

Explanatory Memorandum to ‘The North Wales Corporate Joint Committee Regulations 2021’, ‘The South West Wales Corporate Joint Committee Regulations 2021’, ‘The Mid Wales Corporate Joint Committee Regulations 2021’ and ‘The South East Wales Corporate Joint Committee Regulations 2021’.

This Explanatory Memorandum has been prepared by the Local Government department and is laid before the Senedd Cymru / Welsh Parliament in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1

Minister/Deputy Minister’s Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of ‘The North Wales Corporate Joint Committee Regulations 2021’, ‘The South West Wales Corporate Joint Committee Regulations 2021’, ‘The Mid Wales Corporate Joint Committee Regulations 2021’ and ‘The South East Wales Corporate Joint Committee Regulations 2021’. I am satisfied that the benefits justify the likely costs.

Julie James MS, Minister for Housing and Local Government
12 October 2020

PART 1

Description

This Explanatory Memorandum and Regulatory Impact Assessment is for the draft establishment regulations for the following Corporate Joint Committees (CJC):

- North Wales CJC
- Mid Wales CJC
- South West Wales CJC
- South East Wales CJC

It is important to note that while there are four separate sets of establishment regulations, one for each CJC above, the content of those regulations are substantially the same. We are therefore presenting this Explanatory memorandum (EM) and Regulatory Impact Assessment (RIA) as a single EM / RIA for all the draft sets of regulations. Any reference to the regulations, unless expressed otherwise, are a reference to all the draft establishment regulations.

2. Matters of special interest to the Legislation, Justice and Constitution Committee

None.

3. Legislative background

Part 5 of the Local Government and Elections (Wales) Bill give the Welsh Ministers the power to make regulations to establish Corporate Joint Committees for the specified areas where no request has been made.

These draft Regulations for consultation will be made under the affirmative resolution procedure.

4. Purpose and intended effect of the legislation

Background

- 4.1 Following the consultation on the Green Paper 'Strengthening Local Government: Delivering for People' in 2018, the Welsh Government and local government established the Working Group on Local Government. Its purpose was to work, through partnership and mutual respect, to develop a shared agenda for reform which ensures the sustainability of

local government and local service provision.

- 4.2 As part of this role, the Working Group reviewed existing regional working arrangements in local government and the appetite and priorities for increased future collaboration.
- 4.3 In June 2019 the Minister for Housing and Local Government published the recommendations of the Working Group. The recommendations cover a number of areas including shared services, voluntary mergers, powers and flexibilities, diversity in local government, and the mutual respect agenda.
- 4.4 A key recommendation of the Working Group was the need for more consistent mechanisms and structures to support regional working and collaboration – a mechanism that would retain local democratic accountability and deliver consistency and simplification to collaborative arrangements.
- 4.5 Taking forward, the recommendations of the Working Group, the Local Government and Elections (Wales) Bill provides for a framework for regional collaboration. The framework will both support and encourage regional working and collaboration through a more coherent, consistent, simplified and democratically controlled mechanism (Corporate Joint Committees – CJC).
- 4.6 The Bill provides for the establishment through regulations of CJsCs. A CJC is a separate corporate body which can employ staff, hold assets and budgets, and undertake functions. This Bill enables CJsCs to be established through two routes:
 - At the request of two or more principal councils (in relation to any of the functions they exercise)
 - At the instigation of Welsh Ministers (in relation to a number of limited and specified functions).
- 4.7 Welsh Ministers can instigate the establishment of a CJC to exercise functions without a request from principal councils but only in relation to certain functions which are specified on the face of the Bill. The areas where Welsh Ministers can instigate the establishment of a Corporate Joint Committee are transport, economic development, strategic planning for the development and use of land, and improving education.
- 4.8 These are largely areas where there are existing regional arrangements, where the case for regional working has been established and where there is scope to bring consistency and discipline to the Welsh Government's approach to regional working arrangements across different policy areas. For example, there is existing provision in legislation for Strategic Planning Panels in land use planning and Joint Transport Authorities in transport. Corporate joint committees in these areas would look to consolidate approaches providing for more simplified and consistent regional working.

Purpose and Intended effect of the Provisions

4.9 The purpose of these regulations is to establish the following CJs across Wales:

- North Wales CJC
- Mid Wales CJC
- South West Wales CJC
- South East Wales CJC

4.10 The Bill allows for flexibility in relation to the areas CJs cover, and the Minister for Housing and Local Government has worked with local government leaders to understand their desired footprint for this first set of establishing regulations. The WLGA political group leaders wrote to the Minister in March 2020 to set out the local government view that the footprint for the proposed CJs should be based on the existing city and growth deals geography.

4.11 Therefore, in line with the local government expressed preference, The establishment regulations have been prepared to establish four CJs for the four areas of Wales on the same footprint, and to include the same principal councils, as the existing city and growth deal arrangements, as detailed in the table below:

CJC Area	Principal Councils
Mid Wales	Ceredigion County Council Powys County Council
South West Wales	Carmarthenshire County Council Pembrokeshire County Council Swansea Council Neath Port Talbot County Borough Council
North Wales	Isle of Anglesey County Council Gwynedd Council Denbighshire County Council Conwy County Council Flintshire County Council Wrexham County Borough Council
South East Wales	Cardiff Council Vale of Glamorgan County Council Monmouthshire County Council Rhondda Cynon Taf County Borough Council Newport City Council Merthyr Tydfil County Borough Council Caerphilly County Borough Council Torfaen County Borough Council Blaenau Gwent County Borough Council Bridgend County Borough Council

4.12 The draft regulations put in place the necessary arrangements to establish the CJC to exercise functions relating to strategic development planning and regional transport planning; they will also be able to do things to

promote the economic well-being of their areas.

- 4.13 Alongside the Establishment Regulations for each CJC there will be a set of regulations (Regulations of General Application) that will generally apply to all the CJs and set out the wider legislative framework within which they will operate. Such Regulations of General Application will be necessary to support the implementation of the Establishment Regulations.
- 4.14 These Establishment Regulations, alongside the Regulations of General Application will collectively deliver to the policy intent to establish and treat the CJC as a member of the 'local government family'.
- 4.15 The RIA has assumed therefore that these regulations, combined with the Regulations of General Application will largely subject the CJC to the same or similar powers and duties as local authorities in the way that they operate. The intention is that taken together the regulations will enable a CJC to:
- Employ people (directly, via loans or secondments)
 - Procure / commission services
 - Enter into contracts / service level agreements / memoranda of understanding
 - Hold funds / budgets, pay grants (including holding budgets / funds on behalf of WG, using those funds for direct activity where within competence, and dispersing to third parties)
 - Procure, receive, hold, dispose of and manage assets, land etc
 - Participate in companies,
 - Cooperate with others, including the constituent principal councils
 - Receive assistance in performing its functions / discharge functions through other people, including but not limited to one or more of the constituent principal councils
 - Discharge functions through other bodies, people, staff
 - Bring legal proceedings.
 - Have / hold insurance (to indemnify itself, its members and its staff)
 - Reimburse expenses.
- 4.16 In terms of functional areas in which the CJs will operate or have responsibility, the purpose of these regulations is to vest the following functions in the CJs:
- The preparation, monitoring, review and revision of a Strategic Development Plan (SDP), as well as the requirement for SDPs to be in general conformity with the National Development Framework as set out in the Planning and Compulsory Purchase Act (PCPA) 2004.
 - The function of developing a Regional Transport Plan. Each CJC will be required to produce a Regional Transport Plan in the place of local transport plans produced by individual local authorities under the Transport Act 2000.

- The economic well-being function as provided for under Part 5 of the Local Government and Elections (Wales) Bill, that is the power to do anything which it considers is likely to promote or improve the economic well-being of its area.

5. Consultation

- 5.1 As has been outlined in section 4, the CJC proposals have been developed following extensive consultation and engagement with local government.
- 5.2 The regulations establishing CJsCs have been co-developed with local government through the Local Government Sub Group of the Partnership Council for Wales alongside discussions with various existing stakeholder groups including;
 - Lawyers in Local Government
 - Society of Welsh Treasurers
 - Local Authority HR Directors Network
 - SOLACE
 - Existing regional collaboration arrangements.
- 5.3 The draft establishment regulations and associated Regulatory Impact Assessment will be subject to a 12-week consultation.

PART 2 – REGULATORY IMPACT ASSESSMENT

Background

1. The Working Group on Local Government¹ established a shared agenda for reform designed to enable local government to deliver sustainable services into the future.
2. A key outcome of the Working Group was agreement on the need for a new mechanism to support regional working and collaboration.
3. The Local Government and Elections (Wales) Bill (the Bill) introduced into the Senedd in November 2019 included, as a response to the recommendations of the Working Group, provisions to create a consistent vehicle for principal council regional collaboration, Corporate Joint Committees (CJCs). The provisions in the Bill also reflected ongoing engagement with local government following the publication of the recommendations of the Working Group.
4. A CJC will be a ‘body corporate’ which has a legal personality and is therefore able to employ staff directly, and hold assets and funding. It will have functions vested in it which could include responsibility for functions within a single service area or as many service areas as was relevant in the specific circumstance.
5. The Bill enables CJCs to be established by two routes:
 - two or more principal councils can apply for CJCs to be established (in relation to any of the functions they exercise)
 - Welsh Ministers can instigate the establishment of a CJC (in relation to a number of limited and specified functions which are set out in the Bill).
6. This draft Regulatory Impact Assessment (RIA) relates to the set of ‘CJC Establishing Regulations’. These CJC Establishing Regulations are being made under the second route – to create CJCs that exercise certain transport functions; undertake strategic development plans; and are able to promote economic development in their area.
7. As is detailed in section 4, four CJCs are being established, based on the existing city or growth deal footprints of the Cardiff Capital Region, Swansea Bay City Region, North Wales and Mid Wales. This is in line with the Collaboration Principles agreed via the Working Group that collaborations should take account of existing collaborative arrangements.
8. The regulations will establish the CJCs, detailing their functions and governance, how they will operate and other necessary detail.

¹ See paragraphs 4.1 to 4.5 of Part 1 of this document

9. The regulations have been co-developed with local government, including the WLGA, the Partnership Council for Wales's Local Government Sub Group and representatives of the Society of Welsh Treasurers and Lawyers in Local Government.
10. Whilst it is accepted that there will be some set-up costs, and these are explored in this RIA, a CJC offers the opportunity to work collaboratively to do things in a different way, utilising existing resources to deliver functions collectively. As a CJC develops in the longer term, there will also be opportunities to identify efficiency savings and improve effectiveness.

Approach taken to assessing impact

11. This draft RIA assesses the potential costs and benefits associated with establishing the CJsCs through regulations. In assessing the potential costs and benefits the RIA considers the overarching policy intent that CJsCs should be treated as part of the 'local government family' and the approach to the development of the regulations outlined in Section 4.
12. The options that have been considered in preparing this draft RIA are:
 - Option 1 – Do nothing. Policy is not implemented, therefore CJsCs will not be established.
 - Option 2 – Implement policy and establish CJsCs.
13. Both options have been assessed using the best information available to the Welsh Government at the time of completing this regulatory impact assessment. As the choice is either to implement or not to implement the policy, we have not considered a third option. There are many variations as to how Option 2 might be implemented but these would be matters for each CJC to determine. The costs and benefits in this RIA are calculated on the basis of all-Wales estimates and averages. In developing the RIA in some cases it has been necessary to develop a possible range of costs options / estimates. In each case below the RIA sets out the assumptions for developing the range of costs shown and seeks to demonstrate a potential minimum or maximum cost for the relevant options.
14. Both options have been costed separately and a comparison of the costs had been included as a summary demonstrating the cost variance between the two approaches.
15. To help support the development of the RIA, the Welsh Government commissioned independent research into similar or comparable collaborations². Part of this was to establish if by comparing other principal council collaborations, a cost-base could be established for the development of collaborations such as CJsCs.

² [Collaboration between local authorities in Wales Report](#)

16. The independent research has shown that there is significant cost variation amongst the collaboration arrangements considered, including for example those which have the same statutory basis.
17. The report noted that:
- ‘Much of this variation would appear to depend on; the scale, scope and ambition of the collaboration arrangement; the individual decisions made within each collaboration on governance, management and staffing structures; and the functions they deliver and how they chose to implement those functions.’*
18. The report concluded that:
- ‘It is not possible therefore to provide a single cost estimate / basis for collaboration concluding that a range of costs based on some of the above variables is more likely.’*
19. How a CJC operates will largely be for determination by its members. A small number of matters will be prescribed in either primary or secondary legislation but the Minister for Housing and Local Government has been clear the aim is to deliver maximum local discretion in relation to a CJC’s operating arrangements. The underlying principle for the regulations establishing CJsCs is therefore that they should enable local determination where possible.
20. In line with the conclusions in the independent research, in establishing CJsCs, the cost-base will in practice be determined by individual decisions made by the CJC about how it wishes to operate. The draft RIA does not seek to predict or predetermine these decisions.
21. However it is important that, while reflecting this local discretion in the governance and delivery arrangements, and in line with the research, the RIA presents a range of estimated costs (a possible maximum and minimum range) that give a sense of the potential costs associated with the administrative arrangements which CJsCs could put in place. It is important to note that presenting the costs in this way and the assumptions which underpin the estimates is not intended to describe what a CJC should have in place but illustrate the costs of the possible options available to a CJC.
22. In some cases, taking into account duties on principal councils to consider efficiency in the use of public money, assumptions have been made limiting the extent of the cost requirement. The reasons for this are set out in the relevant sections.
23. The RIA focusses on the core administrative costs of establishing and operating a CJC. Due to the local discretion in running a CJC it has not been possible to assess definitively all potential costs, particularly on all

stakeholders, but we would expect CJs to consider the costs and benefits and impacts on different stakeholders prior to taking action.

24. Throughout this draft RIA, costs and benefits are estimated on an annual basis, then calculated over a six-year period. This is on the basis of allowing a year for CJs to put in place their working arrangements, following the making of the CJC regulations in 2021, and for CJs to operate for a full five-year term following the May 2022 principal council elections.
25. First year figures have been calculated to reflect the work involved in establishing a CJC (initial set-up costs and early running costs) this may include some of the costs relating to regulations and guidance which may already have been incurred. Once established, we expect the operating costs of a CJC to increase as the CJC is established and the delivery of the vested functions is undertaken. However as part of the RIA it is assumed that, based on the functions to be transferred as part of these regulations, costs will have reached a steady state by the end of the reference period in the RIA. It should be noted that this will be subject to the individual decisions made by the CJC and would not take into account any decisions or actions linked for example to the exercise of economic development powers at a regional level.
26. Staff costs are based on pay scales below the maximum, using a 52-week year and five working days per week. Staff costs include annual leave and public holidays.
27. Welsh Government staff costs have been based on the average pay band costs for 2019-20, and use a 52-week year and five-day working week. The standard working week is considered 37 hours a week as per the National Agreement 'Green Book'. Staff costs include on-costs. For local government staff costs we have used the same approach and in the majority of cases have identified an appropriate Welsh Government pay scale and mapped this across to the relevant pay point on the National Joint Council for Local Government Services (NJC) agreement April 2018-20.
28. Where we have used historic figures that relate to government projects or expenditure, we have used the GDP deflator series to uprate 'historic' costs to current prices to account for inflation.
29. All assumptions have been calculated pre Covid-19. These may be affected by new ways of working if they continue after Covid-19.
30. Figures have been rounded throughout the assessment to the nearest pound for the relevant calculations. Rows and columns in some tables may not sum to the total column due to this rounding process. All figures should be treated as estimates.

31. Further detailed calculations and supporting assumptions can be found in Annex A.

6. Options

Option 1 – Do Nothing

32. The option of doing nothing would mean that the regulations establishing CJsCs were not taken forward. However it would not mean that regional working would not continue in some form or another. Existing or proposed regional activity for the three functional areas proposed for the CJsCs (**Transport, Strategic Development Planning, and Economic Development**) would continue. In considering the cost and benefits of the 'do nothing' option therefore we have also considered the costs of the existing and proposed approach to regional working as part of the status quo.

Economic Development

33. Currently collaboration on economic development is largely taken forward by local government through joint committee arrangements at a regional level. All regions have either agreed or are proposing and developing City or Growth Deals for their respective regions. These are coterminous with the CJC regions. These regional arrangements largely consist of an 'executive' group of leaders and chief executives with a number of member or officer-led sub-groups supporting their work. The city and growth deal approach is based on each region setting out and adopting a strategic long-term plan for the enduring economic development of the region. Each deal is underpinned by a 15 or 20 year programme of capital investment designed by the region and supported by local authority, government, other public sector and private sector funding. The deals also incorporate an integrated approach to land-use and transport planning.

Strategic Development Planning

34. Under the Planning and Compulsory Purchase Act 2004 (PCPA) as inserted by the Planning (Wales) Act 2015 (PWA) Local Planning Authorities (LPA) (which include National Park Authorities) are able to put forward proposals for the establishment of Strategic Planning Panels (SPP) for the purpose of preparing a Strategic Development Plan (SDP). In the absence of any proposals, Welsh Ministers are also able to designate a strategic planning area and establish a SPP for the purpose of preparing a SDP. The SPP would be a new bespoke regional governance structure specifically and solely established for the purpose of preparing a SDP.
35. Where two or more LPAs come forward with a proposal for a SDP Welsh Ministers would make an Order designating the strategic planning area and establishing the SPP.

36. Although the Local Government and Elections (Wales) Bill will repeal the relevant legislation relating to SPPs, in the absence of the CJC mechanism for regional working the SPP approach would have remained in place. In considering the 'do nothing' option therefore we have considered the costs of undertaking SDPs as outlined in the Regulatory Impact Assessment for the PWA³. Readers of this RIA are directed to the RIA for the PWA for the source data of the costs for a SDP.
37. Regional arrangements under the PCPA are voluntary and it may be possible for LPAs to maintain the current approach of developing individual Local Development Plans where the SDP approach is not adopted. The purpose of introducing SDPs through the PWA was to allow for a more strategic approach to planning at a scale beyond Local Development Plans (LDPs). We have not considered the costs / benefits of Local Development Plans versus SDPs as part of this document but such costs were considered as part of the RIA for the PWA.

Transport

38. In December 2018 the Welsh Government published a number of legislative proposals in its White Paper on Improving Public Transport. One of the proposals in the White Paper was to establish Joint Transport Authorities (JTAs), as provided for under the Transport Act 2006. The intention was that JTAs would be able to develop a distinctive regional approach in a broader national context towards transport planning and implementation. A JTA could have responsibility for a range of public transport functions, as well as certain traffic management functions (for example, the ability to make Traffic Regulation Orders for bus priority measures).
39. Although the Local Government and Elections (Wales) Bill will repeal the relevant provisions in the Transport Act 2006 for JTAs, in the absence of the CJC mechanism being proposed the policy intent would have been to continue to establish the JTAs as the regional mechanism for delivering transport functions.

Option 2 – Implement Policy and Establish CJs

40. The Local Government and Elections (Wales) Bill as introduced to the Senedd will enable the creation of Corporate Joint Committees (CJs) by regulations. These CJs will be 'bodies corporate', established in statute, which will enable them to have functions vested in them, directly employ staff, hold assets and manage finances. The Bill allows CJs to be established by regulations of the Welsh Ministers either at the request of two or more principal councils or, for a limited number of functions specified in the Bill, at the instigation of the Welsh Ministers.

³ [Planning \(Wales\) Act 2015 – Explanatory Memorandum](#) & [Planning \(Wales\) Bill – Regulatory Impact Assessment Methodology Paper](#)

41. The areas in which the Welsh Ministers may instigate the establishment of a CJC are transport, economic development, strategic plans for the development and use of land, and improving education. Once established, CJCs will exercise the functions specified in regulations.

7. Costs and Benefits

Option 1 – Do Nothing

42. As outlined above, although this option is the status quo it is not cost neutral. In the absence of CJC's being established, existing or proposed regional arrangements would likely continue and therefore the costs of these separate arrangements have to be taken into account as part of a 'Do nothing' option.
43. In line with the approach, the estimates for Option 1 set out the assumptions for developing the costs and in some cases present a range of costs based on a minimum or maximum.
44. The costs of the 'do nothing' or retaining the status quo under Option 1 over the 6-year reference period of this RIA have been identified to be in the range of £11.0m to £16.5m. These costs are shown on an annual basis in the table below. The RIA then presents further detailed calculations and assumptions which underpin these Option 1 costs. An evaluation of the costs for Options 1 and 2 is included at the end of this chapter.

Table 1: Summary of Option 1

Year	Minimum Estimate	Maximum Estimate
Year 1	£1,341,323	£1,749,263
Year 2	£2,123,141	£3,141,317
Year 3	£1,873,141	£2,891,317
Year 4	£1,873,141	£2,891,317
Year 5	£1,873,141	£2,891,317
Year 6	£1,873,141	£2,891,317
	£10,957,030	£16,455,847

Costs to Local Authorities

Economic Development

45. Principal council investment in economic development currently varies between councils. There is a mix of local investment and regional activity. The regional investments are largely under the auspices of city and growth deal arrangements or the relevant boards which oversee such deals. It is assumed under the 'do nothing' Option 1 that these

arrangements will continue. The city and growth deal areas are coterminous with the proposed CJC regions.

46. For the purposes of this RIA we have not considered the costs of the activity which is being delivered currently at a regional level through for example the city and growth deals themselves (e.g. individual projects). We have however considered the costs of administering the regional arrangements within the city and growth deals which support this activity. The policy intent in the development of CJsCs is that the current regional arrangements under the city and growth deals will transition or transfer to the CJC, although it is recognised that this is subject to the will of the CJC and its constituent principal councils. The RIA assumes therefore that the costs of the current regional arrangements are a reasonable proxy to use within this RIA. Although it is noted that in some cases the deals may not reflect the full breadth of activity at a regional level and therefore additional costs may exist which have not been identified here.

47. The costs in Table 2, below, reflect the published operational costs of the existing city and growth deals (2018/19 data). This includes costs such as the programme management office, scrutiny of regional arrangements and accountable body expenditure. It is clear that these costs do not follow a fixed pattern per region and represent a range of costs based on the decisions and arrangements of each region.

Table 2: Published operational costs for city and growth deals in Wales

Individual Project	Total	Source
Cardiff Capital Region City Deal	£1,159,991	Link
Swansea Bay City Deal	£471,308	Link
North Wales Economic Ambition Board	£441,122	Link
Growing Mid Wales Partnership	An Inter-Authority Agreement has been signed between Powys and Ceredigion County Councils, however no accounts have been published / are available.	

48. The estimated average annual operational costs for the three signed deals is £690,807. For the purposes of this RIA we will use this as a proxy for the annual cost of maintaining existing regional arrangements for economic development under Option 1. As with other parts of this RIA, it is necessary to state that such costs may increase or decrease depending on the scale of the arrangements and the individual decisions taken by partners at a regional level.

Strategic Development Planning

49. The RIA for the PWA⁴ explored in detail the costs associated with the development of SDPs through a SPP. As indicated above we have not considered the costs and benefits of Local Development Plans versus SDPs as part of this document however such costs were considered as

⁴ [Planning \(Wales\) Act 2015 – Explanatory Memorandum](#)

part of the RIA for the PWA. Inclusion of the SDP costs in this RIA is not intended to imply that the cost of the SDP process is in addition to the current planning processes. Consideration of the overall context of SDP has been made in the PWA RIA. However using the information on SDPs from the PWA RIA allows a comparison between the current governance model of a SPP and the proposed CJC model.

50. The costs of introducing SDPs was estimated to be £3,500,000⁵ per SDP area - depending on the size of the area and number of authorities included. These costs included staff costs, governance costs (including governance of SPP), specialist staff costs, costs to specific consultation bodies, costs of gathering an evidence base, examination costs and printing and publication costs.
51. Applying the GDP deflator series⁶ to uprate 'historic' costs to current prices would mean that cost of introducing SDPs (2019 prices) would be approximately £3,800,000. It is worth noting that the PWA RIA costs were estimated based on a 10-authority South East Wales area and therefore in terms of the four proposed CJC regions it is likely to be the highest potential cost and other areas are likely to be less than the illustrative example shown here.
52. The PWA RIA assumed a period of 5 years for the preparation of a SDP (5 years being the time the PWA RIA estimated for achieving an adopted SDP). For consistency this timeline is mirrored in this RIA. The annual costs therefore for the preparation of a SDP is £760,000.
53. As has been previously noted, undertaking a SDP through the PCPA where not designated by Welsh Ministers, is voluntary. So whilst it is reasonable to assume that a cost might be incurred should LPAs chose to come forward with SDP proposals, this is not a certainty. Prior to the CJC proposals being developed the 10 authorities in the South East region were undertaking discussions to progress with an application to the Welsh Government to progress a SDP for their region. We recognise however that not all regions had progressed discussions on regional SDPs in the same way.
54. For the purposes of this draft RIA and for illustrative purposes it has been assumed that all regions would pursue a SDP under the PCPA under a 'do nothing' option.

Transport

55. The Improving Public Transport White Paper⁷ proposed to establish JTAs for the delivery of certain transport functions on a regional basis. A JTA would be a new mechanism for regional working with its own governance arrangements and constitution and would have been a

⁵ 2015 values

⁶ [GDP Deflator March 2020](#)

⁷ [Improving Public Transport White Paper](#)

separate body to its constituent authorities. It is difficult to anticipate the exact arrangements, and therefore costs, of a JTA as none have yet been established in Wales. It may be possible to look to the combined authorities in England that have transport functions however it is felt that these do not provide an accurate comparison in terms of scale or set-up to be utilised.

56. A JTA would be established as a mechanism for the delivery of principal council functions similar to that of the proposed CJC – hence why the CJC model is being proposed to replace it. It is reasonable therefore to assume that a JTA would have been established in the same or similar manner to a CJC in terms of governance and constitution. For the purpose of this RIA therefore we have assumed that the costs of establishing and running a JTA under the ‘do nothing’ option would have been similar to those of establishing and running a CJC. However we have only included costs associated with delivering Transport functions and not those of the Economic Development or Strategic Planning functions.

Table 3 – Cost of Regional Transport functions through JTA

Cost	Minimum Estimate	Maximum Estimate
Cost of establishing CJC under Option 2	£10,757,563	£16,243,862
Of which is Economic Development	£4,144,842	£4,144,842
Of which is Strategic Plan Functions	£3,607,395	£3,607,395
Cost of JTA under Option 1	£3,005,326	£8,491,625

Other Costs

57. There is also a time cost associated with principal council leaders and members’ time in supporting the regional arrangements. Maintaining multiple separate regional boards under the ‘do nothing’ option would clearly necessitate time spent by principal council leaders and members in servicing these arrangements. It is appropriate therefore that the RIA considers the cost of members’ time in attending the various separate regional arrangements outlined above.
58. Members’ time costs relating to SPP and JTA are included in the relevant costs presented above. For the purpose of the remaining regional arrangements for the city and growth deals our working assumption is based on principal council leaders attending a committee for the region (member time costs are shown in Annex A). The estimates do not include any estimates relating to subgroup arrangements that might be in place. In line with the approach throughout this RIA our estimates set out a minimum and maximum potential cost. This is based on the following:
- Minimum – 2 principal councils to hold 2 hour meetings, quarterly
 - Maximum – 10 principal councils to hold 2 hour meetings, quarterly

Table 4 – Cost of leader / member meeting time

Type of Cost	Minimum Estimate	Maximum Estimate
Member Time	£522	£2,608
	£522	£2,608

59. It is likely that JTAs and SPP would also have to comply with core ‘public body’ duties including for example the application of duties under the following legislation. (Note this would not apply to the governance of the city and growth deals as these would be captured by the requirements on the principal councils involved in the deals.)

- The Well-Being of Future Generations (Wales) Act 2015
- The Equality Act 2010
- The Welsh Language Standards.

60. The costs of compliance with the Well-being of Future Generations duties to the regional bodies (SPP and JTA) under Option 1 has not been included as a separate additional cost. For SPPs these costs are not included as it was felt that the process of preparing the development plan in and of itself would take account of the duties and would therefore not incur an additional cost and could be met within the administrative costs as set out. For JTA, as for CJs in Option 2, these costs are included (built in) in the overall corporate function costs.

61. Similarly for other ‘public body’ duties it is assumed for the purposes of this RIA that exercising such duties will be something which is undertaken by the Corporate Body function of JTAs or SPPs under Option 1.

62. In addition to the costs of maintaining individual regional arrangements for the specified functions above, local authorities are likely to incur costs associated with the additional activity required to align these various working arrangements. In the absence of the single mechanism local authorities often have to do additional work to align activity. These are opportunity costs and as such cannot be quantified. One of the advantages of a CJC is to ensure that strategic functions which better align with regional delivery are joined up under a single mechanism so that the key planning, transport and economic development decisions align and deliver better outcomes for citizens.

63. In addition there may also be costs to other local / regional organisations such as universities or business groups when engaging with multiple regional arrangements in each functional area. These costs are difficult to estimate and often form part of the core administration of the principal councils. The costs therefore are not included in this RIA.

Costs to Welsh Government

Economic Development

64. It is recognised that there is a cost to effective engagement with principal councils to support economic development as well as other activities at a

regional level. Currently the Welsh Government has resources which it utilises to progress economic development which can be deployed in a flexible way in supporting local government and others in delivering economic development activity across Wales. These are currently aligned to the four proposed CJC regions but also take a more local and national approach where needed. Such a resource will be able to work with or respond to any set of stakeholder or regional arrangements such as the existing arrangements under Option 1 and those proposed under Option 2. On this basis we do not propose to include these costs for either option as they are considered to be the same regardless of the approach adopted.

Strategic Development Planning

65. The RIA for the PWA⁸ outlined that staff resources will be required within Welsh Government to support the development of regional SDPs by LPAs. These were estimated to have an ongoing annual cost of £57,790 for each SDP area. (costs uprated from 2015 values)

66. In addition it is expected the Welsh Government will incur costs preparing the relevant regulations for each SDP planning area and SPP. This would incur an additional one-off cost to the Welsh Government per area as shown below.

Table 5 – Producing Regulations to set out the Strategic Development Plan Planning Area and Strategic Planning Panel

Employee	WG Pay Band	Days Required	Total
Deputy Director	SCS1	1	£476
Grade 7	G7	5	£1,685
SEO	SEO	15	£3,917
Lawyer	G7	10	£3,370
Translation	SEO	2	£522
			£9,971

Transport

67. If CJs were not established, JTAs would have been established by Order under powers within the Transport Act (2006). Section 5 of the Transport (Wales) Act 2006 enables the Welsh Ministers to make an Order establishing JTAs. A JTA would have been a new regional working mechanism and the Order establishing a JTA would have had to set out how the JTA operates, how it is governed, its membership and the functions that it is required to deliver. In this way it is similar to a CJC and therefore it is reasonable to assume that the Welsh Government costs of establishing a JTA would have been similar to those of a CJC.

68. We have therefore based the costs of establishing JTAs on the costs outlined for establishing CJs under Option 2. As JTAs would not have

⁸ [Planning \(Wales\) Act 2015 – Explanatory Memorandum](#) (2015 values)

had functions relating to economic development of SDPs we have reduced the days required to reflect that these elements of the CJC regulations would not be required. The costs (included in Table 6) would be one-off and, in line with the policy intent at the time for JTAs, would have been incurred in the 2020-21 financial year.

Table 6 – Producing Orders to Establish JTAs – Cost per Order

Employee	WG Pay Band	Days Required	Total
Deputy Director	SCS1	4	£1,904
Grade 7	G7	16	£5,392
SEO	SEO	16	£4,179
Lawyer	G7	40	£13,481
Translation	SEO	4	£1,045
			£26,001

69. As with Economic Development it is recognised that there is a cost to effective engagement with principal councils on the delivery of transport functions across Wales. Currently the Welsh Government has resources which it utilises to support the delivery of transport functions and which can be deployed in a flexible way in supporting local government and others in delivering activity across Wales. Whilst not currently aligned to any particular regional arrangements, such a resource will be able to work with or respond to any set of stakeholder or regional arrangements such as JTAs under Option 1 and CJCs under Option 2. On this basis we do not propose to include these costs for either option as they are considered to be the same regardless of the approach adopted.

Other Costs

70. Maintaining separate regional arrangements as described under Option 1 also has wider organisational costs to the Welsh Government in working to ensure the cross-government and cross policy alignment which under a single mechanism would be done at the regional level itself. These costs are considered part of normal Government activity and have therefore not been included as part of this RIA.

Costs to Others

71. Costs may be incurred by other bodies or organisations under Option 1 as a result of setting up new separate regional bodies such as a JTA and SPP. For example it is likely that both would be subject to the duties under the Well-being of Future Generations Act and the requirements of the Welsh Language Standards. Both would therefore be subject to the role of the respective commissioners who may incur an additional cost.

72. It is highly likely a JTA and a SPP would have been subject to the well-being duties under the Well-being of Future Generations Act 2015. Under the do nothing option, therefore, it follows the Future Generations Commissioner would have to monitor and assess these regional bodies

as part of her duties under the Act. The Commissioner currently monitors 44 public bodies under the Act. The Commissioner agrees annually with the Welsh Government the funding required to undertake her full role and functions, and is responsible for making arrangements for the exercise of her roles and functions within those funding parameters. For the purpose of this draft RIA we have assumed the additional burden of monitoring and assessing these regional bodies would be undertaken within the current funding arrangements, and we have not included any additional costs within this RIA.

73. In terms of the Welsh Language Commissioner, 127 bodies are currently complying with Welsh Language standards and over 300 other bodies have statutory or non-statutory Welsh language schemes, all of which are monitored and enforced by the Welsh Language Commissioner. It is also important to note that the functions of a CJC would be existing functions of principal councils and not additional functions. For the purpose of this RIA, the additional burden of preparing notices and monitoring compliance for the additional SPP and JTA bodies under Option 1 is not considered a significant additional burden to the Commissioner and no additional costs have been included.

74. It is worth noting that the costs to the regional bodies of compliance with the Well-being of Future Generations duties has been included in the costs of the JTA (in the same way that they have been included for CJsCs in Option 2 – as part of the overall corporate function). For SPPs these costs are not included as it was felt that the process of preparing the development plan in and of itself would take account of the duties and would therefore not incur an additional cost and could be met within the administrative costs as set out.

Benefits to Local Government

75. A key recommendation from the Working Group was the need for a mechanism to support regional working and collaboration which could reduce the complexity involved in delivering different kinds of regional working arrangements. Maintaining the status quo and multiple regional arrangements clearly would not address this however we have explored the benefits of maintaining the individual approaches under each functional area.

Economic Development

76. The benefits to principal councils of maintaining the existing structures for economic development are that they are largely known or familiar processes and consist of arrangements which have taken time to negotiate and put in place. The negotiation process in itself at times has helped to shape the shared ambition and understanding of the regional arrangements themselves and developed longer term working approaches which have supported the regional strategic decision making processes.

77. Arrangements are mostly undertaken under the Joint Committee approach, an approach which local government is familiar with and reflect the local needs.
78. A number of the regions also have agreed deals with the Welsh and UK Governments which may require revisiting if the city and growth deal arrangements were migrated to the CJC approach. Maintaining the status quo would avoid this risk.

Strategic Development Planning

79. Delivering a SDP under the PCPA is largely voluntary in nature and so the benefits of the status quo is that local authorities will be able to choose if and when to enter into SDP arrangements and therefore whether or not to incur the costs associated with it. They will also be able to develop those arrangements regionally to fit their own desired approach (within the limitations of the PCPA). The costs and benefits of undertaking regional SDPs against continuing with Local Development Plans in each authority was considered as part of the RIA on the PWA⁹ and has not been replicated here, however not undertaking a SDP at a regional level would mean that Strategic issues will continue to be addressed in isolation in each local development plan.

Transport

80. Whilst principal councils are not currently required to work regionally they have previously worked regionally through standalone arrangements under the Regional Transport Consortia. They are therefore familiar, to a certain extent, with stand-alone regional arrangements in this area and may consider it a benefit to retain such stand-alone approaches.
81. It is worth noting however that some regions are currently exploring or establishing arrangements under the city and growth deals to consider transport issues on a regional basis. This suggest a shift towards greater alignment under a single model which aligns to the CJC approach.

Benefits to Welsh Government

82. The main benefit to Welsh Government of maintaining the status quo is that the current structures largely already exist (including in some cases in statute) and are known and understood. In some cases for example through the regional approaches to economic development the existing approaches have already demonstrated some progress. It will be important to support local government to transition existing arrangements to the CJC model, should they chose to do so.

⁹ [Planning \(Wales\) Act 2015 – Explanatory Memorandum](#)

83. In terms of SDPs in the South East work had already begun to initiate discussions on proposals for a SPP. Option 1 would allow this progress to continue and potentially Welsh Government could see a SDP for the SE area on an advanced timescale, although this is not guaranteed. The current approach with LPA's is also largely voluntary which benefits Welsh Government in that collaboration does not have to be compelled.

Option 2 – Implement Policy and Establish CJs

84. Option 2 involves the establishment of CJs via regulations. The majority of how a CJC operates will not be specified within the regulations, CJs will determine this themselves. In developing the RIA therefore it has been necessary to develop a possible range of cost options and estimates based on decisions available to local authorities. In each case below the RIA sets out the assumptions for developing the range of costs shown and seeks to demonstrate a potential minimum or maximum cost for CJs.

85. Presenting the costs in this way, and the assumptions which underpin the estimates, is not intended to describe what a CJC should have in place but illustrate the costs of the possible options available to a CJC.

86. As previously discussed, it is important in this option to reflect local discretion on the governance and delivery arrangements and therefore to present a possible range of costs for Option 2. The costs of establishing and running the regional CJs over the 6-year reference period of this RIA have been identified to be in the range of £10.8m to £16.2m. These costs are shown on an annual basis in Table 7. The RIA then presents further detailed calculations and assumptions which underpin these Option 2 costs.

Table 7 – Overall estimated costs

Year	Minimum Estimate	Maximum Estimate
Year 1	£1,337,070	£1,742,923
Year 2	£2,084,099	£3,100,188
Year 3	£1,834,099	£2,850,188
Year 4	£1,834,099	£2,850,188
Year 5	£1,834,099	£2,850,188
Year 6	£1,834,099	£2,850,188
	£10,757,563	£16,243,862

Costs to Local Authorities¹⁰

87. Within this option we have costed the approach to operating a CJC to include the following areas:

- Staff Costs – management of CJC itself as a corporate body
- Building, Administrative, Support and IT costs
- Audit costs
- Meetings / Governance
- Functional Areas (to include staff costs for the delivery of the functions)
 - Strategic Development (Planning) Functions
 - Transport Functions
 - Economic Development
- Other Costs

88. Whilst the approach to the development of regulations has been one of co-development we have not included any local government costs relating to the development of the regulations. In most cases engagement and co-development has sought to utilise existing structures and meeting arrangements through for example, Lawyers in Local Government, Society of Welsh Treasurers and regional economic fora and so has not incurred substantial additional cost.

Staff Costs

89. The regulations establishing CJsCs will include such provisions for them to be able to employ staff directly and hold assets. Whilst staffing is a matter for the CJC itself there are a number of statutory roles which will be required as part of the regulations and the RIA has made certain additional assumptions on the necessary roles to govern a CJC. The following staff costs are for staff relating to the management of the CJC itself as a corporate body and are calculated on an annual basis. Costs relating to the management of the committees (its governance) and staff costs relating to the delivery of the individual functions are addressed separately.

90. It is assumed that for the period of this RIA few costs will be incurred in the first year as CJsCs are establishing themselves. All staff cost calculations are included in Annex A and a breakdown of all yearly costs, including first year, are provided in Annex B.

91. In line with the approach to considering a 'range of costs' the working assumption for the development of staff cost are:

- Minimum estimates – local authorities to contract staff to CJC with the agreement not to charge overheads for supplying staff, as part

¹⁰ The RIA considers the cost to local government. The regulations will require the constituent local authorities to ensure the CJC is appropriately funded so even when the costs are within the CJC it is considered, and therefore presented as such in this RIA, as a cost to Local Government.

of its contribution to the collaborative agenda. Staff provided with assets / equipment to complete role.

- Maximum estimates – CJC to fully employ own staff and all assets required to complete role.

92. In considering the staff costs the RIA considers costs relating to the following:

- Senior officers
- Corporate body functions

Senior Officer Costs

93. The following table includes annual costs for three members of staff to fulfil the roles that would be required by legislation within a CJC; Chief Executive, Finance Officer (section 151 Officer) and a Monitoring Officer. These have been costed at a range from one day a week to full time. The Chief Financial Officer role has not been costed separately as it is assumed that, owing to the nature of CJCs, a separate role is not required in the same way as it is for a Principal Council – i.e. no need for a democratic services committee. It is assumed that the remaining relevant functions (member training, development plans etc) are incorporated into the functions, and therefore the costs of the Corporate Body Function below within the costs of the Head of Corporate Services.

Table 8 – Senior officer costs per annum

Employee	Minimum Estimate	Maximum Estimate
Chief Executive	£37,078	£171,129
Finance Officer (151 Officer)	£24,752	£114,241
Monitoring Officer	£17,526	£80,887
	£79,356	£366,257

Staff Costs Associated with Corporate Body Function

94. The RIA considers the functions reasonably required for the running of a corporate body such as the CJC. These include Finance, Legal, HR, ICT/Facilities and Corporate. Any reference to salary points are a reference to the relevant point from the National Joint Council for Local Government Services (NJC) agreement April 2018-20.

95. Costs assumptions

- Minimum estimates – the assumption was made to cost a point 35 at one day per working week for each of the HR, ICT, Facilities and Corporate functions. When it came to Legal and Finance it was considered reasonable, due to the higher qualifications required to complete these roles, to cost a point 43 at one day per week for each role.
- Maximum estimates – the assumption here was for a full team under a Head of Corporate Services to cover all functions. This is set out in the organogram (for illustrative purposes) provided

below with the individual staff cost calculations included in Annex A.

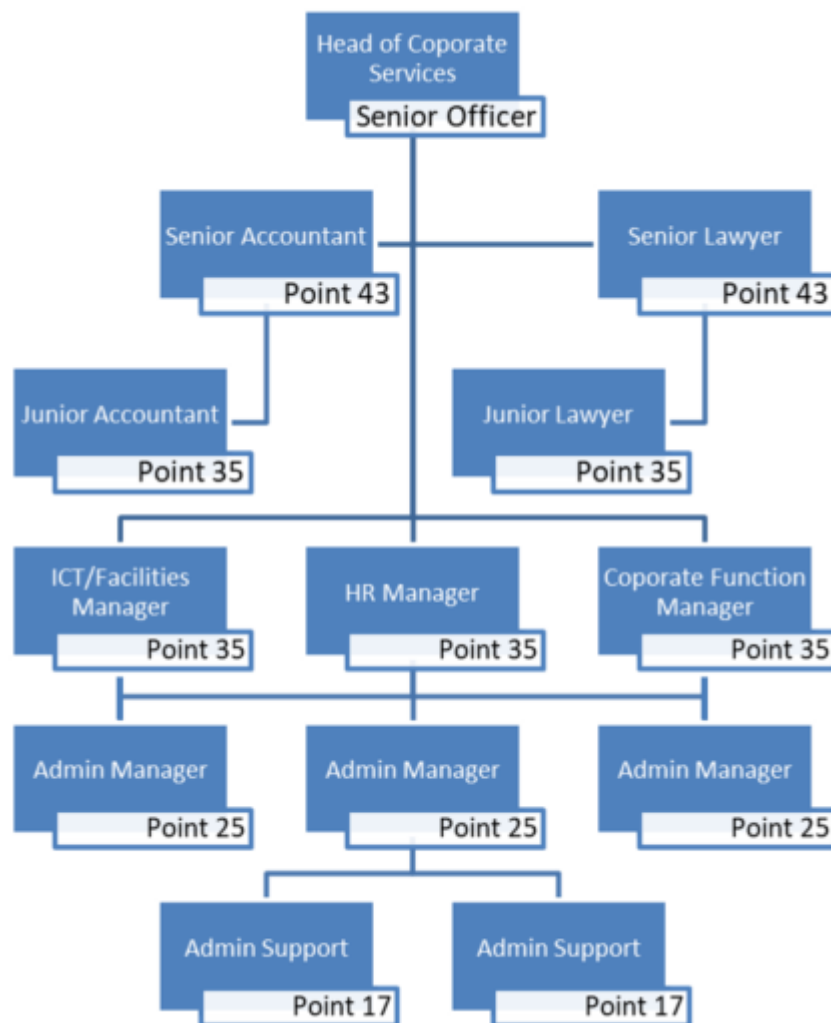


Table 9 – Function costs per annum

Function	Minimum Estimate	Maximum Estimate
Finance	£12,841	£124,649
Legal	£12,841	£124,649
HR	£10,661	£123,459
ICT/Facilities	£10,661	£123,459
Corporate	£10,661	£123,459
	£57,665	£619,677

Building, Administrative, Support and IT Costs

96. There are a range of potential costs associated with the setting up and running of a CJC that relate for example to buildings, administrative support and IT costs. Initial investment may also be needed for desktop or laptop computers, servers, mobile phones, projectors,

printers/photocopiers and peripheral kit and cabling. Negotiation on each of these items is likely to reduce the costs, but it is difficult to estimate the extent until the process begins.

97. As with many other areas of CJC governance much of the cost-base will depend on the decisions a CJC makes on how it established and staffs itself. For the purpose of the Building, Administrative, Support and ICT costs we have assumed that the Minimum costs would be zero on the assumption that these will be absorbed locally or within the administrative services or functions of the relevant constituent authorities. Maximum estimates are set out in Table 10.

Table 10 – Summary of Administrative Costs

Type of Cost	Cost	Units	Source	Total
Fit Out*	£450 per sq/m	200	Link	£90,000
Admin Cost	£3,428.33 per FTE	26.5	Link	£545,104
Recruitment*	£2000 per FTE	26.5	Link	£53,000
ICT Licences	£315.57 per FTE	26.5	Link	£50,176
Laptop and Peripherals*	£720 per FTE	26.5	Link	£19,080
Phones and Broadband	£506.67 per FTE	26.5	Link	£80,561
*One off cost				£837,921

Audit

98. As a public authority that is subject to the provisions of the Bill, CJsCs will be auditable public bodies. There will therefore be an annual audit cost as well as an internal audit. For the purpose of this RIA it is assumed that the internal audit functions will be undertaken as part of the Corporate Body Function and therefore the costs are included in the range of staff costs above.

99. In terms of the annual audit the following costs are for a single audit and are calculated using figures provided in the Wales Audit Office Fee Scheme 2020-21 report¹¹. In order to estimate the cost, and owing to the fact that at present there is no comparable local government fee value, the RIA has used comparable expenditure to identify appropriate proxy costs from the fee scheme. As CJC gross expenditure ranges between £1.3m - £3.1m per year (as shown in Annex B), it is comparable to the National Park Authorities in the WAO report and we have therefore used the National Park Authority audit fee as a proxy.

Table 11 – Audit costs

Type of Cost	Minimum Estimate	Maximum Estimate
Annual Audit	£21,000	£34,000
	£21,000	£34,000

¹¹ [Wales Audit Office Fee Scheme 2020-21 Report](#)

Meetings / Governance

100. The regulations establishing CJC's will require CJC's to hold meetings to make key decisions. It is necessary therefore for the RIA to include potential costs for the governance (meetings etc) of the CJC – to include the staff required to administer the meeting arrangements (see below).
101. To note that these costs are for the CJC itself and does not include any reference to / costs for sub-committees. The decisions on having sub-committees will be for the CJC to determine and so have not been included as it would not be possible to predict if CJC's will establish sub-committees. It is assumed that CJC's will assume the governance of all the functions which otherwise may have been undertaken under Option 1 by separate governance arrangements.
102. The number of meetings CJC should hold will not be specified in the regulations, CJC's will determine this themselves. However, in keeping with our approach throughout this RIA we have provided an estimate of the costs based on a possible range (minimum / maximum estimates). As in other cases the costs are not intended to decide or indicate how many meetings a CJC should have, but a range of possible options.
103. Our working assumption for the estimates are:
- Minimum – CJC made up of 2 principal councils to hold quarterly meetings
 - Maximum – CJC made up of 10 principal councils to hold monthly meetings
104. The following costs are for a single meeting and are in addition to the costs associated with a Corporate Body Function. All staff cost calculations associated with the CJC are included in Annex A, and a breakdown of all yearly costs are provided in Annex B.
105. Whilst considering the cost per meeting we have assumed the following:
- Secretariat – the assumption was made to cost a member of staff (point 35 equivalent) for three days per meeting to cover this role. This would include a day to prepare the agenda and meeting logistics, a day to administer the meeting and support the members and a day to write up minutes.
 - Legal – the assumption was made to cost a lawyer (point 43 equivalent) for two days per meeting. The lawyer would be required for a day to offer legal clarification during the meeting and a day to review minutes and documentation for legal accuracy and assurance.
 - Translation – the assumption was made to cost a simultaneous translator for the meeting and a day's translation service (point 35 equivalent) for all minutes and documents.
 - Members – the assumption was made to cost 2 hours for the elected members of each principal council for each meeting.

106. We have not considered any building or meeting room costs as it is assumed that in all cases a CJC will utilise facilities of the constituent local authorities. It is assumed that no CJC will elect to establish or require their own facilities for this purpose.

107. In addition The Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020¹² made provision to enable meetings of local authorities to be held entirely by means of remote attendance. Whilst, these regulations are time-limited, following representations from local government, the Welsh Government is considering potential amendments to the Local Government and Elections (Wales) Bill which will enable such an approach on a more permanent basis. This RIA assumes therefore that most if not all meetings will be held virtually. As a result the RIA also does not include travel time for members or officers in attending CJC meetings.

Table 12 – Cost per CJC meeting

Function	Minimum Estimate	Maximum Estimate
Secretariat	£615	£615
Legal	£494	£494
Translation	£505	£505
Member Time	£130	£652
	£1,744	£2,266

Functional Areas

Strategic Planning Functions

108. The regulations establishing CJsCs will include such provision so as to make a CJC responsible for the preparation, monitoring, review and revision of a SDP.

109. As with Option 1 the costs for the preparation of a SDP have been based on the cost methodology and assumptions outlined in the Regulatory Impact Assessment (RIA) Methodology paper¹³ which accompanied the Planning (Wales) Bill, now the Planning (Wales) Act 2015 (PWA).

110. As previously stated we have not considered the costs and benefits of Local Development Plans versus SDPs as part of this document as such costs were considered as part of the RIA for the PWA. Inclusion of the SDP costs in this RIA is not intended to imply that the cost of the SDP process is in addition to the current planning processes. Consideration of the overall context of SDP has been made in the PWA RIA. Using the information on SDPs from the PWA RIA allows a comparison between the current governance model of a SPP and the proposed CJC model.

¹² [The Local Authorities \(Coronavirus\) \(Meetings\) \(Wales\) Regulations 2020](#)

¹³ [Planning \(Wales\) Bill – Regulatory Impact Assessment Methodology Paper](#) (Section 4)

111. The PWA RIA¹⁴ and the associated methodology paper explored in detail the costs and benefits associated with undertaking and preparing a SDP through a SPP over a 5-year period. This RIA does not seek to reproduce the detailed calculations within the PWA RIA.
112. The costs of introducing SDPs was estimated to be £3,500,000¹⁵ per SDP area – depending on the size of the area and number of authorities included. These costs included staff costs, governance costs (including governance of SPP), specialist staff costs, costs to specific consultation bodies, costs of gathering an evidence base, examination costs and printing and publication costs. It is worth noting that these costs were estimated based on a 10-authority South East Wales area and therefore in terms of the four proposed CJC regions it is likely to be the highest potential cost and other areas are likely to be less than the illustrative example shown here.
113. Ongoing costs relating to the review and revision of an SDP, along with matters relating to general conformity were not included in the PWA RIA as they are considered largely to impact after the SDP has been prepared and therefore outside the scope of the RIA. We have therefore not included any such costs within this RIA either.
114. In the original PWA RIA costings the SPP costs were calculated at £174,398¹⁶. These costs would not be incurred under a CJC approach. Under the Option 2 approach a CJC would replace the role of the SPP in the preparation, monitoring, review and revision of a SDP. The operational costs of the CJC and its subcommittees have been considered previously in this RIA.
115. The costs for the preparation of a SDP in the PWA RIA included a lower and higher estimate. As these values are not significantly different and due to the effect of uprating, for the purpose of this RIA we have considered the higher estimate only – £3,505,325.
116. The total cost of the preparation of an SDP through a CJC therefore is the total costs in the PWA RIA (£3,505,325) less the SPP related costs (£174,398) which is £3,330,927 (at 2015 values).
117. At current prices (applying an uprating of 8.3%) the total cost to a CJC of preparing an SDP is £3,607,394.
118. The PWA RIA detailed that the SDP costs are set out over a 5-year period. The annual cost of preparing a SDP through the CJC therefore is £721,479. It is assumed that for the period of this RIA few costs will be incurred in the first year and so the remaining costs will be spread over

¹⁴ [Planning \(Wales\) Act 2015 – Explanatory Memorandum](#)

¹⁵ 2015 values

¹⁶ 2015 values

Years 2 to 6.

Staff structure for preparing a SDP

119. Staff costs for the CJC have been considered previously within this RIA. It is important to note however that those costs do not include costs for the delivery of the specific functions of a CJC. Staff costs for the preparation of a SDP are included in the overall estimated costs above for preparing a SDP through a CJC.
120. Based on a model for South East Wales the PWA RIA set out an assumed staffing structure to develop a SDP. This included:
- Head of SDP x 0.5
 - Principal Officer x 2
 - Senior Officers x 2
 - Planning Officer
 - Administrative support

Transport Functions

121. The regulations establishing CJC's will include such provision so as to make a CJC responsible for the function of developing a Regional Transport Plan. Each CJC will be required to produce a Regional Transport Plan in the place of local transport plans produced by individual local authorities under the Transport Act 2000.
122. As with the strategic planning function, the staff costs for a CJC do not include costs for the delivery of any of the specific functions. In considering the potential requirements for the delivery of these functions through a CJC it is assumed that a small team will be required to include:
- Head of Transport – equivalent to the civil service Grade 7
 - Senior Transport Manager – equivalent to the NJC pay scale point 43
 - Manager – equivalent to the NJC pay scale point 35
 - Admin Support – equivalent to the NJC pay scale point 17.
123. Table 13 sets out the staff costs. Previously for the core staff costs of a CJC we have set out a range based on the potential individual decisions of the CJC on staffing matters. For the regional transport functions there will clearly be choices for a CJC in how the staff are employed (loan, secondment or direct contract) and where they are accommodated but for the purpose of the RIA we assume that a CJC will require the regional team to be full time. Any additional accommodation costs have been taken into account within the 'Building / Administrative etc.' costs above.

Table 13 – Transport Functions Costs

Employee	Estimate
Head of Transport	£80,887
Senior Transport Manager	£59,268
Manager	£49,204
Admin Support	£30,987
	£189,359

124. An additional £250,000 per year for the first two years would be needed by each CJC for commissioning consultancy support to develop a transport plan and for the consultation on, translation and publication of the transport plan. Once complete costs would be incurred in developing, delivering and monitoring the programme. The cost associated with the delivery of the transport plan has not been included in this RIA as it will be subject to the decisions of the CJC which cannot be predicted at this point.

125. The total cost of the exercise of the transport functions through a CJC is £1,822,075 over the six years.

Economic Development

126. CJCs will be given power to undertake economic development at a regional level. The intention is to enable local authorities to transfer or transition existing arrangements for undertaking economic development at a regional level through, for example the city and growth deals, should the constituent principal councils choose to do so. A case can be made therefore that it is not possible to provide a cost for this functional area as it is dependent on the decisions made by each CJC to incorporate such activity.

127. However throughout this RIA we have sought to set out a range of possible costs for a CJC to undertake its functions at a regional level and the policy intent in this area is clear even though the ultimate decision is for each CJC. It is possible to set out the minimum in this case as should principal councils and their partners elect not to transfer or transition existing arrangements to a CJC and not to utilise the power, there will be no additional costs. The minimum would therefore be zero.

128. In terms of the maximum possible cost. In Option 1 we have considered the average cost of administering the current city and growth deal arrangements as a useful proxy to the cost of undertaking economic development on a regional basis – £690,807. We believe that this will also serve as a useful proxy for the maximum cost estimates for undertaking economic development through a CJC. It should be noted that any costs will be subject to decisions within the CJC including on the level of economic development undertaken at a regional level, staffing structures and office models. There may also be efficiencies from delivering multiple functions through a single structure.

129. For the purpose of this RIA and in line with the cost estimates included in Option 1 we have estimated the costs of undertaking economic development through a CJC to range from £0 - £690,807 annually. For the maximum range we assume that these costs will apply from Year 1. It is unlikely that CJsCs will transfer these functions in from Day 1 and will require time to set up their core governance arrangements before undertaking any activity. The cost in Year 1 is likely to be less.

Other Costs

130. As well as treating CJsCs as part of the 'local government family', the intention is that CJC regulations will also apply core 'public body' duties to CJsCs. This includes the application of duties under the following legislation.

- The Well-Being of Future Generations (Wales) Act 2015,
- The Equality Act 2010 and
- The Welsh Language Standards.

131. Previous RIAs for the Well Being of Future Generations (Wales) Act 2015 and the Welsh Language Standards have sought to set out the 'additional' cost to public bodies, such as principal councils, of implementing the duties. In considering how the duties might apply to CJsCs as new corporate bodies and therefore the costs within this RIA we have considered what this might mean for a CJC if these duties were applied in isolation. These calculations are included for information in Annex C.

132. However in considering the application of these costs to CJsCs as newly established corporate bodies there is an argument that a number of the duties will be able to be undertaken concurrently, both with each other and as part of the vested functions of a CJC. In addition compliance with wider public sector duties such as these should be embedded in public bodies, particularly newly established ones, in the same way as compliance with health and safety legislation for example.

133. The RIA therefore does not seek to account separately for such costs. It is assumed for the purpose of this RIA that exercising such duties will be something which is undertaken by the Corporate Body function of a CJC and the costs are included in the range of costs for this function provided above.

Costs to Welsh Government

134. There is existing resource within the Welsh Government for the monitoring of, and support to, the corporate governance of local authorities. This is separate and in addition to the monitoring and support of distinct functional areas. Whilst there will be some additional requirements as a result of introducing CJsCs it is likely that this can be accommodated within existing resources, particularly as CJsCs will largely

be subject to the same or similar legislation and monitoring requirements as local authorities. The RIA therefore does not include any ongoing costs to Welsh Government associated with monitoring and supporting the corporate governance of CJs as a result of the introduction of CJs.

Economic Development

135. As has been discussed under Option 1, the Welsh Government has resources which it utilises to progress economic development which can be deployed in a flexible way in supporting local government and others in delivering economic development activity across Wales. These are largely aligned to the four proposed CJC regions but also take a local or national approach where needed. Such a resource will be able to work with and respond to any set of stakeholder or regional arrangements such as those existing arrangements under Option 1 and those proposed here under Option 2. On this basis we do not propose to include these costs for either option as they are considered to be the same regardless of the approach adopted.

Strategic Planning

136. The RIA for the PWA¹⁷ estimated that staff resources will be required to support the SDP process which were estimated to have an ongoing annual cost of £57,790 for each SDP area starting in year 2.

Transport

137. As has been previously discussed under Option 1, it is recognised that there is a cost to effective engagement with principal councils to in the delivery of transport across Wales. The Welsh Government has resources which it utilises to support the delivery of transport functions and which can be deployed in a flexible way in supporting local government and others in delivering activity across Wales. Whilst not currently aligned to any particular regional arrangements, such a resource will be able to work with and respond to any set of stakeholder or regional arrangements such as JTAs under Option 1 or CJs under Option 2. On this basis we do not propose to include these costs for either option as they are considered to be the same regardless of the approach adopted.

Costs of producing regulations establishing CJs

138. It is recognised that there will be costs associated with the development of, and engagement with local authorities and other stakeholders on, the CJC regulations. The costs (as included in Table 14) would be one off and, in line with the approach elsewhere in this RIA, will be incurred in the 20-21 financial year. It is worth noting that these

¹⁷ [Planning \(Wales\) Act 2015 – Explanatory Memorandum](#)

costs include costs associated with developing those elements of the regulations associated with each of the three functional areas to be included in the CJC. As the regulations for each regional CJC are largely the same the costs outlined in Table 13 below are the costs to Welsh Government for producing the set of CJC regulations and not each individual regulation.

Table 14 – Costs to Welsh Government of producing regulations to establish CJs

Employee	WG Pay Band	Days Required	Total
Deputy Director	SCS1	5	£2,380
Grade 7	G7	20	£6,741
SEO	SEO	20	£5,223
Lawyer	G7	50	£16,851
Translation	SEO	4	£1,045
			£32,240

Guidance

139. The costs associated with preparing guidance to support the establishment and running of CJs were considered in the RIA for the Local Government and Elections (Wales) Bill and have therefore not been included in this RIA. The Local Government and Elections (Wales) Bill identified that the cost for producing guidance would be £9,000 over the period 2020 to 2021.

Costs to Others

140. As with Option 1, costs may be incurred by other bodies and organisations under Option 2 as a result of setting up new regional bodies such as a CJC. For example CJs will be subject to the duties under the Well-being of Future Generations Act and the requirements of the Welsh Language Standards. CJs will therefore be subject to the role of the respective Commissioners and which may incur an additional cost in monitoring compliance.
141. As is stated in the paragraph above, CJs will be subject to the well-being duties under the Well-being of Future Generations Act 2015. It follows, therefore, the Future Generations Commissioner duties and powers in relation to public bodies listed in s.6 of the WFG Act will extend to the CJs.
142. The Commissioner agrees annually with the Welsh Government the funding required to undertake her full role and functions and is responsible for making arrangements for the exercise of her roles and functions within those funding parameters. For the purpose of this draft RIA we have assumed the additional burden of monitoring and assessing the CJs would be undertaken within the current funding arrangements

and in line with the approach under Option 1, we have not included any additional costs within this RIA.

143. In terms of the Welsh Language Commissioner, under Option 1 we already note that 127 bodies are currently complying with Welsh Language standards and over 300 other bodies have statutory or non-statutory Welsh Language Schemes, all of which are monitored and enforced by the Welsh Language Commissioner. It is also important to note that the functions of a CJC would be existing functions of principal councils and not additional functions. For the purpose of this RIA, as with Option 1, any additional burden of preparing notices and monitoring compliance is not considered significant to the Commissioner and no additional costs has been included.

Benefits to Local Government

144. CJsCs will provide principal councils with a powerful tool to respond to future challenges, and support councils' own ambitions to improve services for the public and simplify partnerships, including as part of the response to and recovery from the Covid-19 pandemic.
145. Establishing the CJC through regulations will provide an opportunity to bring more coherence and less complexity in the approach to regional governance arrangements in the three functional areas proposed. The CJC offers the opportunity to streamline existing collaboration arrangements; thus providing the clarity and consistency local authorities are seeking, reducing the complexity and duplication of effort and resource and providing the catalyst to increase the pace and extent of collaborative arrangements.
146. Currently, considerable time and effort is absorbed in creating and recreating the practical working arrangements for joint working. For example, identifying which authority will lead on the finance, which will be the employer and which partners need to be involved. One of the main benefits of the CJC model is that CJsCs will provide a ready-made structure (a corporate body) for collaboration and will be able to employ their own staff, hold assets and funding. The CJC model provides a collaboration mechanism with clarity about the governance arrangements and the respective roles and responsibilities of their members.
147. Significant leadership time and corporate overhead is also invested in developing and running each of the individual collaboration approaches under Option 1 and in dealing with the complexity that separate approaches bring. The CJC approach offers an opportunity to rationalise such approaches and simplify collective and collaborative responses to the future challenges public services will face.
148. The CJC model provides a single consistent mechanism, established in statute, for the delivery of key strategic functions at a scale where it makes sense to do so. CJsCs will enable local government to develop

approaches suitable for incorporating the wide range of diverse activities undertaken in endeavours to achieve economic development in the most streamlined ways possible. Establishing the CJC through statute also provides the certainty required for longer term strategic planning and delivery.

149. CJs place principal council leaders at the centre of the decision making process ensuring that they are able to reflect the needs of their communities and that they remain democratically accountable through their local authorities for the decisions they make. The CJC mechanism as set out in the regulations allows for considerable flexibility for principal councils to create their own arrangements within the CJC model to ensure they are able to reflect and respond to those local needs.

150. The regulations have also been developed in such a way as to ensure that CJs are treated as a member of the 'local government family' and therefore largely subject to the same powers and duties as local authorities in the way that they operate. The way that CJs operate is designed so as not to create new and unfamiliar procedures or obligations and to deliver to largely the same or similar legislation as applies to local government.

151. CJs will also benefit local authorities through:

- enabling planning and service delivery at a scale which maximises benefits for service users;
- realising the potential of collective effort in tackling common challenges and deliver innovative solutions;
- enabling collaboration to build the specialist skills needed in key service areas;
- rationalising current arrangements, reduce duplication and focus on a consistent way of democratically governing collaborative arrangements; and,
- strengthening collective leadership, accountability and democracy.

152. CJs provide a powerful tool in which local authorities can work collaboratively and at scale to plan and deliver the key strategic functions that will be needed to respond to and recover from the recent Covid-19 pandemic. The CJC will build on the new behaviours, commitments and collaboration that have occurred during this time helping further develop and lock in the transformation of organisational working. CJs will help to align the individual front line community based service delivery with the collaborative and strategic actions required at a regional scale to drive recovery, to rebuild and to reinvest in modern local economies.

Benefits to Welsh Government

153. Establishing a CJC for the delivery of economic development, strategic planning and regional transport planning functions provides an effective and consistent structure to support the Welsh Government in the development and implementation of national and regional policies.

154. The CJs provide a consistent approach by local government for strategic regional governance, planning and service delivery. The CJC model therefore provides benefits to Welsh Government in terms of more coherent engagement, planning and delivery of services with local government at a regional level, reducing duplication of effort and increasing potential impact. In the case of SDPs the CJC approach also maintains and reinforces the role of National Park Authorities in the process.
155. Welsh Government will benefit from being able to develop shared roadmaps for working together with the CJs to deliver economic development priorities with CJs at an appropriate scale and which are aligned with transport and land use planning approaches to develop successful regional economies and encouraging local growth. CJs provides a vehicle in which Welsh Government can invest and provide grant funding to deliver activities at scale to achieve regional economic ambitions.
156. Prosperity for All: the national strategy commits the Welsh Government to delivering a regionally-focussed model of economic development. This cross-government mandate is designed to deliver against the requirements of the Well-being of Future Generations Act and sets an imperative to integrate policy, programmes and interventions to better tackle inequalities and support sustainable and inclusive growth in all parts of Wales. CJs provide a mechanism with which the Welsh Government can work to deliver this regionally focussed approach, one that is fully aligned to the strategic planning and transport planning functions which help to underpin economic development.
157. The recent consultation on 'A Framework for Regional Investment in Wales – Securing Wales' Future¹⁸ emphasised the need for a body with the legal ability and the operating capacity to work at the regional level to support the decentralisation of funding and decision making closer to the people they aim to benefit.
158. The OECD Multi-level Governance Review: The Future of Regional Development and Public Investment in Wales, UK¹⁹ noted that introducing a vehicle such as the CJC could reinforce subnational capacity to deliver on regional development planning, aligning with a broader national regional development strategy and consolidating other relevant planning requirements.
159. The OECD also noted that CJs could contribute to the multi-level governance of regional development and investment in Wales in a number of ways. For example by bringing together local authorities within a specific area, CJs facilitate intervention at a regional level, generating scale.

¹⁸ [A Framework for Regional Investment in Wales – Securing Wales' Future](#)

¹⁹ [The Future of Regional Development and Public Investment in Wales, UK](#)

160. CJs will also maximise opportunities to address regional and local inequalities, helping Welsh Government and participating partners to contribute to the Well-being Goals for Wales. The proposed CJC model also provides the opportunity to simplify and streamline existing legislation and collaboration approaches within the Welsh Government that provide for regional collaboration arrangements. In the longer term the CJC offers the opportunity to explore (subject to agreement and legislation) potential devolution of additional responsibilities to local authorities.

Benefits to Others

161. Allowing for the creation of a single consistent mechanism for collaboration provides an additional option for principal councils to ensure the sustainability and quality of the services delivered to their citizens.

162. A more simplified and consistent model for collaboration amongst principal councils provides an opportunity to simplify collaborative working across the public sector. Representatives of public service bodies sit on multiple boards and CJs will provide an opportunity to reduce the number of interactions; which have been consistently called for across the public sector. The flexibility in the design of the Regulations provides for a wider membership of the CJs, if appropriate, including other public service bodies or organisations. Such an approach offers benefits in terms of the engagement of partners and the evolution of existing and future structures such as the city and growth deals.

Comparison of Option Costs

163. The cost-benefit analysis has sought to demonstrate the costs of Option 1 and Option 2. Both options have been assessed using the best information available to the Welsh Government.

164. For both options the RIA presents a possible range of costs over the 6-year period. Table 16 compares these costs and shows the estimated additional cost of establishing CJs over that 6-year period.

Table 16 – Comparison of costs of Option 1 and Option 2

Cost	Minimum Estimate	Maximum Estimate
Option 1	£10,957,030	£16,455,847
Option 2	£10,757,563	£16,243,862
Net Savings for Option 2	£199,467	£211,985

165. The net cost savings therefore of establishing CJs is estimated to be in the ranges of £199,467 to £211,985 over the 6-year period up to March 2027.

166. This saving is mainly attributed to the additional cost that would be required to complete SDPs under Option 1 as well as the member time required to attend meetings on all three functional areas.
167. There is also a non-financial benefit of Option 2 and that is to provide more coherence and less complexity in the approach to regional governance arrangements. It supports the alignment of existing collaboration arrangements under a single approach to enable more strategic and coordinated decision making at scale. CJsCs will support principal councils to align the individual front line community based service delivery with the collaborative and strategic actions required at a regional scale to drive recovery from Covid 19, to rebuild and to reinvest in modern local economies.
168. Once established CJsCs can provide the catalyst for greater collaboration in a number of areas where a more strategic approach to the planning and delivery of services can achieve efficiencies through scale and more effective service delivery for citizens and communities.

Preferred Option

169. Option 1 proposes no change from the status quo. The benefits of a single coherent and consistent mechanism for collaboration will not be realised.
170. Option 2 would deliver a single coherent and consistent mechanism for collaboration responding to the recommendations of the Working Group. Option 2 is the preferred option.

8. Consultation

Please refer to section 5.

9. Competition Assessment

No effect on competition have been identified as part of the development of these regulations

10. Post implementation review

- 10.1 As part of the local government family, CJsCs will be subject to a number of audit requirements and will operate as part of the performance and governance regime in the Local Government and Elections (Wales) Bill. The strategic planning and transport functions will also have separate performance measures and monitoring requirements either within the establishing regulations or the relevant legislation being transferred. The CJsCs will also be required to produce annual accounts.
- 10.2 The effectiveness of CJsCs and therefore the regulations establishing CJsCs will be monitored as part of these annual processes and, if necessary, the framework within the Bill allows amending regulations to be made.
- 10.3 It is important to note that the effective use of the CJC mechanism will depend on the principal councils involved and the individual decisions each CJC makes as to how it is run and how it discharges its functions. It will therefore be for the CJsCs themselves to monitor and manage the effectiveness of these arrangements and secure optimal effectiveness.

Annex A – Regulatory Impact Assessment Staff Costs Calculations

On-costs

A1. On-costs are any additional costs that need to be taken into account, in addition to salary, to budget the full employment costs of a staff member. On-costs include the following:

- National Insurance
- Pension
- Allowances.

A2. For all staff cost calculations, 30% has been added for on-costs.

Local Government Staff

A3. Local government staff costs are based on the [National Joint Council for Local Government Services \(NJC\) agreement April 2018-20](#)

A4. Each principal council sets its own rates based on the NJC pay scale. To calculate staff costs below senior principal officer level, we have used pay rates from the NJC agreement at:

- point 17 of the scale (£23,836) which corresponds to the top of the civil service TS pay scale
- point 25 of the scale (£28,785) which corresponds to the top of the civil service EO pay scale
- point 35 of the scale (£37,849) which corresponds to the top of the civil service HEO pay scale; and
- point 43 of the NJC scale (£45,591) which corresponds to the top of the civil service SEO pay scale.

A5. Above are based on the [2019-20 Welsh Government pay rates](#)

Table A1: Local Government Staff Costs

Role	NJC Pay Band	Annual Salary	Gross Salary*	Monthly	Weekly	Daily
Admin Support	Point 17	£23,836	£30,987	£2,582	£646	£129
Junior Manager	Point 25	£28,785	£37,421	£3,118	£780	£156
Manager	Point 35	£37,849	£49,204	£4,100	£1,025	£205
Senior Manager	Point 43	£45,591	£59,268	£4,939	£1,235	£247

Senior Officers

Senior Officer

A6. The NJC agreement does not extend to senior officers and the rates differ from council to council. Therefore, following the same approach as the RIA for the Local Government and Elections (Wales) Bill²⁰, we have calculated our senior officer salary on the equivalent of the Civil Service grade 7.

Statutory Officer

A7. The NJC agreement does not extend to statutory officers and the rates differ from council to council. Therefore, we have calculated our statutory officer salary on the equivalent of the Civil Service deputy director.

Chief Executives

A8. The 2019 pay policy statements have again been used to establish an average salary for Chief Executive. Where the pay policy statement provides for a salary range, the median figure has been used.

²⁰ [The Local Government and Elections \(Wales\) Bill – Explanatory Memorandum](#)

Table A2: Calculation of Salary Costs for Chief Executives:

County	2019 (£)	County	2019 (£)
Anglesey	117,912	Gwynedd	110,802
Blaenau Gwent	103,684	Neath Port Talbot	136,008
Bridgend	134,476	Newport	136,598
Caerphilly	151,938	Pembrokeshire	137,972
Cardiff	180,423	Powys	136,490
Carmarthen	166,664	Swansea	142,814
Ceredigion	108,975	Torfaen	111,278
Conwy	115,378	Vale of Glamorgan	134,930
Denbighshire	130,674	Wrexham	113,415
Flintshire	130,689	Average	131,638

A9. Based on the above figures, the average salary for Chief Executive has been assumed at £131,638, including on-costs of 30%, this totals £171,129.

Table A3: Senior Officer Staff Costs

Role	WG Pay Band	Average Gross Salary	Monthly	Weekly	Daily
Senior Officer	G7	£80,887	£6,741	£1,685	£337
Statutory Officer	SCS1	£114,241	£9,520	£2,380	£476
Chief Executive	N/A	£171,129	£14,261	£3,565	£713

Members

A10. Elected members of principal council costs are based on the [2019-20 Independent Remuneration Panel for Wales report](#)

A11. Based on the figures provided in the report, the average salary for a Leader has been assumed at £48,148, including on-costs of 30%, this totals £62,592.

A12. As discussed in para 3.9.1 of the report:

In 2009 the Panel concluded that Executive members should be considered as working the equivalent of full-time (up to 40 hours per week) but not necessarily nine to five.

A13. Therefore for member salary costs:

- Monthly rates have been calculated by dividing annual gross salary by 12 months.
- Weekly rates have been calculated by dividing monthly rates by 4 weeks;
- Daily rates have been calculated by dividing weekly rates by 5 days.
- Hourly rates have been calculated by dividing weekly rates by 40 hours

Table A4: Member Staff Costs

Role	Average Gross Salary	Monthly	Weekly	Daily	Hourly
Elected Member	£62,592	£5,216	£1,304	£261	£33

Welsh Government

A14. Welsh Government staff costs are based on the 2019-20 civil service average pay band costs. These have been calculated from the [2019-20 pay rates](#)

A15. For all salary costs, both Welsh Government and Local Government:

- Monthly rates have been calculated by dividing annual gross salary by 12 months.
- Weekly rates have been calculated by dividing monthly rates by 4 weeks;
- Daily rates have been calculated by dividing weekly rates by 5 days.

Table A5: Welsh Government Staff Costs

Role	WG Pay Band	Average Gross Salary	Monthly	Weekly	Daily
Admin Support	TS	£30,741	£2,562	£640	£128
Junior Manager	EO	£37,775	£3,148	£787	£157
Manager	HEO	£48,655	£4,055	£1,014	£203
Senior Manager	SEO	£62,678	£5,223	£1,306	£261
Senior Officer	G7	£80,887	£6,741	£1,685	£337
Statutory Officer	SCS1	£114,241	£9,520	£2,380	£476

Annex B – Summary of Yearly Costs

Table B1: Summary of all Minimum Estimates for Option 1

Cost Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Economic Development	£690,807	£690,807	£690,807	£690,807	£690,807	£690,807	£4,144,842
Transport	£614,023	£614,023	£364,023	£364,023	£364,023	£364,023	£2,684,136
Strategic Plan Functions	£0	£760,000	£760,000	£760,000	£760,000	£760,000	£3,800,000
Member Time	£522	£522	£522	£522	£522	£522	£3,130
Producing Regulations	£35,972	£0	£0	£0	£0	£0	£35,972
Welsh Government SDP Support	£0	£57,790	£57,790	£57,790	£57,790	£57,790	£288,950
Total	£1,341,323	£2,123,141	£1,873,141	£1,873,141	£1,873,141	£1,873,141	£10,957,030

Table B2: Summary of all Maximum Estimates for Option 1

Cost Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Economic Development	£690,807	£690,807	£690,807	£690,807	£690,807	£690,807	£4,144,842
Transport	£1,019,877	£1,630,112	£1,380,112	£1,380,112	£1,380,112	£1,380,112	£8,170,435
Strategic Plan Functions	£0	£760,000	£760,000	£760,000	£760,000	£760,000	£3,800,000
Member Time	£2,608	£2,608	£2,608	£2,608	£2,608	£2,608	£15,648
Producing Regulations	£35,972	£0	£0	£0	£0	£0	£35,972
Welsh Government SDP Support	£0	£57,790	£57,790	£57,790	£57,790	£57,790	£288,950
Total	£1,749,263	£3,141,317	£2,891,317	£2,891,317	£2,891,317	£2,891,317	£16,455,847

Table B3: Summary of all Minimum Estimates for Option 2

Cost Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Senior Officers	£79,356	£79,356	£79,356	£79,356	£79,356	£79,356	£476,134
Corporate Body Function	£36,344	£36,344	£36,344	£36,344	£36,344	£36,344	£218,062
Meetings	£6,977	£6,977	£6,977	£6,977	£6,977	£6,977	£41,865
Audit	£21,000	£21,000	£21,000	£21,000	£21,000	£21,000	£126,000
Economic Development	£690,807	£690,807	£690,807	£690,807	£690,807	£690,807	£4,144,842
Transport Functions	£470,346	£470,346	£220,346	£220,346	£220,346	£220,346	£1,822,075
Strategic Plan Functions	£0	£721,479	£721,479	£721,479	£721,479	£721,479	£3,607,395
Producing Regulations	£32,240	£0	£0	£0	£0	£0	£32,240
Welsh Government SDP Support	£0	£57,790	£57,790	£57,790	£57,790	£57,790	£288,950
Total	£1,337,040	£2,084,099	£1,834,099	£1,834,099	£1,834,099	£1,834,099	£10,757,563

Table B4: Summary of all Maximum Estimates for Option 2

Cost Type	Year 1*	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Senior Officers	£79,356	£366,257	£366,257	£366,257	£366,257	£366,257	£1,910,641
Corporate Body Function	£134,263	£619,677	£619,677	£619,677	£619,677	£619,677	£3,232,649
Building, Admin, Support and IT	£274,720	£112,640	£112,640	£112,640	£112,640	£112,640	£837,921
Meetings	£27,192	£27,192	£27,192	£27,192	£27,192	£27,192	£163,149
Audit	£34,000	£34,000	£34,000	£34,000	£34,000	£34,000	£204,000
Economic Development	£690,807	£690,807	£690,807	£690,807	£690,807	£690,807	£4,144,842
Transport Functions	£470,346	£470,346	£220,346	£220,346	£220,346	£220,346	£1,822,075
Strategic Plan Functions	£0	£721,479	£721,479	£721,479	£721,479	£721,479	£3,607,395
Producing Regulations	£32,240	£0	£0	£0	£0	£0	£32,240
Welsh Government SDP Support	£0	£57,790	£57,790	£57,790	£57,790	£57,790	£288,950
Total	£1,742,923	£3,100,188	£2,850,188	£2,850,188	£2,850,188	£2,850,188	£16,243,862

* Assumption that it would take a year to employ people in post therefore each member of staff is contracted from LA for one day per working week for first year

Annex C – Illustrative ‘Public Body’ costs

C1. The regulations establishing CJsCs will seek to apply existing ‘public body’ duties to a CJC including the application of duties under the following legislation.

- The Well Being of Future Generations (Wales) Act 2015,
- The Welsh Language Standards.

C2. This Annex considers, for illustrative purposes only, the potential costs of applying these duties to a CJC as stand-alone and additional duties. However as has been stated the RIA does not seek to separately account for such costs. It is assumed for the purpose of this RIA that exercising such duties will be something which is undertaken by the Corporate Body function of a CJC and the costs are included in the range of costs for this function provided above. Translations costs are also included as part of the Meetings / Governance costs and within each functional area.

Well-being of Future Generations (Wales) Act 2015

C3. Chapter 7 of the Explanatory Memorandum (incorporating the Regulatory Impact Assessment) of the Well-being of Future Generations (Wales) Bill²¹ sets out the costs of implementing the duties to improve the governance arrangements to improve the well-being and sustainable development for Wales under the Well-being of Future Generations (Wales) Bill for a number of public bodies including local authorities.

C4. Under these duties the named public sector bodies are required to set, achieve and report against objectives in accordance with the sustainable development principle, that achieve a set of shared long term well-being goals for Wales, thereby ensuring that the needs of future generations are taken into account in governance arrangements for improving the well-being of Wales.

C5. It is important to note that in considering the additional costs of the relevant duties on public bodies the RIA for the Well-being of Future Generations (Wales) Bill states:

‘The implications for organisations will depend upon the strategies they develop to meet the well-being objectives they set in response to the legislation. Decisions taken by organisations in both setting and achieving their well-being objectives include the exercise of discretion. This allows the decision makers within the organisation to make a choice about what course of action will best enable them to meet their objectives. Since these objectives have yet to be set and the associated responses have yet to be developed and agreed by organisations, it is in principle not possible to quantify their costs and benefits in any meaningful sense at this stage, the range of potential actions and outcomes is simply too broad. It is for the organisations themselves to find the best sustainable solutions in the

²¹ [Well-being of Future Generations \(Wales\) Bill – Explanatory Memorandum](#)

context in which they operate and it is not appropriate for this legislation to define exactly the individual solutions and actions for each organisation.’

C6. Table C1 does not seek to quantify the costs and benefits of achieving the objectives but considers those potential costs, were these being considered in isolation, of setting, monitoring and reporting corporate objectives as outlined in the Well-being of Future Generations (Wales) Bill RIA (table 17). In considering the costs outlined in the RIA for the Well-being of Future Generations (Wales) Bill we have taken an average of the principal council costs outlined in table a7 of the RIA for the Well-being of Future Generations (Wales) Bill (i.e. taken total local authority costs and divided by 22²²) and applied to a CJC – see the Table A below.

C7. In doing so it should be recognised that this would only ever reflect an indicative cost. For a CJC, as a stand-alone cost it would likely to be lower as a CJC will have significantly fewer functions than a principal council and so setting and reporting on objectives would likely to be a less costly task.

Table C1: Illustrative costs of application of well-being duties to CJC as stand-alone additional duties

Type of Cost		Year 1	Years 2 - 6
Transitional and Recurrent costs	Corporate Objectives	£ 78,691	£ -
	Updating and Reporting	£ -	£ 30,834
		£ 78,691	£ 30,834

The Welsh Language Standards

C8. Principal councils currently comply with The Welsh Language Standards (No. 1) Regulations 2015 (the No 1. Regulations) and are included as bodies in schedule 6 to the Welsh Language (Wales) Measure 2011 (currently as county borough councils and county councils). The No. 1 Regulations were prepared to make standards specifically applicable for Welsh Ministers, county councils or county borough councils in Wales, and National Park Authorities in Wales.

C9. As part of the ‘local government family’ approach to the development of CJs, and for illustrative purposes only, we have assumed that the CJC regulations apply the No. 1 Regulations to a CJC as if it were a principal council. For the purpose of this RIA therefore we have considered the average local authority costs as set out in the Explanatory Memorandum²³ which accompanied the No. 1 Regulations as they apply to local authorities.

C10. It is important to note that the RIA for the No. 1 Regulations considered the costs to local authorities associated with the existing Welsh Language

²² These values have been subject to the GDP deflator at 8.275496%.

²³ [Welsh Language Standards \(No. 1\) Regulations 2015 - Explanatory Memorandum](#)

Schemes as operated under the Welsh Language Act 1993 and the additional costs of implementing the standards as applied through the No. 1 Regulations. For the purpose of this RIA therefore we have included both costs in order to demonstrate the possible total cost to a CJC²⁴.

C11. In doing so, it is important to note that this can only reflect an indicative cost and as a stand-alone duty is likely to be significantly lower as a CJC will have significantly fewer functions than a local authority and so implementing the standards is likely to be a less costly task. It is also worth noting that the No.1 Regulations were made in (and costed) in 2014. Relevant bodies, including principal councils, will have had the opportunity to develop more innovative and efficient ways of complying with the standards – for example using ICT to facilitate translation and sharing resources.

C12. The indicative costs in the table below also assumes that a CJC establishes procedures and undertakes the necessary activity wholly independently of its constituent principal councils – so in terms of the modelling within this RIA would represent the absolute greatest possible cost.

Table C2: Illustrative costs of implementing Welsh Language Standards

	Annual Cost
Existing Welsh Language Schemes as operated under the Welsh Language Act 1993	£ 197,025
Total additional cost of Implementing Standards (as per No.1 Regulations)	£ 255,643
	£ 452,668

C13. It is important to emphasise that, as stated in the RIA on the No. 1 Regulations, the above illustrative figures are estimates only, and that a more accurate evaluation of the costs would only be possible when the Commissioner has issued compliance notices to the CJs. CJs will also benefit from the experience and resources of the constituent principal councils and so the costs are likely to be significantly lower.

²⁴ These values have been subject to the GDP deflator at 8.3%.