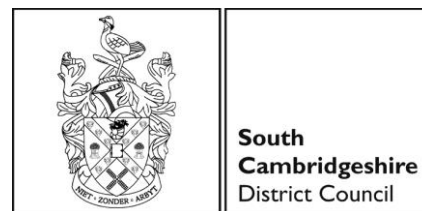


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11 January 2017

To: The Leader – Councillor Peter Topping
Deputy Leader – Councillor Nick Wright
Members of the Cabinet – Councillors Francis Burkitt, Simon Edwards, Lynda Harford, Mark Howell, Robert Turner and Tim Wotherspoon

Quorum: Majority of the Cabinet including the Leader or Deputy Leader

Dear Councillor

You are invited to attend the next meeting of **CABINET**, which will be held in the **SWANSLEY ROOM A AND B - GROUND FLOOR** at South Cambridgeshire Hall on **THURSDAY, 19 JANUARY 2017** at **2.00 p.m.**

Yours faithfully

Alex Colyer

Interim Chief Executive

The Council is committed to improving, for all members of the community, access to its agendas and minutes. We try to take all circumstances into account but, if you have any specific needs, please let us know, and we will do what we can to help you.

AGENDA

	PAGES
1. Apologies for Absence To receive Apologies for Absence from Cabinet members.	
2. Minutes of Previous Meeting To authorise the Leader to sign the Minutes of the meeting held on 21 November 2016 as a correct record.	1 - 4
3. Declarations of Interest	
4. Announcements	
5. Public Questions	
6. Local Government Finance Settlement Update	5 - 10
7. Shared Internal Audit Service	11 - 32
8. Neighbourhood Area Designating - Updating the process	33 - 48
9. Corporate Peer Challenge: Feedback report	49 - 66

OUR LONG-TERM VISION

South Cambridgeshire will continue to be the best place to live, work and study in the country. Our district will demonstrate impressive and sustainable economic growth. Our residents will have a superb quality of life in an exceptionally beautiful, rural and green environment.

OUR VALUES

We will demonstrate our corporate values in all our actions. These are:

- Working Together
- Integrity
- Dynamism
- Innovation

GUIDANCE NOTES FOR VISITORS TO SOUTH CAMBRIDGESHIRE HALL

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- **Do not** use the lifts to leave the building. If you are unable to use stairs by yourself, the emergency staircase landings have fire refuge areas, which give protection for a minimum of 1.5 hours. Press the alarm button and wait for help from Council fire wardens or the fire brigade.
- **Do not** re-enter the building until the officer in charge or the fire brigade confirms that it is safe to do so.

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Agenda Item 2

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Cabinet held on
Thursday, 17 November 2016 at 8.57 p.m.

PRESENT: Councillor Peter Topping (Leader of the Council)
Councillor Nick Wright (Deputy Leader of the Council and Corporate & Customer Services Portfolio Holder)

Councillors: Francis Burkitt Greater Cambridge City Deal Portfolio Holder
Simon Edwards Finance and Staffing Portfolio Holder
Lynda Harford Housing Portfolio Holder
Mark Howell Environmental Services Portfolio Holder
Robert Turner Planning Portfolio Holder

Officers in attendance for all or part of the meeting:

Alex Colyer Interim Chief Executive
Tom Lewis Monitoring Officer
Graham Watts Democratic Services Team Leader

Councillors David Bard, Val Barrett, Henry Batchelor, John Batchelor, Anna Bradnam, Tom Bygott, Nigel Cathcart, Doug Cattermole, Grenville Chamberlain, Graham Cone, Pippa Corney, Christopher Cross, Kevin Cuffley, Neil Davies, Sue Ellington, Andrew Fraser, Jose Hales, Roger Hall, Philippa Hart, Tumi Hawkins, Caroline Hunt, Peter Johnson, Sebastian Kindersley, Douglas de Lacey, Janet Lockwood, Ray Manning, Mick Martin, Raymond Matthews, David McCraith, Charles Nightingale, Alex Riley, Tim Scott, Ben Shelton, Bridget Smith, Hazel Smith, Ingrid Tregoing, Richard Turner, Bunty Waters, Aidan Van de Weyer, and John Williams were in attendance, by invitation.

1. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Tim Wotherspoon.

2. DECLARATIONS OF INTEREST

No declarations of interest were made.

3. CAMBRIDGESHIRE AND PETERBOROUGH DEVOLUTION

Cabinet adjourned its meeting on 17 November 2016 at 8.57pm and agreed to consider this item at a reconvened meeting at the close of the meeting of Council on 21 November 2016.

The following Cabinet Members were in attendance on 21 November 2016:

Councillors Peter Topping (Leader of the Council), Nick Wright (Deputy Leader of the Council), Simon Edwards, Lynda Harford, and Mark Howell.

The following other Members of the Council were in attendance:

Councillors David Bard, Val Barrett, Henry Batchelor, John Batchelor, Anna Bradnam, Brian Burling, Tom Bygott, Nigel Cathcart, Doug Cattermole, Grenville Chamberlain, Graham Cone, Pippa Corney, Simon Crocker, Christopher Cross, Kevin Cuffley, Sue Ellington, Jose Hales, Roger Hall, Philippa Hart, Tumi Hawkins, Sebastian Kindersley, Douglas de Lacey, Janet Lockwood, Mervyn Loynes, Ray Manning, Mick Martin, David

McCraith, Cicley Murfitt, Charles Nightingale, Des O'Brien, Tony Orgee, Alex Riley, Deborah Roberts, Tim Scott, Ben Shelton, Bridget Smith, Hazel Smith, Ingrid Tregoing, Richard Turner, Bunty Waters, Aidan Van de Weyer, David Whiteman-Downes and John Williams.

Alex Colyer (Interim Chief Executive), Tom Lewis (Monitoring Officer) and Graham Watts (Democratic Services Team Leader) were also in attendance.

Apologies for absence for the reconvened meeting were received from Councillors Francis Burkitt, Robert Turner and Tim Wotherspoon.

Further to debate and a recommendation agreed at the meeting of Full Council immediately prior to this meeting, Cabinet **AGREED** to:

- (i) Consent to the Secretary of State making an Order to establish the Cambridgeshire and Peterborough Combined Authority (Appendix A).
- (ii) Consent to the Council being a constituent member of the Cambridgeshire and Peterborough Combined Authority with effect from the commencement date determined by the final Order.
- (iii) Authorise the Chief Executive, in consultation with the Leader of the Council, to consent to the final draft Order and associated documents, specifically:
 - to agree minor drafting amendments to the Combined Authority Order to be laid before Parliament;
 - to consent to the Council being included within the draft Parliamentary Order thereby reflecting this Council's decision.
- (iv) Authorise the Combined Authority to have a power to issue a levy to the constituent Councils in respect of any financial year. (This will be subject to the inclusion of a unanimity clause in the Combined Authority constitution on this specific matter).
- (v) Recommend to the Combined Authority that the costs of establishing the Combined Authority, holding the elections in May 2017 and running the Combined Authority (including Mayoral Office) for 2016/17 and 2017/18 are funded from the gain share grant provided by Government (as outlined the financial implications section of the report).
- (vi) Appoint Councillor Peter Topping, Leader of the Council, to act as Council's appointee to the Shadow Combined Authority and once established, to the Combined Authority.
- (vii) Appoint Councillor Nick Wright, Deputy Leader of the Council, to act as the substitute to the above.
- (viii) Note the outcome of the public consultation on the establishment of the Cambridgeshire and Peterborough Combined Authority as outlined in paragraph 5.1 and 5.2 and Appendices 2A - 2D.
- (ix) Note the timetable for the implementation of the Cambridgeshire and Peterborough devolution Order as summarised in paragraph 16.

- (x) Note the Government's response to the outline business case for Housing capital investment funds secured as part of the devolution deal as set out in Appendix 3.
- (xi) Agree, in principle, for a protocol requiring the Council Leader and the representative on the Overview and Scrutiny Committee to report to each meeting of Council setting out the activities and decisions related to their respective roles within the Combined Authority.
- (xii) To request that the Chairman and Vice-Chairman of Civic Affairs Committee engage their fellow committee members with a view to devising and agreeing the wording of a protocol for inclusion in the Council's constitution.

NOTE – This meeting adjourned at 8.57pm and the reconvened meeting on 21 November 2016 closed at 9.13pm.

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Agenda Item 6



REPORT TO: Cabinet
LEAD OFFICER: Interim Chief Executive

19 January 2017

LOCAL GOVERNMENT FINANCE SETTLEMENT UPDATE

Purpose

1. The main purpose of this report is to update Members regarding the Local Government Finance Settlement and its implications for the authority for the financial years 2017-18 to 2019-20.
2. This is not a key decision, but has been brought to this meeting so that resulting actions can be incorporated as appropriate in the budget and MTFs reports to be presented to Cabinet and Council in February 2017. The Local Government Finance Settlement was first published in the September 2016 Forward Plan.

Recommendations

3. It is recommended that Cabinet:
 - (a) notes the Local Government Finance Settlement;
 - (b) provides guidance to the Head of Finance regarding options to be modelled in the Medium Term Financial Strategy reports to Cabinet and Council in February 2017;

Reasons for Recommendations

4. The Local Government Finance Settlement sets out the funding that central Government will allocate to local authorities for the financial years 2017-18 to 2019-20.

Background

Local Government Finance Settlement

5. The provisional Local Government Finance Settlement for 2017-18 was published on 15 December 2016. Information included in the settlement and figures in the accompanying "Key Information for Local Authorities" and other documents published with it have been used in preparing this report.
6. Following the Government's acceptance of the Council's Efficiency Plan, submitted in October 2016, the provisional settlement confirms certain elements of the four year settlement as announced this time last year. These elements are the Revenue Support Grant (RSG), Rural Services Delivery Grant, Transition Grant and the Business Rates baselines, top-ups and tariffs.

Considerations

Local Government Finance Settlement

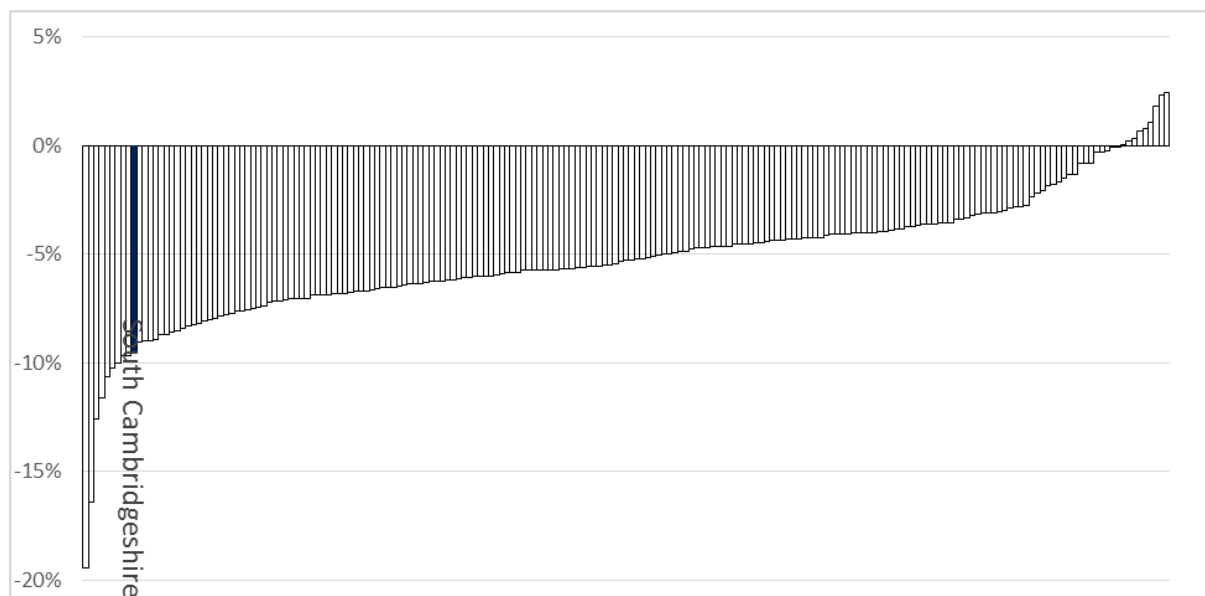
Core Spending Power

7. The table summarises the provisional settlement in terms of core spending power, showing a 9.5% decrease from 2016-17 to 2017-18.

	2016/17 £000	2017/18 £000	16-17 to 17-18 % change	2018/19 £000	2019/20 £000
Revenue Support Grant (RSG)	926	230	-75.2%	-	-
Business rates baseline	2,422	2,472	2.1%	2,552	2,642
Tariff / top-up adjustment	-	-	-	-	(660)
Settlement Funding Assessment (SFA)	3,348	2,702	-19.3%	2,552	1,982
New Homes Bonus	5,265	3,932	-25.3%	3,002	2,880
Rural Services Delivery Grant	130	105	-19.3%	81	105
Transition Grant	76	76	-0.4%	-	-
Council Tax	7,852	8,279	5.4%	8,717	9,166
Core Spending Power	16,671	15,093	-9.5%	14,351	14,133

It should be noted that the figures given here for Council Tax and New Homes Bonus (NHB) are the Government's illustrative figures and are not based on local information.

8. The chart below shows how this Council compares with other lower tier councils with regard to changes in spending power:



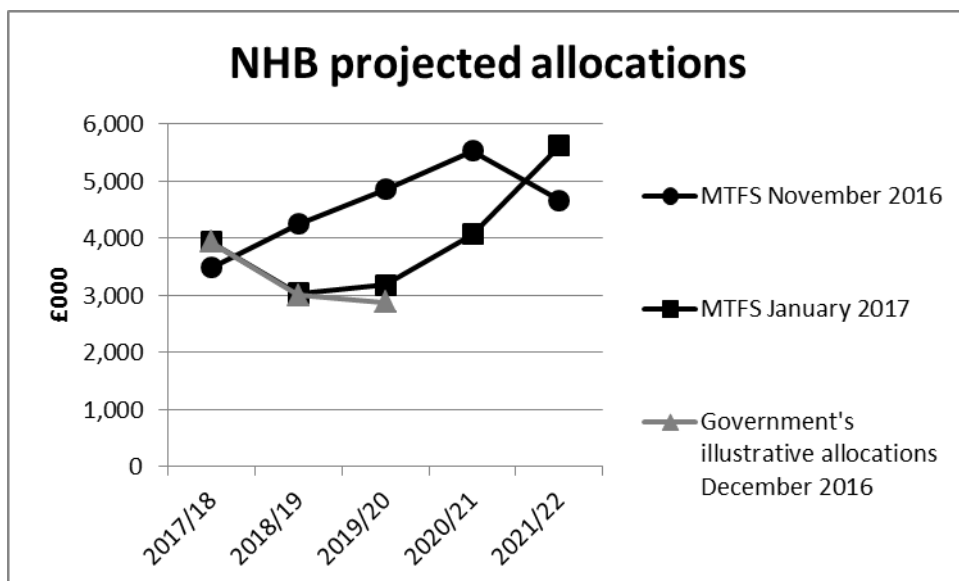
9. Due to the confirmed four year funding settlement, the MTFs report to Cabinet in November 2016 modelled these funding streams, with the exception of NHB.

New Homes Bonus

10. Provisional New Homes Bonus (NHB) allocations for 2017-18 were announced alongside the provisional Local Government Finance Settlement. The allocation of £3,926k is £440k higher than included in the November 2016 MTFs.

11. This masks two significant changes in the calculation on the bonus, following consultation in 2016. Specifically:-
- In 2017-18 the council will receive NHB based on the past five years increases in housing stock, rather than on six years, as before. In 2018-19 and beyond, this will reduce further to four years. The MTFS assumed four years from 2017-18, reflecting the Government's preferred option in the 2016 consultation.
 - A deadweight of 0.4% of growth has been applied to the 2017-18 and all future years. No NHB is due on the first 0.4% of growth, equivalent to about 280 properties per year, or £1.37m over the four years that NHB is payable on additional properties. The government reserves the right to change the deadweight percentage year on year, creating a mechanism that could be used to limit the total NHB payable.
12. Additionally, future reductions will be applied where councils do not have an agreed Local Plan, or where houses have been allowed on appeal. Details on how this will work will be subject to further consultation.
13. The settlement provides illustrative NHB allocations to authorities for 2018-19 and 2019-20 by apportioning the total available funding over councils on the basis of the percentage allocation for 2017-18. The table below shows how this illustration compares the NHB modelled by the council in the November MTFS, and as updated now to reflect the changes in 11 above and the revised housing trajectory.

NHB projections	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
MTFS November 2016	3,486	4,246	4,849	5,525	4,658
MTFS January 2017	3,926	3,037	3,179	4,064	5,614
Government's illustrative allocations December 2016	3,926	3,002	2,880		



14. NHB is currently used to fund £1.8m of General Fund growth expenditure and small amounts of revenue expenditure on infrastructure projects supporting growth. 50% of NHB is set aside as a contribution to the City Deal Investment and Delivery Fund, with any remaining amounts reserved for the A14 upgrade contribution.
15. Modelling has shown that the council has the following options:-
 - It can prioritise existing commitments to GF revenue and the A14 upgrade, thereby restricting the City Deal contributions by £1.6m over the five year modelling period. Whilst this approach follows our understanding of the agreement with the City Deal, further discussion and confirmation may be required.
 - It can prioritise City Deal contributions and make revenue savings of £320k per year to ensure that the A14 upgrade can be funded.
 - It can explore alternative ways of funding the A14 upgrade contribution.

Council Tax Referendum Principles

16. The settlement maintains the core referendum threshold for Band D council tax increases at 2%; however, the threshold for district councils will be £5 a year for the next three years.
17. The MTFS report to Cabinet in November 2016 modelled Band D council tax increases of £5 through to 2020 and 2.0% thereafter.

Options

18. Members are requested to provide guidance to the Head of Finance regarding options to be modelled in the MTFS reports to Cabinet and Council in February 2017.

Implications

19. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

Financial

20. The financial implications of the settlement are as described in the report.

Risk Management

21. New Homes Bonus – there are key risks to the future allocation of NHB in relation to changes in deadweight percentage, further reforms that will be subject to consultation and delivery of new housing.
22. Retained business rates – there is a major continuing risk around the number and potential value of outstanding valuation appeals.

Effect on Strategic Aims

23. This paper addresses the funding of the council, and as such it supports all the Council's objectives.

Background Papers

Where [the Local Authorities \(Executive Arrangements\) \(Meetings and Access to Information\) \(England\) Regulations 2012](#) require documents to be open to inspection by members of the public, they must be available for inspection: -

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

None not already published elsewhere or by other organisations.

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Agenda Item 7



South
Cambridgeshire
District Council

Report To: Cabinet

19 January 2017

Lead Officer: Director Health and Environmental Services

Shared Internal Audit Service

Purpose

1. To seek Cabinet's agreement to the formation of a Shared Internal Audit Service with Cambridge City Council.

Recommendation

2. That Cabinet approve the Business Case and delegate authority to the Director H&ES to make decisions and to take steps which are necessary, conducive or incidental to the establishment of the Shared Internal Audit Service in accordance with the business case.

Reason for Recommendation

3. Since South Cambridgeshire District Council (SCDC) employs only one Internal Auditor, creation of a Shared Internal Audit Service with Cambridge City Council will provide much needed operational resilience. It will also drive operational efficiencies by standardising processes across the two Councils and greater assurance through better sharing of learning arising from audits across both Councils.

Background

4. Peterborough City Council has indicated that they wish to conclude the current management arrangements in place for Cambridge City Council and South Cambridgeshire District Council due to new ways of working.
5. Cambridge City Council (CCC) and South Cambridgeshire District Council have agreed to work in partnership to deliver shared services and have previously agreed general principles to underpin this approach.
6. CCC and SCDC both provide separate Internal Audit services, with service management (0.6FTE) provided in a shared arrangement with Peterborough City Council. Following discussions, a business case has been developed to establish a Shared Internal Audit Service between CCC and SCDC. Discussions have also taken place with Huntingdonshire District Council about creating the shared service to cover all three authorities, and this came before Cabinet in October 2016. However, Huntingdonshire District Council Cabinet has decided to defer joining the Service.
7. The vision for the Shared Internal Audit Service is:

To be valued as an integral part of both Councils' business by providing high quality assurance, acting as a catalyst for change and advocating improvements to risk management, control and governance processes.

8. Creation of a Shared Internal Audit Service will deliver:
 - a. increasing the sharing of best practice and access to a larger pool of specialist knowledge;
 - b. economies of scale e.g. training, resourcing specialist skills such contract audit and specialist fraud expertise;
 - c. maximising productive audit time in line with industry best practice
 - d. providing for flexible deployment if and when necessary, and allowing staff to build up specialist knowledge of the council(s) they are working within;
 - e. providing better opportunities for staff to further careers within the internal audit function.
9. The work to develop the attached business case has been undertaken by a project group consisting of audit staff from the two Councils.

Considerations

10. The business case for the establishment of the Shared Internal Audit Service is at **Appendix A** to this report.
11. The Shared Internal Audit Service would have an opening staffing budget of circa £280k, a combination the 2016/17 staffing budgets for each of the two current audit service operations which accounts for 97% of current Internal Audit spend. The ratio of the budget contribution at start-up is CCC 79% and SCDC 21%. This ratio forms the basis of potential saving distribution and additional cost incurred.
12. No savings are built into the business case, as the Shared Internal Audit Services of both Councils have reduced their combined budgets by 23% since 2012-13. Instead, the focus of the new Shared Internal Audit Service will be the delivery of benefits that can only be achieved through joint working, particularly a shared management arrangements and improved shared processes.
13. The current staffing structures are shown at Appendix 1 of the Business Case. In line with the approach taken in other shared services, a new, joint lead post will be created to lead the implementation of the Shared Internal Audit Service. Currently CCC and SCDC contribute a combined £52k towards Internal Audit management costs provided by Peterborough City Council.
14. Following a recruitment process to the joint lead post, the lead role will review the remaining structure within year 1. The parameters for any review will be to remain within the existing budget and quality.
15. Since SCDC employs only 1 internal auditor and Cambridge City 5, it is proposed that Cambridge City Council will act as the employing authority for the Shared Internal Audit Service. It is proposed that, subject to formal consultation, the SCDC officer will TUPE transfer to Cambridge City Council during 2017/18.
16. The work of the Shared Internal Audit Service will be driven by its Audit Plan which will be agreed with the two client Councils. The Audit Plan will identify what has to be delivered and establish the means for measuring and assuring its performance. Cambridge City Council will act as a client of its services. The Audit Plan will be agreed on an annual basis.

Implications

17. In the writing of this report, the following implications have been considered:

Financial

18. There will be a one-off Year 1 financial contribution of £4.2k from SCDC, to be taken from transformation funds.

Staffing

19. Cambridge City Council will become the Employing Authority for the Shared Internal Audit Service. As such, identified Audit staff in South Cambridgeshire District Council will transfer under TUPE to Cambridge City Council on the go-live date, subject to formal consultation with staff and Unions during February/March 2017 in accordance with each Council's organisational change policy.

Risk Management

20. A Shared Internal Audit Service will increase assurance by sharing learning and best practice across the two Councils, so improving risk management.

Effect on Strategic Aims

21. **Aim 2** – Ensure best use of Council Assets and benefit from opportunities to achieve efficiencies from partnership working. Creating a Shared Internal Audit Service would deliver against this objective.

Background Papers – None.

Report Authors:

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Business Case and Proposal

Formation of a Shared Internal Audit Service for Cambridge City Council and South Cambridgeshire District Council

VERSION 1.9

1.0 Executive Summary

- 1.1 Cambridge City Council ('CCC') and South Cambridgeshire District Council ('SCDC') have agreed the principle of working in partnership to deliver a range of shared services. This report sets out proposals for delivering a full, professional Shared Internal Audit Service (SIAS) across CCC and SCDC Councils that will meet the statutory requirements of the Public Sector Internal Audit Standards (PSIAS). Huntingdonshire District Council deferred the opportunity to join the shared service at this point in time.
- 1.2 Internal Audit has a vital role to play, as a key business partner, in helping Councils manage effectively through the challenges they face by ensuring that governance, risk management and control arrangements remain effective. To do this successfully, internal audit teams need to be fit for purpose and provide assurance of the necessary quality, depth and coverage.
- 1.3 There were two main drivers behind the decision to consider reviewing the options available for improving the delivery of the IAS. These were:
 1. CCC and SCDC desire to have a strong business focussed leadership model in line with other shared services to lead the shared Internal Audit Service across the two Councils.
 2. Bringing together the professional discipline of internal audit into one team, provides the opportunity to deliver a more resilient and responsive service that would allow internal audit work to be carried out seamlessly and without boundaries across the two Councils.
- 1.4 This proposal recommends that the two Councils create a shared IAS. The service would operate and be governed in accordance with the principles that the two Councils have already agreed for the Phase 1 shared services, including the creation of a new joint lead role and the transfer of internal audit staff to one employing authority.

The Aims of the new service are:-

1. Improved audit coverage that is of a high quality
 2. Increased productivity
 3. The ability to audit, without boundaries, any of the current shared services.
 4. The ability to explore commercial opportunities and offer services to other organisations
- 1.5 In the last five years internal audit budgets across the two Councils have been reduced by £83k (23%). No savings are anticipated in year 1 of a new SIAS but the option for future year's savings will be explored once the audit requirements, new ways of working and the budgets for future years have been established.
 - 1.6 There will be of £20K in year one as a one off cost. These costs (£15.8k for Cambridge City Council and £4.2k for South Cambridgeshire District Council will be covered by existing transformation funds within each authority.

- 1.7 A shared SIAS would create a pool of auditors available to work across the two Councils, providing additional resilience to cover holidays, training and any sickness.
- 1.8 Through working across more than one Council, the options for auditors to develop and use specialist skills will increase. Initiatives can be developed at one Council and then rolled out across the other. The new joint lead role will have the ability to develop a wider skills and knowledge base across the service. This is particularly important at SCDC who employ only one auditor, who is required to undertake the majority of internal audit reviews.
- 1.9 The two current internal audit teams are experienced and have good customer satisfaction levels. They have been kept informed of the proposals for a Shared Internal Audit Service and have all had the opportunity to comment on this Business Case and have specifically contributed to the development of the Vision Statement.

2.0 Proposal

- 2.1 A professional, independent and objective SIAS is recognised by the two Councils as a key element of good governance. The requirement for Councils to maintain appropriate and effective internal audit arrangements is set out in the Accounts and Audit Regulations 2015¹.
- 2.2 To meet the aims set out above, it is proposed that a Shared Internal Audit Service (SIAS) be formed. This will require the recruitment of the new role to lead the SIAS. Once the new joint lead role has been successfully filled then a Transfer of Undertakings (Protection of Employment), (TUPE) will take place in respect of those staff who currently work in the Internal Audit team at SCDC. The individuals will transfer to the employing authority (Cambridge City Council) to form a new single team.
- 2.3 Currently a 0.6fte service lead is provided to CCC and SCDC under an agreement with Peterborough City Council. The combined cost of audit management across the two authorities for 2016/17 is £51.9k. Management of the current Audit provision is currently being delivered by Peterborough City Council and this would be terminated. In subsequent years productivity gains and the removal of non-audit tasks will be looked at for savings. A copy of relevant organisational charts for each Council is shown in Appendix 1.
- 2.4 The new joint lead role would be responsible for leading a Shared Internal Audit Service that would have free access to review any services or activities undertaken by each Council whether collectively or individually this requirement would be reflected in the Internal Audit Charter. The key service deliverable is to provide assurance on each Council's control environment, comprising the systems of governance, risk management and internal control – this will include:

¹ Accounts and Audit Regulations 2015 state that 'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards (PSIAS) or guidance'.

- preparation and delivery of annual audit plans to each Council that are reflective of their strategic plans and objectives and the risks to their achievement
- providing an annual opinion statement on the adequacy and effectiveness of the Council's control environment and which may be used as a key assurance source when drafting the Annual Governance Statement
- communicating with stakeholders in a timely and appropriate manner the results of work undertaken
- considering whether operational and management arrangements are delivering the most economical, effective and efficient use of resources
- providing support and advice as required to managers on new developments, policy initiatives, programmes and projects as well as emerging risks

2.5 The other main non-audit duties that are currently performed by each of the two teams accounted for 63 days in 2015/16 (split CCC 40 days, SCDC 23 days) on the national Fraud Initiative. Each Council has reviewed these tasks and confirmed they will be re allocated to other teams at no additional cost. This will create some free capacity which will be reviewed following the creation of the audit plans for 17/18.

3.0 Delivery options considered

3.1 Six options have been identified and assessed at a high level. These were:

- 1 The two services remain independent but work together on selected audits.
- 2 Develop a shared service as per Phase 1 (Legal, Building Control, IT) of the 3C shared service arrangement.
- 3 Co-sourcing (Option 2 above but with one or more of a range of specialist services procured from the private sector).
- 4 Expand option 2/3 with the inclusion of Peterborough City Council.
- 5 Outsource the service to the private sector.
- 6 Join an existing partnership.

3.2 The shortlisted options were assessed and reported to the 3C Shared Services Leaders' Group meeting in both November 2015 and February 2016. Following the February meeting it was agreed that a business case detailing the benefits of Option 2/3 should be prepared.

3.3 The other four options were rejected on various grounds including cost, resilience, capacity and staff implications.

3.4 The full business case for Option 2 was presented to the relevant committees at CCC, SCDC and HDC in autumn 2016. CCC and SCDC approved the

recommendation for a 3 way shared service. HDC Cabinet decided to defer the decision on joining the shared service. It is understood this deferral would be for a significant time period and therefore the option of a two way service has been brought forward. Should HDC wish to join the service in the future this would be in the context of joining an established service.

3.5 CCC and SCDC have developed this business case to progress with a two way shared service.

4.0 Existing internal audit provision

4.1 Each Council maintains an in-house Internal Audit Service. CCC and SCDC obtain their Audit Manager Service (0.6FTE) from Peterborough City Council (PCC) at a cost of £51.9k for 2016/17.

4.2 Excluding the lead auditor provided by PCC to CCC and SCDC, 5 fte auditors are employed. Details of the current staffing and budgets are shown in Appendix 2.

5.0 People Implications

5.1 As we bring new services together, there will be new management arrangements in place. We will be reviewing existing working arrangements to ensure that practices in place are the most appropriate for the new Shared Internal Audit Service. These will include a look at remote and flexible working arrangements and our accommodation needs this is anticipated to be carried out in the first 12 months once the joint lead role has been recruited to.

6.0 Staffing costs

6.1 The 2016/17 budget (excluding the lead auditor provided by PCC to CCC/SCDC) for the two services is £228k. 97% of the service budget relates to staff costs, which includes staff salaries, professional training and development and computer audit costs.

	Total budget £	Staff costs £	FTE	Other costs £
CCC	187,170	180,360	4.0	6,810
SCDC	41,040	39,990	1.0	1,050
Total	228,210	220,350	5.0	7,860
% of total budget		97%		3%

7.0 Internal Audit Resourcing

7.1 The number of staff employed by each Council varies. There is no nationally agreed minimum or benchmark figure that can be used to judge whether the current auditor fte numbers are set at an appropriate level or not. However, the number of audit days and productivity levels are comparable.

7.2 The business case makes the assumption that the number of auditors employed is appropriate. This is because the Public Sector Internal Auditing Standards

(PSIAS) requires the lead role to prepare an annual audit plan that takes into account the requirement to produce an annual internal audit opinion. In determining annual internal audit coverage, PSIAS requires that if the lead role believes that the level of agreed resources will impact adversely on the provision of their annual internal audit opinion, then the consequences must be brought to the attention of the Audit Committee. No such concerns were reported to any of the two Councils Audit Committees in respect of the audit plans for 2014/15 or 2015/16.

- 7.3 The PSIAS were introduced in April 2013 and require each authority to be subject to an external independent review at least once every five years. Neither CCC nor SCDC have been reviewed as of yet. Consequently the shared service will require an external independent assessment by March 2018. If the SIAS is found not to be in compliance with the PSIAS, it is very likely that any bids for external work would be unsuccessful as conformance with PSIAS is a pre-bid approval requirement in many cases. Once the shared service is working effectively and working in accordance with the PSIAS, then the opportunity for it to become more entrepreneurial will be reconsidered.
- 7.4 It is proposed that for 2017/18 the number of audit days to be delivered at each authority will be at least that approved in the current 2016/17 plans. The audits will be delivered by any auditor employed within the shared service.
- 7.5 There no expectation of reduction of fte's across the shared service in year 1.

8.0 Benefits to be realised

8.1 A shared SIAS should bring clear benefits, including:

- increasing the sharing of best practice and access to a larger pool of specialist knowledge;
- economies of scale e.g. training, resourcing specialist skills such contract audit and specialist fraud expertise;
- maximising productive audit time in line with industry best practice
- providing for flexible deployment if and when necessary, and allowing staff to build up specialist knowledge of the council(s) they are working within;
- providing better opportunities for staff to further careers within the internal audit function; and

These benefits will be measured through the business plan and performance monitoring.

9.0 Vision for the future

9.1 The following Vision statement identifies the desired future outcomes for the shared service.

Vision – to be valued as an integral part of the business by providing high quality assurance, acting as a catalyst for change and advocating improvements to risk management, control and governance processes.

Objectives	Be a fully integrated commercial internal audit service across the 2 councils	Deliver robust assurance on risk managm't, control and governance processes	Be proactive, flexible, future-focused and innovative	Communicate in a clear, easy to understand and timely way	An attractive place to work
Principles	<p>One team.</p> <p>Alignment of audit plans & processes.</p> <p>Clear performance targets.</p>	<p>Audit plans aligned with the strategies, objectives, and risks of the authority.</p>	<p>Audit plans responsive to speed of developments.</p> <p>Increase in collaboration and systems development.</p> <p>Be trusted advisors.</p>	<p>Encourage customer input prior to, during and after work undertaken.</p> <p>Report in the most appropriate manner.</p>	<p>Develop people's contributions for the benefit of the team and the individual.</p> <p>Flexible, home and remote working</p>
Activity	<p>Review of structure.</p> <p>One audit plan across the 3Cs.</p> <p>Auditors work at any of the 3Cs.</p> <p>New audit manual & audit software.</p>	<p>Regular meetings with senior management to develop client relationships.</p> <p>Identify assurance gaps.</p>	<p>Undertake audits focused on specific & immediate risks.</p> <p>Promote best practice and new ideas (e.g. continuous auditing).</p> <p>Marketing the benefits that can be gained.</p>	<p>Report actions aligned to risk appetite.</p> <p>Redesign audit report format.</p> <p>Interim reporting to drive change.</p>	<p>Focused staff development and training.</p> <p>Agile working – to meet the clients' needs.</p>
Outcome	<p>Standard and consistent processes. PSIAS compliance.</p> <p>Auditors work to same goals & targets.</p> <p>Knowledge sharing amongst auditors and with managers.</p>	<p>Annual opinion report.</p> <p>Suggest ways to add value to service outcomes across 3Cs.</p>	<p>Real and immediate contribution to Council developments and initiatives.</p> <p>Provide timely advice when requested.</p>	<p>Influence and bring about meaningful change.</p> <p>Full and quick response to reports from managers.</p> <p>Educated client.</p>	<p>Motivated and engaged staff.</p> <p>Increased productivity.</p>

9.2 The Vision Statement has been shared and discussed with all of the internal audit staff and the management teams at each Council and been subject to review and challenge. It is supported by the two Chief Executives.

10.0 Meeting customer expectations

Management

10.1 One of the most important elements of an effective SIAS is the need to deliver a service that meets customer expectations. The Vision already contains a number of customer service components (e.g. engaging management throughout the audit process, regular meetings with senior management). A challenge for the lead role will be to quickly understand the expectations of each of the two Councils Management Teams and to introduce a formal and cohesive engagement programme so that the Vision can be delivered.

10.2 The joint lead role will strive to obtain a consensus of approach across the two Councils towards the delivery of key internal audit tasks, including:

- the involvement of managers (and audit committees) in developing the internal audit annual plan to ensure that it is relevant and consistent with each Council's corporate plan, objectives and risks and directs audit effort to the most appropriate areas;
- agreeing procedures for keeping internal audit informed of emerging issues, risks and priorities so that the audit plan can be amended throughout the year and audit resources refocused;
- agreeing the timetable for the delivery of individual audits so that disruption to business operations is minimised;
- introducing one reporting format (including discussing different reporting formats, such as powerpoint reports or one-page summary reports, that could significantly speed up the reporting cycle) and one set of assurance and recommendation definitions;
- reaching an understanding on the definition of 'timely' and developing processes to meet that time frame;
- consulting effectively prior to new developments and initiatives being introduced so that the SIAS can contribute ideas and advice on an ongoing basis; and
- building a relationship with the intelligent client at each Council to facilitate audit planning, the conduct of audits and provide periodic updates on the status of previously agreed audit recommendations.
- reporting quarterly against priorities and key performance measures to the Shared Service Management Board.

The benefits that regular contact with customers will bring to the SIAS include:

- providing insights that will help to improve internal audit planning, prioritising of activities, and reporting;
- educating customers on the role that internal audit can and should play;
- demonstrating how internal audit adds value;
- marketing the contribution of an effective SIAS and the benefits to be gained;

- building relationships that are based on cooperation, collaboration and mutual respect; and
- trusting the lead role to 'tell it as it is' by reporting without fear or favour.

Whilst the responsibility for understanding the expectations of the customer will mainly be the responsibility of the lead role, all internal auditors will be expected to contribute to the achievement of the aims listed above.

- 10.3 One of the most important elements of meeting customer expectations is achieved by ensuring the audit reports deliver practical, constructive and actionable recommendations that are supported by robust evidence and findings. This is achieved by ensuring internal auditors adhere to professional standards and that their work is appropriately supervised and reviewed so as to monitor progress, assess work quality and coach staff. To ensure the joint lead role can maintain oversight of the work that is being performed across two sites, whilst still allowing auditors to work flexibly and in an agile manner, it is proposed to hold discussions with 3C IT shared service colleagues to investigate the options for an audit working paper and reporting system.

11.0 Audit Committee

- 11.1 Elected Members are also a key customer for the SIAS. Each Council is required to conform with the PSIAS – which requires the appointment of a lead role and a Board (Audit Committee) to which the joint lead role reports on a regular basis.
- 11.2 It is proposed that the Civic Affairs Committee at CCC, the Audit and Corporate Governance Committee at SCDC will fulfil the Board responsibilities as set out within PSIAS.
- 11.3 The work of internal audit is carried out primarily for the benefit of the Board and the Management Team at each Council. For the Board, the lead roles annual report is likely to be significant assurance sources in assisting them discharge their responsibilities. This is because the joint lead role, in accordance with the PSIAS, has a responsibility to provide an annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control processes. It should also be noted that the role of Responsible Financial Officer (Section 151) places considerable reliance on the role of internal audit, including a view in respect of the key financial controls that underpin the accounts and the administration of the Councils affairs.
- 11.4 The lead role will report to the Board as required by the PSIAS. The issues to be reported include:
- the Internal Audit Charter;
 - the risk based internal audit plan and significant changes to the plan;
 - the internal audit budget and resource plan; and
 - the lead roles annual opinion and report and periodic reports that detail the performance of internal audit, conformance with PSIAS, key findings, significant issues of concern, audit recommendations outstanding and the results of both internal and external quality assurance assessments.

- 11.5. The joint lead role will communicate and interact directly with the Board, so as to safeguard their position in remaining free from interference in determining the scope, performance and the communication of findings from work undertaken. Furthermore, the joint lead role will have free and unfettered access to the Chair of each Board.
- 11.6 The joint lead role will also support the development of each Board by sharing good practice and new initiatives introduced elsewhere or, by organising training.

12.0 Risks

- 12.1 Any new service delivery model creates a specific set of risks over and above the 'business as usual' risks. The Shared Internal Audit Service risks that will need to be managed in the pre and post implementation phase are set out below:

Risk	Mitigation
1. Through concentrating on setting up the new service, the audit teams do not deliver the 2016/17 audit plan or those of its first year (2017/18).	<p>Clearly explain to PCC CIA what is required to be delivered by 31 March 2017 in respect of the CCC and SCDC audit plan.</p> <p>Prior to the commencement of the new service, appoint a joint lead role for the shared service that will prepare and agree with the Head of Finance a development programme covering the first year.</p> <p>Identify and manage 'business as usual' risks.</p> <p>Keep staff motivated through selling the benefits of the new service.</p> <p>Audit Committees amend the audit plans for 2016/17 to allow auditors time to contribute to developments and assist the joint lead role with setting up the new service. 2017/18 plans also include a similar time allowance.</p>
2. Resistance from team members to change.	<p><i>Pre new service:</i> Engagement/consultation with the staff concerned. Reassure them on job security.</p>
3. Auditors unhappy with the new service and leave; qualified and experienced replacements unable to be recruited.	<p>Ensure the process is completed quickly and staff have confidence in the new arrangements. Staff take ownership of designing new processes and are engaged in the change process.</p> <p><i>Post new service:</i> Continued engagement/consultation on changes being introduced.</p>
4. Failure to deliver increased productivity.	<p>Performance management targets introduced for all auditors linked to annual appraisal</p>

Risk

Mitigation

mechanisms.

Undertake comparative benchmarking in 2018/19 (based on first year of operation) and if necessary, introduce changes to working practices.

Introduce audit management software that allows the auditors to work across the two Councils and for file reviews to be completed remotely.

Introduce a management information system that enables both performance to be monitored and the early identification of issues, so allowing the joint lead role to take remedial action.

5. The reputation of the new service may be harmed if auditors/auditees or Managers do not see any immediate improvements or different approaches to the way in which the service is delivered.

The joint lead role meets managers prior to the new service starting and explains the changes/savings that will be delivered and within what time period.

The joint lead role meets frequently with managers to allow them to share and resolve their concerns.

6. Two Council's feel that they are losing direct control of their internal audit service by delegating its functions to one Council and consequently make frequent demands for additional work to be undertaken.

The joint lead role to meet regular with 'intelligent client' at each Council.

One Internal Audit Charter to be introduced that will set out the range of work that the shared service will undertake. The joint lead role will introduce a method for prioritising work demands and agreeing changes to the audit plan with the 'intelligent client'.

7. IT and other support services are not available or are inadequate to support agile working, threaten the opportunity for productivity gains and disrupt delivery of the audit plan.

Learn the lessons from the Phase 1 shared services that have already faced and resolved similar risk issues.

Investment in the necessary start up IT costs

Engagement with IT and support services throughout the implementation phase.

13.0 Governance and decision-making processes

13.1 The same governance principles and decision-making processes that have already been agreed by the two Councils for the Phase 1 shared services will apply to the Shared Internal Audit Service.

13.2 In addition, the following is proposed for the Shared Internal Audit Service:

- The joint lead role to be line managed by the Head of Finance at CCC.
- The joint lead role shall remain independent and be solely responsible for managing the Shared Internal Audit Service.
- One Internal Audit Charter covering internal audit responsibilities across the two Councils will be prepared, reviewed annually and approved by the Audit Committee at each authority. The Charter will provide a framework for the conduct of Internal Audit across the two Councils.

14.0 Key performance indicators

14.1 Setting key performance indicators for the service will assist in driving forward performance.

It is envisaged that one set of common indicators will be introduced that will meet the requirements of the two Councils. The indicators will be agreed between the joint lead role, the 'intelligent client' at each authority and their respective Audit Committee.

In addition to reporting the indicators to Members via the Audit Committee process, they will also be reported quarterly to the Shared Services Management Board.

15.0 Managing the Shared Service

15.1 It is proposed that the shared service will be managed by a new joint lead role. They will be responsible for the delivery of the Shared Internal Audit Service to the two Councils in accordance with the PSIAS.

16.0 Timetable

16.1 Following consultation with managers at each Council, a Business Plan will be developed that will deliver the benefits outlined within this Business Case. It is expected that the shared audit service will operate from April 2017

16.2 An outline implementation plan is shown at Appendix 3. The key elements of the plan include:

- It is anticipated that the Business Case will be discussed within the Member forum at each Council during January 2017. Formal consultation with staff, Unions/Staff Council commence in February 2017 in accordance with each Councils consultation policy.

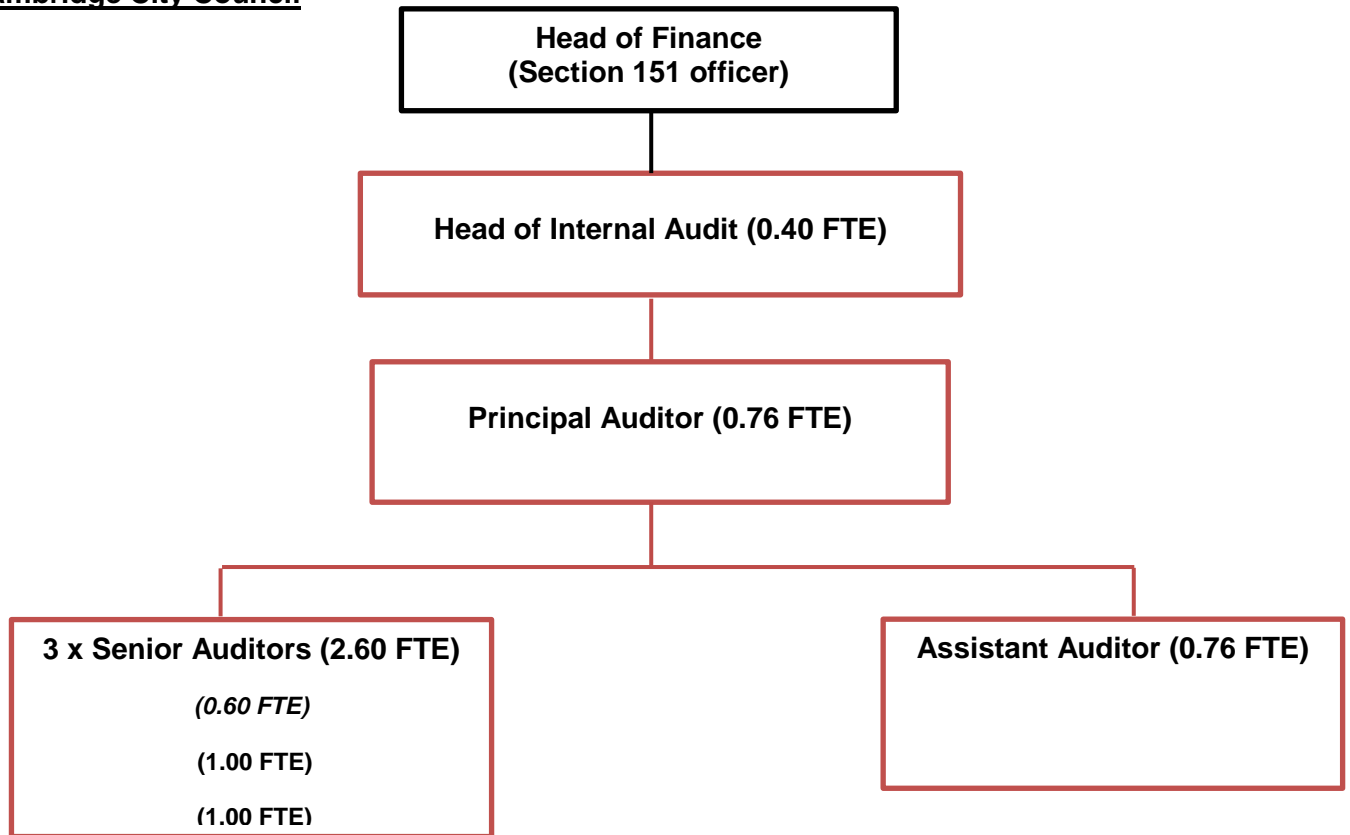
**Internal Audit Service
Service Delivery Options Considered**

Appendix

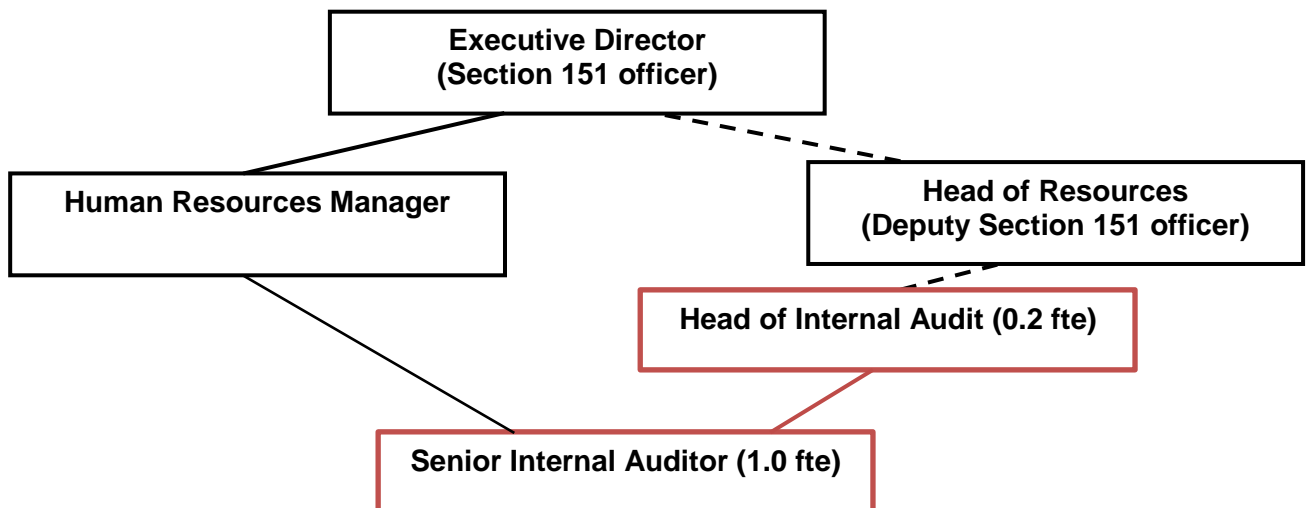
- 1 Organisational Charts
- 2 Budget details
- 3 Timetable for implementation

Organisational Charts

Cambridge City Council



South Cambridgeshire District Council



Internal Audit Service Budgets

Total Internal Audit Service budgets

	2012/13	2013/14	2014/15	2015/16	2016/17	Shared service 2017/18
	£	£	£	£	£	£
CCC	280,050	279,200	218,380	213,720	222,110	222,110
SCDC	82,750	77,950	54,500	56,510	58,040	58,040
TOTAL	362,800	357,150	272,880	270,230	280,150	280,150
Savings already achieved 12/13 – 16/17					£ 82,650	
					23%	
Shared service savings 16/17 – 17/18						£ 0
						0%

The two tables below show the budgets per Council

Table 1
Cambridge City Council

	2012/13	2013/14	2014/15	2015/16	2016/17
	£	£	£	£	£
Employee costs					
HoIA costs	40,980	42,170	36,890	33,960	34,940
Salaries	226,390	224,180	168,380	168,920	175,340
Training	1,960	1,920	1,970	3,240	5,020
Supplies & Services	10,420	10,630	10,840	7,300	6,510
Transport	300	300	300	300	300
TOTAL	280,050	279,200	218,380	213,720	222,110
Savings already achieved 12/13 – 16/17					£ 57,940
					21%

Internal Audit Service Budgets

Table 2

South Cambridgeshire District Council

	2012/13	2013/14	2014/15	2015/16	2016/17
	£	£	£	£	£
Employee costs					
External contractor	82,750	77,950			
HoIA costs			17,000	17,000	17,000
Salaries			36,200	37,710	39,290
Training			1,000	700	700
Supplies & Services			200	700	850
Transport			100	400	200
TOTAL	82,750	77,950	54,500	56,510	58,040
	Savings already achieved 12/13 – 16/17				£ 24,710
					30%

Timetable for implementation

2016
December

Draft Business Case to Leaders Board

Briefing for IAS staff on Business Case

2017
January

Business Case to Member Committees

2017/18 budget agreed

February

Staff Consultation
TUPE consultation and feedback

March

Recruitment to lead role for service

Develop new working practices, reporting formats.

April

Service plan prepared

TUPE staff once lead role in place

Commencement of Internal Audit Shared Service

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Agenda Item 8



South
Cambridgeshire
District Council

Report To: Cabinet

19 January 2017

Lead Officer: Joint Director of Planning and Economic Development

Neighbourhood Area Designating – Updating the process.

Purpose

1. The purpose of this report is to update the process South Cambridgeshire District Council (SCDC) will follow when designating a Neighbourhood Area (NA) within the district and to set out the decision making process to be followed once a draft Neighbourhood Plan (NP) is submitted to the Council. The changes arise from new national regulations which came into force on 1 October 2016.
2. This is not a key decision because it will only impact on those parishes within the district wishing to prepare neighbourhood plans and it was first published in the November 2016 Forward Plan.

Recommendations

3. It is recommended that Cabinet
 - (i) approves the process for designating Neighbourhood Areas as set out in paragraphs 12-13
 - (ii) approves the decision making process once a Neighbourhood Plan is submitted to the Council as set out in paragraphs 14-15

Reasons for Recommendations

4. The new national regulations that came into force on 1 October 2016 mean the Council needs to update its procedures regarding neighbourhood planning decision making. The regulations particularly affect how the Council designates neighbourhood areas. Also a number of Parish Councils (PC) who have already a designated area, are making progress with their plans and there is a need for clarity on how the Council will make decisions at the key stages in the plan making process once these plans are submitted to the Council.

Background

5. A neighbourhood area must be designated before a Parish Council can prepare a neighbourhood plan. There are national regulations guiding how this designation should be carried out which were revised in February 2015 and again in October 2016. (See background papers for links to these regulations).
6. The approach that South Cambridgeshire District Council has used for designating neighbourhood areas was agreed by Cabinet on 8 May 2014. This approach is set out in **Appendix A**.

7. The Government is keen to make the process of neighbourhood planning as simple as possible for local communities and to ensure that timely decisions are made hence the changes made to regulations which include timescales within which Local Planning Authorities must make decisions in dealing with neighbourhood plans.
8. This Council has designated twelve neighbourhood areas. **Appendix B** sets out a list of the areas in South Cambridgeshire following the approach for designating areas agreed in 2014. No Parish Councils have as yet reached the stage of submitting a draft plan to the Council.
9. The Council is currently reviewing how it should work with Parish Councils preparing plans through a Neighbourhood Planning Task and Finish Group which was agreed by the Planning Portfolio Holder at his meeting in June 2016. The group comprises of both Ward and Parish Councillors and parish clerks and has met twice in October and December 2016.
10. Officers consider that it is an appropriate time to review the Council's approach to neighbourhood planning because
 - i. The changes to the regulations in 2015 and particularly those in October 2016.
 - ii. Experience gained by SCDC from carrying out consultations on neighbourhood area designations
11. The changes to the regulations are as follows:
 - (a) Revisions to regulations in February 2015: These revisions introduced timescales within which a local planning authority (LPA) must make a decision on designating an area. In all cases the time period runs from the date immediately following that on which the application is first publicised by the LPA.
 - Decisions will be made within 8 weeks where the Parish Council is the relevant body and the entire parish area is nominated. There will be a period of not less than 4 weeks of statutory public consultation when the Council will invite comments on the application;
 - Decisions will be made within 20 weeks where the proposed area falls across two or more Local Authorities;
 - Decisions will be made within 13 weeks in all other cases. The consultation will be a minimum of 6 weeks for these longer decision periods.

These timescales have been met in decision making on the designation of neighbourhood areas in South Cambridgeshire post February 2015 however the procedures agreed by Cabinet in 2014 were not updated at this time.
 - (b) Revised regulations October 2016: These revisions made further changes to the timescales and simplified the procedure where a Parish Council applies to have its whole parish designated as a neighbourhood area. It has removed the need to carry out the 4 weeks of consultation introduced in February 2015 (see paragraph 12a above, bullet point 1).

The regulations now state that a Council must designate a neighbourhood area if it receives a valid application and some or all of the area has not yet been designated.¹ Where a Parish Council has applied for the whole of their parish to be designated the Council must designate all of the area applied for. There is no timescale set out.

A valid application is one where a 'relevant body'² has submitted an application to the Council which must include:

- a map which identifies the area to which the area application relates
- a statement explaining why this area is considered appropriate to be designated as a neighbourhood area; and
- a statement that the organisation or body making the area application is a relevant body for the purposes of section 61G of the 1990 Act.

Also it is now the case that if a Council does not make a decision about designating a neighbourhood area within the times limits set out in the regulations it must designate all of the area applied for.

Considerations

Neighbourhood Area Designation

12. New Regulations: To comply with the regulations the Council must amend the approach that was agreed by Cabinet in 2014 to take account of the timescales within which decisions must be made when designating neighbourhood areas.
13. The revised approach to designating a neighbourhood area is set out in **Appendix A** and is as follows:
 - (a) A Parish Council(s) is asked to complete the 'application for area designation' form, which can be found at www.scambs.gov.uk/neighbourhood-planning. The form asks questions about the proposed area and the early consultation that the Parish Council has undertaken.
 - (b) If the application from the Parish Council is for the whole of its parish and is valid the Council must designate the whole area. The decision to designate the area will be delegated to the Planning Portfolio Holder. This decision will be made through a Decision Notice unless there is an available scheduled formal meeting of the Portfolio Holder. The Council wishes to ensure that a timely decision is made on designation of an area to comply with Central Government requirements for reducing delays to decision making by the Local Planning Authority.

¹ See section 61G(5) of the Town and Country Planning Act 1990 Act as applied to Neighbourhood plans by section 38A of the Planning and Compulsory Purchase Act 2004

² In South Cambridgeshire the relevant body is a parish council

- (c) For all other applications the Council must publicise and consult on the neighbourhood area applications for the appropriate timescales as set out in the neighbourhood planning regulations. The form of consultation to be guided by its normal practice for development plan documents and supplementary planning documents as set out in its adopted Statement of Community Involvement (SCI).
- (d) Where a consultation has taken place the Council will take the representations into consideration and decide whether to designate the area. This decision has been delegated to the Planning Portfolio Holder.
- (e) Following designation, the Council publicises its decision on its website, including the name of the Parish Council(s) nominating it, and a map showing the area.

Procedures Post Submission

14. Within the regulations there are also further timescales for a local planning authority to make decisions / act once a plan is formally submitted to them. These relate to the examination and referendum stages. Although no Parish Council has as yet reached the submission stage in South Cambridgeshire, in order to be ready for this (as some are approaching this stage) it is appropriate to set out how the Council will carry out these later stages in the plan making process. The National Planning Practice Guidance states that a local planning authority should set out a clear and transparent decision making timetable and share this with those wishing to prepare a neighbourhood plan
15. Once a neighbourhood plan is submitted to the Council there are some key decisions that must be made. These are set out in **Appendix C** and summarised below:
 - (a) The Council carries out a six week consultation and invites representations on the neighbourhood plan and its associated documents. The Council can submit its own comments at this stage. This would need to be done during the 6 week consultation. It is proposed that the decision whether to make its own comments on a neighbourhood plan would be a key decision for the Planning Portfolio Holder to make.
 - (b) An independent examiner appointed by the Council will carry out an examination of the plan. These examinations are different to those for Local Plan as they are usually done by way of written representations and are normally completed within a week. The examiner will issue a report shortly after this which the Council would need to consider and decide whether to accept the recommendations. Also at this stage a formal view must be made by the Council about if the neighbourhood plan meets the basic conditions set out in the regulations for a neighbourhood plan and whether the plan can be submitted for referendum. These are key decisions which it is proposed should be made by the Planning Portfolio Holder.
 - (c) If the Council proposes to make a decision which differs from that recommended by the examiner it must carry out a targeted consultation inviting representations. An additional examination may need to be carried out. The Council would need to consider these further representations and where appropriate the examiner's report. It is proposed that decisions concerning these matters would be a key decision for the Planning Portfolio Holder.

- (d) The Council organises the referendum and if a majority of those who voted in a referendum are in favour of the draft plan then it must be made (brought into legal force) by the Council within 8 weeks. It is proposed that a further report be submitted to Cabinet to consider the options available for this aspect of the post-submission procedure.

Local Experience

16. To date the consultations carried out by the Council on neighbourhood area designations whilst providing an opportunity for the local community to comment on the proposed areas have not generally generated many comments and only very few objections. The statutory bodies have increasingly not responded or have simply provided a standard response including links to national guidance on neighbourhood planning.
17. As part of the process of applying to have an area designated the Council has asked Parish Councils to provide a list of local contacts in their area alongside its completed application form for area designation. This was to ensure that all those who live and work in the area were directly consulted by the Council when it carries out the consultation on any area application. Parish Councils have provided such information. It is a useful list which they will need as they prepare their plan and have to carry out consultations with their local community. This list of local contacts will be have to be included in the 'Consultation Statement' that is submitted alongside their draft plan to the Council to show the range of people and groups that have been consulted during the preparation of the plan.
18. Currently we ask Parish Councils to help publicise neighbourhood area consultations by placing information about it in any local village newsletters or on their website. We also produce posters which we ask the Parish Council to place around their parish at key locations to help publicise the consultation. Officers consider that this publicity is sufficient to ensure that the local community are aware of the fact that the Parish Council is proposing to prepare a plan. Given the lack of comments that are generated during such consultations it is proposed that unless requested by the Parish Council that we do not in future ask for local contact lists.

Options

19. With reference to the process for decision making in neighbourhood planning Cabinet could:
- (i) Approve;
 - (ii) Reject or
 - (iii) Amend
- the proposed process as set out in paragraphs 12-13 (area designation) and in paragraphs 14-15 (decision making after submission of the draft NP to SCDC).
20. With reference to future decisions on Neighbourhood Planning matters, Cabinet could:
- (i) Continue to delegate decisions to the Planning Policy Portfolio Holder
 - (ii) Delegate to an alternative portfolio holder;
 - (iii) Make the decision itself or
 - (iv) Delegate decisions to an officer.

Implications

21. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

Financial

22. The Council is able to apply for a grant of £20,000 from the Department of Communities and Local Government (DCLG) once a Neighbourhood Plan has been through examination and a referendum date set. This grant money is intended to cover the cost of the examination and referendum which the Council is responsible for paying for.

Staffing

23. The capacity of the Planning Policy Team was increased during 2016 when a Project Officer post was added to this team. The funding of this post is from the Neighbourhood Planning grant from Central Government.

Risk Management

24. The Council has a statutory duty to assist Parish Councils with Neighbourhood Plans and with increasing workloads more resources may need to be directed to fulfilling this function. Funding from DCLG comes at the end of the process of plan-making so there is a risk that the Council may use resources to carry out its statutory duties to assist Parish Councils with their planning but this grant is dependent on a plan being successful at examination and a referendum date set before the DCLG grant funding can be applied for.

Consultation responses (including from the Youth Council)

25. None.

Effect on Strategic Objectives

Objective 1 – Living Well

26. By preparing a neighbourhood plan local communities are being given the opportunity to create policies in their plan that will enhance the character of their local surroundings to contribute to ensuring an outstanding quality of life

Objective 2 – Homes for our Future

27. Local communities can within neighbourhood planning consider the existing and future needs for housing in their area and positively plan to meet this need through the range of policies.

Objective 3 – Connected Communities

28. This is an opportunity for the local community to shape through neighbourhood planning their local area whilst working with all parties engaged in developing the strategic site and involvement in planning for strategic transport needs

Objective 4 – An innovative and dynamic organisation.

29. Neighbourhood planning engages local people in the planning process by giving them a tool to guide the future development, regeneration and conservation of an area. The Council has a duty to support Parish Councils preparing plans and is a great opportunity for the Council to work in partnership and to develop new ways of working together with the Parish Councils.

Appendices

- Appendix A: Approach for designating a Neighbourhood Area
- Appendix B: The designated neighbourhood areas within South Cambridgeshire
- Appendix C: Key Decisions to be made following submission of the neighbourhood plan to the Local Planning Authority

Background Papers

- i. The Neighbourhood Planning (General) Regulations 2012
(http://www.legislation.gov.uk/uksi/2012/637/pdfs/uksi_20120637_en.pdf)
- ii. The Neighbourhood Planning (General) (Amendments) Regulations 2015
(http://www.legislation.gov.uk/uksi/2015/20/pdfs/uksi_20150020_en.pdf)
- iii. The Neighbourhood Planning (General) Regulations (Amendments) 2016
(http://www.legislation.gov.uk/uksi/2016/873/pdfs/uksi_20160873_en.pdf)

National Planning Practice Guidance – online: The role of the LPA
(http://planningguidance.communities.gov.uk/blog/guidance/neighbourhood-planning/the-role-of-the-local-planning-authority-in-neighbourhood-planning/#paragraph_081)

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Appendix A

Approach for designating a Neighbourhood Area

The approach agreed by Cabinet on 8 May 2014 is as follows:

- (a) Parishes are asked to complete the 'application for area designation' form, which can be found at www.scamb.gov.uk/neighbourhood-planning. The form asks questions about the proposed area and the early consultation that the parish has undertaken.
- (b) The Council, as the Local Planning Authority (LPA), must publicise and consult on the application for not less than six-weeks. The form of consultation to be guided by its normal practice for development plan documents and supplementary planning documents as set out in its adopted statement of community involvement (SCI).
- (c) The Council takes representations into consideration and decides whether to designate the area. This decision has been delegated to the Planning Portfolio Holder.
- (d) Following designation, the Council publicises its decision on its website, including the name of the parish council(s) nominating it, and a map showing the area.

Revised approach for consideration

- (a) Parish Councils (PC) are asked to complete the 'application for area designation' form, which can be found at www.scamb.gov.uk/neighbourhood-planning. The form asks questions about the proposed area and the early consultation that the PC has undertaken.
- (b) If the application from a PC is for the whole of its parish and is valid the Council must designate the whole area. For all other applications the Council, as the Local Planning Authority (LPA), must publicise and consult on the application for appropriate timescales to meet the neighbourhood planning regulations.. The form of consultation to be guided by its normal practice for development plan documents and supplementary planning documents as set out in its adopted statement of community involvement (SCI).
- (c) Where a consultation has taken place the Council takes representations into consideration and decides whether to designate the area. This decision has been delegated to the Planning Portfolio Holder.
- (d) Following designation, the Council publicises its decision on its website, including the name of the parish council(s) nominating it, and a map showing the area.

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Appendix B

The designated neighbourhood areas within South Cambridgeshire

1. Linton and Hildersham – these two parishes have joined together to form a single neighbourhood area that was approved in May 2014;
2. Histon & Impington – this covers the area of the two parishes to the north of the A14 and was approved in September 2014;
3. Gamlingay – this covers the parish and was approved in February 2015;
4. Waterbeach – this covers the parish and was approved in August 2015;
5. Cottenham - this covers the parish and was approved in November 2015;
6. Foxton - this covers the parish and was approved in November 2015;
7. West Wickham - this covers the parish and was approved in November 2015;
8. Melbourn – this covers the parish and was approved in May 2016;
9. Whittlesford – this covers the parish and was approved in August 2016; and
10. Great Abington Former Land Settlement Association Estate – this covers the former Land Settlement Association estate, which only forms part of the parish of Great Abington and was approved in September 2016.
11. Stapleford and Great Shelford – this two parishes have joined together to form a single neighbourhood area that was approved in November 2016.
12. Swavesey – this covers the parish and was approved in November 2016

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Appendix C

Key Decisions to be made following submission of the neighbourhood plan to the Local Planning Authority

There are 'Key Decisions' that must be made by the Council once a Parish Council/s (as the qualifying body in South Cambridgeshire) has submitted their Neighbourhood Plan to the Council.

Stages in Plan making where South Cambridgeshire District Council has to make decisions	Key Decision to be delegated to the Planning Portfolio Holder (PPH) and other decisions proposed to be delegated to Officer Decision
Submission of NP to South Cambridgeshire District Council	
<p>The Council will check whether the submitted neighbourhood plan complies with relevant legislation. This means that the submitted plan proposal must include:</p> <ul style="list-style-type: none"> • A map or statement identifying the area to which the proposed NP relates • A consultation statement • A proposed NP • A statement on how the plan fulfils the basic conditions • Either an environmental report of a statement of reasons why an environmental assessment is not required. 	<p>It does not require the Council to consider whether the draft neighbourhood plan meets the basic conditions. The Council just needs to be satisfied that a basic condition statement has been submitted</p> <p><u>Proposed to be a delegated officer decision</u></p>
Submission consultation of the draft NP	
<p>If it finds that the plan meets legal requirements this Council will</p> <ul style="list-style-type: none"> • Publicise the NP for a minimum of 6 weeks and invite representations • Notify the consultation bodies referred to in the consultation statement • Appoint an independent examiner (with the agreement of the qualifying body- Parish Council) 	<p><u>Proposed to be a delegated officer decision</u></p>
<p>The Council will consider whether to submit its own representations during the consultation of a neighbourhood plan.</p>	<p>The Council has an opportunity to make comments during the pre-submission consultation carried out by the Parish Council on their draft plan. Further comments can be submitted during the submission stage consultation and would need to be done during the 6 week consultation. Comments made at this stage could arise where concerns the Council has with the</p>

<p>Stages in Plan making where South Cambridgeshire District Council has to make decisions</p>	<p>Key Decision to be delegated to the Planning Portfolio Holder (PPH) and other decisions proposed to be delegated to Officer Decision</p>
	<p>draft plan have not been adequately addressed by the Parish Council. .</p> <p><u>This is a key decision.</u> <u>Proposed Planning Portfolio Holder decision</u></p>
<p>The Council will send the neighbourhood plan and representations to the examiner undertaking the examination who then examines the NP</p>	<p><u>Proposed to be a delegated officer decision</u></p>
<p>Examiner's report</p>	
<p>When the examiner issues the neighbourhood plan report the Council must publish this report on their website.</p>	<p><u>Proposed to be a delegated officer decision</u></p>
<p>The Council will consider the report and decide whether to accept the recommendations proposed by the examiner.</p> <p>The Council will take a formal view on whether the draft neighbourhood plan meets the basic conditions.</p> <p>The Council will take the decision on whether to send the NP to referendum.</p>	<p>The Council will need to consider the examiner's report and decide whether to accept its recommendations.</p> <p>Also at this stage a formal view must be made about the neighbourhood plan and whether it meets the basic conditions. If it is decided that the plan does meet these conditions it can be submitted for referendum.</p> <p><u>These are key decisions.</u> <u>Proposed Planning Portfolio Holder decision</u></p>
<p>If the Council proposes to make a decision which differs from that recommended by the examiner it must carry out a targeted consultation inviting representations.</p> <p>If further consultation is carried out the Council may, if it considers it appropriate to do so, refer the issue to independent examination</p>	<p>Following the consultation there would need to be member involvement in how to respond to any representations received and the next steps regarding the draft plan.</p> <p><u>This is a key decision.</u> <u>Proposed Planning Portfolio Holder decision</u></p>
<p>The Referendum and bringing the NP into legal force</p>	
<p>The Council will organise the referendum</p>	<p><u>Proposed to be a delegated officer decision</u></p>
<p>The Council will declare the results of the</p>	<p>If a majority of those who voted in a</p>

<p>Stages in Plan making where South Cambridgeshire District Council has to make decisions</p>	<p>Key Decision to be delegated to the Planning Portfolio Holder (PPH) and other decisions proposed to be delegated to Officer Decision</p>
<p>referendum and if a majority vote of those who voted are in favour the Council must bring the Neighbourhood Plan into legal force.</p>	<p>referendum are in favour of the draft neighbourhood plan then it must be made (brought into legal force) by the Council within 8 weeks.</p> <p><u>This is a key decision.</u></p>

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Agenda Item 9



South
Cambridgeshire
District Council

Report To: Leader and Cabinet
Lead Officer: Interim Chief Executive

19 January 2017

Corporate Peer Challenge: Feedback report

Purpose

1. To receive the Feedback report and recommendations from the Corporate Peer Challenge, undertaken between 15-18 November 2016, and agree priorities to form the basis of action plans to address the recommendations of the Peer Team and enable the Council to redefine its place-shaping role.
2. This is not a key decision; nevertheless, it proposes a series of actions which, once implemented, are likely to give rise to future key decisions in respect of service delivery and resources.

Recommendations

3. It is recommended that Cabinet:
 - (i) Receive the Feedback Report from the Corporate Peer Challenge, welcoming the independent external validation of the Council's strengths and achievements it has provided (**attached Appendix A**);
 - (ii) Agree the Key recommendations set out in Section 2 of the Feedback Report;
 - (iii) Agree priorities for the future leadership of place, as set out in paragraph 10 below, as the basis for the Council's response to the report; and
 - (iv) authorise the Interim Chief Executive to prepare action plans to address the priorities identified in recommendation (iii) above, in consultation with the Leader of the Council.

Reasons for Recommendations

4. In agreeing these recommendations, the Council can reflect positively upon the independent validation of the Council's strengths and achievements the Peer Challenge has provided. Looking forward, the identification of key priorities will enable the Council to respond to the 'pivotal moment' for its leadership of place, identified by the review team, thus ensuring maximum value can be derived from the challenge process.

Background

5. The Local Government Association (LGA) offers a free Corporate Peer Challenge to all of its members across England and Wales. The Challenge provides a robust external health check that can provide councils with confidence by validating their existing approaches as well as providing feedback and ideas for further improvement.

6. South Cambridgeshire District Council invited a LGA Corporate Peer Challenge team to visit us from the 15th to the 18th of November 2016. Given the significant changes to the organisation and the way that it works in recent years, we considered that this was a good time for us to take stock, to review progress and to look forward to the future.
7. A team of four local government officers and councillors led by a serving chief executive and supported by a LGA peer challenge manager spent four days at the Council, speaking to around 100 people, including a range of council staff together with councillors and external partners and stakeholders. At the end of the visit, the team provided initial feedback, followed by a full report and recommendations, **attached at Appendix A**. The LGA will carry out a follow-up visit to help the council assess the impact of the peer challenge, and the progress it has made against the areas of improvement and development identified. The timing of the visit is determined by the council, though it is expected that this will occur within the next 12-24 months.

Peer Challenge Feedback Report

8. The Review Team recognised SCDC's strong journey of improvement since 2007, during which time the Council has established itself as a well-respected and strong-performing organisation, with good ties to its communities, partners and government. The Council has strategic direction, as set out in its Corporate Plan, and is seen as a great place to work. Relations between officers and members were considered to be strong and effective.
9. The Review Team identified a number of strengths under each of the five core components of the review, including:

Leadership of Place

- Joint working with partners
- Joint planning committee and future joint Local Plan
- Partners very positive about working with the Council
- Significant investment leveraged into the area as a result of partnership working

Understanding of the Local Place and Priority Setting

- Clarity of, and strong evidence base for, Corporate Plan
- Excellent consultation and engagement arrangements on priorities for residents and businesses
- Strong internal and external communications
- Recognition of key importance of growth to the district

Financial Planning and viability

- Track record on savings
- Manageable medium-term funding pressures
- Strong approach on business improvement and efficiency to deliver future savings
- Increasingly commercial outlook

Organisational Leadership and Governance

- Strong and effective officer/member relations
- Open decision-making

- Positive organisational culture
- Effective performance and risk arrangements

Capacity to deliver

- Good talent development
- Systematic approach to project management
- Appetite for innovation
- Staff committed to organisation.

10. The team considered that the Council was at a pivotal moment in setting its future vision for the organisation and the place, and it is considered that this should provide the focus for our response. It is recommended that the following priorities for the Council's leadership of place, as specified within the feedback report, are agreed by Cabinet as the basis for this response which will enable us to seize the pivotal moment identified:

- Develop a clear strategy for steering and supporting growth and economic development
- Clarify future relationship and working arrangements with Cambridge City Council and other key partners
- Define what commercialisation means for the council and what future form it should take
- Clarify strategic vision for shared services
- Review approach to managing budget pressures while also committing to drive for efficiencies and savings, and identify any new resources needed to deliver Devolution successfully.
- Define the political and managerial leadership style required to manage the transition

Addressing these priorities will drive further improvement and clarify what type of organisation we wish SCDC to be in the future, and what this might look like in five years' time. This work can be informed by a stakeholder engagement exercise to build a blueprint for the future of the district – see paragraph 18 below.

11. Cabinet is further recommended to authorise the Interim Chief Executive to prepare detailed action plans to address these priorities. These will align with existing business planning mechanisms and strategic partnership governance arrangements as appropriate, and will take account of short and medium term Review Team recommendations set out in the feedback report.

Options

12. Cabinet is invited to consider the proposed corporate response to the Peer Challenge report and recommendations and to modify them as required.

Implications

13. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

Financial

14. There are no direct financial implications arising from this report and recommendations. Detailed implementation plans requiring additional resources will be subject to specific proposals, which would be brought to Cabinet for consideration in due course.

Staffing

15. It is considered that the recommendations within this report can be implemented from within existing resources, which can be supported by elements of the LGA's ongoing support offer – these can be explored as part of the preparation of detailed implementation plans.

Risk Management

16. A key focus of the Council's response will be to identify future strategic risks and opportunities, and to align these with corporate and business objectives through the Corporate Plan and Strategic Risk Register.

Consultation

17. The Peer Team found that the Council's Corporate Plan is 'underpinned by a sound evidence base of resident and business needs for South Cambridgeshire', informed by economic, employment, housing and demographic data and the results of consultation and dialogue with partners. It is therefore considered that the Council is in a position to clarify its future place-shaping role without further detailed consultation at this stage. Nevertheless, in order to ensure that our Vision and objectives continue to reflect the aspirations of our residents, businesses and partners, the Leader of the Council has requested a proposal for an engagement exercise, which can be developed as part of detailed action plans and carried as part of the corporate plan review cycle.

Effect on Strategic Aims

18. The Council's response to the LGA Peer Challenge comprises a reassessment of its leadership of place which will have implications for strategic aims as expressed in future Corporate Plans.

Background Papers: None

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Corporate Peer Challenge South Cambridgeshire District Council

15 – 18 November 2016

Feedback Report

1. Executive summary and context

South Cambridgeshire is a good place to live and work. The area has consistently featured in the Halifax rural quality of life survey, being ranked 9th in 2015. The area benefits from the booming Cambridge economy growing at a rate of 8 per cent a year, which is higher than that for China. The Grant Thornton Vibrant Economy Index (November 2016) states that "...the highest ranking place was Cambridge [and the] neighbouring area of South Cambridgeshire also performed very well..." This is aided by proximity to London and the South East economy.

The extent of this growth is shown by a population increase of 12 per cent from 2008-2015, being twice the England average, and a projected increase of 18.3 per cent from 154,900 in 2016 to 183,200 by 2026. This makes the delivery of housing crucial to support economic growth. House prices are high with the average £398,390 being over 12 times average income. For this reason 'homes for the future' – including market, intermediate and affordable housing - is a council priority.

South Cambridgeshire District Council (SCDC) completely surrounds Cambridge City Council and recognition of this contributes to an important relationship between the two. Continuing economic growth depends on this relationship.

This relationship is being cemented in many ways. The two council leaders have close working links, there is a shared post of Director of Planning and New Communities, the provision of shared services (some with Huntingdonshire District Council), a shared waste service and the councils are working to a timetable for the joint submission of their Local Plans.

SCDC has been on a strong journey of improvement since 2007 and has established itself as a well-respected and strong performing organisation, with good ties to its communities, partners and government. It has clear strategic direction set out in its corporate plan, has identified its future needs and is seen as a great place to work. Relations with officers and members are strong and effective.

The council is now at a pivotal point to set its future vision for the organisation and the place. The council is working with a new leader who is committed to continuing the relationship with Cambridge City Council. The council's chief executive has recently stepped down and the position is being filled on an interim basis. Setting the new political and managerial leadership style and direction will be crucial for continued success.

At this critical juncture the council recognises that it needs to provide clarity on:

- what the council will look like in five years' time
- defining the vision for growth for the Cambridge area, the role the council should take in leading the collaboration to deliver this and the contribution from other partners
- defining what commercialisation means for the council and what future form it should take
- defining its strategy and approach to shared services and what this means in terms of efficiencies, service resilience, and improved customer services

- the council's budget position to set out its approach to manage budget pressures while also committing to drive for efficiencies and savings.

This will place the council in a strong position to continue to deliver high quality services while shaping growth in the best interests of residents and businesses.

2. Key recommendations

We have included a range of suggestions and observations within the main section of the report that will inform some 'quick wins' and practical actions. The following are the peer team's key recommendations to the council:

- 1) progress strategic level discussions on future joint working options for South Cambridgeshire District and Cambridge City councils
- 2) develop a shared economic growth strategy with Cambridge City Council
- 3) work with principal partners on key economic growth and housing issues to identify where partner resources might combine more effectively with those of the council
- 4) begin preparations now for implementation of Devolution by making strategic decisions, with partners, on; priorities, delivery plans and the provision of dedicated resources to support delivery
- 5) develop a commercialisation strategy which sets out criteria to assess a range of options for investment and income generation
- 6) review the council's current funding strategy to deplete reserves to support the revenue budget. This risks reduced capacity should circumstances change and reserves are needed for that eventuality.
- 7) build on the Making Assets Count (MAC) programme by establishing stronger connections between use of assets and commercialisation. This should involve a review of the asset management strategy, including asset acquisition, and consideration of how this might be developed in partnership with Cambridge City Council
- 8) set out a vision for 3C shared services with Cambridge City and Huntingdonshire District councils
- 9) extend public service partnership working models that can deliver shared objectives and offer improved use of combined resources
- 10) communicate to members, residents and parish councils the reasons for the lack of a 5 year housing land supply and how this is being mitigated
- 11) evolve the council's approach to Neighbourhood Development Plans, tying in with government priorities set out in the Neighbourhood Planning Bill, to support community interests in sustainable development
- 12) begin internal discussions on new ways of working following the decision of the boundary commission that reduces the number of members from 57 to 45 at the elections in May 2018. Devise new support and liaison arrangements that could optimise the new member roles.
- 13) develop a future workforce strategy to ensure the council can recruit key skills and access expertise as needed to deliver its vision and priorities.

3. Summary of the peer challenge approach

The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the council's requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge at South Cambridgeshire District Council were:

- Ian Davidson, Chief Executive, Tendring District Council
- Councillor John Cotton, Leader of South Oxfordshire District Council
- Lindsay Barker, Deputy Chief Executive, Babergh and Mid Suffolk District Councils
- Brendan Cleere, Growth Director, Taunton Deane Borough and West Somerset Councils
- Naomi Lynch, NGDP Graduate, Birmingham City Council
- Andrew Winfield, Peer Challenge Manager, LGA.

Scope and focus

The peer team considered the following five questions which form the core components looked at by all corporate peer challenges. These are the areas we believe are critical to councils' performance and improvement:

1. understanding of the local place and priority setting: does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. leadership of place: does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. organisational leadership and governance: is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
4. financial planning and viability: does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
5. capacity to deliver: is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

In addition to these questions, the council asked the peer team to consider/review/provide feedback on:

- the council's collaborative work with other district councils, the county council and other key partners, including the Local Enterprise Partnership, along with the focus on place and partnership working in the context of Devolution across Cambridgeshire and Peterborough
- the council's priority of balancing sustainable growth with quality of life
- the focus on commercialisation and shared services in the context of delivering financial sustainability.

The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement-focused and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement focus. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. The team then spent four days onsite at South Cambridgeshire, during which they:

- spoke to around 100 people including a range of council staff together with councillors and external partners and stakeholders
- gathered information and views from around 50 meetings, including visits to key sites in the area and additional research and reading.

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit (18 November 2016). In presenting feedback to you, we have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things you are already addressing and progressing.

4. Feedback

4.1. Understanding of the local place and priority setting

The council has a Corporate Plan 'on a page' for the period 2016-2021, setting out four objectives of 'living well', 'homes for our future', 'connected communities' and "an innovative and dynamic organisation'. This was adopted in February 2016 following a series of away days of cabinet members and senior officers. The plan was subject to thorough public consultation between December 2015 and January 2016 through the council's website, intranet, councillors' bulletin, a residents' Consultation Panel and through press releases and an article in the residents' magazine. In addition, the priorities agreed in the plan are underpinned by a sound evidence base of resident and

business needs for South Cambridgeshire, including health, economic, employment, housing, deprivation and demographic data profiles.

Good arrangements are in place for internal and external communications. There is a Community Engagement strategy and toolkit and a Resident Involvement strategy for council tenants. Internal communications are provided by a monthly Corporate Brief, the internal staff magazine 'Scene', blogs from the Chief Executive and Directors along with team meetings and personal development reviews.

Strong working relationships exist between South Cambridgeshire District Council (SCDC) and Cambridge City Council. South Cambridgeshire is experiencing phenomenal levels of growth with the driver for this being the economy of Cambridge as the hub for world renowned science, technology and research facilities. The city is entirely contained within the boundaries of SCDC, analogous to what has been called the 'doughnut effect'. However, for economic growth to be sustainable it requires expansion available via South Cambridgeshire. This creates a symbiotic relationship for the two councils, with strong interdependencies. This 'special' relationship has contributed to increasingly strong partnership working across the two councils. This was strengthened by the Greater Cambridge City Deal agreed in June 2014 for more than £1bn of funding for the area over a 15-20 year period. Both councils acknowledge the prospect of deepening these working relationships, which will need leadership to progress.

Local resistance to growth, which can occur in other parts of England, is much less evident in South Cambridgeshire. The council's consultation with residents and businesses on continuing economic growth suggests that there is a widespread acceptance of this. The quid pro quo is the community anticipation that growth will also address the issues of housing availability and affordability, congestion, public transport, local amenities and health. This informs the council's corporate priorities, particularly that of 'living well' and places a demand on the council to deliver on its commitment of 'new communities' living well so that growth continues to be acceptable.

The council does not currently take an active role in shaping economic growth. The economic growth strategy has lapsed and there is a view within the council that, unlike other parts of the country, economic growth will take place regardless of what the council might do. The council's Corporate Plan is reactive to growth with priorities including 'living well', 'homes for the future' and 'connected communities', which are responsive to the consequences of growth. Key partners told the peer team that they felt that the council had a leading role to shape growth and that they would welcome it taking a lead on this. The peer team believe that it is important to assume a more active role to shape growth for the benefit of residents and businesses to enhance quality of life. This should include taking an informed view on the preferred type of growth, and its location, as set out in an economic growth strategy.

Strategic planning for growth at regional and local levels can be complex, with competing interest groupings for growth in the south east, including the London-Stansted-Cambridge corridor and the Oxford to Cambridge arc. However, there is now an opportunity to simplify this and provide clarity for delivery. With the City Deal in place, and the Devolution deal imminent, now is the time for this to be reframed. The Greater Cambridge Greater Peterborough Local Enterprise Partnership (GCGPLEP) is

to refresh its Strategic Economic Plan (SEP). This will be an opportunity to establish a clear strategic economic growth vision for the Cambridge area. This also provides an opportunity for the council to take a bold and leading role in shaping this economic vision for South Cambridgeshire, underpinned by a shared strategy with Cambridge City Council, for economic growth and housing.

The council understands the importance of the Devolution deal and the preparations for this are progressing well. The overall funding package includes a £20m annual fund over 30 years to support economic growth, local infrastructure and jobs and £170m for affordable housing, with £100m for shared ownership and affordable rent. However, gearing up for Devolution will be important so that arrangements are made quickly to implement delivery. This was an issue for the City Deal where councils used existing staff resources that, following a review by Mouchel, were found to be insufficient and has since led to establishing dedicated posts. Having the key elements of resources, delivery mechanisms, and definition of respective roles will be essential for the council to mobilise quickly and effectively on Devolution.

Finally, the peer team consider that the council would benefit from extending the strategic approach to the use of public sector land, for example health, MoD, other public sector bodies to support housing and growth. This could also link into the Cambridgeshire-wide initiative of Making Assets Count (MAC) and the One Public Estate programme of the Cabinet Office and the LGA. It should also establish a stronger and clearer approach to commercialisation. This should involve a review of the asset management strategy to include asset acquisition and how this approach might be developed in partnership with Cambridge City Council.

4.2. Leadership of Place

Clear political and managerial leadership has been a feature within the council. This was an important factor for the improvements the council has made since 2007, when it is acknowledged that it was underperforming and on the brink of intervention.

The council is now at a pivotal point, with a new Leader and an Interim Chief Executive, at a moment of rapid local government change. It is also on the cusp of significant changes within Cambridgeshire with Devolution, the City Deal and shared service arrangements. It will be important for the council to be clarify a number of key areas which will define the future council. These include:

- how to seize the opportunity to be even more influential in shaping the location and nature of growth
- determining what type of council it wishes to be in the future and what this might look like in five years' time
- what type of political and managerial leadership style will be required to manage the transition
- what the future relationship and working arrangements with Cambridge City Council might look like and how much closer might these be
- defining what commercialisation means for the council and what future form it should take
- defining its strategy and approach to shared services and what this means in terms of efficiencies, service resilience, and improved customer services

- the council's budget position to set out its approach to manage budget pressures while also committing to drive for efficiencies and savings.

Decisions on the above issues will define the council's ability to lead for South Cambridgeshire and to deliver services to residents and businesses over the next ten years.

The council's position is to acknowledge the inevitability of growth and to respond to its consequences. It is in an enviable position where growth will happen with or without council involvement. The economy is one of the most successful and fastest growing regions in the UK, attracting investment and people from across the world. The importance of this is recognised by government with ministerial visits to Northstowe, City Deal approval and Devolution and even talk of a second round of Devolution powers and funding.

The Cambridge-Milton Keynes-Oxford corridor was described, in a recent report by the National Infrastructure Commission, as potentially Britain's equivalent of 'Silicon Valley'. However, it also acknowledged that there is a chronic under supply of homes that present a fundamental risk to the success of the area. The report states that, "without a joined-up plan for housing, jobs and infrastructure across the corridor, it will be left behind by its international competitors." This report influenced government with the subsequent award of £140m announced to improve transport links between Oxford and Cambridge in the Autumn Statement.

Despite the evidence of growth happening anyway, the peer team believe that it is important for the council to assume a leading role on shaping this and not just managing the consequences. This means developing an economic growth strategy. Given the relationship with Cambridge City Council – the common housing and economic area, the aligned emerging Local Plan, the jointly shared emerging housing strategy, the joint post of director of planning and new communities – then it would be logical to make this a shared economic growth strategy.

It is evident that the council is committed to a programme of new communities work, which is recognised as vital to support growth and the associated pressures coming from this. Evidence of this is shown by:

- the work at Northstowe with the community, developers and the parish council to collectively be involved in street naming
- work to establish community facilities at Trumpington Meadows and Cambourne Village College
- the welcome pack jointly developed by Northstowe Community Working Group for new residents
- the establishment of a Design Enabling Panel to promote good design so that the place continues to be the best to live, work, invest and study
- initiatives to establish and restore community orchards
- and work on impact assessments for new towns to ensure functionality, to meet community needs and longer-term sustainability.

Partners were positive about working with the council and it is evident that significant investment has been leveraged as a result of partnership working. Partners that the

peer team spoke with were supportive of the council taking a stronger leadership role in shaping economic growth for the area. A number also recognised the public spending resource pressures on the council and were prepared to contribute to developing joint initiatives. This was particularly so for those partners who share the growth ambition with some being clear that this could include resources and open information sharing. For example, land ownership information potentially leading to land swaps.

The frameworks for public service partnership working have been strengthened, particularly with working together on the Devolution deal, and offer potential for further development. Cambridgeshire councils and partners work together through 'Cambridgeshire Together' public service board. An example of multi-agency public service working is the SCDC's 'Together for Families' programme with the police, housing, county council, and health to support children, older people and families with complex needs. There is widespread recognition that these models of partnership working need cohesive public sector leadership. Similarly parishes, third sector bodies and other key partners told the peer team that they were ready to take on more operational delivery.

The council does not have a 5 year housing land supply. The reasons for this being, in part, the recession in 2008 and meant sites did not come through as quickly as expected for development. The lack of a 5 year housing land supply has left the council open to speculative housing development, which has frustrated some members, parish councils and residents. The council is mitigating this by taking a more proactive approach to developments in the pipeline and to prioritise those that, with some adjustment, are more acceptable and supply increased. This approach needs to be communicated to all members and the wider community.

The sites identified for future housing growth are primarily large sites at a new town for Northstowe, a new village at Bourn airfield, at Cambourne and at Waterbeach. It is the focus on large housing sites that has in part contributed to the lack of a five year housing land supply by depending on developers to build out the approved housing. Over-dependence on large sites presents a risk in placing 'all eggs in one basket'. The peer team suggest that additional alternative and contingency arrangements are devised to mitigate this. One could be to further evolve the council's approach to Neighbourhood Development Plans, with this tying in with government priorities set out in the Neighbourhood Planning Bill currently being considered by Parliament.

4.3. Organisational leadership and governance

There are strong and effective officer/member relations which are important in working together for the corporate interests of the council.

The last five years has seen extensive organisational change following council-wide improvement and in responding to cuts in financial resources. The council is now at a pivotal moment where decisions on a number of upcoming issues will shape the longer-term future. These include:

- the challenge of imminent change - in response to further cuts in resources and transformation to provide services in new ways for the future - provide an opportunity to redefine the required leadership style of the organisation and

place. It will be in the council's gift to determine the form of the new leadership style.

- the shared services working arrangements, to address efficiency and effective working, appear largely opportunistic to date and would benefit from a more strategic outlook
- closer working between SCDC and Cambridge City Council, with there being a lot of informal discussion on this during the peer challenge. While understanding some of the sensitivities the peer team felt that there would be value in increasing clarity of the councils' long-term aspirations for closer working.

The council demonstrates a positive organisational culture. The council gained the Investors in People Gold standard in 2015. That review found "an open and honest culture"; "a strong focus on developing people" and "a consultative and inclusive communications process". From meetings with the peer team, managers said that they felt empowered to make decisions and staff felt that senior officers are approachable.

Supporting this are good officer development opportunities. There is a 'People and Organisational Development strategy' with annual staff personal development reviews (PDRs) identifying training needs. In addition there is a Leadership Development Programme running a mix of theory-based workshops with work-based projects. Good training and development opportunities are offered through the use of mentoring and coaching. This is supported by recognition of the importance of positive behaviours and a Values framework with values-based discussions incorporated within PDRs. Staff appreciate flexible working arrangements that are well established and recognise that often staff have to travel long distances and that working from home can be more effective. Arrangements are also in place to help manage the impact of the Cambridge congestion on the workforce by staggering travel times.

The member role is well supported but needs further development. Member training is now incorporated within the Organisational Development Strategy and this is supported by member role descriptions, induction training for new members and training support. However, in a quickly moving local government environment member support and development becomes increasingly important and there needs to be a more engaging programme.

Part of this could be about defining the member role for the future. This will be particularly important with the boundary review that reduces the number of members from 57 to 45 and will take effect at the elections in May 2018, when the council will move to all-out elections. The peer team recommend that the council now begin internal discussions on new ways of working with reduced representation and the support and liaison arrangements that could optimise the future member role. This should include work to distinguish between parish and district roles so that this may be more productive. In developing this new member role the council may consider external sources of support from the LGA, the District Council Network (DCN) and attending conferences, all of which are a useful means for building networks and learning what is happening in other councils.

One source of frustration of backbench members was how access to officers in shared services was much more difficult than previously. The provision of dedicated officer support, possibly based on the model of locality patch officers (LPOs), may assist to

ease frustration. This could also build on LPOs role in working as intermediaries with parishes to reduce the burden on members.

The council's governance arrangements provide a body of well-used information. This includes:

- a risk register which is used and regularly updated
- an Annual Governance Statement
- Plain English Accounts to promote accessibility to council finance information
- good performance management arrangements. The performance report information is clear
- effective links from corporate priorities through to individuals and their development via PDRs.

Meetings of the cabinet are held as an open forum where all members are able to take part in the debate. Such an open cabinet forum is not common but is commended for encouraging transparency in decision-making. Similarly portfolio holder meetings to take decisions are held with a member of scrutiny and member of the opposition and are open to all members and the public.

In spite of the above arrangements the peer team felt that the effectiveness of the scrutiny function would be enhanced by developing a more focused and in-depth role, particularly around policy development. This role is currently underdeveloped but could, with support and resources, add to the work of cabinet and the council.

4.4. Financial planning and viability

The council has a successful track record on achieving savings in response to reduced government grant. This has amounted to over £5m over the last five years without detriment to front line services. The ending of Revenue Support Grant (RSG) by 2018-19 contributes to the forecast budget funding gap of £1.03m from 2017-18.

Bridging this gap is led by a strong approach through the Business Improvement and Efficiency Programme. This includes moving green waste collections from fortnightly to monthly collections and achieving savings of £400k. This is complemented by an increasingly commercial outlook, for example Ermine Street, shared services and the creation of a Housing Development Agency.

Ermine Street is a highly innovative programme with a planned investment of up to £100m to manage a housing portfolio of up to 500 properties for market rent established with the specific remit of providing an income for the council. This is projected to generate an annual income stream of £536k during 2016-17, rising to £1.46m by 2020-21, this in addition to asset appreciation.

Medium-term funding pressures currently appear manageable. The council has raised Council Tax band D by £5 providing an additional £300k for the revenue budget, with the intention that increases will continue each year to 2020-21 with this modelled into the Medium Term Financial Strategy (MTFS). This is an important commitment as the council has low Council Tax levels, being 20th lowest in England for 2015-16 with reserves being used to offset the financial gap.

The recently submitted Efficiency Plan will provide certainty on grant funding over the next four years commencing 2016-17. This allows the council to consider its future position on a range of other pressing issues, a number of which are picked up in this report.

During the work onsite the peer team saw the new MTFS format. This had gone through the Executive Management Team (EMT) and cabinet for approval and provides a much improved layout which is clearer and easier to understand.

The current funding strategy is to deplete reserves; if necessary to the council's minimum required level of £2.5m. The council is also using New Homes Bonus (NHB), along with reserves, to achieve a balanced budget. The rationale for this strategy is that it provides interim financial cover while other income generating and savings strategies are implemented and derive their anticipated benefits. This could be a risky strategy that could limit the council's ability to address unforeseen contingencies or invest in infrastructure projects to support the future growth strategy.

The benefit of having a balanced budget for the next 5 years is an enviable position for the council to be in, albeit reliant upon reserves. It will, however, need to guard against any complacency that could lead to less focus in driving through more radical efficiencies and fundamental changes in ways of working and delivering services. It will be important to continue to strive for savings, efficiencies and new income streams so that: reserves can be rebuilt; council tax levels kept to the lowest cost required; and that resources can be available to buy-in specialist skills that are likely to be required for future transformation programmes.

Central to future financial sustainability, particularly in light of the ending of RSG funding, will be consideration on how to maximise returns through the its investment/treasury strategy. With interest rates at historically low levels many local authorities are borrowing to develop new income streams. This approach to, what is called commercialism, will be important to develop and to extend beyond the current Ermine Street programme.

Developing a council approach to commercialisation should set out: what market opportunities exist; how these might be linked to council priorities, for example affordable housing; and what the council's preferred stance on investment and risk might be. This is important as it was clear to the peer team that 'commercialism' is not well understood across the council, with different understandings on this being provided. It is recommended that a commercialisation strategy is developed that includes the approach to risk and due diligence; the evaluation of commercial proposals; the use and acquisition of assets for commercial gain; investments in commercial schemes that may also assist delivery of corporate priorities; and the skills required within the council to manage commercial programmes.

There would be value in consolidating various disparate elements into a single change programme. This could pick-up the strands of:

- service reviews and efficiencies
- commercialisation and income generation
- digitalisation, the use of IT and transactional customer channel shift

- transformation
- asset management
- demand management.

A single programme would enable corporate oversight but would also need the right level of resources and skills for successful implementation.

Finally, the financial management system needs to be developed to provide the intelligence to support the MTFS. It is acknowledged that the current system is not able to provide that level of support and that weakens financial planning and management council-wide and for service managers and budget holders. The proposal to introduce a shared financial system across SCDC, Cambridge City and Huntingdonshire District councils should be seen as an important opportunity to provide improved information.

4.5. Capacity and capability to deliver

The council has set in place a broad array of shared service initiatives to address service resilience. Most notable is the strategic services partnership with Cambridge City and Huntingdonshire District councils launched in October 2015. The first phase of this 3C Shared Services partnership included legal, ICT and building control with projected savings of 15 per cent in 2016-17. Implementation is working through a number of issues including recruitment and retention of staff, staff uncertainty and morale affected by different terms and conditions. The 3C partnership would benefit from the three councils setting out a shared vision for the future of three-way shared services. This would provide reassurance for staff working in the current arrangements and confidence that extending these arrangements in the future has the full backing of the three councils. This will also be important for establishing a commitment for strategic level working relationships across the three councils.

The council has adopted a systemic approach to project management. There are currently 3 staff trained in programme management and 10 in project management. These programme/project management principles are being applied to Business Improvement and Efficiency Programme projects.

Until now implementation of the City Deal has been undertaken by staff from the councils and partners. This has been an additional responsibility on top of existing duties. Not surprisingly this was not sustainable and had led to a recognition of the need for dedicated resources to drive forward key projects. This is an important learning point for the future, particularly for Devolution, that major projects require dedicated resources.

It was clear to the peer team that from their meetings the council's staff are committed to the organisation and understand the reasons for the changes that are being planned. However, recruitment and retention is a major issue and risk, principally due to high housing costs. There are examples where recruitment is being addressed, for example the initiative to train graduates as planners, but more will be needed in the future. Options for the future could include exploring accommodation opportunities for staff and key workers for the economy through Ermine Street and with partners, for example Cambridge University's programme of new build accommodation.

As part of developing a 5 year vision the council will need to consider future workforce skills requirements and how it will develop and resource these. For example, it is generally acknowledged that local government in the future will need to be more commercially minded to exploit commercial opportunities and develop income streams. This will require skills and experience that are not often readily available in local government and the council will need to anticipate the future skills needs in its workforce planning arrangements and consider how these are cultivated internally and which might need to be bought in.

5. Next steps

We appreciate you will want to reflect on these findings and suggestions with your senior managerial and political leadership in order to determine how the council wishes to take things forward.

As part of the peer challenge process, there is an offer of further activity to support this. The LGA is well placed to provide additional support, advice and guidance on a number of the areas for development and improvement and we would be happy to discuss this. Gary Hughes and Rachel Litherland, Principal Advisers, are the main contact between your authority and the LGA. Their contact details are: gary.hughes@local.gov.uk and rachel.litherland@local.gov.uk

In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge. We will endeavour to provide additional information and signposting about the issues we have raised in this report to help inform your ongoing consideration.

Follow up visit

The LGA peer challenge process includes a follow up visit. The purpose of the visit is to help the council assess the impact of the peer challenge and the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the council. Our expectation is that it will occur within the next 12-24 months.