Learning from City Deals
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Nicola Somerville
Head of Inclusive Growth & Business Development
Cardiff Capital Region City Deal
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- City Region: Global Economy
- Partnership between 10 South East Wales local authorities and Wales and UK Governments
- £5.3bn investment package with £1.3bn government contributions
- Key connection point for investment and flow of goods, £, tech, people and ideas
- Social issues – equality, housing, care, skills and inclusion – economic ones too
- Human capital critical factor in long-term economic growth
- Competition for investment and talent between city regions rather than countries
Core Objectives of the Cardiff Capital Region City Deal

- Delivering the core objectives of the CCR City Deal:
  - Creating 25,000 jobs
  - Leveraging an additional £4 billion investment
  - Providing a 5% Gross Value Added (GVA) uplift
- Driving economic growth and economic inclusion across the region
- Enhancing productivity
- Delivering the priorities set out in the CCR Industrial and Economic Plan
Our Strengths

• Advanced manufacturing, fin-tech, creative, cyber and energy
• Inter-regional ‘Western Powerhouse’
• Liveability attracts talent, spawning high-tech and creative community
• Fastest growing European capital city – top 10 City Digital Start-up & Monmouthshire ‘economic vibrancy’/Wales’ fastest predicted per capita growing locality
• Industrial leadership
• Small enough to ‘testbed’, big enough to scale
Our Challenges

• Post-industrialism
• Low productivity and levels of employment
• Low GVA per capita
• Low R&D investment
• Fewer ‘anchors’
• European Funding
• ‘Poor us’
• What and where (place)
Challenge-focused and Mission-led

- Fix
  - Grant culture
  - New way of securing £ is through problem framing and solving
  - Competitive process brings new challenges
  - Solely economic focus not enough – public value
  - Lack of challenge focus in our Deal.
  - Themes – but why and what problem will they solve?
  - Speculative approaches
  - Not aligned with 4 Grand Challenges Industrial Strategy

- Opportunity
  - Dependency to competitive
  - Optimise resources, new solution, new products and new markets
  - Public value is new currency
  - Open data – raw material for problem solving
  - New ideas and innovation
  - Align with major challenges – achieve co-investment
  - Build on SBRI/Govtech
Investment and Intervention

- Double whammy EU Exit & wider fiscal context
- Catalyst - rapidly develop confidence and maturity to compete in new world
- Ever-green and revolving
- Risk-reward
- Leverage and co-investment
- Three funds – innovation, infrastructure and challenge
- Live off our interest and not our capital
Purpose of CCR Investment and Intervention Framework

• Catalysing the emergence of clusters and eco-systems in priority sectors within the region and create economic centres of excellence recognised internationally

• Creating a resilient economic base within the region by doubling R&D spend in the region

• Increasing prosperity across the region

• Reducing/removing the restrictions to economic growth across the region

• Addressing economic disparities across the region.
CCR Investment Framework

**C**
- **Connected**
  - Partnerships
    - Private Sector
    - Public Sector
    - HE, FE
    - Social Enterprise

**C**
- **Competitive**
  - Connectivity
    - Infrastructure
    - Digital 5G
    - Transport
    - Global
  - Innovation
    - R&D
    - Sector Focus
    - Clean Growth
    - AI/Data
    - Mobility

**R**
- **Resilient**
  - Critical Mass
    - Recycled Funds
    - ROI Driven
    - Public Sector Assets

= Economic Growth Plan
Three Fund Approach

- Industry led with strong local leadership
- Established in partnership with the investor community Innovation, Infrastructure and Challenge funds
- Aim of the funds is improving the business environment, comparative performance against other cities and regions
- Build a delivery pipeline with our partners within and beyond CCR focused on priorities within Economic and Industrial Growth Plan
- Over the next of 5 years a suite of strategic investments to accelerate the delivery of the plan
# Investment and Infrastructure Framework

## Investment Guidelines

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| Unique IP/ Market Leadership | Jobs, growth & leverage | Direct | 12,000 | £200m | • Private sector led  
• R&D Organisations  
• HE  
• FDI | £1000m | 10-30% | £15-£50m | TBC | TBC | Repayable |
| **Infrastructure Fund** | | | | | | | | | | |
| Foundations to enable private sector success | Leverage, jobs & indirect growth | Indirect | 3,000 | £200m | • Public Sector led  
• Public-private schemes  
• FE & HE (skills) | £400m | 50% Max | £10-£50m | TBC | TBC | Repayable |
| **Challenge Fund** | | | | | | | | | | |
| Competitive, aligned to CCR Priorities | New market creation | Enhance | 5000 | £80m | • R&D intensive businesses  
• HE/FE  
• Social Enterprise  
• Foundational Economy | £200m | 10-50% | £2-£10m | TBC | TBC | Repayable |

**Sub Total** | | | | | | | | | | |
| | 20,000 | £480m | £1600m |
| **Sub Metro** | | | | | | | | | | |
| | 5000 | £734m | £2400m |
| **Total** | | | | | | | | | | |
| | 25,000 | £1214m | £4,000m |
Co-investment

City Deal Investment Funds

UKRI/ Innovate UK
Industrial Strategy Challenge Fund
Shared Prosperity Fund

Welsh Government and Development Bank and other potential co-investors

City Deal

Industry/Higher Education
Compound Semiconductor Cluster

- Invested £39m in state-of-the-art Foundry
- £375m private leverage
- 9:1 intervention rate
- Risk: Reward
- Future economy and competitive strength of place (UKRI first stage award)
- Catapult Centre
- World’s first CS Cluster
- Industrial cluster – thousands of high skill jobs
- Sites further afield – smart packaging and R&D testing …?
- Electric Revolution
Metro Plus

• Approved in February 2019
• New programme aimed at future-proofing infrastructure
• Addressing regional imbalances around Metro
• Future mobility
• On-site renewables, low vehicle emissions, Electric Vehicle infrastructure and smart sensors, data and future skills
• Air quality/ active travel/ open data challenges
Skills for the Future

• Graduate Scheme underway
• Apprenticeships – with a difference
• Learner journey
• Data and intelligent labour markets
• Grounded middle firms
• Open jobs
• Youth Regional Cabinet
• CCR Commitment
Digital eco-system

- Full fibre future
- Technologies, sectors and businesses
- Smart and data
- Research base
- Talent
- Inward investment
- Digital future public services
- Exploitation
Housing Catalyst Fund

- Clear about problem to solve
- Targeted interventions
- Whole-region relevance
- Commercial sites and premises
- Practical and collaborative projects
- Housing innovation – energy, ageing and smart living
- Co-investment
- What does ‘really good’ look like?
Strength in Places

- Clusters and eco-systems
- Confirmation of first stage award for CS Connected – business case due September 2019
- Wave 2 is now open
- Medical Tools & Diagnostics (Swansea to Bristol)
- Cutting-edge industry (Reinshaw & Creo)
- Strong Research-base
- Clwster Creadigol
Influence and Internationalisation

UK Research and Innovation

Innovate UK

Research England

BBSRC

MRC

Science & Technology Facilities Council

NERC

GW4 BioMed

Challenge Prize Centre

by nesta

Foreign & Commonwealth Office
Influence and Internationalisation

• Fix
  • City Deal has a domestic UK focus
  • As yet, lacks investor readiness/relations and investable offer
  • Psycho-cultural features of region not conducive to economic advancement
  • Solely economic focus. Do we measure things that matter to people?
  • Addressing the wider issues that interlace with economy – social justice and inequality

• Opportunity
  • Promote growth that does good
  • Convert economic advancement into improving lives
  • Enhance social justice, radical inclusion and equality
  • Small country examples – Estonia, Romania, Basque, Finland
  • Vanguard programme
  • Higher education reach and global R&D bases of our anchors
  • Wellness – Best Places to Live Index
Towards a more self-reliant and sustainable Cardiff Capital Region

• Fix
  • Sole focus on City Deal is limiting our opportunities and choices
  • Dependency threatens our wellness
  • If goal is just another Deal – trade one dependency for another?
  • Better leveraging of well-being of future generations
  • Traditional definition of competitive advantage – could ours also be about wellness, natural assets, heritage and place?

• Opportunity
  • City Deal is a means not an end
  • The end is a self-reliant, sustainable economy
  • Shape our own destiny
  • Show how it can be done in a world of finite resources
  • Support for mutuels, B Corps and co-ops
  • New tools: TIF, public procurement, business rates, tourism tax, overseas wealth
  • Make Circular Economy a hallmark
Thank you

Nicola Somerville
Head of Inclusive Growth & Business Development, CCR City Deal
Nicola.Somerville@Cardiff.gov.uk  07811 413417

www.cardiffcapitalregioncitydeal.wales / https://www.cardiffatmipim.co.uk/

@ccrcitydeal / @nicp15  linkedin.com/in/nicola-somerville-34655468