

CARDIFF CAPITAL REGION CITY DEAL

JOINT OVERVIEW AND SCRUTINY COMMITTEE

7 MARCH 2024

CONSTITUTION OF THE SOUTH EAST WALES CORPORATE JOINT COMMITTEE

REPORT OF THE CCRCD / CJC MONITORING OFFICER

PURPOSE OF THE REPORT

- 1** To offer Members an opportunity for pre-decision scrutiny of the draft Constitution of the South East Wales Corporate Joint Committee (SEWCJC) prior to consideration by SEWCJC on 18 March 2024.

RECOMMENDATIONS

- 2** It is recommended that Members of the JOJC:
 - (1)** Review and consider the draft Constitution of the South East Wales Corporate Joint Committee.
 - (2)** Consider and determine any other matters that members may wish to scrutinise over the coming period.

BACKGROUND

- 3** In 2017 a Joint Working Agreement (JWA) was signed by the ten local authorities of South East Wales that established the governance model for the Cardiff Capital Region City Deal. As part of these arrangements Cardiff Council was appointed as the Accountable Body.
- 4** The City Deal established a resourced city-region partnership for the Cardiff Capital Region (CCR), based upon the Joint Working Agreement. Building on these arrangements, which were replicated to a greater or lesser degree elsewhere in Wales, Welsh Government has progressed legislation to establish Corporate Joint Committees to further strengthen regional working across Wales. In 2021, the Senedd Cymru passed the following legislation:

- Local Government and Elections (Wales) Act 2021, Part 5 (Collaborative Working by Principal Councils) of which provides the Welsh Ministers with the ability to establish a Corporate Joint Committee; and
 - The South East Wales Corporate Joint Committee Regulations 2021, Part 1 (Establishment and area) of which establishes a body corporate to be known as the South East Wales Corporate Joint Committee for the region (“the CJC”).
- 5** The Local Government and Elections (Wales) Act 2021 provides the legislative basis for these new structures. The establishment of CJsCs creates in law distinct corporate bodies and legal entities, that can directly employ staff, hold assets and budgets, and be directly responsible for exercising specific functions. This differs from City Deal arrangements where the Accountable Body is required to hold responsibility for directly employing staff and holding assets and budgets. The City Deal is also restricted to activities that fall within the remit of the JWA, effectively meaning it can only deal with matters relating to its Investment Fund.
 - 6** Building on the City Deal arrangements, CJsCs have the potential to strengthen the regional ability to coordinate and implement strategic responses to key challenges. While the City Deal arrangements served to galvanise collaboration among the ten partner local authorities, the scope of partnership working has necessarily been circumscribed by the content of the JWA and the City Deal agreement. The creation of the new corporate entity, with its own statutory basis, opens up wider possibilities for local government to pursue regional strategies over and above the City Deal.
 - 7** Conversely, the current Accountable Body model does not allow for the Cardiff Capital Region City Deal (CCRCD) Joint Committee (the Regional Cabinet) to employ staff, maintain its own balance sheet, or borrow money – in contrast to the powers that have been provided to the new CJsCs, albeit within an affordability context determined, and underwritten, by the constituent local authorities themselves.
 - 8** The initial functions of the South East Wales CJC, as prescribed by the Establishment Regulations, relate to preparation of a Regional Transport Plan, a Strategic Development Plan and the exercise of economic wellbeing powers. In the case of the Regional Transport Plan and Strategic Development Plan, these represent statutory duties of the South East Wales CJC. In the case of

the economic wellbeing powers, the CJC has the ability to undertake activities that promote and support economic development within the region.

- 9 The Establishment Regulations contain key provisions in respect of the South East Wales CJC, including its membership and how it makes decisions. Under the Regulations, the CJC's membership comprises councillors, one for each constituent council which constitute the existing City Deal arrangements. The Regulations also provide that the CJC member from each constituent Council shall be the Leader – reflecting the composition of the City Deal Regional Cabinet.
- 10 Provision is also made for a member from Brecon Beacons National Park Authority, who will only be permitted to vote on matters relating to the strategic planning function.
- 11 While the CJC will be a decision-making body in its own right, its budget must be agreed on a unanimous basis by constituent Councils of the CJC, with Welsh Government determining contributions in any scenario where a budget cannot be agreed. Any assets or liabilities entered into by the CJC are the liabilities of the constituent Councils and will need to be included as part of the budget setting processes of respective local authorities.

'Lift and Shift'

- 12 Since the CJC builds on the current City Deal arrangements, the CCR Regional Cabinet has been the focal point of discussions to establish the new arrangements.
- 13 These have proceeded on the basis that local authorities needed to meet the statutory requirement to establish CJCs while also ensuring that the new governance arrangements resulted in a model that was complementary to, rather than in competition with, concurrent local government arrangements. It was also agreed that the proposed CJC should seek to secure the devolution of resources from Welsh Government to support regional working.
- 14 A CCR Regional Cabinet report, of 20th September 2021, subsequently outlined a proposed governance, delivery and transition model for the CJC. This made clear that local authorities would not expect to lose any powers or resources as a result of the establishment of the CJC, and that the ability of councils to determine their own policy and to deliver functions would remain. In particular the report agreed the following principles:

- “A positive-sum game. The uniqueness of the model of LA democratic legitimacy and localism sits at the heart of the CJC which will be owned, controlled and led by LAs. The CJC & LAs are one and the same – with CJC being developed for, with & by LAs.
 - There is no threat to LA services with the assumption that functions, services and resourcing are being pulled from the centre not local authorities. No local power, functions, services or resources will be lost or displaced – unless a case is made and supported by all LAs - and LAs will also deal directly with UK Government and Welsh Government and continue to deliver large-scale projects including those of regional, national and international significance and supported by both governments. This will emphasise absolute concurrence and compatibility with local arrangements.
 - CCR CJC is capable of adopting Welsh Government’s policy position and ambitions for a system of regional economic governance – and is equally able to respond in the face of the growing presence of UK Government in Wales. CCR is able to act as a neutral space in the middle, working positively with both bodies to ensure the region is positioned optimally to see challenges and opportunities through the prism of ‘place’ and adopt a sense of enlightened self-interest. With regional investment and ‘localism’ central to developing policy, CCR must deliver for the region, Wales & UK.”
- 15** The September report considered a number of governance and delivery model options that would bring together, or at least align, the City Deal and the South East Wales CJC. In sum:
- Do nothing – this would not meet the requirements of the legislation and would therefore be unlawful.
 - Like for like - the CJC acts as the decision maker (in place of the Regional Cabinet) and the Accountable Body continues to act as the conduit for project delivery.
 - Lift and Shift – the CJC acts as the decision maker (in place of the Regional Cabinet) and acts as the conduit for project delivery (in place of the Accountable Body).
 - Holding Company - this would see the CJC act as the decision maker and hold-co/strategic anchor of wholly owned subsidiaries.
- 16** The Regional Cabinet agreed to pursue the option of ‘lift and shift’. In effect, this would see the transition of the City Deal operational and delivery

arrangements into the South East Wales CJC, creating a single corporate body and an integrated model of regional public investment.

- 17** On this basis, the Regional Cabinet agreed to establish a Transition Plan and Transition Board to oversee the change, based on a critical path for achieving key milestone dates in accordance with the legislation.

Transition Plan

- 18** In implementing the Transition Plan for the City Deal to be taken into the governance arrangements of the CJC, on 4 December 2023 Regional Cabinet made the following key decisions:

- Consent to novate (transfer) the Cardiff Capital Region City Deal Funding Agreement and all other incoming funding agreements held by Cardiff Council as Accountable Body on behalf of CCR to the CJC;
- Consent to transfer the portfolio of projects funded by CCR, together with any ancillary agreements, from Cardiff Council as Accountable Body on behalf of CCR to the CJC;
- Provide a direction to Cardiff Council acting in its capacity as Accountable Body for CCR to take all necessary actions to implement the transfers referred to at paragraphs (1) and (2) above; and
- Agree to transfer responsibility for decision making and implementation of the Cardiff Capital Region City Deal to the CJC (including that Council Contributions be made to the CJC), subject to novation of the City Deal Funding Agreement and approval by the CJC of additional standing orders incorporating the key terms of the JWA between the 10 Constituent Councils.

- 19** Also on 4 December 2023, Regional Cabinet considered the proposed governance structure of the CJC, which includes the following sub-committees and advisory boards:

- Appointments
- Governance and Audit
- Investment Board
- Joint Overview and Scrutiny
- Regional Growth Board
- Regional Transport

- Shareholders
- Standards
- Strategic Development

20 In essence this provided the formal approval for the ‘Lift and Shift’ proposal outlined in the transition plan.

21 Operational arrangements are now in place for:

- Transfer of City Deal funding;
- Transfer of the portfolio of funded projects;
- Transfer of City Deal staff;
- Ensuring operational processes and technology are in place;
- Ensuring financial systems and processes are in place;
- Ensuring robust governance arrangements are in place.

22 The CJC’s Draft Constitution is due to be considered by both Regional Cabinet and the CJC at their meetings on 18 March 2024. If the arrangements are approved, Regional Cabinet will be asked to formally transfer responsibility for City Deal to the CJC with effective date of 00:01 hours on 1 April 2024.

23 Members will note that, as part of those arrangements, the terms of reference for CCRCD JOSC will expand to embrace the wider remit of the CJC.

SCOPE OF THE SCRUTINY

24 This report has been brought forward for pre-decision scrutiny. Members are invited to consider and review the content of the CJC’s draft Constitution.

LEGAL IMPLICATIONS

25 JOSC is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to the CJC will set out any legal implications arising from those recommendations.

FINANCIAL IMPLICATIONS

- 26** The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to the CJC will set out any financial implications arising from those recommendations. Financial implications are detailed in the report. The CJC's 2024/25 Budget was approved.

APPENDIX 1: CJC Draft Constitution Part 1 – Summary & Explanation

APPENDIX 2: CJC Draft Constitution Part 2 – Articles of the Constitution

APPENDIX 3: CJC Draft Constitution Part 3 – Allocation of Responsibilities

APPENDIX 4: CJC Draft Constitution Part 4 – Rules of Procedure

APPENDIX 5: CJC Draft Constitution Part 5 – Codes and Protocols

APPENDIX 6: CJC Draft Constitution Part 6 – City Deal Standing Orders

Backgrounds Papers:

[SEW CJC Transition Report, 4 December 2023](#)

[SEW CJC Transition Update Report, 29 January 2024](#)