

Corporate Joint Committees – commentary on their progress

Audit year: 2022-23

Date issued: October 2023

Document reference:3832A2023

EMBARGOED

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to Audit Wales at infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

EMBARGOED

Contents

Report summary	4
Detailed report	
Background	7
Why we did this review	7
What we looked at	8
Methodology	8
Findings	9
Recommendations	14

EMBARGOED

Report summary

Summary

Overall finding

- 1 Corporate Joint Committees (CJCs) are still in their infancy. I was initially concerned about their slow and varied progress, and Welsh Government's preparedness to facilitate their implementation, but there have been more positive signs of the CJCs moving forward recently.

What this report covers

- 2 I have issued letters to each of the four CJCs, which set out my views on their progress. In this report, I set out a high-level summary of my cumulative findings and my expectations of the CJCs over the next 12 to 18 months.
- 3 As the findings in this report are more general, some may be more pertinent to some CJCs than others. Hence, this report should be read in conjunction with the individual letters I issued to the four CJCs. These are available on my website [here](#).

Background

- 4 Welsh Government established four CJCs to help strengthen regional collaboration between authorities:
 - South East Wales CJC
 - South West Wales CJC
 - North Wales CJC
 - Mid Wales CJC
- 5 They came into effect in April 2021 and were given the following functions from June 2022:
 - developing transport policies
 - preparing a strategic development plan
 - economic wellbeing – anything a CJC considers is likely to promote or improve the economic wellbeing of its area
- 6 Membership of the CJCs consists of the leaders of the councils within the specific region and the National Park Authorities (NPAs) that sit within that region.

The focus of my audit

- 7 As the CJCs are new corporate bodies, I looked at their progress in developing their arrangements to meet their statutory obligations and the Welsh Government's aim of strengthening regional collaboration. My team did initial work in autumn

2022 and then did some further work between April and June 2023 to update my findings.

Summary of my findings

- 8 From my initial work in autumn 2022, I was concerned that the CJsCs were making variable progress to establish themselves and I felt unable to determine with confidence if they would deliver as intended. I was concerned that they would just do the bare minimum and exist in name only. I appreciated the CJsCs were being implemented at a time when constituent bodies were facing considerable financial and demand pressures, and that they continue to do so.
- 9 Over two years on since their establishment in April 2021 and 12 months since they were given their core functions and duties in June 2022, it is clear that the CJsCs are still in their infancy. Progress of the CJsCs differ in different areas, but overall, governance arrangements are not yet all in operation and there is much work to be done to meet their strategic planning responsibilities.
- 10 Although they are building on city/growth deal arrangements, they haven't all determined how they are going to work with other partnerships and bodies to make the most of resources and expertise. This is crucial given the main rationale for the CJsCs' establishment was to strengthen regional collaboration.
- 11 As I set out in this report and my individual letters, I would have expected more progress in some areas.
- 12 My work identified some positive findings about the CJsCs' progress. All four CJsCs had put in place the building blocks for their development and to meet Welsh Government's objectives. I found examples of CJsCs exploring how they could make the most of the opportunities the new arrangements provide. For instance, as a more efficient forum for regional decision-making and to work collaboratively to tackle some significant challenges. CJsCs were also making the most of the flexibility to tailor their arrangements to fit with their regional priorities.
- 13 Equally, I found several issues, particularly during my initial work in autumn 2022, which posed risks to the CJsCs' development. For example, commitment to the CJsCs was mixed, and clarity and progress of plans at that time to deliver their functions was variable.
- 14 There was also a strong view amongst the CJsCs that the Welsh Government could have been better prepared on a range of issues to ease the implementation of the CJsCs. This included:
 - establishing the VAT status and financial status of the CJsCs;
 - understanding the implications for the City/Growth Deals; and
 - clearer expectations of the practical delivery of the CJsCs' functions and public duties.
- 15 Delays in resolving these issues did affect the implementation of the CJsCs.

- 16 However, since the financial status issues have now been resolved, I can see that the CJs are moving forward, and I am more optimistic about their progress. Appetite for the CJs is more positive and the CJs have, or are developing their, plans and ambitions.
- 17 Unlike other joint arrangements, the CJs are legal entities in their own right. They need to maximise the benefits this affords them if they are genuinely committed to delivering positive benefits for their regions.
- 18 I would expect to see the CJs further advanced over the next 12 to 18 months. My audit teams will continue to monitor the CJs' progress. I would be concerned if my teams find that the CJs have made little progress and that they have not addressed the points I raise in this report.

Recommendations

- 19 I have made five recommendations to the CJs as set out page 14 relating to:
- governance arrangements
 - delivering their strategic planning functions,
 - meeting their public sector duties,
 - partnership working and involving the National Park Authorities
 - meeting their duties under the Well-being of Future Generations Act.
- 20 These recommendations set out where I would expect to see the CJs' making further progress over the next 12-18 months in line with those areas raised in this report. Some of these will be more relevant to some CJs than others so the CJs will also need to reflect on the points raised in my individual letters. However, the main thrust of this report is that I would expect to see the CJs further advanced more generally when I do my next assessment of the CJs' progress.

Detailed report

Background – what is a Corporate Joint Committee

- 21 Corporate Joint Committees (CJCs) are new corporate bodies which have some similar powers and duties to councils. They can directly own assets and employ staff. They must appoint a Chief Executive, Finance Officer, and Monitoring Officer. CJCs' membership is made up of the leaders of the councils within the specific region and the National Park Authorities that sit within that region.
- 22 Four CJCs were established by regulations under the Local Government and Elections (Wales) Act 2021 to help regional collaboration between authorities:
- South East Wales CJC
 - South West Wales CJC
 - North Wales CJC
 - Mid Wales CJC
- 23 The CJCs came into effect in April 2021 and were given the following functions from June 2022:
- Developing transport policies
 - Preparing a strategic development plan
 - Economic wellbeing – anything a CJC considers is likely to promote or improve the economic wellbeing of its area.
- 24 CJCs are required to comply with a range of regulations and duties including:
- Well-being of Future Generations Act well-being duty
 - Welsh language
 - Public Sector Equality
 - Biodiversity
 - Child poverty

Why I did this review

- 25 In my programme consultation paper in March 2022, I set out that I would keep track of governance arrangements around the creation of new bodies. This included the new CJCs where the Auditor General for Wales has a statutory role. As the CJCs are new entities set up as a result of new legislation¹, I wanted to gain early assurance about their progress. I also wanted to identify any emerging issues that need to be addressed and provide some early feedback to help CJCs as they continue to develop.

¹ Four Corporate Joint Committees (CJCs) were established by regulations under the Local Government and Elections (Wales) Act 2021.

- 26 I did this audit in accordance with Section 41 of the Public Audit (Wales) Act 2004. This Act places a duty on the Auditor General for Wales to undertake studies designed to enable me to make recommendations for improving economy, efficiency, and effectiveness in the discharge of the functions or services of local government bodies in Wales.
- 27 I also did the audit to help fulfil my duties under section 15 of the Well-being of Future Generations (Wales) 2015 Act (WFG Act).

What I looked at – the scope of this audit

- 28 My work sought to answer the question: Are Corporate Joint Committees making good progress in developing their arrangements to meet their statutory obligations and the Welsh Government's aim of strengthening regional collaboration? To do this, my team explored the following areas:
- understanding of the Welsh Government's aims for the CJsCs;
 - CJsCs' evolving governance arrangements;
 - CJsCs' plans to deliver the Welsh Government aims and meet their statutory obligations;
 - how the CJsCs relate to existing partnership arrangements; and
 - CJsCs' plans to meet their requirements under the WFG Act, including setting their well-being objectives.
- 29 I did not do this review to determine the validity of, or requirement for, CJsCs.
- 30 My team did the initial work during October 2022 to February 2023 and did some further work to update their findings between April to June 2023.

Methodology

- 31 My findings are based on document reviews, meeting observations and interviews with the Leaders, Chief Executives and Section 151 officers of each of the four CJsCs. My team also interviewed Welsh Government officers and asked the views of the constituent members of the CJsCs as part of our routine liaison meetings. My team also met with representatives from the Welsh Local Government Association (WLGA).

What I found: CJs are still in their infancy. I was initially concerned about their slow and varied progress, and Welsh Government's preparedness to facilitate their implementation, but there have been more positive signs of the CJs moving forward recently

Understanding of Welsh Government's aims for the CJs

- 32 The CJs generally understood and acknowledged the potential benefits of the Welsh Government's aims for the CJs. These benefits included the opportunity to leverage additional investments, work collaboratively to reduce carbon emissions and to increase capacity and resilience by pooling resources to tackle recruitment challenges.
- 33 But at the time of my initial work in autumn 2022, the level of acceptance, optimism, and engagement for CJs amongst CJs and the constituent bodies varied considerably. I saw some examples of CJs embracing opportunities and developing arrangements, but also scepticism from some about the need for CJs at all. Given the significant financial and demand pressures being faced by the constituent bodies, the CJs were not seen as a priority.
- 34 Welsh Government provided an implementation grant of £250,000 to each region to support their initial planning. However, there was a clear sense of frustration amongst the CJs about the preparedness of Welsh Government on a range of issues which would have facilitated the CJs' progress. These included:
- clarity on the financial status of CJs, pertinent, for example, for borrowing and pension purposes;
 - establishing VAT status to avoid incurring 20% VAT;
 - understanding the implications for the City/Growth Deals which sit with the UK government; and
 - clearer expectations and understanding of the practical delivery of their functions and meeting their public duties.
- 35 The CJs were frustrated that these matters had not been considered by Welsh Government at the outset and in the pace of progress to resolve them.
- 36 The phased approach to legislation and guidance was quite messy and disjointed and spanned a number of Welsh Government departments. CJs were working through, and responding to, guidance and requirements as and when they came out. CJs identified some practical challenges to meeting their requirements, which they proactively raised with Welsh Government. Welsh Government officials have acknowledged that they have some clear lessons to learn from this experience.

- 37 These issues impacted the pace at which the CJs progressed, but also served to dampen levels of appetite for the CJs, which I also found were affecting some of the CJs' progress.
- 38 Earlier in 2023, I was concerned that there was a risk that CJs would not develop effectively and simply exist in name only, raising questions about their ability to deliver their statutory functions, meet Welsh Government objectives and provide value for money.
- 39 More recently and since the financial status issues have been resolved, there seems to be a more positive attitude about the CJs. When I updated my work in the early summer, I found that the CJs were beginning to show signs of progress. Consequently, I'm more optimistic about their chances of delivering as they were intended than I was in the autumn last year. It will be important that they now continue to maintain this momentum.

Governance arrangements

- 40 CJs have established their core governance arrangements, but at the time of my updated work in early summer 2023, not all the arrangements were up and running across all the CJs. To a certain extent, this reflected the limited activities of the CJs to date.
- 41 The progress of the individual CJs in establishing their governance arrangements are reflected in the letters I have issued to each of them.
- 42 Overall, I found CJs' progress in developing and operationalising some of their governance arrangements to be mixed. They had all put in place arrangements for statutory officers, some on an interim basis. The CJs had also maximised the flexibility to tailor their arrangements and to use some constituent bodies' existing arrangements. In the rest of this section, I highlight some particular areas where I would expect to see further progress over the next 12 months.
- 43 CJs are required to have Governance and Audit Committees (GACs), but what I found in the early summer 2023, was that not all CJC GACs had been appointed to and were meeting. South West Wales GAC had met twice.
- 44 Similarly, apart from South West Wales CJC, scrutiny arrangements had not all been agreed and implemented. The CJs don't have to have a specific scrutiny committee themselves, but they have to co-operate, and provide assistance to, the scrutiny undertaken by constituent bodies or via a joint scrutiny committee.
- 45 The CJs are local government bodies using public money. It is important that CJs and the constituent bodies determine how the CJs will be held to account. GAC and scrutiny arrangements should be providing oversight and scrutiny of the CJs' activities and arrangements. Without this, there is a risk that the CJs may operate in a vacuum with limited scrutiny and public transparency.
- 46 The statutory guidance on the CJC sets out the expectation that the CJC will set up specific sub-committees for its key functions. Three of the four CJs had set up functional sub-committees in line with the guidance. However, at the time of my

updated work in the early summer, only the Strategic Development Planning sub-committee for Mid Wales CJC had actually met. So, most of these sub-committees were not yet in operation and simply established on paper.

- 47 I recognise that the activities of the CJsCs have been limited to date. However, I would expect to see greater progress with the CJsCs' governance arrangements being put into practice to provide the necessary checks and balances in line with good governance standards over the next six to 12 months.

Clarity and progress of the CJsCs' plans to deliver Welsh Government's aims and meet their statutory obligations

- 48 CJsCs were at different stages of their planning. Some had clear ambitions to maximise particular opportunities for their regions. Others were beginning to clarify their plans. Taking account of the need to resolve the financial status issues, the CJsCs had all taken a considered and pragmatic approach to their planning.
- 49 CJsCs were confident in their abilities to meet their economic well-being duty building on the existing work and progress of the city and growth deals. When I updated my findings in the early summer, not all CJsCs intended to transfer their city/growth deals to the CJsCs. South East Wales CJC had had a clear ambition from the start to lift and shift the Cardiff Capital Region city deal programme into the CJC and had developed a transition plan to support this.
- 50 CJsCs and city/growth deals are regional arrangements, which have similar and mutually beneficial objectives, but different funding and legal bases. So, whatever the CJsCs decide, they and the city/growth deal bodies will need to determine how they can optimise resources to manage these arrangements efficiently and effectively for the benefit of their regions. Given my role is to examine how public bodies manage and spend public money, including how they achieve value in the delivery of public services, I will be keen to see how these two regional arrangements operate.
- 51 I found that the CJsCs' progress with delivering their strategic development planning (SDP) and regional transport planning (RTP) functions was more limited. The budgets allocated by the CJsCs to support the delivery of these two functions varied considerably between the CJsCs.
- 52 Mid Wales CJC had determined its options for delivering its strategic development planning function, including staff resources to support this. North Wales CJC had agreed staffing structures to support both planning functions. But at the time of my updated work in May and June, progress in these areas was less developed with the other two CJsCs.
- 53 I appreciate that there were some delays in resolving the financial status issues and that Welsh Government had not finalised the RTP guidance. However, as I emphasise in my letters to each of the CJsCs, Welsh Government had engaged with the CJsCs about the strategic development and transport planning functions so

the CJsCs should have had some understanding of expectations. For example, Welsh Government officers shared advisory notices recommending early preparation for the strategic development plans in August 2021. There was also an event to discuss CJsCs' planning functions in January 2022. The strategic development planning process, in particular, is complex and lengthy and the CJsCs need to get this underway.

- 54 Therefore, despite the financial status issues, I would have liked to have seen more progress with the CJsCs strategic development and regional transport planning functions. I would expect to see the CJsCs making further progress with these functions over the next 12 months.
- 55 I found that the CJsCs' had made some progress to meet their public sector duties, but this varied across the CJsCs and reflected their limited operation to date. Generally, CJsCs had agreed arrangements to meet their Welsh Language and equality duties often adopting arrangements used by one of the constituent bodies. With the exception of South East Wales CJC, the CJsCs had not published their child poverty action plans. Welsh Government's draft child poverty strategy is currently out for consultation so the CJsCs will need to ensure their plans build on and align with this. Given the CJsCs' potential reach and underlying aims, the CJsCs will need to ensure these duties are actively considered in their activities and not just done in a tokenistic way to tick a box.

Partnership working

- 56 I have commented frequently on the complex partnership landscape in Wales so was keen to see how CJsCs were exploring how they relate to and work with existing partnerships. To make the most of existing resources and to tackle challenges more collaboratively.
- 57 I found that most CJsCs were building on their city deal/growth deal arrangements in some shape or form, but aside from South West Wales CJC, the CJsCs hadn't formally determined how they can work with other bodies and partnerships, including making the most of the involvement of the National Park Authorities (NPAs). Thus, potentially missing the opportunity to coordinate activities and resources for the benefit of the region.
- 58 South West Wales CJC had looked beyond its statutory membership to help it maximise the contributions of key stakeholders in the region. It was positive to see that it had co-opted other bodies, such as universities and local health boards. It had also taken the opportunity to involve the National Park Authorities (NPAs) more fully in its arrangements, beyond the NPAs' statutory role around strategic development planning.
- 59 However, this wasn't the case with the other CJsCs, who had largely not explored how they could involve the NPAs beyond their strategic planning role. The NPAs also have requirements around economic development. Given this and their geography and reach, there is a real opportunity for the CJsCs to maximise the

positive contribution that NPAs could have on the delivery of the CJsCs' well-being objectives and functions, beyond their strategic development planning role.

- 60 It will be key for the CJsCs to explore how they can engage and work with other bodies to make the most of resources and expertise. CJsCs have been set up to strengthen regional collaboration and they need to demonstrate that they can do this. I would expect to see more progress on this across all the CJsCs when I do my next piece of work on CJsCs.

Well-being of Future Generations (Wales) Act (WFG Act)

- 61 Like the other named bodies under the WFG Act², the CJsCs must set and publish well-being objectives. They must act in accordance with the sustainable development principle when setting those objectives and when taking steps to meet them. CJsCs were required to set their first well-being objectives by April 2023.
- 62 It was concerning that during my initial work in autumn 2022, some interviewees seemed quite unaware of the CJsCs' duties around the Act. But I appreciate that, at that time, the activities of the CJsCs had been very limited and that setting of well-being objectives had not been seen as a priority.
- 63 When I updated my work in May and June, I found that two of the four CJsCs (South West Wales and South East Wales) had published their well-being objectives, although only South West Wales had consulted on theirs. Mid Wales CJC had drafted theirs. North Wales CJC indicated that its well-being objectives would be influenced by the transfer of Ambition North Wales into the CJC and once it had received the final guidance on strategic development and regional transport planning from Welsh Government and appointed planning officers.
- 64 There was a general consensus amongst the CJsCs of wanting to take a proportionate approach to the Act commensurate with their role and activities. It was positive that they had been discussing their approaches with the Future Generations Commissioner's office. Nevertheless, I would expect North Wales and Mid Wales CJsCs to be progressing with setting and publishing their well-being objectives in line with legislative requirements.
- 65 More broadly, the CJsCs have a duty to act in accordance with the sustainable development principle. That framework has the potential to add value to how they plan and deliver their work. As new entities, CJsCs have the opportunity to ensure that the sustainable development principle underpins what they do and how they do it from the outset.

² The Well-being of Future Generations Act provides for a shared purpose through seven well-being goals for Wales. These well-being goals are indivisible from each other and explain what is meant by the wellbeing of Wales. Further information about these goals is available in the [Well-Being of Future Generations \(Wales\) Act 2015 Essentials Guide](#)

- 66 As the CJs take forward their plans and start to make decisions about their regions, I would expect CJs to be able to demonstrate that they are putting the sustainable development at the heart of their activities. It would be a significant missed opportunity if they do not do this. It would also raise questions about the extent to which they have proper value for money arrangements given the five ways of working are integral to these arrangements. I will be undertaking examinations of the extent to which they have applied the sustainable development principle in future years, as required by the Act. So, I will be keen to see how the CJs have embraced this opportunity.
- 67 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 CJs to draw on these as they deliver their well-being objectives.

Recommendations

- 68 My recommendations below set out where I would expect to see the CJs' making further progress over the next 12-18 months in line with those areas raised in this report. Some of these will be more relevant to some CJs than others so the CJs will also need to reflect on the points raised in my individual letters. However, the main thrust of this report is that I would expect to see the CJs further advanced more generally when I do my next piece of work on the CJs.

Recommendations

Governance arrangements

- R1 The four CJs should ensure that their governance arrangements are up and running and are effectively providing the necessary checks and balances to support robust and transparent decision-making and effective scrutiny.

Strategic development planning and regional transport planning

- R2 The four CJs should ensure that they take action to further progress with these functions over the next 12 months in order to facilitate an integrated, efficient and consistent approach to strategic planning in line with Welsh Government's aims.

Public sector duties

Recommendations

- R3 The CJs need to ensure that they meet their public sector duties where they haven't already done so. For example, to publish child poverty action plans and bio-diversity reports. But more significantly, the CJs need to ensure they actively take account of these duties in their decision-making and activities.
-

Partnership working and National Park Authorities

- R4 Whilst South West Wales CJC has co-opted different organisations and the NPAs into its arrangements, the other CJs need to determine more fully how they can engage and work with other bodies to make the most of resources and expertise. This includes exploring how they can maximise the involvement of the NPAs beyond their statutory strategic development planning role.
-

Well-being of Future Generation (Wales) Act 2015

- R5 North Wales and Mid Wales CJs should ensure that they progress with developing their well-being objectives in line with requirements. More broadly, the four CJs should ensure they effectively apply the sustainable development principle, so they are well placed to improve the well-being of the populations they serve and can demonstrate that they have proper value for money arrangements.



Audit Wales

1 Capital Quarter

Cardiff CF10 4BZ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.