

**CARDIFF CAPITAL REGION CORPORATE JOINT COMMITTEE (CJC) : PRE-  
DECISION SCRUTINY**

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**Purpose of the Report**

1. To provide background information for Members to aid their scrutiny of the report to Cabinet on 21 March 2024, titled '*Corporate Joint Committee Update*', attached as **Appendix 1**.

**Structure of papers**

2. Attached to this cover report is the following appendix:
  - i. Appendix 1 – report to Cabinet titled '*Corporate Joint Committee Update*'.

**Scope of Scrutiny**

3. At their meeting on 21 March 2024, the Cabinet will consider a report that:
  - i. updates Cabinet on the establishment of Corporate Joint Committees (CJCs)
  - ii. outlines the implications of the transition from the City Deal to the CJC on Cardiff Council's role as the Accountable Body
  - iii. notes the transfer of Cardiff Council employees to the CJC, and
  - iv. notes the novation of relevant agreements for the City Deal from the Accountable Body to the CJC.
4. During this scrutiny, Members can explore the recommendations to Cabinet and:
  - i. Work towards the Corporate Joint Committee (CJC), including overview and scrutiny arrangements and the economic development role
  - ii. Implications for Cardiff Council, as set out in the report to Cabinet
  - iii. Whether there are any risks to the Council
  - iv. The timeline and next steps.

## Background

5. At this Committee's meeting on 21 November 2023, Members considered a report on the City Deal & Western Gateway partnerships, with the scrutiny cover report providing background information on the City Deal, including the existing Joint Overview and Scrutiny Committee. Rather than repeat all of that information, Members are advised that the scrutiny cover report for that item is available [here](#) . The report to Cabinet, attached at Appendix 1, also provides background information on the City Deal.
6. The CCRCDC Joint Overview and Scrutiny Committee (JOSC) was established in 2018, via reports agreed at all ten local authority council meetings; in Cardiff, this council meeting was held on 21 June 2018. There have been several reviews of the JOSC arrangements, and it now consists of one non-executive Member from each of the ten local authorities, with a deputy who is only entitled to speak and vote at meetings of the JOSC in the absence of the principal representative. The CCRCDC had an initial budget line of £69,000 allocated for scrutiny. It is currently supported by Rhondda Cynon Taf Scrutiny Services. Details and papers for meetings since 2020 can be found [here](#) .
7. The scrutiny cover report for the City Deal & Western Gateway partnerships item, considered at Committee on 21 November 2023, also set out the work towards the South East Wales Corporate Joint Committee; papers are available [here](#) and the report to Cabinet, attached at Appendix 1, also provides background information on this.
8. With regard to the scrutiny arrangements for the CJC, this Committee has previously been advised that the CJC considered a report on the proposed scrutiny arrangements for the CJC at their meeting on 31 July 2023 and endorsed the proposal that the JOSC provide the scrutiny arrangements for the CJC, subject to discussions with the existing hosting authority – Rhondda Cynon Taff - and agreement from all constituent authorities.
9. This proposal was also considered by the JOSC at their meeting on 27 July 2023. After the meeting, the Chair of the JOSC wrote a letter to the CJC's Interim Monitoring Officer to confirm that:

*'Members were supportive of the proposed arrangements for the Joint Overview and Scrutiny Committee to be appointed as the Joint Overview and Scrutiny Committee for the CJC and highlighted the importance of ensuring that an effective model of governance and scrutiny arrangements for the CJC are put in place. This included ensuring that the arrangement is adequately resourced to include funding for Members to receive sufficient training and support to take forward future Scrutiny for the CJC. In doing this, Members welcomed the opportunity to shape and revise their Terms of Reference to ensure they are fit for purpose and provide a clear and defined purpose on the Committee's future objectives and responsibilities.'*

10. Following consideration of the above at Committee on 19 September 2023, the Chair, Councillor Wong, and the Chair of the Environmental Scrutiny Committee, Councillor Owen Jones, who are Cardiff Council's representatives on the JOSOC, wrote to the Leader setting out the comments and observations of the Committee, including three recommendations. Full Council considered the above at their meeting on 21 September 2023, and agreed the report and recommendations, which were attached on the Amendment Sheet. These recommendations were:

- i. It is proposed that the CJC JOSOC review the terms of reference at its first proper meeting, and that any proposed amendments be reported to the constituent local authorities.*
- ii. Terms of Reference for core city/cross authority Joint Scrutiny are compared with the draft to inform the review at the first proper meeting.*
- iii. Access to confidential papers for members of the Joint Overview and Scrutiny Committee should form part of the Terms of Reference.*

### **Issues identified in the Cabinet Report**

11. The report to Cabinet contains the following sections:

- i. Background – points 5 - 15
- ii. Lift and Shift – points 16 – 24
- iii. Implications of Regional Approach for Cardiff – points 25-41
- iv. Transition Plan – points 42-45
- v. The Future CJC – points 46 – 58
- vi. Transition Implications for Cardiff – points 59 – 65
- vii. Practical Considerations – points 66 - 75
- viii. Joint Working Agreement – points 76-77
- ix. Council Contributions – points 78 – 82.

12. The main points contained in the report to Cabinet are:

#### Background

- i. Cardiff Council is the Accountable Body for the City Deal, meaning it provides support services for the City Deal, including financial services, legal services, HR services, ICT services, procurement services, and liaison with Audit Wales, Welsh Government and UK Government
- ii. CJsCs differ from City Deals in that they can directly employ staff, hold assets and budgets and be directly responsible for exercising specific functions
- iii. CJsCs have a statutory duty to prepare a Regional Transport Plan and a Strategic Development Plan and the ability to undertake activities that promote and support economic development in the region
- iv. CJsCs open up wider possibilities for local government to pursue regional strategies over and above the City Deal
- v. Whilst the CJC will be a decision-making body in its own right, its budget must be agreed on a unanimous basis by the ten local authorities; if a budget cannot be agreed, the Welsh Government determines contributions

#### Lift and Shift

- vi. The CJC is established to be complementary to, rather than in competition with, concurrent local authorities, with a positive sum approach, where the CJC is owned, controlled and led by the local authorities and there is no threat to local authority services
- vii. The City Deal Regional Cabinet agreed the 'lift and shift' approach whereby City Deal operational and delivery arrangements transition to the CJC

#### Implications of Regional Approach for Cardiff

- viii. The City Deal has led to significant investments in Cardiff, as set out at points 25 – 37
- ix. Notwithstanding these, the Cabinet has raised concerns to Welsh Government that the current CJC proposals for 'One Authority, One Vote' risks diluting the voice of Cardiff residents, particularly those from younger demographics and ethnic groups, even though Cardiff funds almost a quarter of the total costs, as set out at points 38 – 40

- x. As there is no power for the electorate to directly elect those on the CJC, provisions need to be established to ensure the democratic deficit is bridged – point 41

#### Transition Plan

- xi. The City Deal Regional Cabinet has agreed the basis for the transition of governance arrangements from the City Deal to the CJC, including novation and transfers of funding, portfolio of projects, decision making and implementation, and establishment of sub-committees and advisory boards
- xii. The CJC draft Constitution is due to be considered by the CJC on 18 March 2024, with scrutiny having taken place at JOSOC on 7 March 2024

#### Future CJC

- xiii. Economic Wellbeing – the CJC is working with local authorities on an economic review to better understand the opportunities and challenges of its powers, with the intention of working alongside local authorities, Welsh Government and UK Government to coordinate regional economic development activities and supplement local authorities' economic ambitions
- xiv. Regional Transport Plan – statutory duty to prepare Plan by end June 2025, to ensure transport planning is coordinated at the level at which people use transport on a day-to-day basis.
- xv. Strategic Development Plan – statutory duty to prepare long term Plan (minimum 25 years) to provide consistent, efficient approach to land use planning, reflecting how people live and work. It is not anticipated that the SDP will be adopted until 2029 earliest. The governance arrangements for the SDP sub-committee are still to be determined – see point 56

#### Transition Implications for Cardiff

- xvi. Novation agreements are being drafted to transfer rights and obligations from Cardiff Council as the Accountable Body to CJC, including funding and indemnity, as of 1 April 2024; these do not require further Cardiff Council decisions – see point 60
- xvii. The portfolio of projects will also transfer to CJC, including shares and securities – see point 62
- xviii. It is intended the CJC will become the sole shareholder of CCR Energy Ltd. and CSC Foundry Ltd. – see points 63 and 64

### Practical Considerations

- xix. Cardiff Council will need to transfer to the CJC the cash balance of approximately £40m it currently holds on behalf of the City Deal
- xx. Cardiff Council will need to agree transitional arrangements with the CJC to enable it to maintain access to the Council's financial system (SAP) – see point 69
- xxi. Cardiff Council will need to continue to hold the CCR's accounting books and records up to 31 March 2024, and provide information relating to these, as and when required by HMRC
- xxii. Various services provided by Cardiff Council, as the Accountable Body, will cease following transition to the CJC, as follows:
  - a. The s151 Officer responsibility - save that Cardiff's Corporate Director Resources will finalise the CCRs 2022/23 and 2023/24 audited accounts and associated papers
  - b. Financial Services - some of these will be discharged by Rhondda Cynon Taf Council via service level agreements with the CJC
  - c. HR services - some of these will be discharged by Rhondda Cynon Taf Council via service level agreements with the CJC
  - d. Legal Services and Monitoring Officer function - arrangements will need to be made for the transfer and/ or retention of legal files held by Cardiff Council on behalf of City Deal
  - e. ICT services - arrangements for data migration and equipment are in the process of being agreed
  - f. Procurement services - arrangements are being made to transfer this function to Rhondda Cynon Taf Council
- xxiii. Staff employed by Cardiff Council to undertake work for the City Deal will transfer to the CJC, via TUPE Regulations

### Joint Working Agreement (JWA)

- xxiv. Any future decisions to terminate the JWA will be brought back to Cabinet and Full Council; this is expected to be later in 2024.

### Council Contributions

- xxv. The CJC must agree its budget requirement and amounts payable by each constituent local authority by 31 January preceding the funding period

- xxvi. The constituent local authorities must unanimously agree any future contributions; otherwise, Welsh Government Ministers will direct the contributions.

**13. Financial Implications are at Points 87 - 98 and highlight:**

- i. Cardiff Council is in the process of concluding discussions with HMRC in order to confirm there are no tax implications for the authority as a result of the proposed novation to the CJC – see point 95.

**14. Legal Implications are at Points 99 - 109, including:**

- i. The key provisions of the novation agreements – at point 100– including that Cardiff Council should be satisfied that there are no outstanding issues with regards the obligations
- ii. That further legal advice should be sought as and when required in relation to next steps
- iii. That further legal advice should be sought, and any legal implications set out in the future report, regarding terminating the current Joint Working Agreement (JWA)
- iv. The need for the decision maker to consider its duties with regard to the Equality Act 2010, the Well- Being of Future Generations (Wales) Act 2015, and the Welsh Language (Wales) Measure 2011 and Welsh Language Standards
- v. That decision makers must be satisfied decision is in accordance with the financial and budgetary policy and represents value for money for the Council.

**15. Human Resources Implications are at Point 110 and state trade unions and affected employees have been consulted on the transfer from Cardiff Council to the CJC, which will be via TUPE Regulations.**

**Proposed Recommendations to Cabinet**

**16. The report to Cabinet contains the following recommendations:**

- a) *Note the update on the Corporate Joint Committee as outlined in this report.*

- b) *Delegate authority to the Chief Executive in consultation with the Section 151 Officer and Monitoring Officer to address any residual financial and legal issues respectively (including concluding any arrangements), arising as part of the transition (as necessary) and authorise legal services to execute all necessary documents associated with the novation and transition to the Corporate Joint Committee.*
- c) *Note the novation of the relevant agreements for the City Deal from the Accountable Body to the new Corporate Joint Committee.*
- d) *Note that Cardiff Council will cease to be the Accountable Body from 1st April 2024.*
- e) *Note a future report will be brought to Cabinet and full Council regarding termination of the JWA and implementation of any new arrangements.*

## **Previous Scrutiny**

17. This Committee has received regular updates on the City Deal and work towards the South East Wales Corporate Joint Committee, most recently at their meeting on 21 November 2023 - papers available [here](#) . The resultant Chair's letter records that:

- i. *Members note that trust and understanding amongst the ten local authorities in the Capital City Region City Deal has grown steadily over the 6 years it has been in operation, with increasing recognition that investment in any part of the region benefits the whole region*
- ii. *Scrutiny Arrangements - Members were pleased to hear your support for the need for appropriate scrutiny arrangements to be in place to ensure the city deal and Corporate Joint Committee is accountability to local members. Members note your comment that we all need to keep a collective focus to ensure the right scrutiny arrangements are put in place.<sup>1</sup>*

## **Way Forward**

18. Councillor Huw Thomas (Leader) will be invited to make a statement. He, Chris Lee (Corporate Director – Resources) and Jon Day (Operational Manager, Tourism and Investment) will attend to deliver a presentation and answer Members' questions. Christian Hanagan, Service Director, Democratic Services

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<sup>1</sup> Cllr Wong, Chair, letter to Cllr Thomas, Leader, dated 27/11/23, available [here](#)



and Communications, at Rhondda Cynon Taf has also been invited to attend, given that authority's role in supporting the JOS. Representatives of the South East Wales Corporate Joint Committee will also be in attendance.

### **Legal Implications**

19. 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 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 Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

### **Financial Implications**

20. 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 in relation to any of the work programme. 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 Cabinet/Council will set out any financial implications arising from those recommendations.

## **RECOMMENDATION**

The Committee is recommended to:

- i) Consider the information in this report, its appendices and information provided at the meeting
- ii) Determine whether they would like to make any comments, observations, or recommendations to the Cabinet on this matter in time for its meeting on 21 March 2024,, and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

**Leanne Weston**  
**Interim Deputy Monitoring Officer**  
**13 March 2024**