

CCR City Deal Status Update – March-September 2020

CCR Overview and Scrutiny Committee

Investment & Intervention Fund: Overall Progress Update

30 projects with 'status' in the CCR Investment Fund*

Total Investment request of c.£390M

Investment Leverage of c.£4.05Bn

Jobs created of c.33,500

** Projects in the pipeline – not approved projects. Some projects will drop off.*

** Illustrative only. 'Portfolio' on track regarding targets. Capacity remains for new ideas and new proposals.*

Approved Projects so far

- 5 schemes with Full Business Case approvals:
 - CSC Project £38M
 - CCR Graduate Scheme £2M
 - Metro Plus £15M
 - Cool Plasma Technology £2M
 - Homes for all the Region £45M
- Leverage c£1.2-1.5BN

(It should also be noted that Metro Central is also drawing down funds for design and feasibility and Full Business Case production >£4M and that the Local Full Fibre Network scheme of £7M DCMS funds is now also for the whole region)

9 March Cabinet (Pre-Covid)

Full approval of Homes for all the Region (£45m) fund comprising:

- Viability Gap Fund
- SME Finance Fund

Full approval of phase 1 Metro Central – design & business plan with DfT

Full approval of CCR Graduate Scheme

Early stage approvals on 5G Wales, Full Fibre to Premise Scheme for 330k properties and Coryton Life Sciences Park

Work during Covid Lockdown

- Pace and intensity ramped up:
- Since lockdown commenced:
 - 6 meetings of public-private Investment Panel
 - 3 formal meetings of Regional Cabinet including AGM
 - 5 cabinet briefings
 - 2 meetings of RTA
 - 2 meetings REGP
 - 1 meeting programme board
 - 1 meeting CSC Foundry Board

Policy developments - Covid and beyond – new priority set

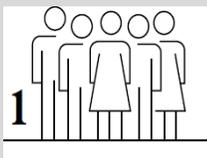
Phase 1

Reaction

Planning Horizons

Resolve

Determination of the scale, pace and actions required



Resilience

Navigating new competitive landscapers, balancing economic and social sustainability



10 Priority Areas

1. Helping CCR businesses navigate the funding support packages available and surfacing gaps in provision.

This will include:

- identifying and distributing all relevant information through our communication channels.
- Undertaking occasional pulse surveys for feedback on accessibility and adequacy and raising awareness of arising issues with all relevant institutions and bodies.

2. Building a strong evidence base to enable ongoing assessment of Regional Economic Health

This will include:

- Utilising the analytical capability of the School of Economic Geography at Cardiff University to create a regional data dashboard of Key Performance Indicators.
- Obtaining regular feedback from our Economic Growth Partnership, Business Council Regional Skills Partnership and other stakeholder groups to surface issues and opportunities and maintain a proactive programme of CCR Thought Leadership publications.

3. Reviewing all current City Deal initiatives to ensure they align with CCR economic and social imperatives in a post Covid world.

This will include:

- Reviewing the assumptions underpinning our proposed Housing Fund programme to ensure the scheme continues to be viable for all parties especially SME Developer participation.
- Accelerating our Digital Infrastructure programmes on full fibre connectivity and 5G.

4. Ensuring entrepreneurs and new start-ups get the support they need.

This will include:

- Facilitating access to expertise including mentor programmes and networking groups
- Unlocking routes to obtaining seed capital and influencing the potential creation of a bespoke shared prosperity funding programme

5. Establishing a new “Re-building Local Economies Challenge Programme” to capitalise on the levels of business innovation and ingenuity seen throughout the crisis period.

This will include:

- Agreeing 2 or 3 challenges (such as healthy ageing, foundational economy renewal, future mobility, decarbonisation etc.) to form the focus for the new individual challenge funds.
- Providing new funding pots with contributions from CCR, challenge owners and other funding partners to progress the agreed challenges.

CCR Industrial and Economic Plan - Covid-19 Addendum

Phase 2 Adaption

Planning Horizons

Return

Reactivating supply chains, restoring operational health



Re-imagination

Catalysing opportunities to leverage new thinking, technologies, business models



Reform

Reshaping, restructuring, reacting to the implications of post-covid changes in policies and regulations on competition and trading.



10 Priority Areas

6. Developing new, targeted funding interventions and new investment application support mechanisms.

This will include:

- Working with Investment partners to create an SME Co-investment Fund to assist with scaling up businesses in our priority sectors.
- Putting in place an “Investor Readiness” capability to assist businesses in the preparation of their investment proposition. This will increase both the quality of submissions and the pace of throughput and decision making.

7. Supporting key businesses in the CCR priority clusters to increase their resilience and capacity for growth through increased flexibility on lending/investments

This will include:

- Consideration of alternative funding mechanisms such as convertible equities.
- Encouraging greater flexibility in ways of assessing debt capacity alongside potential revision of key performance metrics to better align with the current economic scenarios. Increased use of guarantees and asset backed securities.

8. Increasing our overall competitiveness and wealth creation as a region through improving the financial performance of our medium sized businesses.

This will include:

- Consideration of focused interventions such as facilitating greater networking opportunities between CEOs, for the sharing of best practice advice and guidance.
- Creation of and provision of access to high-level executive education programmes

9. Accelerating the development of our Med-tech Cluster through encouraging and supporting investment opportunities in Med-tech innovation.

This will include:

- Reinforcing the messaging that we are open to receiving Med-tech innovation investment proposals into our pipeline.
- Prioritising funding decisions on opportunities that allow us to build upon the strategic opportunities for the sector and the region presented by the scale of businesses diversifying their manufacturing bases to accommodate the production of medical tools and equipment.

10. Expediting the creation of resilient industrial clusters with thriving regional eco systems.

This will include:

- Creation of formal cluster bodies in the priority sectors.
- Prioritised investment support to compliment strategic cluster company inward investment activities.

Policy - cont

- Support package for Global Welsh
 - Global city hubs (Dublin and USA)
 - MyMentoring scheme for businesses
 - SME performance Research Programme in collaboration Uni of Tokyo
- Comprehensive responses to WG consultation on Regional Investment Wales & post-Covid economic recovery
- Evidence submitted to Welsh Affairs Select Committee Inquiries – Wales Post-Covid Economy and Shared Prosperity Fund
- Receipt of ‘One year out’ report ahead of Gateway 1 from the National Evaluation Panel
- Bi-weekly support forum for LA Economic Development leads
- Publication of data reports – Connected, Competitive & Resilient

Bringing Delivery to Life...

- Full business case approval on Cool Plasma Sterilisation for Chepstow-based company £2m
- £1.3m secured for ULEV projects
- Metro Plus local delivery – one scheme in every LA area
- Metro Central full business case development underway which will transform core infrastructure provisions, connections into wider region, enhance capacity and support Core Valley Lines
- £250k seed for Fintech Wales to develop ‘hubs’ in Cwmbran, Bridgend & Cardiff which has leveraged further Innovate UK funds
- £150k for Rural Connected Communities which has secured £5M DCMS funds. 5G Create bid now submitted to DCMS

Bringing Delivery to Life

- Confirmation from UKRI Strength in Places full funding award £25.6M leveraging £44M in total for CCR
- One of only 7 UK regions to win funds – partners include Caldicot-based Microchip
- Includes – Front of House facility in Newport mega-Foundry, Skills Programme, inward investment support, a Collaborative R&D programme and establishment of trade body CS Connected
- Forecasts: 1,161 new direct high value jobs to supplement the existing 1,483 in the cluster
- Significant new employment (~595 jobs) in other parts of the Welsh economy;
- Additional GVA of £140m pa by >2025
- increasing RD+I spend in the region by £55M



UK Research
and Innovation



Innovate UK



Example - £50M CCR Strategic Premises Fund

CBRE MANAGED IMPACT FUNDS

Outputs to Date

Regional Funds



Focus	Impact
Style	Industrial & Office
Funding	ERDF & various
Size	£35m



Focus	Impact
Style	Industrial & Office
Funding	ERDF & various
Size	£145m



Focus	Impact
Style	Strategic
Funding	Central Government
Size	£100m

Targets	Total Outputs
No of loans completed	50
Public sector capital	£308m
Socio-economic targets	Exceeded by 300%
Space developed & occupied	850,000 sq m
Jobs Supported	35,000
Brownfield land redeveloped	98 ha
Total GDV	£1,220m
Funding lifecycle	2-5 years
Business rates	£38m pa (£114m total)
Blended Investment Return	5% IRR

KEY LESSONS LEARNT

Cardiff Capital Region has an ambitious plan for the future growth and success of the area. Delivering the ambition will only be achieved by attracting a substantial level of inward investment and maximising the value of resources that are available.

LEVERAGE

- Maximising the power of capital available to deliver your ambition.

VELOCITY

- Speed of deployment and recovery of capital to accelerate and enhance outputs.

COLLABORATE

- Working with partners to achieve objectives and increase scale.

Example - CCR Clusters Fund

- UK Govt. aiming for 2.4% GDP spend on R&D by 2027 which is EU average
- £33bn commitment
- R&D Roadmap now published
- The 'missing £4bn' Nesta report on making R&D work for whole UK
- Cardiff is at about 1.1%, rest of CCR 1% or below
- Over past decade Welsh economic growth has focused on job numbers, leading to service-led economy
- Without changing the system, we can't hope to change the outcome
- So, £100M Fund (50-50 fund) to address this in key clusters – CSC, Med-tech, Fintech/ Data/ Cyber
- Seed funding given to Clwstr for screen/ media development from Wave 2 of Strength in Places Fund



Governance & Partnerships

- New chair, Cllr Anthony Hunt elected at AGM
- Vice chairs – Cllr Peter Fox (Innovation, Business & Research) & Cllr Huw Thomas (Business & Internationalisation)
- Full-scale independent review of Regional Business Council
- Refresher reviews of Economic Growth Partnership
- Core staffing team now in place permanently
- Investment Framework process is working
- Robust procedures in place across all 8 partnerships for Disclosure of Interest
- Business News Wales partnerships – comms and engagement



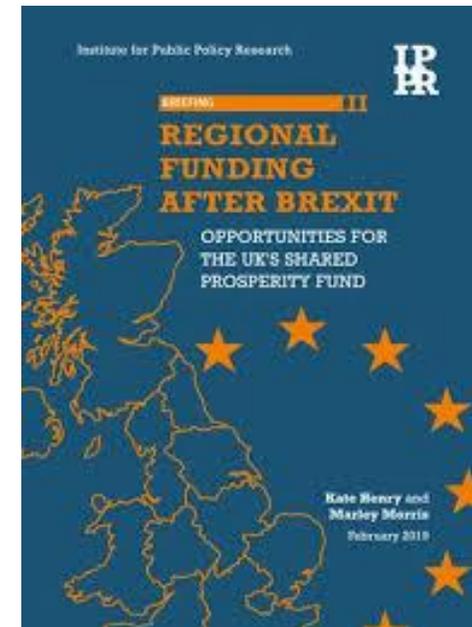
Western Gateway



- CCR Cabinet 'signed up' to engaging with Western Gateway
- Potential to explore key cross-border challenges – connectivity, transport, R&D spend, business clusters & internationalisation
- Governance Review
- Independent Economic Review – led by Prof Greg Clarke
- Final report by Chair Katherine Bennett to establish full status & legitimacy of partnership
- CCR has primacy in all engagement

What next?

- Busy period – preparation for Gateway Review, launch of Housing Fund....
-Regional Investment Wales, Shared Prosperity Fund & transitional arrangements
- Cabinet in Sept/ Oct:
 - AGS and accounts
 - £16M (£6M WEFO) Challenge Fund business case
 - Regional Business Council Review
 - Strength in Places Fund FBC
 - Complementary Report
 - Ongoing programme of delivery
- Gateway March/ April 2021 significant milestone



Conclusions

- Good evidence, good strategy, good investment framework = good delivery progress
- Complementary balance of local political and industrial leadership
- SIPF fund award significant as shows we can compete with other UK regions
- Evergreen focus – paying dividends. Deal-flow is strong
- Challenges presented – WG Regionalisation v CCR Regionalism
- City Deal or City Region – evolution requires latter and structures to support
- Fundamentally – dots all over the CCR map. Covid will exacerbate existing inequalities. Close the gaps

*‘Economic growth accompanied by worsening social outcomes is not success. It is failure’ –
Jacinda Aherm*