South East Wales Corporate Joint Committee
Cyd-bwyllgor corfforaethol De-Dwyrain Cymru

REPORT SUMMARY SHEET

SOUTH EAST WALES CORPORATE JOINT COMMITTEE TRANSITION REPORT

Purpose

To update Members on progress towards the South East Wales Corporate Joint Committee achieving fully functioning status and the transition of the Cardiff Capital Region City Deal to the Corporate Joint Committee; and to make recommendations for decisions to be taken to further those objectives.

Summary

In order to transition the Cardiff Capital Region City Deal to the South East Wales Corporate Joint Committee, there are a number of key actions which require approval. In summary, these include: the transfer of the City Deal Funding Letter, and other funding agreements currently held by the Accountable Body on behalf of CCR, to the South East Wales CJC; the transfer of the portfolio of CCR City Deal active projects and companies to the South East Wales CJC; and agreement of the CJC's constitutional and other governance arrangements.

Recommendations

1. Consent to novate the Cardiff Capital Region City Deal Funding Agreement and rights and obligations in all other incoming funding agreements held by Cardiff Council as Accountable Body on behalf of the Cardiff Capital Region to the South East Wales Corporate Joint Committee;

2. Consent to transfer all interests in the portfolio of projects funded by Cardiff Capital Region, together with any ancillary agreements, from Cardiff Council as Accountable Body on behalf of Cardiff Capital Region to the South East Wales Corporate Joint Committee, subject to novation of the incoming funding agreements referred to at paragraph (1) above;

3. Delegate authority to the Chief Executive, in consultation with the Monitoring Officer, to agree and execute the final form of the deeds of novation and all

other legal documents necessary to implement the transfers referred to at paragraphs (1) and (2) above;

4. Agree to accept responsibility for decision making and implementation of the Cardiff Capital Region City Deal, subject to novation of the City Deal Funding Agreement and approval of additional standing orders incorporating the key terms of the Joint Working Agreement between the 10 Constituent Councils;

5. Note the proposed governance and partnership structure for the South East Wales Corporate Joint Committee, and transition arrangements, and agree to form a Working Group to consider any necessary amendments to the Interim Constitution, governance and partnership arrangements;

6. Delegate general authority to the Chief Executive, in consultation with the S151 Officer and Monitoring Officer as appropriate, to take and implement any decision required for operational effectiveness, provided that: (a) the cost of implementing the decision does not exceed agreed budgets; (b) the decision does not conflict with any agreed plan or strategy; and (c) there are no unusual features or significant political or other issues, otherwise the matter should be referred to Members to determine. The Chief Executive may sub-delegate functions to other appropriate officers, provided that any such delegation is recorded in writing.

Contact Officer

Kellie Beirne, Interim Chief Executive
Jayne La Grua, Interim Monitoring Officer

South East Wales Corporate Joint Committee
Cyd-bwyllgor corfforaethol De-Dwyrain Cymru

4 DECEMBER 2023

SOUTH EAST WALES CORPORATE JOINT COMMITTEE TRANSITION REPORT

JOINT REPORT OF THE INTERIM CHIEF EXECUTIVE & INTERIM MONITORING OFFCER

AGENDA ITEM: 7

Summary

1. To provide an update on progress towards the South East Wales Corporate Joint Committee achieving fully functioning status and the Cardiff Capital Region City Deal transferring to the Corporate Joint Committee; and to make recommendations for decisions to be taken to further those objectives.

Background

2. In February 2017, the 10 Councils in the Cardiff Capital Region – Caerphilly, Cardiff, Blaenau Gwent, Bridgend, Monmouthshire, Merthyr Tydfil, Newport, Rhondda Cynon Taf, Torfaen, and Vale of Glamorgan - entered into a Joint Working Agreement which established a Joint Committee responsible for overseeing and coordinating the discharge of the Councils' obligations in relation to the Cardiff Capital Region City Deal and managing the CCRCD Wider Investment Fund. As part of those arrangements, Cardiff Council was appointed to act as the Accountable Body for CCR.

3. Regulations made under the Local Government and Elections (Wales) Act 2021 established four Corporate Joint Committees - South East Wales CJC, South West Wales CJC, North Wales CJC and Mid Wales CJC - with the aim of strengthening regional collaboration between authorities. The CJCs are public bodies - with broadly similar powers and duties to local authorities - and were given the statutory functions of developing regional transport policies, preparing a strategic development plan, and doing anything the CJC considers likely to promote or improve the economic wellbeing of its area. Membership of the

CJCs consist of the Executive Leaders of the Councils within the specific region, together with the National Park Authorities that sit within that region.

4. Membership of the South East Wales CJC is comprised of the leaders of the 10 Councils in the South East Wales region (the Constituent Councils) and a member appointed by the Brecon Beacons National Park Authority. The Constituent Councils are the same 10 councils who are party to the 2017 JWA relating to delivery of the Cardiff Capital Region City Deal.

5. The South East Wales CJC is a corporate body in its own right, able to directly employ staff, hold assets and manage funding, without the requirement to act via an Accountable Body. Given, amongst matters, the overlay in membership between the contractual JWA and the constituent council membership of the CJC, the strong correlation between the purposes of the CCR City Deal Award of Funding and the CJC's economic wellbeing function, and the various legal and operational advantages and efficiencies of the CJC being its own corporate entity, it has been the intention for some time now to transition the arrangements for delivering the CCRCD from the contractual JWA to the statutory South East Wales CJC.

6. A 'lift and shift' transition plan was originally approved by Regional Cabinet in September 2021, when it was anticipated that the CCRCD would transition to the South East Wales CJC in February 2022. The transition plan was, however, paused in December 2021, when it was identified that further legislation was required to resolve certain barriers to CJCs becoming fully operational (principally related to their status for taxation purposes). Those issues were subsequently resolved, and an updated transition plan was approved by the South East Wales CJC in July 2023. The updated plan identified two key milestones to achieve the full lift and shift:

    'Day 1' – achieving operating status at 1 October 2023; and

    'Year 1' – having a fully functioning status at 31 March 2024.

7. Operating status has now been achieved, meaning that the South East Wales CJC can function as a corporate entity, has the ability to employ people, and has in place interim governance arrangements; and the CJC is now working towards achieving fully functioning status by the end of the financial year.

Reasons for Report

8. In order to achieve fully functioning status and transition the CCR City Deal to the South East Wales CJC in accordance with the previously agreed transition

plan, there are a number of key actions which require approval by both Regional Cabinet and the South East Wales CJC. These may be summarised as:

(1) Consent to transfer the CCR City Deal Funding Letter, and other funding agreements currently in the name of Cardiff Council (acting in its capacity of Accountable Body) on behalf of CCR, to the South East Wales CJC;

(2) Consent to transfer all accounting arrangements from Cardiff Council (acting in its capacity of Accountable Body) to the South East Wales CJC. This will include the CCRCD's Balance Sheet (all assets and liabilities) as well as the portfolio of CCRCD projects and companies;

(3) Noting the proposed new governance structure of the South East Wales CJC, and agreeing to form a Constitutional Working Group;

(4) Agreement of transitional arrangements to support the proposed transfer;

(5) Appropriate officer delegations to carry the above into effect; and

(6) Forward-planning the next steps.

Transfer of Funding

9. A high-level overview of the CCR funding structure appears at Figure 1 below.

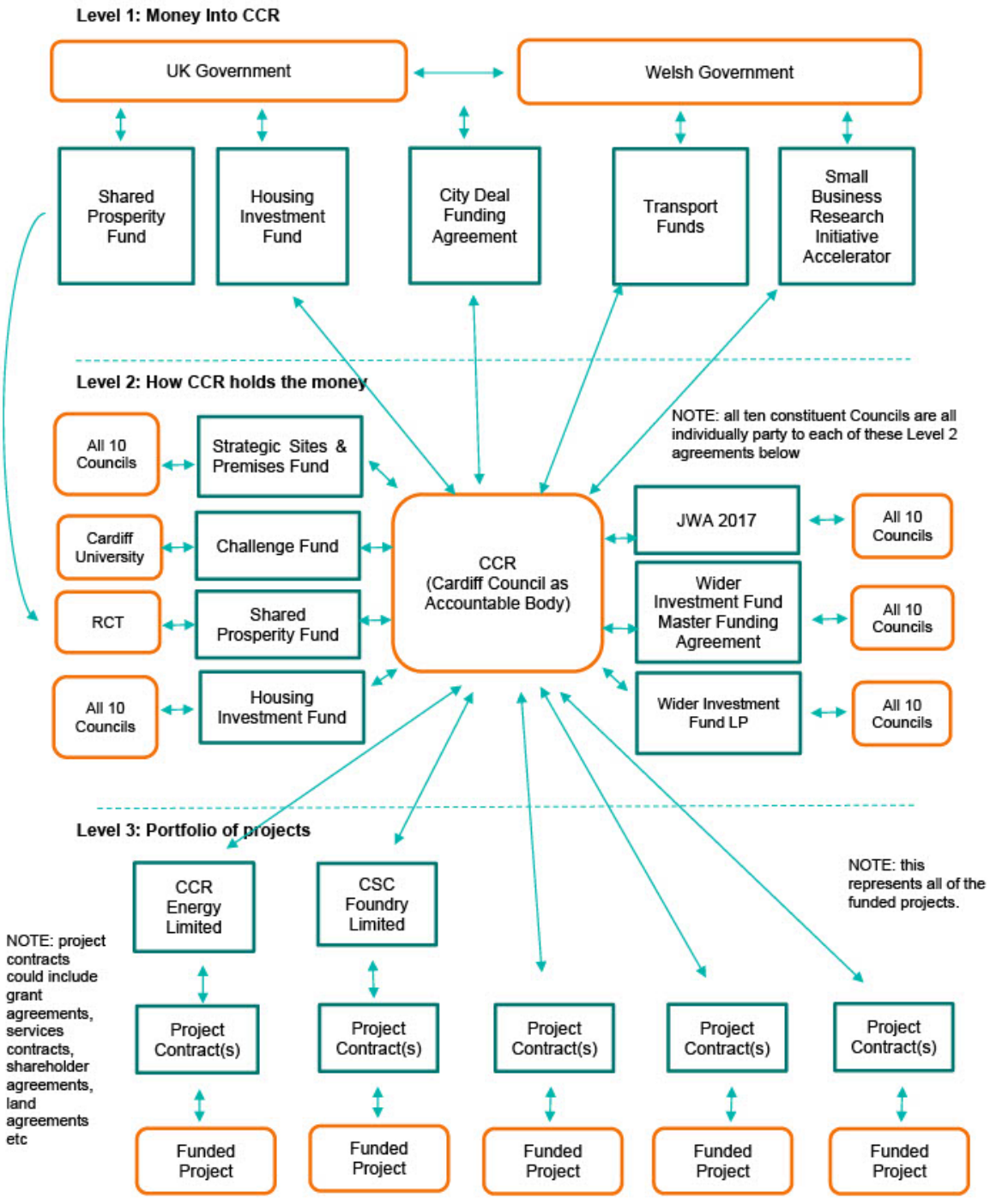
Level 1 represents money coming into Cardiff Capital Region;

Level 2 represents how CCR money is held; and

Level 3 represents the portfolio of projects funded by CCR, including its wholly-owned companies.

Figure 1

CCR / CJC TRANSITION – OUTLINE OF FUNDING STRUCTURE



Level 1 Funding Agreements – Money In

10. In order to transfer the Cardiff Capital Region City Deal Funding Agreement from Cardiff Council (acting as Accountable Body for CCR) to the South East Wales CJC, it will be necessary for Welsh Government, Cardiff Council and the South East Wales CJC to enter into a novation agreement. The novation agreement itself is a simple document, which has the effect of substituting Cardiff Council (the outgoing party) with the South East Wales CJC (the incoming party) in the agreement with Welsh Government (the remaining party), as shown in Figure 2 below.

Figure. 2

11. The Welsh Minister for Economy has confirmed Welsh Government's consent in principle to the novation, and the Secretary of State for Wales has confirmed that UK Government fully supports the transition.

12. A draft novation agreement has been prepared with an effective date of 1 April 2024. If agreed, the effect of the novation will be that, as of 00:01 hours on 1 April 2024, all of the Accountable Body's rights and obligations under the CCR City Deal Funding Agreement (whether arising before, on or after the novation date) will transfer to the South East Wales CJC, who will deliver the City Deal as part of its functions, and the Accountable Body will be released from its liabilities under the City Deal Funding Agreement. Welsh Government and South East Wales CJC will agree to be bound by the terms of the original City Deal Funding Agreement as if the CJC were an original party to the agreement in place of the Accountable Body.

13. Similar novation agreements will need to be entered into in order to transfer each of the other, smaller pots of 'Level 1' funding from Cardiff Council (as Accountable Body for Cardiff Capital Region) to the South East Wales CJC.

Level 2 Agreements - Funds held by the Accountable Body on behalf of CCR

14. How money is currently held by Cardiff Council in its capacity as Accountable Body for the CCR is depicted in 'Level 2' of the diagram shown at Figure 1 above.

15. The foundation stones are the JWA and WIF Master Funding Agreement between the 10 Councils, which also incorporate the Assurance Framework and the Investment Framework. Key provisions of both documents will need to be incorporated into the South East Wales CJC's Constitution; and decisions around precisely what is 'lifted and shifted' will need to be carefully considered by members of both Regional Cabinet and the South East Wales CJC, both in order to give HM Treasury and Welsh Government the assurances they need, and to preserve the core integrity of the agreement between the 10 Councils to deliver the CCR City Deal and contribute to the Wider Investment Fund.

16. Recommendations are made in subsequent paragraphs of this report as to the future governance structure of the South East Wales CJC and for members to form a Working Group during December – March 2024 to consider the details of those arrangements.

17. Cardiff Council (as Accountable Body for the CCR) has also entered into a collaboration agreement with Cardiff University in relation to the Challenge Fund, and an agreement with Rhondda Cynon Taf County Borough Council regarding the regional allocation element of the Shared Prosperity Fund. Consent is sought to also novate those agreements, and any ancillary agreements, to the South East Wales CJC.

Level 3 Agreements - Portfolio Transfer

17. Consent is sought to transfer the entire portfolio of funded projects to the South East Wales CJC, including any shares held by Cardiff Council on behalf of CCR in CCR Energy Ltd and CSC Foundry Ltd, to the South East Wales CJC.

18. The legal documents have been subject to external review and no barriers have been identified, with each of the proposed transfers falling into a difficulty category of either 'Easy' or 'Medium' and none falling into the category of 'Difficult' or 'Impossible'. Most are simple novation agreements and/or share transfers.

19. Specialist external advice has also been sought on the potential tax implications of each of the proposed transfers, and again no areas for concern have been identified.

Level 4 Agreements – Operational

20. Although not pictorially represented in the diagram at Figure 1 above, a notional 'Level 4' would be the various operational and service level agreements that will also (subject to member approval to novate the 'Level 1' funding agreements) need to be either terminated, assigned or novated to the South East Wales CJC. These include, for example, the lease of office premises, equipment hire, and agreements with Constituent Councils to provide support services such as IT, HR and transactional services. It is proposed that decisions on operational matters that fall within existing approved budgets be delegated to the CCR Director / South East Wales CJC Chief Executive in consultation, where appropriate, with the S151 Officer and/or Monitoring Officer.

South East Wales CJC Constitution, Policies and Procedures

21. Integral to the decision to transfer responsibility for the delivery of the Cardiff Capital Region City Deal to the South East Wales CJC is the requirement that the CJC has in place robust governance and operational arrangements.

22. At present, the South East Wales CJC has in place an Interim Constitution which allowed it to achieve operational status as at 1 October 2024. However, to reach a position of 'fully functioning' as at 1 April 2024, the Constitution will need to be amended and other key policies and procedures put in place. These include, but are not limited to, Committee and Sub-Committee Terms of Reference, the Scheme of Delegation to Officers, Financial Procedure Rules and Contract Procedure Rules.

23. Whilst any decision to amend the South East Wales CJC Constitution, or to adopt new policies and procedures, needs to be taken at a properly convened meeting sitting in public, there are a large number of key documents in development which Members will wish to have time to give proper consideration to and be involved in their evolution. In order for that task to be made more manageable, it is proposed that Members of the South East Wales CJC form a Working Group to meet regularly with officers from the Senior Leadership Team during the period from December 2023 to March 2024.

24. Following its meeting on 4 December 2023, the next ordinary meeting of the South East Wales CJC is due to take place on 29 January 2024, when it is anticipated that the CJC will be asked to approve:

    (1) the Constitution;
    (2) the Annual and 5-year Business Plans;
    (3) the City Deal Assurance Framework;

(4) the Annual Budget; and
(5) Treasury Management Strategy.

25. One further ordinary meeting of the South East Wales CJC is then due to take place in March 2024, when decisions will be sought on any remaining matters which need to be resolved prior to the intended final 'lift and shift' date of 1 April 2024.

Constituent Councils Update

26. It is suggested that, during the period between January 2024 and March 2024, an updating report on the activities of the South East Wales CJC be provided to the wider membership of each of the 10 Constituent Councils.

Proposed Governance and Partnership Structure

27. To date, Cardiff Capital Region City Deal has operated as a contractual Joint Committee and been bound by the terms of the Joint Working Agreement with Cardiff Council acting as the Accountable Body and, therefore, legal entity for all employment, contractual undertakings and other statutory and regulatory responsibilities.

28. As a result, the CCRCD governance and partnership structure has largely been borne out of four key features:

1) Requirements imposed by UKG via the City Deal Funding Agreement and reinforced in the Assurance Framework, for key advisory bodies to be established such as the Regional Economic Growth Partnership, the Regional Business Council, the Programme Board and Regional Transport Authority.

2) Additions to the governance structure have been made over time and in accordance with Regional Cabinet's evergreen ambitions for the Wider Investment Fund and the establishment of the Investment and Intervention Framework, namely, Investment Panel.

3) Based on specific project delegations (i.e., impact funds) conferred on the CCR Director (in conjunction with relevant statutory officers and Cabinet Members); partnerships and advisory boards have been established to support the discharge of such designations. Examples of this include the Strategic Premises Board and the Challenge Fund Strategy Board.

4) As the CCR investment programme has developed, Special Purpose Vehicles have been established. Both CSC Foundry Ltd and CCR Energy

Ltd, are companies limited by shares and fall under the provisions of the Companies Act 2006. Innovation Investment Capital is further established as a Limited Partnership.

29. The outcome of all this, is that whilst CCRCD has operated a robust system of governance, characterised by a strong focus on building a networked and distributed leadership culture – it is has grown constantly and become fairly complex. If left further unattended, the risk is this could become unwieldy and unsustainable to manage and support.

30. Added to this, the CJC Regulations (General) (Wales) 2022, require that a range of new statutory and non-statutory sub-committees are established under the CJCs. These requirements include a statutory Audit and Governance Committee, a statutory Overview and Scrutiny Committee and a statutory Standards Committee. In addition, there is a requirement for the new statutory duties in relation to economic wellbeing, spatial and transport planning, to be supported by sub-committees.

31. In taking forward the agenda for the South East Wales CJC, Regional Cabinet has agreed a policy position of 'lift and shift' – which would mean the CCRCD becomes integrated within the new structure. As this provides CCR with the status of being its own legal entity, care must now be taken to ensure that the CJC's new governance and partnership structure adheres to the key requirements of CCR City Deal contracts and assurance provisions – as well as those required by the CJC Regulations – but do so in a more efficient, consolidated and streamlined manner. Simply integrating the two structures, without further consideration as to what a fit for future governance and partnerships framework should look like, would simply add to an already challenging and likely, overly onerous and ineffectual future picture.

32. Working with the existing complement of key partnerships and advisory boards, a proposed revised governance and partnership structure has been established (Figure 4a below) which would replace the existing structure (set out in Figure 3 below). This places a clear emphasis on observing the policy position of lift and shift, but ensuring this is taken as an opportunity to develop a system which discharges key legal and contractual duties – but does so in a way which achieves two important objectives:

    1) To create a strengthened and rationalised framework, which places an emphasis on simplification; and also distinguishes the need for external engagement with internal programme management systems and processes (set out below at Figure 4b).

2) Reinforces and makes clear, the role of CCR and its key government partners and stakeholders in the new multi-level governance agenda established through CJCs.

Figure 3 – Current CCR City Deal Governance and Partnerships Structure

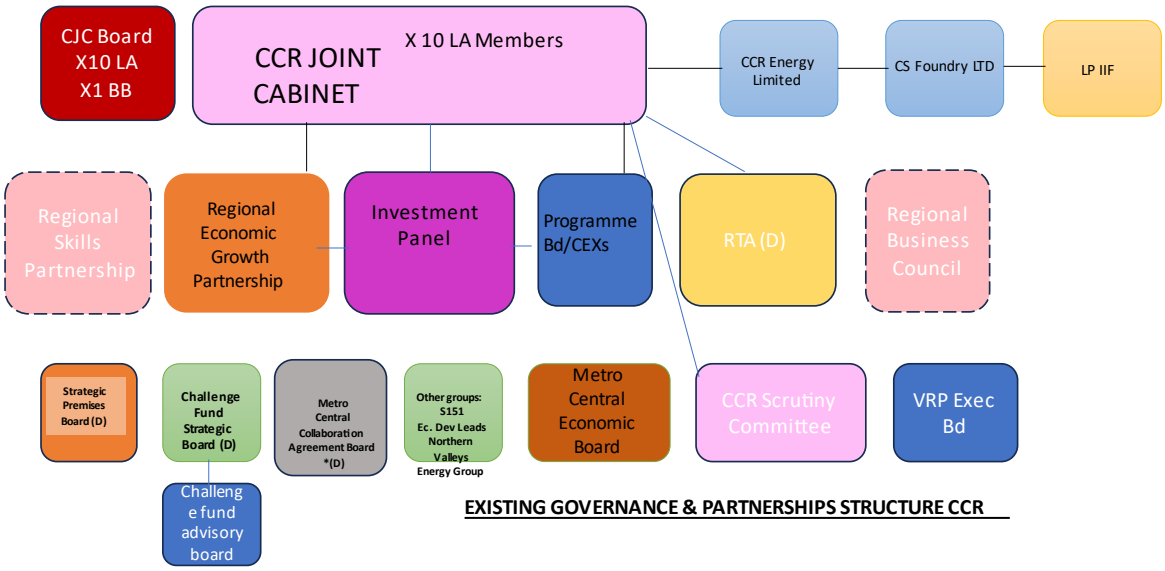


Fig 4a – Proposed CCR/SEW CJC Governance and Partnership Structure

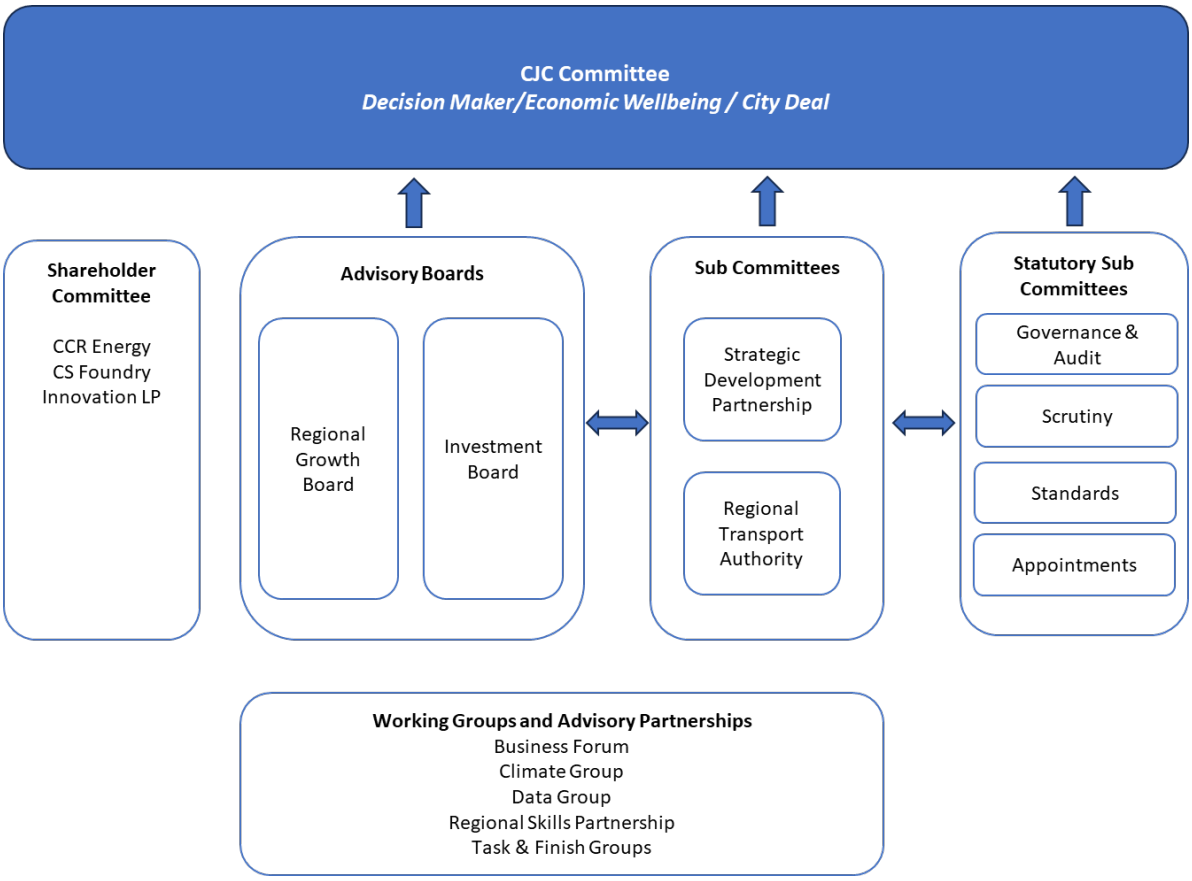
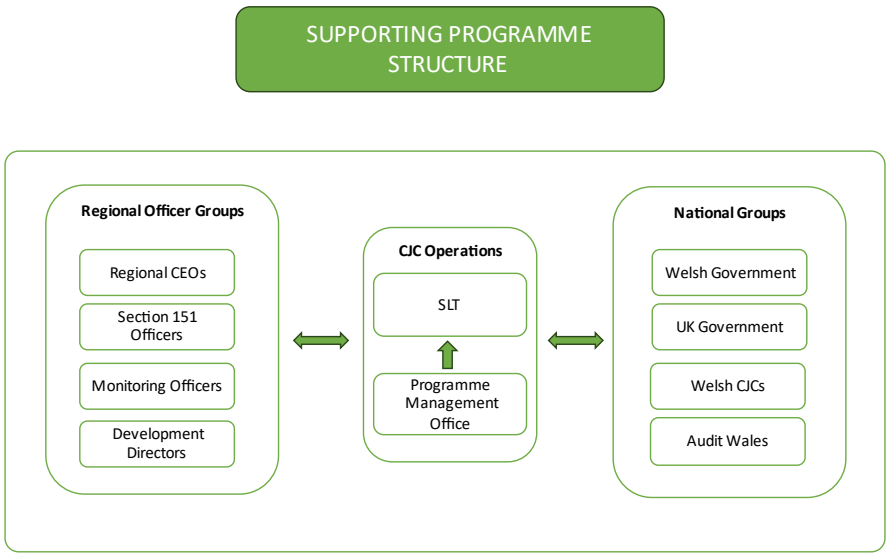


Fig 4b – Proposed Programme Structure



33. As is demonstrated on Figures 4a and 4b above, the proposed structure - whilst maintaining the core focus on the requirements related to both City Deal and South East Wales CJC – offers a more joined-up and seamless integration of the frameworks needed for effective regional public investment and governance. This proposal has been consulted upon widely and has been subject to legal review.

34. There are thus a number of assumptions inherent within the proposed structure which are set out below as core design principles:

- Programme Board/CEOs Group to be repurposed. Separate internal programme structures will be established to satisfy City Deal requirements, with CEOs to be part of these as required, but also proposed new core bodies such as Investment Board, Regional Growth Board, sub-committees for SDP and RTP and the Shareholder Committee.

- Regional Business Council repurposed as a Regional Business Forum – able to engage freely with a wider range of issues and topics and to convene around the Unleash brand – with a closer relationship with Regional Growth Board.

- Removal of separate impact or sub-fund boards such as Strategic Premises Board, Challenge Strategy Board and Northern Valleys Initiative into one integrated Investment Board.

- The new Investment Board would deal with the investment capability (Fund 2) and funding strategy matters. Agendas would be categorised in line with co-opting of subject matter experts and lead CJC portfolio members to deal, not just with new Investment Requests, but the core business of impact and sub-funds in line with delegations. Investment Board will make recommendations to CJC, synched with Regional Growth Board – in line with current practice.

- The new Investment Board is proposed to also deal with WIF monitoring and all related performance and data matters. This will be further enhanced by the statutory roles attached to the new Audit and Governance Committee and the Overview and Scrutiny Committee.

- The establishment of a new Shareholder Committee to oversee the portfolio of small equity investments which sit outside of Innovation Investment Capital and the responsibilities of CCR Energy Ltd, CSC Foundry Ltd and Innovation Investment Capital itself.

- Repurposing of Regional Economic Growth Partnership as new Regional Growth Board. This is proposed to have an overarching and co-ordinating policy and delivery function, synching, as is the case now, with Investment Board. Whilst they will make policy recommendations to CJC, they will not be responsible for making recommendations on SDP or RTP since these need to come from the specific thematic sub-committees but will play a role in ensuring alignment of economic, transport and land use policy.

- The economic wellbeing duty will be observed as a function consistent with the current City Deal – for which members make all decisions. The duty will therefore sit directly with the CJC, but a separate forum will be established for ongoing engagement with Economic Development members.

- The duties on the SDP and RTP will be overseen by sub-committees which means a continuation of the Regional Transport Authority and a new Regional Planning Group. Both these will comprise local authority members and officers as appropriate.

- Tasks and finish groups will be established as required to complement the above. The Regional Skills Partnership remains in existence as a Welsh Government-required mechanism. As well as internal structure capability for programme oversight and performance monitoring. As this develops, further consideration will be given to programmes which may become part of CCR competency, funding-reliant, such as the Valleys Regional Park.

35. Switching from one set of arrangements to the other, will require a re-setting of structures in core frameworks such as the Assurance Framework and the Investment and Intervention Framework. In addition, all of the above will need to be set out in the next and final iteration (before 'go live') of the Constitution. All of the above proposals will also need to be supplemented and supported by a new Scheme of Delegation, which again, will form a core part of the CJC's Constitution. All of the above included new Terms of Reference for structures contained within Figures 3 and 4 will be brought forward during the January-March period of 2024, for CJC approval.

36. Finally, there will inevitably need to be an interval between the standing down of one set of arrangements (Figure 3) and the setting up of another (Figures 4a and 4b). As such the last meetings of the advisory boards and partnerships will take place in November and December of 2023. The next section of the report outlines in further detail, the Transition Arrangements.

Transition Arrangements: December 2023 - April 2024

37. The process of transitioning the current arrangements for the Cardiff Capital Region City Deal into the new operating framework for the South East Wales Corporate Joint Committee, is multi-faceted and requires careful sequencing to ensure a seamless handover and discharge of all legal responsibilities and contractual duties. To date, the CCR Joint Cabinet has operated in a business-as-usual manner alongside a minimalistic version of the CJC. This has ensured compliance with both the Joint Working Agreement and the schedule of new regulatory requirements set out in the CJC Regulations (Wales) 2022. This has all underpinned the intention to enact 'lift and shift' and develop a single integrated model of regional public investment. Over time, the two parallel tracks representing CCRCD and CJC have started to come closer together. With plans now in place, supported by both Welsh and UK Governments to enable the imminent novation of core contracts, projects and portfolios, and the transfer of City Deal funds, the moment has arrived to begin enacting a comprehensive set of transition arrangements in order to 'lift and shift' for 1 April 2024.

38. As a result, the following proposals are made:

Governance and partnerships

39. It is intended that 4 December 2023 will be the last separate meeting of the Cardiff Capital Region Joint Cabinet. In the period following, through to end of March 2024, the CJC will meet as per the current arrangement and up until 'lift and shift' is enacted ahead of 1 April 2024. Provision will be made to convene Regional Cabinet should an issue requiring its approval arise, however, this will be done on an exceptional basis only, relating to prospective urgent investment requests and statutory requirements which cannot be accommodated within the time window described.

40. In line with the above, it is intended that following this, all current partnerships, advisory boards and committees are suspended for the period from 4 December 2023 through to post 1 April 2024, this being necessary in order to stand down one set of arrangements that relate to Cardiff Capital Region City Deal and set up the proposed new partnership and governance arrangements for CCR, under the SEW CJC. This would extend to the following:
    - Programme Board
    - Investment Panel *
    - REGP
    - Business Council
    - Challenge Fund Strategy and Advisory Board
    - RTA

- Strategic Premises Board
- Other ad-hoc boards and partnerships that carry delegated decisions of the Director of CCR

41. It should be noted that this does not extend to the Regional Skills Partnership, since this is a Welsh Government convened body, the secretariat for which is Newport City Council. This also does not extend to CCR's Special Purpose Vehicle Companies - CS Foundry Ltd, CCR Energy Ltd and the Limited Partnership for Innovation Investment Capital - since these must fulfil separate requirements under Companies Law. The role of the Overview and Scrutiny Committee also remains unaffected.

42. In the event that an urgent investment request arises, it is proposed that a special meeting of the current Investment Panel can be convened. However, this would diverge from the processes set out in the Investment and Intervention Framework approved by Regional Cabinet in June 2019, since recommendations could not be further endorsed and considered by REGP and Programme Board.

43. In the intervening period, and in order to ensure the appropriate levels of external specialist input in the establishment of new policies, revisions to existing ones to reflect new arrangements and the scope and remit of the proposed partnership structure, it is proposed that an External Stakeholders Working Group is established. This will provide a vehicle for the individuals that formerly comprised bodies such as the REGP and Investment Panel to continue to share expertise and know-how.

44. Interim arrangements will also be made to retain the expertise of two members of the REGP in order to direct and facilitate the Economic Review process. This will be important in ensuring independence in the review process and ensuring high quality evidence and inputs provide a focussed view of CCR's future potential.

45. Alongside this, a process will be enacted by CCR's Governance Function to stand up arrangements, to be led by CJC, to recruit to membership of the proposed new Governance and Partnership Structure.

46. It is further proposed that informal meetings of the Chief Executives will also be held in order to ensure a collegiate approach and the alignment of briefings and reports across CJC and the ten Constituent Councils.

47. Finally, it is proposed that a Governance Working Group is established comprising Leaders, Chief Executives and the CCR Office in order to ensure that regular briefings are scheduled, and lines of reporting and communication

remain open, and in full alignment with UK and Welsh Government processes and those of the ten Constituent Councils.

Statutory Officers

48. A report entitled 'Appointment of CJC Executive Team' is to be considered by the CJC on 4 December 2023. If approved, this will enable the Chief Executive, in conjunction with the Appointments Committee, to move to the advertisement and recruitment process. However, since it is highly unlikely that appointments will be made in time for 'go live' on 1 April 2024, interim arrangements will be necessary.

49. It is proposed that, in the event this is needed, and due to CCR having recruited an interim Monitoring Officer, an interim S151 Officer is also secured. It would not be appropriate for this role to be undertaken by the Accountable Body's S151 Officer given the need to keep statutory arrangements separate once the transfer is enacted. Nor is it considered appropriate for the S151 Officer of Rhondda Cynon Taf County Borough Council to perform this role, since the role to be taken by RCT is in relation to Transactional Services only.

Financial Implications

50. This report provides an update on the transition of the Cardiff Capital Region City Deal (CCRCD) to the South-East Wales Corporate Joint Committee (SEWCJC) and seeks approval for a number of proposed transition arrangements, activities and actions to begin to enact the 'lift and shift' and progress related tasks for the planned deadline of 1st April 2024.

51. Regular budget monitoring reports are prepared and presented to both the CJC and the Cardiff Capital Region City Deal (CCRCD) in respect of their 2023/24 approved revenue budgets. The CJC budget amounts to £255,662 and includes resources to deliver the activities outlined above. In addition, the CCRCD has approved a separate Transition Budget amounting to £234,481 in respect of 2023/24. These budgets provide a total resource envelope of £490,143 to cover both operational activities and transition arrangements and the respective budget monitoring reports, set out the actual and projected spend against these approved budgets.

52. An updated transition plan was approved by the CJC in July 2023 which identified 2 key milestones of this plan - the achievement of operating status at 1st October 2023 and the achievement of a fully functioning status at 31 March 2024.

53. The key task essential to the achievement of a fully functioning status for the SEWCJC is to ensure that the CCRCD funding agreement is novated across. This requires the approval of the UK and Welsh Governments. The report notes that Welsh Government's consent in principle has been received and the Secretary of State for Wales has confirmed that the UK Government fully supports the transition.

54. Under existing arrangements Cardiff Council as the Accountable Body is the legal entity with responsibility for all employment, contractual, statutory and regulatory requirements of CCRCD. In order to enact the proposed lift and shift to the CJC, it will be necessary for Welsh Government, Cardiff Council and the CJC to enter into a novation agreement which will make provisions for the substitution of Cardiff Council with the CJC. The report notes that this novation agreement has been drafted and has an effective date of the 1 April 2024, at which point the CJC will be responsible for all assets and liabilities associated with the CCRCD Funding Agreement and Joint Working Agreement at that date.

55. In addition, any other funding and/or ancillary agreements held by the Accountable Body on behalf of CCR, will also be novated across to the SEWCJC ensuring that there are no other residual assets or liabilities left in the name of Cardiff Council, in respect of its Accountable Body role.

56. In preparation for these transfers becoming effective and the subsequent transfer of cash balances from the Accountable Body to the SEWCJC, the necessary treasury management arrangements (practical and regulatory), systems and processes are being developed, to ensure the CJC is in a position to receive and accurately account for the funds that it will become responsible for. For example, the CJC is preparing it own Treasury Management Strategy for 2024/25 and will be adopting CIPFA's Treasury Management Code of Practice. These documents will be brought to the January 2024 meeting for the CJC's consideration and approval.

57. Approval is sought for the novation of the entire portfolio of CCRCD funded projects and wholly owned companies to the SEWCJC. As part of this process, it is proposed to transfer any shares held by Cardiff Council on behalf of CCR in CCR Energy Ltd and CSC Foundry Ltd to the SEWCJC.

58. Further consideration will also need to be given to the need to novate any operational and/or service level agreements of CCRCD to the SEWCJC and the report seeks approval for decisions in this regard to be delegated to the Chief Executive in consultation with the S151 Officer and Monitoring Officer.

59. Members are also directed to paragraphs 49 to 50 which identify the position with regard to the proposed recruitment to and interim arrangements for

statutory officers, the costs of which will be met from the approved CJC Budget referred to above.

Legal Implications

60. The Corporate Joint Committees (General) (Wales) Regulations 2021 ensure that CJCs are subject to an accounting, audit and financial management regime, and provide for the CJC to hold and dispose of assets.

61. The Corporate Joint Committee (General) (No.2) (Wales) Regulations 2021 provide for the roles of certain 'executive officers' to support the work of the CJC as well as some general provisions in relation to CJC staff, for the functions of the CJC to be discharged by other people, for example its staff or sub-committees, and for meetings and proceedings.

Well-Being of Future Generations (Wales) Act 2015

62. The Well-being of Future Generations (Wales) Act 2015 places a duty on public bodies to carry out 'sustainable development', meaning the process of improving the social, economic, environmental and cultural well-being of Wales by taking action aimed at achieving the 'well-being goals' of:

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language
- A globally responsible Wales

and by acting in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

63. In order to act in accordance with the sustainable development principle, when exercising its functions South East Wales CJC must take account of the following things:

- the importance of balancing short term needs with the need to safeguard the ability to meet long term needs;
- the need to take an integrated approach to achieving the well-being goals;
- the importance of involving others with an interest in achieving the well-being goals and of ensuring those persons reflect the diversity of the population of the region;

- how acting in collaboration with others could assist to meet the region's well-being objectives;
- how deploying resources to prevent problems occurring or getting worse may contribute to meeting the region's well-being objectives.

64. To assist the Committee to consider its duties under the Act in respect of the decision sought, an assessment has been undertaken, which is attached at Appendix 2.

Equality Act 2010

65. The Committee must, in the exercise of its functions, have due regard to the 'public sector equality duty' and the need to: (1) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited under the Equality Act; (2) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not; and (3) foster good relations between persons who share a relevant protected characteristic and persons who do not.

66. The characteristics protected under the Act are:

- age;
- disability;
- gender reassignment;
- marriage and civil partnership;
- pregnancy and maternity;
- race;
- religion or belief;
- sex;
- sexual orientation.

67. There are no specific equalities implications arising from this report.

RECOMMENDATIONS

68. It is recommended that the South East Wales Corporate Joint Committee:

(1) Consent to the novation of the Cardiff Capital Region City Deal Funding Agreement and rights and obligations in all other incoming funding agreements held by Cardiff Council as Accountable Body on behalf of the Cardiff Capital Region to the South East Wales Corporate Joint Committee;

(2) Consent to the transfer of all interests in the portfolio of projects funded by Cardiff Capital Region, together with any ancillary agreements, from Cardiff Council as Accountable Body on behalf of Cardiff Capital Region to the South East Wales Corporate Joint Committee, subject to novation of the incoming funding agreements referred to at paragraph (1) above.

(3) Delegate authority to the Chief Executive, in consultation with the Monitoring Officer, to agree and execute the final form of the deeds of novation and all other legal documents necessary to implement the transfers referred to at paragraphs (1) and (2) above;

(4) Agree to accept responsibility for decision making and implementation of the Cardiff Capital Region City Deal to the South East Wales Corporate Joint Committee, subject to novation of the City Deal Funding Agreement and approval of additional standing orders incorporating the key terms of the Joint Working Agreement between the 10 Constituent Councils;

(5) Note the proposed governance and partnership structure for the South East Wales Corporate Joint Committee, and transition arrangements, and agree to form a Working Group to consider any necessary amendments to the Interim Constitution, governance and partnership arrangements;

(6) Delegate general authority to the Chief Executive, in consultation with the S151 Officer and Monitoring Officer as appropriate, to take and implement any decision required for operational effectiveness, provided that: (a) the cost of implementing the decision does not exceed agreed budgets; (b) the decision does not conflict with any agreed plan or strategy; and (c) there are no unusual features or significant political or other issues, otherwise the matter should be referred to Members to determine. The Chief Executive may sub-delegate functions to other appropriate officers, provided that any such delegation is recorded in writing.

Kellie Beirne
Interim Chief Executive
Cardiff Capital Region

Jayne La Grua
Interim Monitoring Officer

4 December 2023

Appendices
Appendix 1 Well-being of Future Generations Assessment

Future Generations Assessment Evaluation
(includes Equalities and Sustainability Impact Assessments)

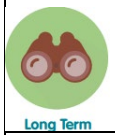
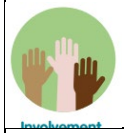
Name of the Officer completing the evaluation:	**Please give a brief description of the aims of the proposal:**
Jayne La Grua, Interim Monitoring Officer **E-mail:** Jayne.LaGrua@cardiff.gov.uk	For the South East Wales Corporate Joint Committee to achieve fully functioning status and to transition the Cardiff Capital Region City Deal to the CJC.
Proposal: Transition CCR City Deal to SEW CJC Transition	**Date Future Generations Evaluation form completed:** 21.11.2023

1. **Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	The report set out a progressive approach for driving prosperity within the region as it evolves its functions to embed CJC provisions and regulations.	In order to maintain business continuity and a seamless transition the report is focused on concurrence and the principles of transition and adaptation.
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	A CJC will allow more freedom and flexibility and it is envisaged that climate and renewable energy for clean growth will be a key lever in this context. The report highlights the responsibilities of the CJC going forward and how the organisation is setting itself up to be able to manage those duties appropriately and proportionally.	CJC will develop its own corporate polices in respect of biodiversity and resilience of ecosystems.
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	Inclusion is a core theme of the approach and balancing a focus on levelling up the region with other regions in the UK to ensure CCR accesses all of the opportunities available to it – thus supporting not just sectors and industries but communities and people.	CJC will develop its own corporate policies in response to key duties in respect of WFG Act Wales, Equality and Human Rights and Nature and Biodiversity

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	Putting in place a framework for regional cohesion whilst enhancing localism will support delivery of scale projects that make a difference across the geography, in tandem with local policies and levers that ensure citizens can benefit.	Work on the Northern Valleys will continue to be a key theme of CJC work – as will the emphasis on distributed, inclusive and resilient growth. CJC will also pick up the mantle on approval of key mechanisms such as the Regional Investment Plans for the Shared Prosperity Fund.
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	The principles look outward and focus on the FDI and international opportunities, which are particularly important post-EU exit.	Proposal for eventual radical decentralization of business functions and units currently operating at national level.
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	The document represents a distinctive regional strategic approach to developing the economy.	CJC will develop its own corporate policies in response to key duties in respect of WFG Act Wales, Equality and Human Rights and Nature and Biodiversity
A more equal Wales People can fulfil their potential no matter what their background or circumstances	The approach focuses on economic inclusion, levelling-up and a mission-driven approach capable of not just tackling economic problems – but societal ones too.	The CJC will begin to produce its own policies for equality and diversity and ensuring these are not just factors in assessing impact – but become central to the task of increasing productive capacity and inclusive growth in the first place.

2. How has your proposal embedded and prioritized the sustainable governance principles in its development?

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 Balancing short term need with long term and planning for the future	The CJC is a long-term construct.	This will be subject to the first phases of work and the transition plan.
Working together with other partners to deliver objectives	The principles of the structure recommended situate partnerships and the building of new institutional capacity at the heart of the new framework.	As work commences on immediate duties around the Strategic Development and Regional Transport Plans – consultation and engagement processes will be developed accordingly.
 Involving those with an interest and seeking their views	The plan will be backed by a wider comms plan which has already included meeting with the various CCR Partnership groups.	Challenge funds will be another perspective to bring to bear in this context.
Putting resources into preventing problems occurring or getting worse	The mission-driven/ challenge-led approach embedded will be a key means of experimenting in the prevention space	At project and programme level – there are a number of options the CJC will be looking at in quick time, regarding regional bus services and transport demand management. There is also work moving forward on Local Area Energy Planning to ensure prevention is prioritized.
Considering impact on all wellbeing goals together and on other bodies	The proposed impact assessments will give a comprehensive and ongoing overview of benefits, costs and results. Outcome focused reporting and accountability will be key to this.	This can be further reinforced in the CJC budget setting and when Cabinet and partners have access to greater freedoms and flexibilities and the full ‘lift and shift’ CJC model.

3. **Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	Not relevant in this context since the principles, approach and ways of working apply to all prospective interests and stakeholders.	As projects and programmes develop under the CJC, each will be subject to comprehensive assessments against the plans and procedures put in place to protect certain characteristics.	A full ESG agenda and diversity and inclusion reviews into partnerships and groups will help ensure this agenda is embedding in ways of working and the culture that is created. A full training and development programme will also be devised in order to embed and 'bring to life' such considerations – not just as part of project assessments, but in seeking to address such concerns and issues as part and parcel of project business cases that are developed.
Disability	As above	As above	As above.
Gender reassignment	As above	As above	As above.
Marriage or civil partnership	As above	As above	As above.
Pregnancy or maternity	As above	As above	As above.
Race	As above	As above	As above.
Religion or Belief	As above	As above	As above.
Sex	As above	As above	As above.
Sexual Orientation	As above	As above	As above.
Welsh Language	As above	As above	As above.

4. Safeguarding & Corporate Parenting. Are your proposals going to affect either of these responsibilities?

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	**Describe any negative impacts your proposal has on safeguarding and corporate parenting**	**What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?**
Safeguarding	Not directly relevant – however, building the future economy should have a profoundly positive impact on ability to safeguard the future of our residents		This is dependent upon the brief for regional education consortia and whether or not, it is intended to be grouped within CJCs.
Corporate Parenting	Not directly relevant – however building strength in the economy should create opportunities for all of the young people entrusted in our care and makes a direct contribution to wellbeing.		

5. What evidence and data has informed the development of your proposal?

As above.

6. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?

As above, the main implications will be in the delivery of this work.

7. MONITORING: The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.

The impacts of this proposal will be evaluated on:	Scrutiny by the CJC and quarterly performance – Lift and Shift anticipated to take place in April 2024.