South East Wales Corporate Joint Committee

Report for:	ACTION
Contains Confidential or Exempt Information	NO

For Consideration By	South East Wales Corporate Joint Committee
Report Title	2025/26 Annual Budget
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Contact Details	Liam.Hull@cardiffcapitalregion.gov.uk
Date to be Considered	27 January 2025
Implementation Date	1 April 2025
Affected Council Areas	All
Keywords / Index	Budget, Staffing, Resource

Report Summary

1. The report sets out the South East Wales Corporate Joint Committee's Revenue and Capital Budgets for 2025/26.

Recommendations

2. The South-East Wales Corporate Joint Committee is asked to:

2.1 Approve the 2025/26 Operational Budget of £6,699,318;
2.2 Approve the utilisation of £1,289,363 Accumulated Interest on Balances as an underwrite contribution, whilst we await certainty on other sources of funding;
2.3 Approve Local Authority contributions of £1,278,963;
2.4 Approve Bannau Brycheiniog National Park Authority (BBNPA) contributions of £2,992;
2.5 Approve the proposed 2025/26 Wider Investment Fund budget & indicative programme to 2029/30 as set out in Table 7;
2.6 Note that a Medium-Term Financial Plan will be brought to the committee during the early part of 2025/26 following the conclusion of an independent review of future CJC requirements.

Reasons for Report

3. The report sets out the South-East Wales Corporate Joint Committee's (CJC) Revenue and Capital Budgets for 2025/26 and seeks approval of the amounts payable by the South-East Wales Constituent Councils and the Bannau Brycheiniog National Park Authority (BBNPA) in respect of:

    - 2025/26 Strategic Planning Budget Contributions;
    - 2025/26 CJC General Budget Contributions; and
    - 2025/26 CCRCD Local Authority Partner Contributions.

4. The report should be read in conjunction with the corresponding report entitled 'SEWCJC Annual Business Plan 2025/26' which sets out the relevant delivery activity.

Reasons for Recommendations & Options Considered

<u>Background</u>

5. The South-East Wales CJC Establishment Regulations came into force on 1 April 2021 and established a corporate legal entity comprising of the 10 South-East Wales Local Authorities, which are also members of the Cardiff Capital Region (constituent councils) and, for the purposes of the Strategic Development Plan (SDP), the Bannau Brycheiniog National Park Authority (BBNPA).

6. The 2024/25 budget was prepared on the basis of the CJC functions and the CCRCD operations coming together under the CJC from the 1 April 2024. This means the CJC providing the legal structure through which both requirements of the CCR City Deal Funding Agreement and the SEWCJC regulations can be governed and executed.

7. The CJC Statutory Guidance sets out the accounting and reporting arrangements applicable to the set-up and operations of the SEWCJC. Furthermore, the guidance clearly sets out the relevant legislative frameworks which apply to all CJCs, with CJCs seen as "a member of the Local Government family". This means that the CJC is subject to the same regulatory framework provisions as Local Authorities in respect of all financial and accounting matters.

8. Other than one-off funds of £225k from Welsh Government in relation to the Regional Transport Plan and Strategic Development Plan, the new duties of the CJC have not received any core funding, which presents the organisation with a significant and unsustainable resource pressure.

9. In prior years, this budget pressure has been managed through underspends on the staffing budget as a result of keeping a high number of vacancies.

10. The priority for setting the 2024/25 budget was to reinforce the core staffing structure, focussing initially on a stable senior team, including statutory officer posts.

11. The vast majority of remaining staff are on fixed-term or temporary contracts, which brings with it organisational instability and a risk of knowledge loss.

Current Staffing Challenge

12. Following lift and shift on 1 April 2024, the CJC has experienced significantly increased workload that comes with running a public body, as well as meeting our statutory responsibilities.

13. In addition to this, the Wider Investment Fund is in peak delivery mode and the establishment of 2 companies and a limited partnership in the wider group structure brings with it a significant additional resource burden.

14. This is set against the context of only c17 permanent employees and contract end dates for many of our fixed-term / seconded / agency employees approaching in the next 3 months, with single points of dependency across a range of functions. This brings with it a high risk of organisational instability and the risk of us not being able to meet our statutory obligations.

15. With this in mind, a draft staffing budget was considered and approved at the November Committee that enabled the CJC to progress an organisational restructure that allowed us to:

    15.1 Consolidate and stabilises current capacity; and

    15.2 Allow for proportionate growth of our staffing resource in order to meet new responsibilities.

Impact of Autumn Budget

16. This year's budget setting takes place amidst a period of significant change within the political and economic landscape of the UK and a period of change for the CJC, with key challenges highlighted below:

    16.1 Continued public finance constraint;

    16.2 Bedding in of new and additional CJC statutory duties and growth in our committee structure and wider stakeholder requirements;

    16.3 Scaling up of investment programmes;

    16.4 Changing requirements and expectations that come with being a public body;

16.5 New UK policy environment with a high level of focus on regional devolution and growth.

17. Whilst this may present opportunities for the CJC in future, the key direct impact of the new UK Government's Autumn Budget for CCR is to confirm that City Deal funding remains unchanged and confirmation that the Investment Zone will continue, bringing £160m investment into the region.

18. In addition to the positive impact outlined at paragraph 16, the changes to National Insurance thresholds and rates will lead to an additional cost pressure in 2025/26 of £79k.

Proposed 2025/26 Revenue (Operational) Budget

19. Whilst every effort was made to reliably estimate the resources required to stand up a new corporate legal entity when setting the 2024/25 budget, over the course of the year it has become apparent that the resources required were underestimated considering the following aspects:

- Executive team and wider policy support costs;
- Corporate Duties e.g. compliance with the Welsh Language Act, Equality Duties etc;
- Governance and Sub-Committees including the cost of the CJC itself, the Governance & Audit Sub-Committee, the Standards Sub-Committee, and the Joint Overview & Scrutiny Committee;
- Full range of CJC insurances;
- Support services, such as Finance, ICT, Legal, HR, Communications etc.

20. The new statutory responsibilities of the CJC have not received any core funding and being able to meet our statutory responsibilities in this environment is proving to be incredibly challenging.

21. The 2025/26 Annual Revenue Budget has been prepared on a component basis, bringing together the previous Statutory Duties Budget and City Deal Budgets at a presentational level to reflect the CJC's position as a public body.

22. This new approach will bring increased visibility to members and greater levels of accountability to budget holders.

23. A zero-based budgeting approach was taken, with all budget holders challenged on the level of resource required.

Table 1 – 2025/26 Revenue Operational Budget Requirement

	Gross Budget	
Chief Executive & Central Overheads		
Employees	£ 224,211	
Transport	£ 270	
Supplies & Services	£ 44,165	
External Audit Fee	£ 97,375	
Contingency	£ 35,000	
Total Chief Executive & Central Overheads		*£ 401,021*
Regional Growth, Innovation & Investment		
Employees	£ 2,315,052	
Transport	£ 4,100	
Supplies & Services	£ 8,165	
Total Regional Growth, Innovation & Investment		*£ 2,327,317*
Policy Impact & Partnerships		
Employees	£ 1,403,518	
Transport	£ 3,005	
Supplies & Services	£ 375,095	
External SLA	£ 25,625	
Total Policy, Impact & Partnerships		*£ 1,807,243*
Resources		
Employees	£ 788,556	
Premises	£ 61,500	
Transport	£ 1,500	
Supplies & Services	£ 174,955	
External SLA	£ 183,142	
Capital Financing	£ 13,325	
Total Resources		*£ 1,222,978*
Legal & Governance		
Employees	£ 706,569	
Transport	£ 1,875	
Supplies & Services	£ 132,005	
External SLA	£ 100,310	
Total Legal & Governance		£ 940,759
Total Budget Requirement		**£ 6,699,318**

24. It is important to note that sitting beneath this organisational budget, distinct funding budgets will be maintained to ensure compliance with CJC regulations and City Deal contractual obligations. Detail of the CJC statutory duties budget is included in the table below for information:

Table 2: CJC Statutory Duties Budget

	Gross Budget 2025/26		Gross Budget 2024/25	
Regional Transport Plan				
Employees	£ 143,485		£ 41,000	
Direct Costs	£ 14,350	£ 14,350	£ 200,500	
Management Support & Overheads	£ 303,080		£ 247,784	
Governace Support	£ 19,322		£ 10,300	
Contingency	£ -		£ 20,000	
Total Regional Transport Plan		*£ 480,237*		*£ 519,584*
Strategic Development Plan				
Employees	£ 308,156		£ -	
Direct Costs	£ 29,315		£ 25,000	
Management Support & Overheads	£ 151,540		£ 123,891	
Governance Support	£ 9,661		£ 6,950	
Contingency	£ -		£ 10,000	
Total Strategic Development Plan		*£ 498,672*		*£ 165,841*
Total Statutory Duties Budget Requirement		**£ 978,909**		**£ 685,425**
Proposed Contributions				
Welsh Government / Local Authority Contributions	-£ 975,917		-£ 684,470	
BBNPA (SPD Only)	-£ 2,992		-£ 955	
Total Statutory Duties Contributions		**-£ 978,909**		**-£ 685,425**

25. Given the different presentational approach to the revenue budget this year, it has not been possible to present prior year comparators on that basis. The table below shows prior year comparators based on type of expenditure:

Table 3: Prior Year Revenue Budget Comparison

	2025/26	2024/25	% Change
Employees	£ 5,437,906	£ 4,531,836	20%
Premises	£ 61,500	£ 65,000	-5%
Transport	£ 10,750	£ 20,000	-46%
Supplies & Services	£ 734,385	£ 578,407	27%
External SLA	£ 309,077	£ 266,898	16%
External Audit Fees	£ 97,375	£ 71,323	37%
Contingency	£ 35,000	£ 77,499	-55%
Capital Financing	£ 13,325	£ 13,000	3%
Total	£ 6,699,318	£ 5,623,963	19%

Variance Analysis (5% or greater)

Employees

26. Alongside the increased capacity from an organisational restructure and resourcing key new workstreams such as the Investment Zone and Strategic planning, the increase in staffing budget relates to a number of factors

including changes to National Insurance contributions, incremental salary increases and an estimate of cost of living pay award for staff (3%)

Premises

27. The reduction in the premises budget is due to a reduction in the anticipated lease costs for the Sbarc office space.

Supplies & Services & Contingency

28. The key reason for the increase in supplies and services is including costs of MIPIM, which was not budgeted for last year. In 2024/25 this was funded through contingency and this year's increase has been offset by a subsequent reduction in the contingency budget.

External SLA

29. This reflects the current overspend on the current year's SLA budget, as the initial requirement was underestimated.

External Audit Fees

30. External Audit fees are set by Audit Wales and are outside of the control of the CJC. The complexity of the CJC's Statement of Accounts and a greater requirement for Performance Audit work now that the CJC has been established are the key reasons for the increase.

Funding Sources

31. At the time of setting the 2025/26 Budget, there is still some uncertainty over the implications of certain funding elements, including Shared Prosperity Funding.

32. Discussions are also ongoing with Welsh Government regarding further financial support.

33. With this in mind, we have only considered funding sources where we have a high degree of certainty at this point in time. Those funding sources are detailed in the table below:

Table 4: Funding Sources

Funded by:		
Local Authority Contributions		£ 1,278,963
BBNPA Contributions		£ 2,992
Programme Contributions		£ 2,288,000
Government Contributions*		£ 137,000
Project Contributions		£ 1,428,000
Corporate Vacancy Factor		£ 275,000
Accumulated Interest on Balances Contribution		£ 1,289,363
Total Contributions		**£ 6,699,318**

34. Table 4 above identifies the requirement to utilise £1,289k from accumulated interest on balances to underwrite a funding shortfall in the absence of clarity on further sources of funding.

35. Whilst this should be seen as an option of last resort and is not a long-term resourcing solution, particularly given some of the risks identified in the Corporate Risk Register, the analysis below demonstrates that utilising resources at this level for the medium-term is possible whilst still allowing for balances to increase:

Table 5: Analysis of Interest on Balances

	2025/26 £'000	**2026/27 £'000**	**2027/28 £'000**
Estimated Opening Balance	6,475	7,213	7,508
Use of Funds	(1,289)	(1,289)	(1,289)
Expected Interest	2,027	1,584	1,973
Estimated Closing Balance	**7,213**	**7,508**	**8,192**

36. This £1,289k funding shortfall and the utilisation of interest on balances as an underwrite provides a baseline for us to finalise the budget. Further engagement with key stakeholders will be undertaken to try and reduce / eliminate that funding gap through other funding sources.

Local Authority Contributions

37. There is provision within the Joint-Working Agreement to increase Local Authority Contributions by up to 5% per annum to account for inflationary challenges. Given the financial challenges facing Local Authorities presently, it is recommended that Local Authority Contributions are frozen at their 2024/25 for 2025/26, with proposed contributions as follows:

Table 6: Local Authority Contributions

Local Authority	%	£s
Blaenau Gwent CBC	4.5%	58,167
Bridgend CBC	9.5%	120,882
Caerphilly CBC	11.8%	151,039
Cardiff Council	23.8%	303,922
Merthyr Tydfil CBC	3.9%	50,216
Monmouthshire CC	6.1%	78,550
Newport City Council	10.0%	127,912
Rhondda Cynon Taff CBC	15.7%	200,361
Torfaen CBC	6.1%	77,638
Vale of Glamorgan Council	8.6%	110,276
Total	**100.0%**	**1,278,963**

38. This current approach adds to the resourcing challenge facing the CJC and should be seen as a one-off with a more structured approach required in future to provide higher degrees of certainty to all parties.

39. The Strategic Director of Resources will work with the Section 151 Officers to develop an equitable approach to future Local Authority contributions.

BBNPA Contributions

40. BBNPA contributions are calculated based on an agreed percentage (0.60%) of the Strategic Development Plan Budget. As set out in the Statutory Duties budget, the proposed contribution from BBNPA for the Strategic Development Plan is £2,992, an increase from the 2024/25 contribution of £955. This increase is due to the increased resource required to deliver our strategic planning responsibilities.

CCRCD Wider Investment Fund 2025/26

41. The CJC's Capital Programme consists of the capital component of the CCRCD Wider Investment Fund. The fund totals £445 million capital over a 10-year period and is a fully funded programme i.e. capital expenditure is funded from a combination of the £325 million approved HM Treasury capital grant and £120 million capital contributions approved by the 10 constituent councils.

42. 89% (£440 million) of the total fund is now committed to 28 Projects and Programmes in delivery, with around 50% of those commitments relating to investments that will deliver a return in-line with the fund's evergreen principle.

43. Therefore, the 2025/26 Wider Investment Fund Budget reflects a key phase in the maturity of the Fund's investment strategy, with annual sums in the region of £62 million profiled to be spent each year, over the next 3 financial years.

44. Table 7 outlines the proposed 2025/26 budget and to assist with medium term planning, the indicative budgets for the following 4 financial years (to 2029/30) are also set out, along with the proposed funding strategy over this period.

Table 7: Proposed 2025/26 Wider Investment Fund Budget and Indicative Programme to 2029/30

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
Indicative Programme Expenditure					
Top Slice - City Deal Budget Contribution	1,644	1,644	1,640	1,520	459
Top Slice - Programme Development & Support	432	432	0	0	0
Approved Projects - Revenue	4,196	3,065	1,723	350	2,510
Future Revenue Projects	90	90	90	260	573
Sub Total Revenue Expenditure	**6,362**	**5,231**	**3,453**	**2,130**	**3,542**
Approved Projects - Capital	52,317	52,910	43,239	20,733	39,609
Future Capital Projects	3,500	4,076	16,070	28,350	8,642
Sub Total Capital Expenditure	**55,817**	**56,986**	**59,309**	**49,083**	**48,250**
Total Investment	**62,179**	**62,217**	**62,762**	**51,213**	**51,793**
Grants & Contributions					
HMT Grant - Revenue	(6,362)	(5,231)	(3,453)	(2,130)	(3,542)
Sub Total Revenue Funding	**(6,362)**	**(5,231)**	**(3,453)**	**(2,130)**	**(3,542)**
HMT Grant - Capital	(53,964)	(52,000)	(52,000)	(10,000)	(10,000)
LA Partner Contributions - Capital	(1,853)	(4,986)	(7,309)	(39,083)	(28,250)
Temp Borrowing 'Cost of Carry'	0	0	0	0	(10,000)
Sub Total Capital Funding	**(55,817)**	**(56,986)**	**(59,309)**	**(49,083)**	**(48,250)**
Total Funding	**(62,179)**	**(62,217)**	**(62,762)**	**(51,213)**	**(51,793)**

WIF Top Slice Budget (Revenue Funding)

45. The CCR Cabinet have resolved that up to 3% of the Wider Investment Fund (over a 20-year period) is set aside to meet the costs associated with Programme Development & Support and is referred to as the WIF 'Top-Slice'. This amounted to £14.74 million of which £6.97 million is projected to be spent by the 31 March 2025. The balance of £7.77 million has been split, with an allocation of £6.91 million being allocated to support the CCRCD revenue budget in 2025/26 and the following 4 financial years and the balance (£0.86 million) being allocated on an equal basis to Programme Development & Support (£0.43 million per year) over the next 2 years.

Approved and Future Projects (Revenue and Capital)

46. The 2025/26 budget of £62.18 million has been set to reflect the profiled spend of approved revenue and capital projects based on individual profiles known at this time. However, it is acknowledged that the spend on projects is dynamic

for a number of reasons. For example, a number of allocations relate to Investment Funds, some operated internally by CCRCD, other managed by external professional fund managers. In both instances forecasting spend is challenging as the decision to award funding can be impacted by a number of external factors, many of which are outside the control of the fund managers.

47. Whilst a range of mitigation measure are in place to help manage the position, the general risk of spend being higher or lower than forecasted has been highlighted to Local Authority s151 Officers and +/- 10% tolerance suggested to aid their local budget management decisions.

48. Sums allocated to the 'Future Revenue and Capital Projects' budget lines are designed to capture the potential funding requirements of the pipeline of projects progressing through the Wider Investment Fund assessment and approval process.

<u>WIF Funding Strategy and Affordability Envelope</u>

49. The sums allocated represent the amounts available to be spent in 2025/26, with future year budget allocations being updated accordingly to reflect current and approvals, as well as assessing the deliverability of the overall spend profile. This will ensure that the fund remains affordable and within its approved envelope at all times, as decisions to approve projects are made through the year.

50. Funding strategy is based on using the HMT Capital Grant as the 'first call', LA £120m second and LA Cost of Carry third. This is the result of and the justification for our re-profile request to UKG as it saves LAs revenue budgets in the short term.

51. The total expenditure for the 2025/26 WIF Budget is £62.18 million. It is proposed that this level of expenditure is funded as follows:

- Drawdown of HM Treasury Revenue Grant: 6.36m
- Drawdown of HM Treasury Capital Grant: £53.96m
- Drawdown of Council Contributions: £1.85m

52. A breakdown of individual Local Authority Capital Contributions for 2025/26 is shown in the table below:

Table 8: Local Authority Capital Contributions for 2025/26

Local Authority	£'000
Blaenau Gwent	85.6
Bridgend	174.9
Caerphilly	221.7
Cardiff	439.6
Merthyr Tydfil	73.0
Monmouthshire	113.8
Newport	181.9
Rhondda Cynon Taff	292.2
Torfaen	113.0
Vale of Glamorgan	157.0
Total	**1,852.8**

53. To aid cashflow management of the CJC all revenue & capital contributions will be invoiced on 1st April 2025.

54. Finally, it should be noted that the actual funding applied will be dependent on the nature and timing of project expenditure and may differ from the proposed sums for the reasons outlined above. The CJC will be provided with regular project performance reports, supplemented by quarterly budget monitoring statements, where matters such as progress against delivery plans and budgets can be assessed and the proposed funding arrangements can be reviewed as appropriate.

Funding Beyond 2025/26 & Financial Resilience

55. Whilst utilising interest on balances for 2025/26 is a sustainable position, as outlined in paragraph 31, this is an option of last resort and serious consideration must be given over the coming months to how the statutory responsibilities of the CJC can be funded sustainably.

56. At the November CJC meeting it was approved that an independent review of the future requirements of the CJC is undertaken that considers our statutory duties alongside our ambitions for the future.

57. This should be a distinct piece of work that focusses on funding models as a critical aspect. It will also need to complement and be cognisant of the recommendations from the work that Metro Dynamics are currently doing.

58. This work is planned in the final quarter of 2024/25 to allow it to inform the development of a meaningful Medium-Term Financial Plan in early 2025/26.

59. As a public body it is important that due consideration is given to the strength of the CJC's Balance Sheet and the level of Usable Reserves it has at its disposal to meet unexpected costs. The vast majority of reserves built up in recent years have been utilised to fund revenue budget shortfalls and only nominal levels of non-ringfenced balances are projected to be held at the end of 2025/26.

60. With this in mind and given the lack of certainty over future funding, it is recommended that accumulated interest on balances is to be utilised as usable reserves in the first instances.

61. If approved, any proposed drawdown from this reserve would be brought to the CJC for approval.

Comments of the Strategic Director of Resources and Section 151 Officer

62. This report sets out the revenue budget requirement, along with the associated funding contributions. This includes a recommendation to utilise £1,289k from accumulated interest on balances.

63. It should be noted that this should not be seen as a long-term sustainable option and serious consideration should be given over the coming months to how the statutory responsibilities of the CJC can be funded sustainably.

64. Without due consideration there is a risk that delivery of statutory duties and wider contractual obligations of CCR would become unsustainable in the medium to long-term.

Comments of the Strategic Director of Legal and Governance and Monitoring Officer

65. The CJC must ensure it is sufficiently funded to deliver its specified functions and activities and is required to put in place financial management arrangements which are in line with the checks and balances applicable to local government bodies in Wales, including the financial duties and rules which require prudential spending, overseen and checked by a responsible Chief Finance Officer.

66. Regulation 16 of the South East Wales Corporate Joint Committee Regulations 2021 ('the Regulations') provides that, for each financial year, the CJC must calculate the amounts attributable to:

    (a) its strategic planning functions (including an appropriate proportion of administration costs and other overheads); and

    (b) its other functions.

67. The amounts that the CJC must calculate are:

(a) the amount which the CJC estimates it will spend in respect of the financial year in the exercise of its functions (including spending on administration and other overheads);

(b) the amount which the CJC considers appropriate to raise for contingencies arising in respect of the financial year;

(c) the amount which the CJC considers appropriate to be held as a reserve to meet expenditure it considers will be incurred in respect of future financial years;

(d) any amount which the CJC considers is necessary to meet liabilities outstanding in respect of any earlier financial year.

68. For each financial year, the CJC must also calculate the aggregate of any amounts it estimates it will receive from sources other than the constituent councils and the Brecon Beacons National Park Authority (including Welsh Government, UK Government, private sector bodies, third sector and voluntary bodies).

69. The CJC's strategic planning budget requirement for the financial year is the difference between (1) the amount the CJC calculates it will require in respect of its strategic planning functions and (2) the amount it expects to receive in respect of those functions from sources other than the constituent councils and national park authority.

70. The CJC's general budget requirement for the financial year is the difference between (1) the amount the CJC calculates it will require in respect of its functions other than strategic planning and (2) the amount it expects to receive in respect of those other functions from sources other than the constituent councils and national park authority.

71. The CJC must agree the calculations mentioned above at a meeting no later than 31 January in each preceding financial year.

72. The CJC may revise its strategic planning budget requirement and/or general budget requirement at any time before the end of the financial year to which they relate; but any revised calculations must be agreed at a meeting of the CJC. This is only expected to be done in exceptional cases.

73. Reg. 17 of the Regulations provides that:

(1) The CJC's general budget requirement must be paid to the CJC by the constituent councils, and the proportion of that amount payable by each constituent council must be determined by the unanimous agreement of the council members;

(2) The CJC's strategic planning budget requirement must be paid to the CJC by the constituent councils and the Brecon Beacons National Park

Authority, and the proportion of that amount payable by each constituent council and by the Authority is to be determined by the unanimous agreement of the council members and the Brecon Beacons member;

(3) Where agreement cannot be reached as to the proportions payable under paragraph (1) or (2), the Welsh Ministers may by direction specify the proportion payable by each member.

74. Reg.17A of the Regulations provides that the CJC must establish and maintain a general fund into which any sums received by the CJC must be paid, and any payments made by the CJC must be made (other than sums paid into, or out of, an external fund within the meaning of s.17 of the Local Government Act 2003); and the CJC must keep an account of receipts paid into, and payments made out of, its general fund.

75. The funding held and managed by the CJC is subject to the same financial management arrangements as local government bodies in Wales and the CJC is required to comply with the same statutory requirements, including those under the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 and the Accounts and Audit (Wales) Regulations 2014.

76. Regulation 3 of the Corporate Joint Committees (General) (No.2) (Wales) Regulations 2021 states that a CJC must provide its chief executive with such staff, accommodation and other resources as are, in the chief executive's opinion, sufficient to allow the chief executive to carry out their duties; and section 5 of the Local Government and Housing Act 1989 contains equivalent provision in respect of the duties of the monitoring officer.

77. The Monitoring Officer shares concerns set out elsewhere in this report that the current staffing provision (as supplemented by SLA support) is not sufficient to meet the CJC's requirements going forwards, and, if not addressed, places the organisation at risk of being unable to discharge its statutory duties and functions.

78. The Monitoring Officer endorses the proposal to commission an independent review of future CJC requirements and, should it be indicated, an in-year review of the budget.

Equality, Diversity, and Inclusion

79. The Equality Act 2010 (Public Authorities subject to the Public Sector Equality Duty) (Wales) Order 2021 amended Part 2 of Schedule 19 to the Equality Act 2010 to provide that Corporate Joint Committees are subject to the Public Sector Equality duty set out in Section 149 of the Equality Act 2010.

80. The Equality Act 2010 (Authorities subject to a duty regarding Socio-economic Inequalities) (No. 2) (Wales) Regulations 2021 amended section 1 of the

Equality Act 2010 in order to add Corporate Joint Committees to the list of relevant authorities subject to the Socio-Economic Duty.

81. The Committee must, in the exercise of its functions, have due regard to the need to: (1) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited under the 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.

82. The characteristics protected under the Act are:

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

83. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;

(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;

(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

84. The socio-economic duty requires public bodies to, when making decisions of a strategic nature about how to exercise its functions, have due regard to the desirability of exercising them in a way that is designed to reduce the inequalities of outcome which result from socio-economic disadvantage.

85. Officers are of the view that the decisions recommended in this report will have a positive equalities impact by reducing the inequalities of socio-economic disadvantage.

Well-being of Future Generations

86. The Corporate Joint Committees (Amendment of the Well-being of Future Generations (Wales) Act 2015) Regulations 2021 bring CJCs within the scope of Parts 2 and 3 of the Well-being of Future Generations (Wales) Act 2015.

87. 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.

88. In order to act in accordance with the sustainable development principle, when exercising its functions, the Committee 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.

89. In developing the Recommendations of this report, regard has been had to the well-being duty arising under the Well-Being of Future Generations (Wales) Act 2015 ('the Act').

Welsh Language Implications

90. The Welsh Language Standards (No.1) Regulations 2015 (Amendment) Regulations 2021 bring Corporate Joint Committees within the scope of the standards specified by the No.1 Regulations.

91. In accordance with the Welsh Language Standards (No.1) Regulations 2015, consideration has been given to the impact the recommendations made in this report may have on opportunities for people to use and promote the Welsh Language, whether the proposals treat the Welsh Language more or less favourably than the English Language, and opportunities for increasing the positive effects, or decreasing the negative effects, of the proposals on the Welsh Language.

92. This report will have a positive impact on Welsh language considerations as it increases our internal capacity for compliance with Welsh Language Standards.

Climate Change Considerations

93. The proposals in this report will have a positive impact in this regard, as it will consolidate our staffing structure and resource it appropriately to deliver against our strategic objectives, of which net zero and the climate emergency play a prominent role.

Links to CCR Priorities

94. The revenue budget and WIF budget will ensure that the CCR Annual Business Plan can be resourced effectively, enabling the CJC to be best placed to deliver against its strategic objectives and statutory responsibilities:

- COMPETITIVE - Enable businesses within our priority sectors and public services to achieve higher levels of productivity through innovation-led growth.
- CONNECTED - Invest in cutting-edge digital and physical infrastructure and grow the green economy through investing in and promoting companies, technologies and community initiatives that are embracing the de-carbonisation agenda.
- RESILIENT - Maximise ‘good growth’ by ensuring prosperity is shared and spread across the Region and take direct steps to reduce the economic and social disparities between our places.

Staffing/Workforce Implications

95. The staffing element of this budget was approved at the November Committee and allows for the implementation of a staffing structure that brings stability to the organisation. As part of this process, any employees with acquired employment rights would be recognised as permanent employees, where appropriate.

Appendices

None

Background Papers

None

Liam Hull, Strategic Director of Resources

27th January 2025