graffiti, fly tipping and illegal dumping. She then informed the Committee that this item would be going to the Environment Committee on 14 June 2005 for a full discussion, as it would have resource implications for the Council.

Members questioned whether the Bill would be feasible in Uttlesford and what the mechanics and economics would be.

RESOLVED that the Clean Neighbourhoods and Environmental Bill be refered to full Council for a full debate.

Committee: **Scrutiny 2 Committee**

Date: **13 April 2005**

Agenda Item No: **5**

Title: **CLEAN NEIGHBOURHOODS AND ENVIRONMENT BILL**

Author: **Tracy Turner (01799) 510402**

Summary

1 The document attaches a key issues brief from the Local Government Association on the Clean Neighbourhoods and Environment Bill. A full evaluation of the impact of the Bill on Uttlesford District Council will be tabled for discussion at the meeting of the Environment Committee on 14 June 2005.

Background

2 The Clean Neighbourhoods and Environment Bill was published by the Department for Environment, Food and Rural Affairs (Defra) on 8 December 2004. The bill provides measures for local authorities to deal with environmental crime.

3 A full evaluation of the Bill will be tabled for discussion at the meeting of the Environment Committee on 14 June 2005, as it will have resource implications for the council.

RECOMMENDED that Members consider the background briefing and indicate whether they wish any particular issues to be addressed by the Environment Committee.

Committee: **Council**

Date: **26 April 2005**

Agenda Item No: **8**

Title: **Anti-social Behaviour Act, 2003 part 8 – the law governing complaints about high hedges**

Author: **John Mitchell (01799) 510450**

Summary

1 Authority is sought to delegate the function of handling complaints about high hedges under part 8 of the Anti-social Behaviour Act 2003 to the Development Control Committee, and to further delegate the full function to the Executive Manager of Development Services, other than the setting of fees for the service.

Background

2 From 1 June 2005, provided they have tried and exhausted all other avenues for resolving their hedge dispute, people will be able to take their complaint about a neighbour's evergreen hedge to the District Council.

3 The role of the Council is not to mediate or negotiate between the complainant and the hedge owner but to adjudicate on whether - in the words of the Act - the hedge is adversely affecting the complainant's reasonable enjoyment of their property. In doing so, the Council must take account of all relevant factors and must strike a balance between the competing interests of the complainant and hedge owner, as well as the interests of the wider community.

4 If they consider the circumstances justify it, the Council will issue a formal notice to the hedge owner which will set out what they must do to the hedge to remedy the problem, and when by. Failure to carry out the works required by the Council is an offence which, on prosecution, could lead to a fine of up to £1,000.

5 The Government advises that:

- The legislation does not require all hedges to be cut down to a height of 2 metres
- Permission is not required to grow a hedge above 2 metres
- When a hedge grows over 2 metres the Council does not automatically take action, unless a justifiable complaint is made

- If you complain to your Council, it does not follow automatically that they will order your neighbour to reduce the height of their hedge. They have to weigh up all the issues and consider each case on its merits

- The legislation does not cover single or deciduous trees

- The Council cannot require the hedge to be removed

- The legislation does not guarantee access to uninterrupted light

- There is no provision to serve an Anti-social Behaviour Order (ASBO) in respect of high hedge complaints.

6 The Council's involvement should be a last resort. Anyone complaining to the Council about a high hedge will need to be able to demonstrate that they have done everything they reasonably could to settle their dispute. A form for the purpose will need to be completed. If the Council decides it can become involved then the neighbour will be invited to set out their case and, after a site visit, decide whether the hedge adversely affects the reasonable enjoyment of the complainant's home and garden and what, of anything, should be done about it. If action is necessary a remedial notice will be served on the owner of the offending hedge which sets out what he or she is required to do to the hedge and may also require it to be trimmed regularly to its new size. Failure to comply could, on prosecution, result in a fine of up to £1,000.

7 The use of the word "reasonable" is important. It means that it is not just the complainant's concerns that have to be taken into account but also the neighbour's point of view and the broader consequences for the neighbourhood. For example the hedge may have a wider amenity value that needs to be considered.

8 A fee may be charged. It is considered that the Council should charge a fee that covers the cost of the service. This will also deter frivolous complaints. The amount of work involved is not yet known as this is a completely new area of work for the Council and will be a matter for the Development Control Committee to set at its meeting of 18th May.

9 Both parties, the complainant and the hedge owner, have a right of appeal, which is made to the Planning Inspectorate (this is in direct contrast to the right of appeal in planning and enforcement cases where the right of appeal lies only with the applicant or the recipient of an enforcement notice and not an objector or complainant). Clearly the Government consider that the issues raised a broadly similar to planning issues and for this reason it is considered that the responsibility for handling high hedges complaints should be vested in the Planning Service.

10 Unless responsibility is delegated the Council will have to determine all high hedges complaints. It is considered that the function should be delegated to

the Development Control Committee and that the full responsibility should be delegated to the Executive Manager, Development Services, with regular progress reports made to the Committee as with planning enforcement cases.

RECOMMENDED that responsibility for resolving complaints about high hedges under Part 8 of the Ant-social Behaviour Act, 2003 (including setting a fee for the service) be delegated to the Development Control Committee, and under the scheme of delegation to officers be delegated to the Executive Manager, Development Services.

That prosecutions or other legal action under the Act be delegated to the Executive Managers of Development Services and Corporate Governance

That the setting of fees be delegated to the Development Control Committee

Background Papers: Anti-social Behaviour Act 2003. Further background information can be found at www.odpm.gov.uk/treesandhedges

Committee: **Full Council**

Date: **26 April 2005**

Agenda Item No: **9**

Title: **Uttlesford Local Development Scheme**

Author: **Melanie Jones (01799) 510461**

Summary

1 Under the Town and Country Planning (Local Development) (England) Regulations 2004 the Council has to make a resolution in order to bring the Local Development Scheme into effect. This report seeks that resolution.

Background

2 The Local Development Scheme (LDS) is the project plan, which sets out the timetable and process for producing the documents in the Uttlesford Local Development Framework. The Environment Committee considered the LDS at the meeting on 11 January and following consultation with the government office it was formally submitted to the Secretary of State on 22 March 2005. The document as submitted is available on the Council's website. The government office responded on 5 April 2005 stating that the secretary of state did not intend to issue a direction under S15(4) of the Act and the LDS can now come into effect.

RECOMMENDED that Council resolve that the LDS will come into effect from 26 April 2005

Background Papers: Local Development Scheme

Committee: **Full Council**

Date: **26 May 2005**

Agenda Item No: **11**

Title: **Community Safety Strategy 2005-08**

Author: **Community Safety Officer**
Rachel Hutchinson (01799) 510585

Summary

1 This report gives an overview of new and updated aims of the Uttlesford Community Safety Strategy 2005-2008, and requests that Full Council endorses the Strategy.

Background

2 In July 2002, Members approved the Uttlesford Community Safety Strategy (2002-05). The Strategy set out six Aims, which were being pursued by the Community Safety Action Team (CSAT), and its various working groups. The Strategy has to be reviewed and updated every three years. The new aims of the Strategy are based on surveys and audit data gathered in the last year.

3 The Strategy is attached as Appendix 1 and shows each of the six aims and describes the actions, which will be taken to achieve them.

The six aims are:

- Hate crimes (which included Domestic Violence, Homophobic Crime, Racist crimes and Religious crimes)
- Anti-social Behaviour and Criminal Damage
- Alcohol & Drugs
- Road Safety
- Business Crime
- Communications/media strategy

4 The above aims are underpinned by Action Plans that are developed by each of the Working Groups and assisted by voluntary groups i.e. Neighbourhood Watch and other agency task groups i.e. Police Community Safety Tasking Groups. CSAT monitors the Action Plans, and reports are given at each of its meetings by the Working Group Chairmen. The working groups also undertake Annual Reviews to assess their own progress against the Aims and Objectives of their Action Plans.

5 There is funding available from the Government towards Community Safety initiatives, e.g., Building Safer & Stronger Communities Fund (BSCF), which is issued under strict criteria and conditions are for one year only and have to be spent by the end of the financial year. The BSCF is opened out to the Community for Community groups and agencies to tackle crime and disorder

in their area. This way the Community has a say in how they can improve their area. The Government has also provided funding for 2 years for each partnership to provide an “Anti-social Behaviour Officer” to tackle and address areas of anti-social behaviour across the board and to co-ordinate activities of Police, Schools Registered Social Landlord and internal Local Authority departments so that the Public have a co-ordinated approach to assist them – this post is expected to be mainstreamed at the end of the Government funding term. All of these funding streams supplement the mainstream activity to reduce crime and the fear of crime across the district.

6 There are devolved budgets available to the Working Groups to assist in carrying out projects and initiatives in relation Action Plans. Decisions about the work undertaken are made by the groups; Chairmen of the Working Groups report back to CSAT at its quarterly meetings.

7 With regard to monitoring the strategy as a whole, there will be a mid-term review of the actions, projects and progress by CSAT 18 months into the 3-year cycle (Winter 2006), to Scrutiny 1. This event will also re-enforce partnership working and cross-reference any potential duplicate working.

8 Members have had, (and will continue to have) opportunities to comment via the Surveys, Members Workshop, through Councillors in attendance at Working Groups and CSAT and via invitations to comment through e-mail. These with other comments from specific parties have been included into this final draft document.

9 The future of CSAT continues to evolve. The Responsible Authority Group (the chairs of the Community Safety Action Team for Uttlesford) now include, Essex County Council, Uttlesford District Council, Uttlesford Primary Care Trust, Essex Fire & Rescue Service, Essex Police Authority and Braintree Police Division. All of these agencies now have a responsibility to ensure that crime and disorder are a priority for their mainstream activity. The Government office for the East of England, are also an essential link for CSAT to Government in order to keep abreast of new legislation and receive advice on best practice etc, they also monitor progress carefully as clearly Community Safety is still at an impressionable stage and will continue to develop and grow over time and through experience.

RECOMMENDED that Full Council gives its endorsement to the new Community Safety Strategy 2005-08 and to the Uttlesford Community Safety Action Team to undertake the work involved to achieve the aims of the Strategy.

Background Papers: Community Safety Strategy 2005-08
Community Safety Strategy 2002-05
Working Group Action Plans
General Residents Survey 2004
Young Persons Survey (11-19yrs) 2004
Young Persons Survey (Primary School age) 2004
Hard to Reach Group Survey 2004