



Ein cyf/Our ref DC/RE/00664/22

All Chairs and Vice Chairs  
Corporate Joint Committees

27 September 2022

Dear Chairs and Vice Chairs,

I was very pleased to have opportunity over the summer to individually meet with the Chairs and Vice Chairs from each of the four Corporate Joint Committees (CJCs). These meetings allowed me to hear about the continued progress being made and ambitions of each CJC following the local government elections in May. I am very grateful for all the hard work colleagues across Wales have already undertaken to establish these important new vehicles for regional collaboration.

CJCs provide a 'ready-made' consistent and accountable mechanism to support regional collaboration, and opportunity for existing arrangements to evolve and make use of the additional tools that a corporate body offers. Aligning economic development, transport and land use planning approaches in the CJC provides an opportunity to consider and capitalise on the interdependencies between them. I am confident this will allow you to deliver your regional ambitions, develop successful regional economies and encourage local growth. I was pleased to hear about the structures you are putting in place to take this work forward.

It is important to continue to stress the regulatory framework which underpins the work of CJCs is designed to provide you with flexibility and enable local discretion. How a CJC delivers its functions, and operates more generally, will largely be for determination by you and your members. It is important your CJC evolves to meet the specific needs, ways of working, and ambitions of each region—and I welcome this variation.

It is of course reasonable to expect there would be a small number of technical issues which emerge as CJCs are implemented, and some other questions were raised in these meetings that I thought all regions would appreciate clarification on to enable you to plan in confidence for the next financial year.

As you know, the UK Government has confirmed it will legislate to admit the four CJCs into the VAT refund scheme. CJCs will be eligible to receive a refund of the eligible VAT they incur from the date an Order is made.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

[Correspondence.Rebecca.Evans@gov.wales](mailto:Correspondence.Rebecca.Evans@gov.wales)  
[Gohebiaeth.Rebecca.Evans@llyw.cymru](mailto:Gohebiaeth.Rebecca.Evans@llyw.cymru)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

UK Government previously indicated this change would take effect by the 1 December. HM Treasury have however informed us that following the tragic death of Her Majesty the Queen they have amended Parliamentary timetables to take account of the period of mourning. They now estimate this change to VAT rules will come into force by 1 March. Whilst this delay is disappointing, this should still allow CJsCs to plan with confidence to operate with increased budgets next financial year.

Legislation to address remaining issues which relate to other non-devolved areas, including providing for CJsCs to have direct access to borrowing via the Public Works Loans Board and changes in relation to Corporation Tax, is also being planned. Whilst I understand the frustration felt by partners, unfortunately I do not yet have a definitive timetable for these changes to be made. I want to reassure you however it remains a priority.

Under current legislation, CJsCs are not exempt from Corporation Tax. My officials are in discussion with HMRC and HM Treasury to establish whether exemption is possible, but for the time being, you should assume Corporation Tax will apply. A CJC would only be eligible to pay Corporation Tax on any profits made. As HMRC would not expect the first Corporation Tax returns and accounts from CJsCs until 2024, we still have time to seek to obtain an exemption.

However, while these are issues that I know you need clarity on for future planning it is less clear these are issues which constitute immediate barriers to progress. I am therefore grateful for the offers you made to share details about the specific immediate issues your CJsCs would face until you are exempted from Corporation Tax. This will inform the discussions my officials are having with UK Government to explore whether, in advance of the required legislative changes, it might be possible to agree in the meantime that certain activities which CJsCs might undertake could be exempted from Corporation Tax.

CJsCs are not currently able to borrow from the Public Works Loans Board (PWLb). Until the UK legislation is amended to provide for this, regions will be able to identify a lead principal council to obtain loans to undertake regional activities at the favourable rate provided by the PWLB. Whilst I know this is not ideal, involving as it does underlying agreements between constituent councils of the CJC, this is obviously the approach which has previously been taken under the City and Growth Deals.

I also undertook to provide further clarity on the role of National Park Authorities (NPAs), specifically in relation to the approach to determining NPAs contributions to budgets. The CJC must agree its budget requirements, including from the relevant NPA in relation to the strategic planning function. There is deliberate flexibility to allow you to determine arrangements appropriate for your area. However, there may be value in discussing and comparing approaches you have adopted to determining the contribution provided by NPAs. I understand your officers are engaging on the common issues and challenges they face in establishing CJsCs and this could be a useful area to consider. My officials have also recently shared a note via the WLGA in relation to the role of NPAs within a CJC which I hope has been of use.

I know each region is carefully considering how their CJsCs will operate, including potentially how they will be 'branded' to build on rather than lose the reputations established by the city and growth deals. For example, colleagues in South-East Wales already refer to themselves as the Cardiff Capital Region CJC. I welcome this type of activity which could help ensure each CJC is more closely aligned to the collaborative history, ambition, and identity of the region.

Whilst significant progress has been made, I do not underestimate the challenges you face to transition existing arrangements into your CJC and to begin to exercise your functions. My officials stand ready to provide advice to support your ongoing implementation.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive style with a large initial 'R'.

**Rebecca Evans AS/MS**

Y Gweinidog Cyllid a Llywodraeth Leol  
Minister for Finance and Local Government

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