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South East Wales Corporate
Joint Committee

Via email

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Dear Colleagues

Commentary on CJC's progress – South East Wales Corporate Joint Committee

Further to my recent summary report on the Corporate Joint Committees' progress in developing their arrangements, this letter sets out the findings pertinent to the South East Wales Corporate Joint Committee. It is structured around the following areas as per the summary report:

- understanding of the Welsh Government's aims for the CJCs
- evolving governance arrangements.
- CJC's plans to deliver the Welsh Government aims and meet their statutory obligations.
- How the CJC relates to existing partnership arrangements.
- CJC's plans to meet their requirements under the WFG Act, including setting their well-being objectives.

My team will be happy to attend a meeting of the CJC to talk through the findings.

Understanding of Welsh Government's aims for the CJCs

- South East Wales CJC has a clear understanding of Welsh Government's aims for the CJCs. It is embracing of the potential opportunities the CJC could provide for the region, particularly around having one integrated model to drive the economic well-being of the region.
- The CJC has proactively raised concerns about the CJC's financial status and other consequential issues and highlighted the practical impact of these issues. The CJC was frustrated about the pace at which these issues have been resolved and this has impacted the CJC's ability to progress its plans as it would have liked.

Governance arrangements

- **Overall, I am assured that the CJC has taken a considered and proportionate approach to determine and develop its governance arrangements. It adopted a bare minimum approach whilst its financial status and other issues were being resolved, so some of these arrangements are not fully developed or active.**
- From the early stage of its establishment, the CJC has taken a well-considered and robust approach to develop its arrangements to support its ambitions.
- It appointed legal advisors to do an independent appraisal of the governance and delivery options for the Cardiff Capital Region and CJC.
- In September 2021, it agreed the 'lift and shift' option as the preferred model to transition the Cardiff Capital Region to one integrated model of regional public investment and economic governance under the CJC. It also wanted to take the opportunity to streamline the existing CCR arrangements with the aim of working more efficiently to deliver its priorities as a region.
- It developed a comprehensive Transition Plan to support the 'lift and shift', which included a range of workstreams including one focusing on governance. It set up a Transition Board with membership from across the CJC and the city deal arrangements to oversee the transition. A programme board of officers was set up to support this Board.
- However, this plan and the supporting arrangements were put on hold pending resolution of the financial status and consequential issues.
- I recognise that the CJC has been very frustrated about the pace of resolving these issues. And, as a result, took a conscious decision in the interim to adopt a bare minimum approach whilst these issues were resolved.
- In terms of its core arrangements, it has agreed its constitution and interim standing orders, which reflect its limited operation so far. The CJC is meeting regularly. The CJC is aware that it needs to develop a full and permanent set of standing orders which will cover its full operation and functions.
- The CJC has maximised the flexibility to tailor its arrangements. For example, it has made use of existing arrangements to appoint officers into the statutory officer roles on an interim basis. It has also agreed to use Cardiff Council's Standards Committee as the CJC's standards committee.
- As the CJC has been operating on a bare minimum basis and its activity has been limited to date, some of its arrangements, whilst established on paper, are not yet active.
- This includes its Governance and Audit sub-committee, which it is required to have. As part of its interim standing orders, it agreed the terms of reference of this sub-committee in January 2022. But as of May 2023, the CJC hasn't appointed members, including lay members, to this sub-committee, so there have been no meetings to date. It is important that it makes progress in establishing its GAC so that there is scrutiny and oversight of the CJC's finances and arrangements. And that is then settled and ready for when the Cardiff Capital Region City Deal (CCRCD) programme shifts into the CJC

(subject to the necessary approvals to enable this), given that this will significantly increase the budget, responsibility and resources of the CJC.

- The CJC is required to co-operate with, and provide assistance to, the scrutiny undertaken by constituent bodies or via a joint scrutiny committee. The CJC intends to make use of the existing joint scrutiny committee established for the Cardiff Capital Region. However, this hasn't happened yet and the terms of reference of the joint scrutiny committee haven't been updated to reflect this. As a result, to date, the CJC has not been held to account or subject to any scrutiny by this joint committee albeit we appreciate the work of the CJC has been limited to date. The CJC spent about £83k in 2022-23 and set a budget of £255k for 2023-24.
- As the CJC progresses its plans to transition the Cardiff City deal programme into the CJC, it will be vital that there are effective arrangements to hold it to account and to scrutinise its activities. In order to maximise the value of the joint scrutiny committee, the committee and the CJC may find it helpful to look at my [discussion paper on scrutiny](#).
- The statutory guidance on the CJC sets out the expectation that the CJC will set up specific sub-committees for its key functions. The CJC is currently determining its sub-committee arrangements. It is keen to take the opportunity to streamline and consolidate its CJC and CCR arrangements. For example, the Cardiff Capital region already has a range of sub-committees and advisory boards, including a Regional Transport Authority sub-committee with membership from across the 10 local councils. So, at this stage the CJC hasn't agreed its governance arrangements to support and oversee the delivery of its strategic development and regional transport planning functions. I understand that reports to agree and progress its sub-committee arrangements are due to be considered by the CJC in July.
- I appreciate that the work of the CJC to date has been limited and that the CJC hasn't wanted to incur 20% VAT, for example through employing staff. Now the financial status issues have been resolved, I would expect that the CJC moves forward with the development of its governance arrangements and that these are put into practice to help provide the necessary checks and balances to the CJC's operation.
- I am encouraged that the CJC has reinvigorated its transition plan and set up a new Steering Group to oversee the implementation of this plan.
- I will be keen to see how the CJC's governance arrangements develop.

Progress and clarity of plans

- **I found that the CJC has a clear ambition for the region building on the work of the Cardiff Capital Region city deal. It has developed a transition plan to support this ambition. But progress to deliver its strategic development planning and regional transport functions has been more limited.**

- From the outset, it was clear that the CJC wanted to maximise the flexibility and powers it has been given to have an integrated regional approach to economic development.
- The transition plan it developed to support the lift and shift of the Cardiff Capital Region city deal programme included consideration of resources to support the transition as well as the risks and how these may be mitigated.
- Overall, the plan shows that the CJC has done a thorough and logical assessment of the key actions needed to support the transition of the CCRCD into the CJC by March 2024.
- In January 2023, the CJC agreed its first combined annual business plan covering the CJC and CCRCD underlining its ambitions for the region.
- The CJC has proactively engaged with the UK government to discuss the options to facilitate the transition given that the city deal is a UK government funded scheme.
- The primary focus of the CJC has been on facilitating this transition and the economic well-being aspects of its role.
- Its plans to support the delivery of its regional transport plan (RTP) and its strategic development plan (SDP) are less developed.
- The CJC intends to build on the work of the Regional Transport Authority to help shape its regional transport plan. It has also engaged with the planning officers across the region.
- The CJC Annual Business plan sets out that one of the CJC's objectives is to start initial planning work on these plans. It has set a limited budget to support its core functions in 2023-24.
- The CJC feels that the limited progress on the SDP and RTP is due to the delays in resolving the financial status and other issues, and that the Welsh Government had not yet issued final guidance. I have raised a number of points about Welsh Government preparedness in my summary report and recognise that the financial status issues in particular have impacted on the CJC's ability to progress, not wanting to incur VAT for example.
- Welsh Government has engaged with the CJC's about the strategic development and transport planning functions so the CJC's should have some understanding of expectations. For example, it shared advisory notices recommending early preparation for the strategic development plans in August 2021. There was also an event in January to discuss the CJC's' planning functions.
- So, despite the financial status issues, I would have liked to have seen more progress in these areas. I would expect to see quicker and further progress from this point forward.
- In particular, the strategic development planning process is complex and the CJC needs to make a start on this. Bannau Brycheiniog National Park Authority needs to be fully engaged in discussing how this process will work.
- The CJC has made progress working to address its public sector duties, such as its equalities duties, and Welsh Language requirements. It has also published its Child Poverty action plan and its first biodiversity report. As the

CJC moves beyond its foundation phase and given its potential reach and impact in the region, it will need to ensure that these duties are actively considered in its activities.

Partnerships

- **The Cardiff Capital Region provides a strong platform which the CJC is building on, but it hasn't determined how it can work with other bodies and partnerships, including making the most of the involvement of the Bannau Brycheiniog National Park Authority, beyond strategic development planning.**
- I have commented frequently on the complex partnership landscape in Wales so am keen to see how CJCs are exploring how they relate to and work with existing partnerships. To make the most of existing resources and to tackle challenges more collaboratively.
- The CCRCD arrangements involve representatives from a range of different bodies including local government, private sector businesses and higher education. SQW's independent review of the progress of the CCR in 2021, which informed the UK Government's Gateway review, praised the strong partnership ethos of the CCR.
- At this stage, the CJC has not co-opted any bodies onto its arrangements. I am aware that the CJC has been engaging with UK and Welsh government about the transition of the CCR programme into the CJC and that the outcome of this will help shape its future partnership working and structures. It will be key for the CJC to explore how it can engage and work with other bodies to make the most of resources and expertise within the region.
- Bannau Brycheiniog National Park Authority (BBNPA) is a statutory member of the corporate joint committee. The CJC's interim standing orders state that the BBNPA's role is limited to the statutory planning function. At this stage, the CJC has not taken the opportunity to formally involve the BBNPA in the CJC's other roles and functions.
- The CJC tends to meet straight after the meetings of the Cardiff Capital Region Joint Cabinet as the membership consists of the same 10 council leaders. However, the BBNPA does not attend the Joint Cabinet as its not part of the CCRCD. The agenda items are often similar for both meetings as the main focus is on transferring the CCRCD to the CJC. The CJC meetings themselves then tend to be relatively brief as the topics have often been covered in the Joint Cabinet meetings. There is a risk that the BBNPA doesn't have the opportunity to participate fully in the discussions pertinent to the CJC. The CJC needs to address this. And, as it implements its transition plan, it will need to determine how it can maximise the positive contribution the BBNPA could have on the delivery of the CJC's objectives and functions, particularly given that the NPA also has requirements around economic development.

Well-being of Future Generations Act

- Like the other named bodies under the WFG Act, the CJC must set and publish well-being objectives. It must act in accordance with the sustainable development principle when setting those objectives and when taking steps to meet them.
- The CJC published its well-being statement containing its well-being objectives in early April 2023. The CJC has adopted the objectives from the Cardiff Capital Region Regional Economic and Industrial Plan underlining the common ambitions of the CJC and the CCR, and the integrated approach to deliver these. The CJC has been open that this is a pragmatic approach as its in its foundation phase of operation.
- The CJC intends to incorporate its well-being objectives in a corporate plan during summer 2023 as recommended within the Well-being of Future Generations Act statutory guidance.
- I have not done a detailed review of the extent to which the CJC has applied the sustainable development principle to the setting of its well-being objectives.
- Based on my high-level review of the well-being statement, I can see that it covers core elements set out in the legislation. This includes its contribution to the national well-being goals and how it will apply the five ways of working. For example, there is a clear emphasis on taking an integrated approach building on the aims and work of the Cardiff Capital Region but also consideration of the well-being objectives of the constituent bodies.
- The CJC has identified some areas where it could strengthen its application of the five ways of working, such as involvement. I note that the CJC has not consulted upon its well-being objectives but plans to consult on its corporate plan during the summer. I recognise that consultations on draft plans and policies do not always yield good response rates. Like other bodies, the CJC will need to explore alternative ways of involving the community, such as engaging communities earlier in discussions or drawing on existing information.
- The CJC should also explore how it could work with other public bodies, such as the Public Services Boards, and exploring the impact of the CJC's well-being objectives on those of other public bodies.
- The CJC is using the same Future Generations Assessment tool used by the Cardiff Capital Region to help it demonstrate its consideration of the well-being goals and the five ways of working as well as its equalities duties. I appreciate these tools can be helpful. But it needs to be more than simply having an impact assessment at the end of a report. My [report on equalities impact assessment](#) in September 2022 underlined the point about consideration of these areas earlier to help inform decisions and policies. I will be looking to the CJC to be doing this as it begins to operate in earnest.
- The CJC has a duty to act in accordance with the sustainable development principle. More broadly, that framework has the potential to add value to how it plans and delivers its work. For example, the wider benefits of applying the

sustainable development principle to meeting its transport, planning and economic development functions and powers. The CJC may find it helpful to draw on the range of resources on transport and planning available on the Future Generations Commissioner for Wales website.

- I will expect to see the CJC apply this principle in a meaningful way, across its functions. I will be undertaking examinations of the extent to which it has applied the sustainable development principle in future years, as required by the Act.
- My team has developed some positive indicators which provide an illustrative set of characteristics of what good looks like when organisations act in accordance with the sustainable development principle. The constituent bodies will be familiar with these and it will be useful for the CJC to draw on these as it delivers its well-being objectives.

The CJC should consider this letter in tandem with my summary report, which provides an assessment of the collective position of the four CJs.

I intend to do further work over the next 18-24 months to assess the CJs' progress.

Yours sincerely



ADRIAN CROMPTON
Auditor General for Wales