



The Cardiff Capital Region Investment Framework

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Foreword

The CCR-City Deal is a 20-year economic programme, a catalyst for long term growth, which will make the region competitive and investable on a global stage. It will do this by improving the business environment, by sponsoring innovation and by enabling infrastructure for private sector success and civic benefit.

A detailed Industrial and Economic Plan (“Plan”) was published in February 2019 which addresses the priorities and anticipated challenges facing the CCR, as well as the mutually supportive objectives of boosting competitiveness and tackling inequalities.

In conjunction with, the South Wales Metro, which is the “back bone” for the Plan, targets have been set to create 25,000 new jobs, achieve 5% uplift in GVA and leverage £4 billion additional investment capital.

Our approach will be based on: private and public sector cohesion; scalable interventions; maximising financial leverage, with a clear return on investment. It will drive economic inclusion, support and stretch local clusters, and boost ecosystem development.

The Investment Framework set out herein has been developed by the CCR Regional Economic Growth Partnership in conjunction with the CCR Regional Cabinet. It is focussed on the deployment of the £495 million Wider Investment Fund, available to the CCR, and defines the criteria for qualifying projects whilst accepting the Plan target of attracting £4 billion of additional private finance.

The Investment Framework sets out a bespoke approach to addressing three investment priorities of Innovation, Infrastructure and Challenge, which are directly linked to the Plan’s aforementioned targets and embrace its fundamental pillars of Connectivity, Competitiveness and Resilience.

Andrew Morgan
Leader, Rhondda Cynon Taf
County Borough Council
Chair, Cardiff Capital Region

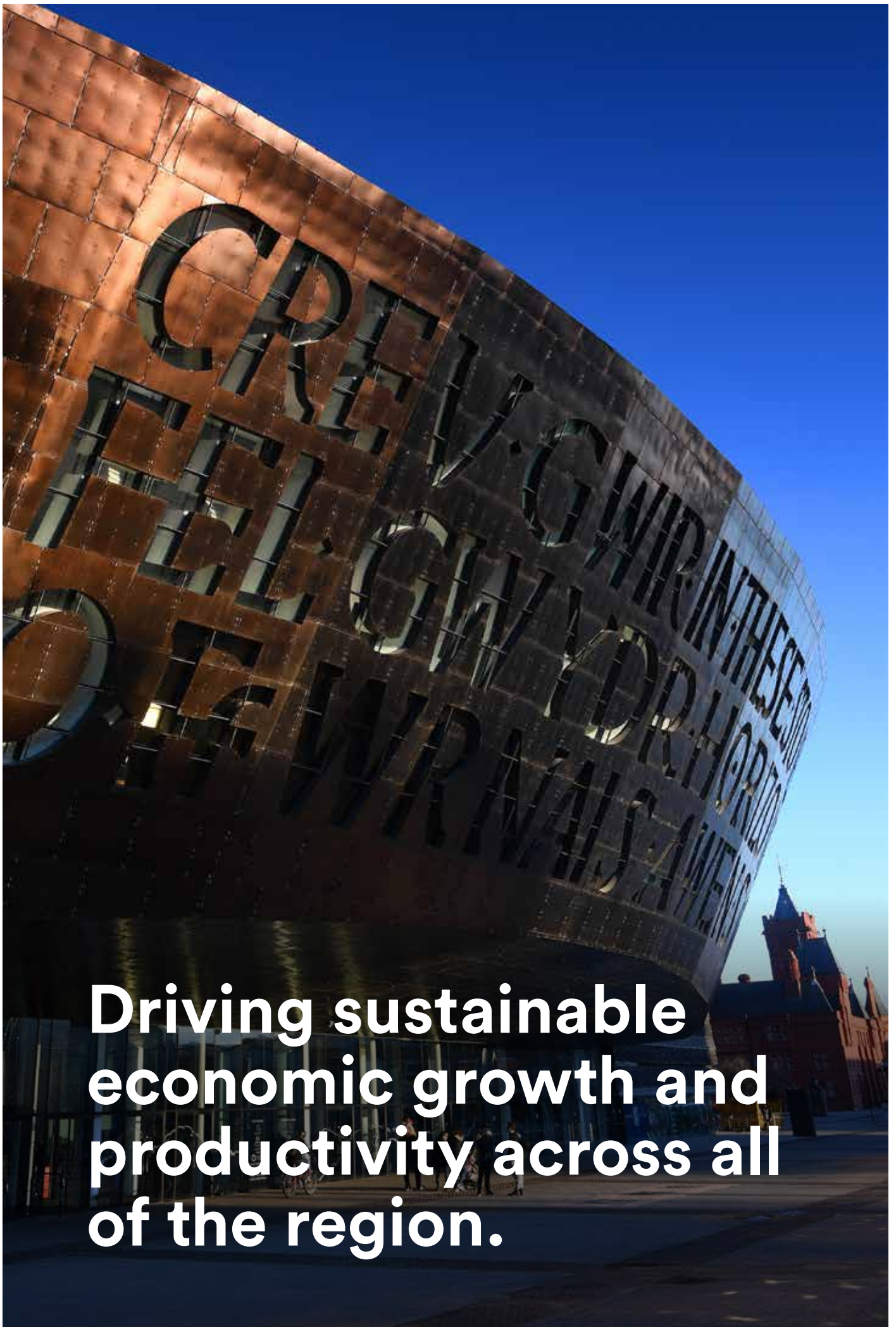
This funding priorities aim to build a delivery pipeline with project stakeholders within and beyond CCR. We will apply rigorous due diligence and careful project portfolio management, adhering to public and private sector governance directives.

Each of the three investment priorities will be assessed according to specified financial metrics. We also recognise however that project applications may transcend one or more of these priorities and so, as envisaged in the Plan, flexibility and collaboration will be needed as part of the framework. A clear example of this is the £38.5million investment in the Compound Semiconductor Foundry which addresses innovation and infrastructure. We are also open to see a project start life in one priority, for example challenge, and grow into another, for example innovation, emphasising the integrated and cohesive approach that we advocate and further that we are determined to support success.

The Investment Framework as designed, and tested, will simplify project assessment for both the applicants and the Investment Panel. It will also communicate clear guidelines on initial qualification or rejection through an initial screening process, before - if appropriate - moving through due diligence, investment appraisal and final approval or dismissal.

The key objective is to identify and support best-in-class projects which meet the CCR targets and display acceptable “evergreen” returns, meanwhile recognising that risks must and will be taken to drive the CCR objectives. The aim is to capture global recognition that this region is ambitious, skilled, open for business, prepared to create and exploit innovation, resilient to known and unknown challenges, and a great place to invest and live in.

J. Frank Holmes
Chair, Cardiff Capital Region
Economic Growth Partnership



**Driving sustainable
economic growth and
productivity across all
of the region.**

01. Overview

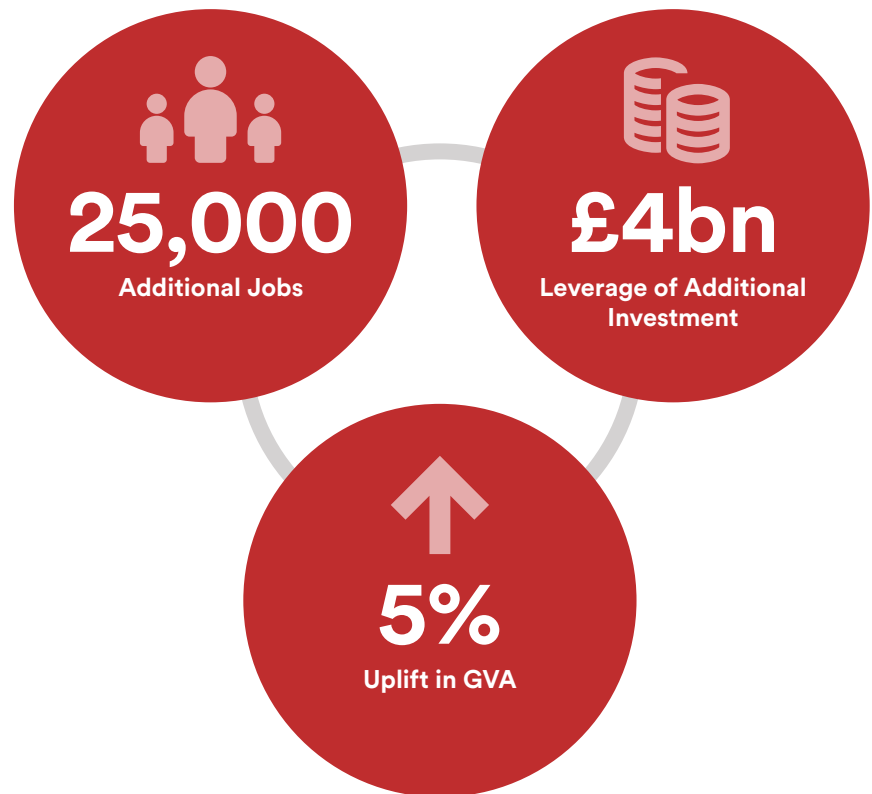
The CCR Industrial and Economic Plan sets out an ambitious and long-term plan to boost productivity and accelerate economic and inclusive growth in the region by making the CCR a highly investable proposition, backing businesses to create good and sustainable jobs through targeted investments in skills, priority industries, infrastructure and innovation.

The plan highlights some of the region's productivity challenges and endorses innovation-led, scalable projects that the Regional Cabinet and the Regional Economic Growth Partnership believes are necessary to generate sustainable growth and inclusive prosperity.

In delivering sustainable and inclusive growth, we will address two mutually supportive objectives of boosting competitiveness and tackling inequalities.

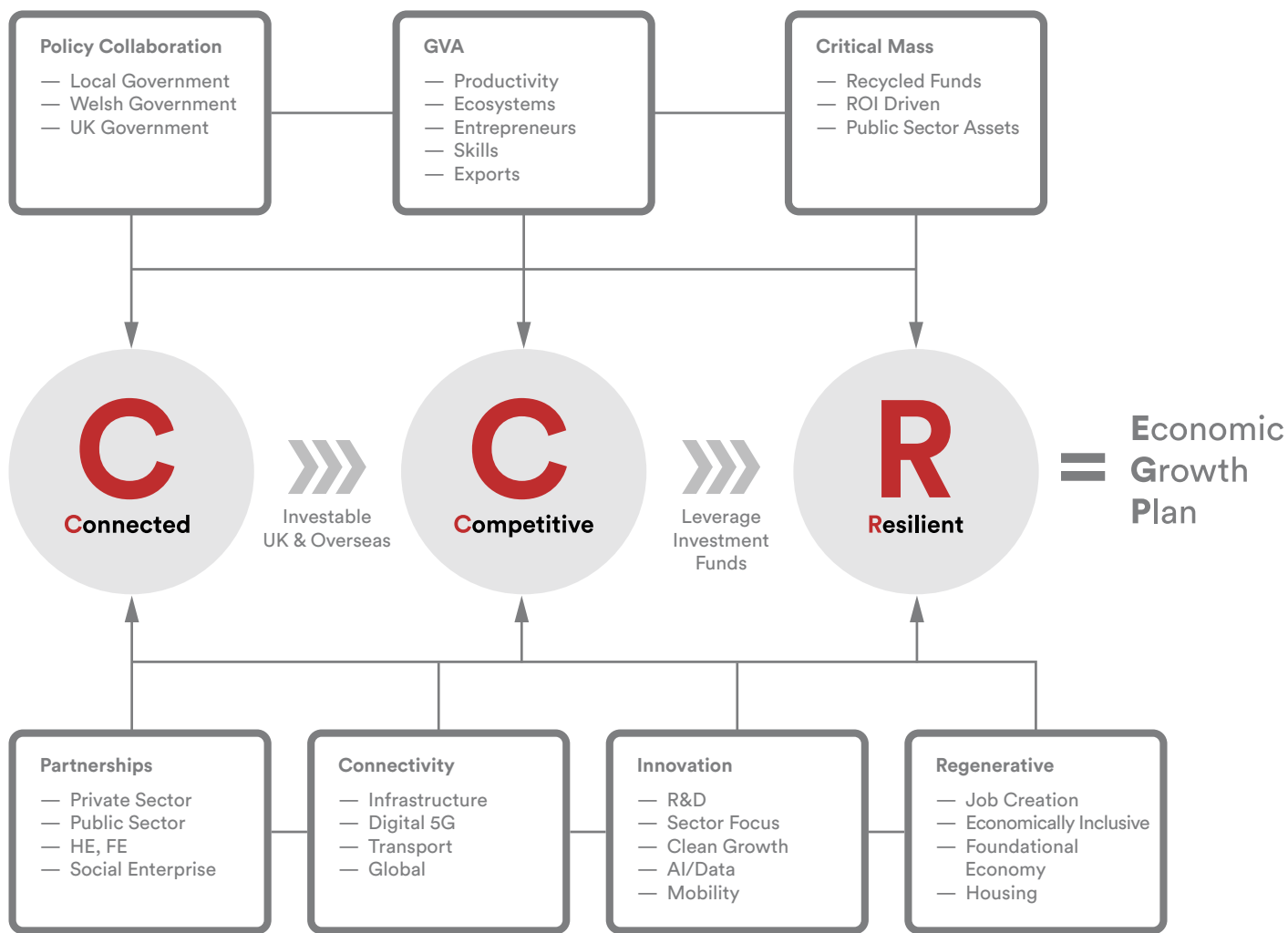
The introduction of inclusive and regenerative growth as central threads of the plan emphasise the need for an economic agenda that drives sustainable economic growth and productivity across all of the region.

Core Objectives of the Cardiff Capital Region City Deal



A ReNeuron, Bridgend

“The plan highlights some of the region’s productivity challenges and endorses innovation-led, scalable projects...”



02. Our Approach

Our approach will be based on:



Cohesion

Policy collaboration and delivery partnerships ensuring that there is cumulative impact to the range of investments and interventions delivered by the City Deal.



Scale

Limited number of significant interventions, rather than a disparate range of loosely connected small-scale activities.



Leverage

Maximise the City Deal investments by attracting co-investors with complementary funding and resources.



Return on Investment

Demonstrable impact and benefit will be expected from all investments and interventions.



Ecosystem Development

Supporting the development of a strong economic and innovation ecosystem to deliver the plan and develop clusters of excellence within our region.

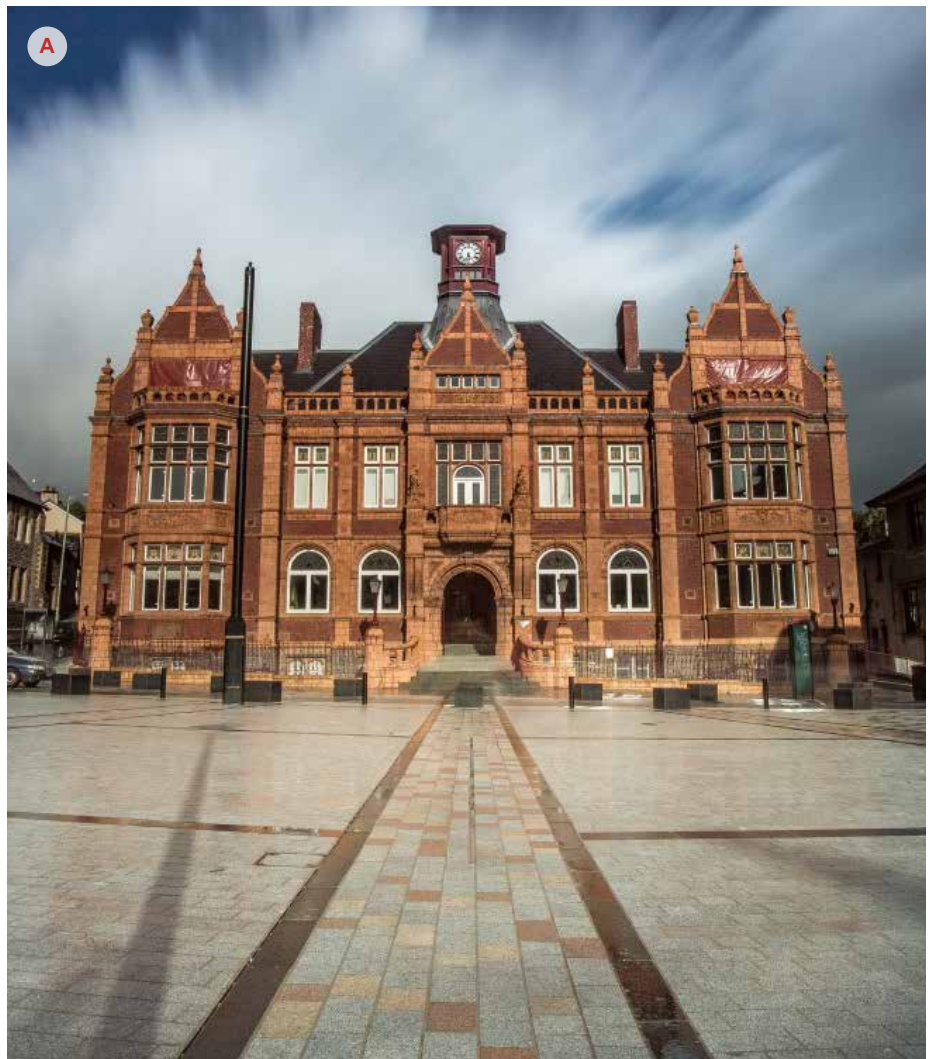


Economic Inclusion

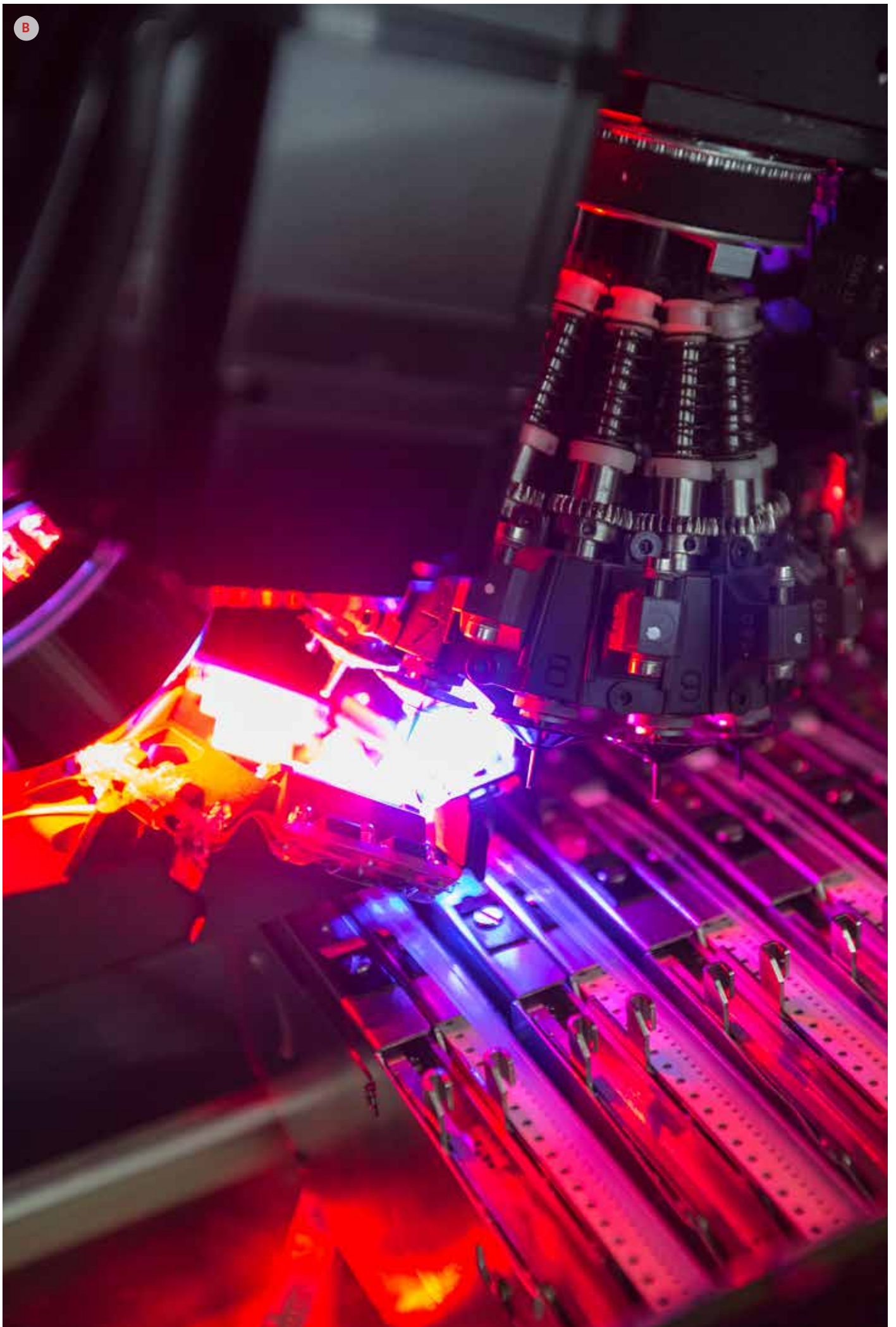
Creating opportunity for all to distribute the dividends of increased prosperity fairly, to encourage and enable participation in the economic life of the region.



- A Red House, Merthyr Tydfil
- B Sony UK Technology Centre, Bridgend



B



03. Investment Framework

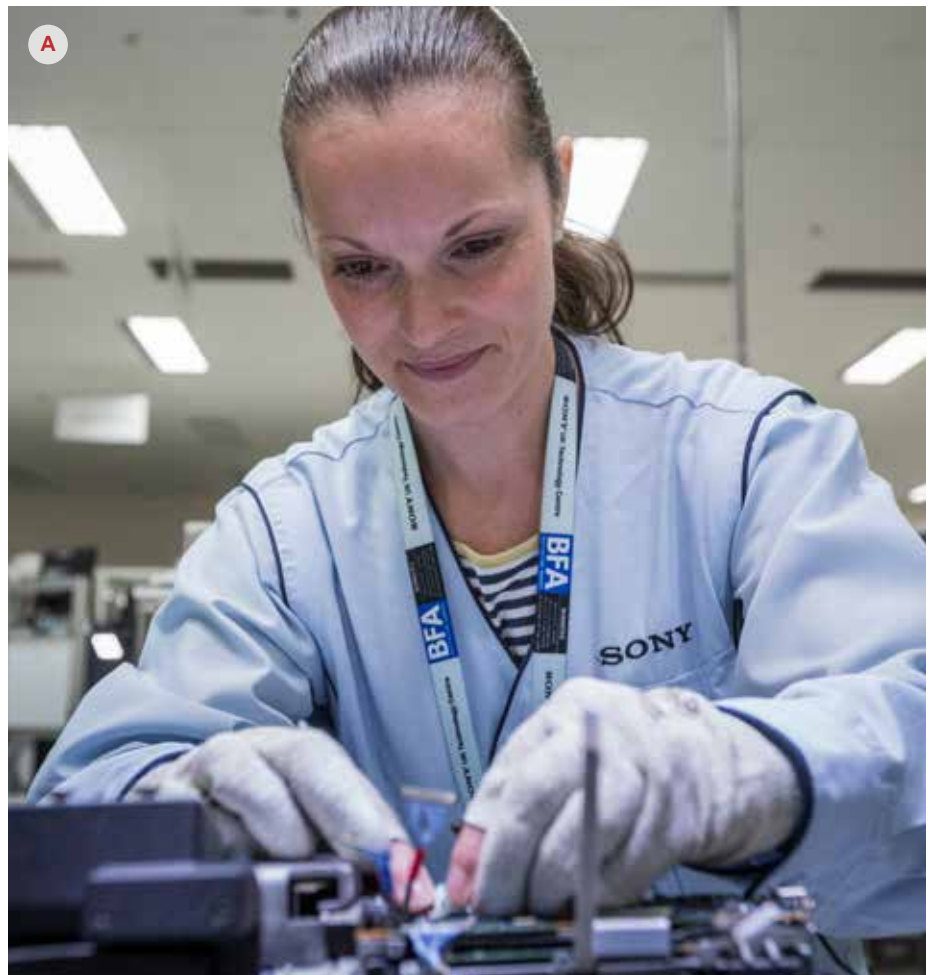
The Cardiff Capital Region is open for business and the CCR Investment Framework outlines how the CCR City Deal will support sustainable and inclusive business growth within the region. We aim to make the CCR one of the most investable regions in the UK.

Our Investment Fund has three designated and interconnected investment priorities, linked by a common focus on securing a coherent, competitive, sustainable and fair regional economy.

The Investment Priorities – Infrastructure, Innovation and Challenge – will be based on evergreen and co-investment principles.

The ultimate aim of the investments will be to improve the business environment within the CCR, creating rich ecosystems that stretch and support the development of key sectors in the economy, improving comparative performance against other cities and regions in the UK and internationally.

Key Sectors of Interest



A Sony UK Technology Centre, Bridgend

Our Investment Priorities

Infrastructure Priorities

Public sector led and public-private infrastructure projects that create conditions for private sector success and civic benefits such as transport, digital infrastructure, skills, and land assembly;

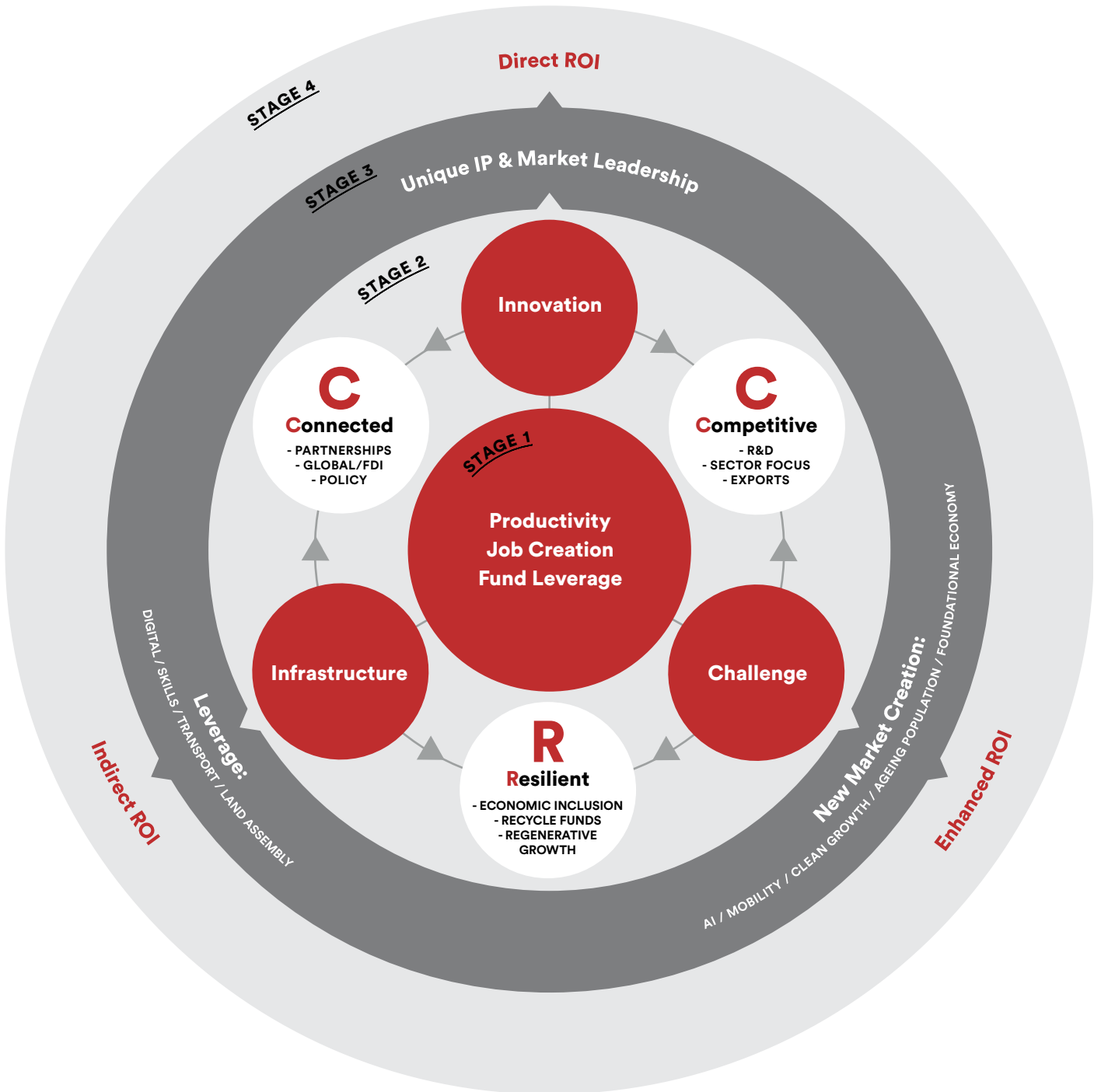
Innovation Priorities

Projects that focus on innovation that enhances productivity from the foundational economy through to propositions that demonstrate unique IP, market leadership and competitive strengths;

Challenge Priorities

Competitive interventions aligned to CCR priorities as outlined in the Industrial and Economic Plan, and challenges highlighted in the UK Industrial Strategy.

The Plan and Investment Framework



STAGE 1 City Deal core objectives and targets

STAGE 2 Alignment of the core objectives and targets with the Industrial and Economic Plan

STAGE 3 Compatibility of core objectives and targets with investment priorities

STAGE 4 Anticipated return on investment impact

04. Investment Framework: The Process

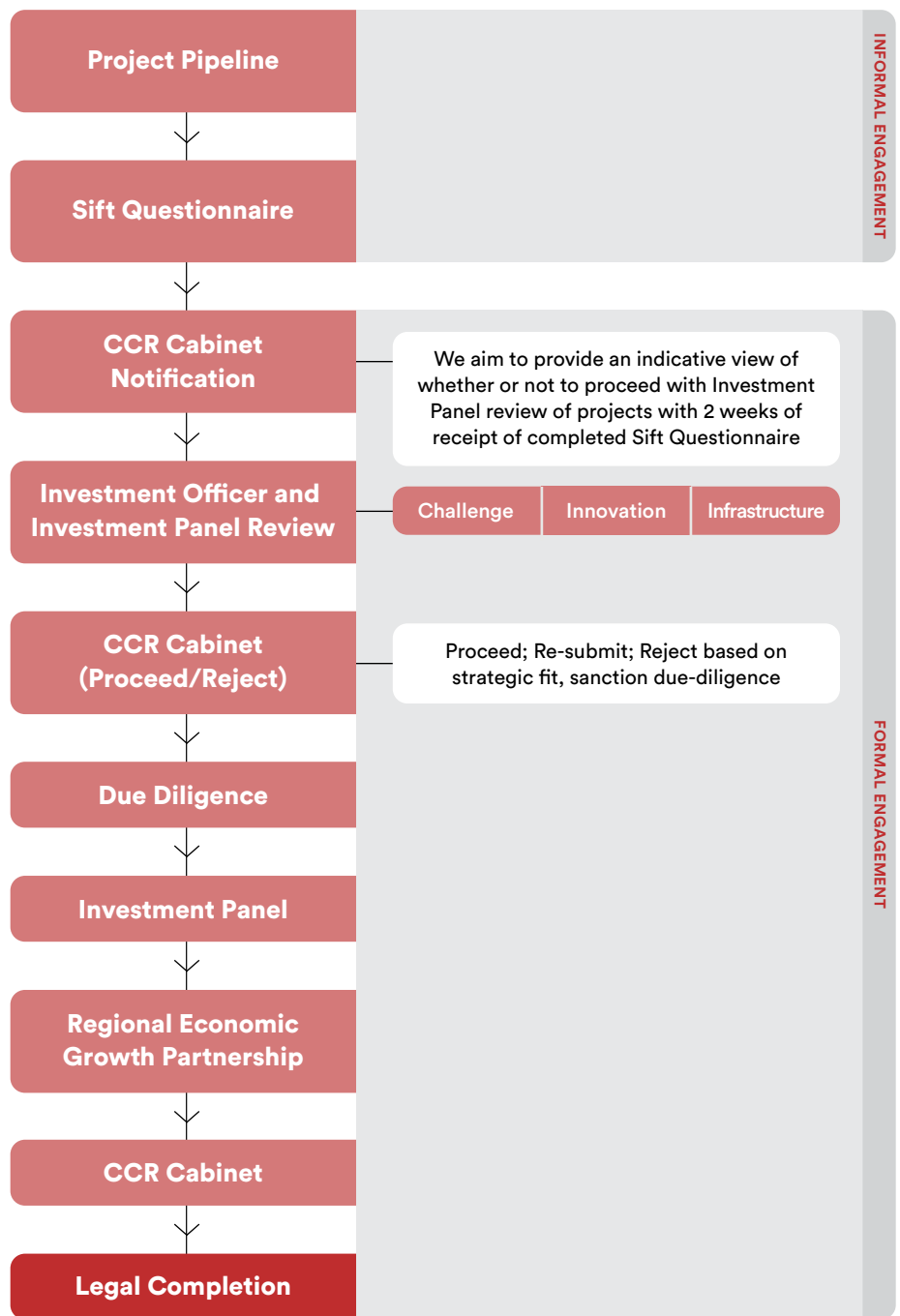
The Office of the CCR City Deal will work with partners within and beyond the region to build a delivery pipeline of projects eligible for CCR City Deal investment funds.

government representatives, who will advise Regional Cabinet on its suitability for further development and potential investment from the CCR City Deal.

The first step of the process is to engage with the Office of the CCR City Deal to discuss in outline your investment proposition, followed by the completion of the Funding Support Sift Questionnaire (available from the Office of the CCR City Deal). This will then be considered by our Investment Panel comprised of business and local

Post this detailed review, if accepted, a due diligence process will be undertaken to the satisfaction of the investment panel and other co-funders prior to a formal recommendation being made to Regional Cabinet to invest in the proposal.

Process Breakdown



- A The Royal Mint, Pontyclun
- B Springboard Innovation Centre, Cwmbran
- C SPTS Technologies, Newport




Key Criteria

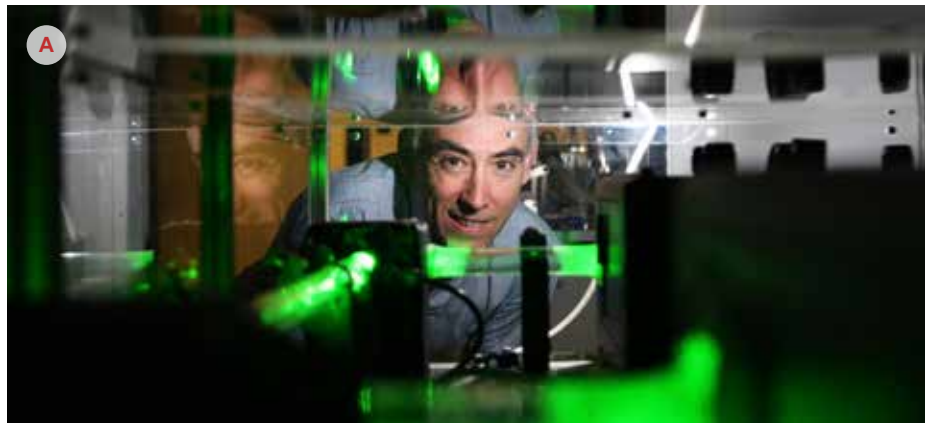
- 1 Non-Compliant with Key Investment Criteria and Objectives
- 2 Grant Application
- 3 Programme Application
- 4 Fund Restrictions / Timing of Availability
- 5 Wholesale Funds
- 6 No Measurable Return on Investment

- 1 Promoter Credentials
- 2 Repayable
- 3 Loan to Value / Covenants Compliant
- 4 Co-Investment / Drawdown
- 5 Risk Profile / Payback Period / Security
- 6 Demonstrable Return on Investment



05. Investment Guidelines

Investment Priority	CCR Targets	ROI
 <p>Innovation Unique IP/Market Leadership</p>	Jobs, growth and investment leverage	Direct
 <p>Infrastructure Foundations to enable private sector success and Civic Benefit</p>	Leverage, jobs and indirect growth, address economic disparities	Indirect
 <p>Challenge Competitive, aligned to CCR Priorities</p>	New market creation, shaping places, IP Commercialisation, Addressing identified regional challenges and priorities	Enhanced



A Life Sciences, Cardiff University
B Ebbw Vale Enterprise Zone

“Seeking proposals with scale and ambition that have the potential to radically address the challenges facing the region...”

Audience	% Investment (Indicative)	Indicative Range	Investment	Leverage
<ul style="list-style-type: none"> Private sector led R&D Organisations HE FDI 	10-30%	£15-£50m	Repayable Instruments	<p>Enhance Productivity and Economic Inclusion</p> <p>Reduce Economic Growth Inhibitors</p> <p>Address Industrial Challenges and Place Based Disparities</p>
<ul style="list-style-type: none"> Public Sector led Public-private schemes FE & HE (skills) 	10-50%	£10-£50m	Repayable through fiscal levers, income streams, gain share, other socio-economic benefits	
<ul style="list-style-type: none"> Innovation intensive businesses HE/FE Social Enterprise Foundational Economy 	10-50%	£2-£10m	Repayable and/or risk investment returns	



06. The Plan and Investment Framework

STAGE 1

City Deal core objectives and targets

STAGE 2

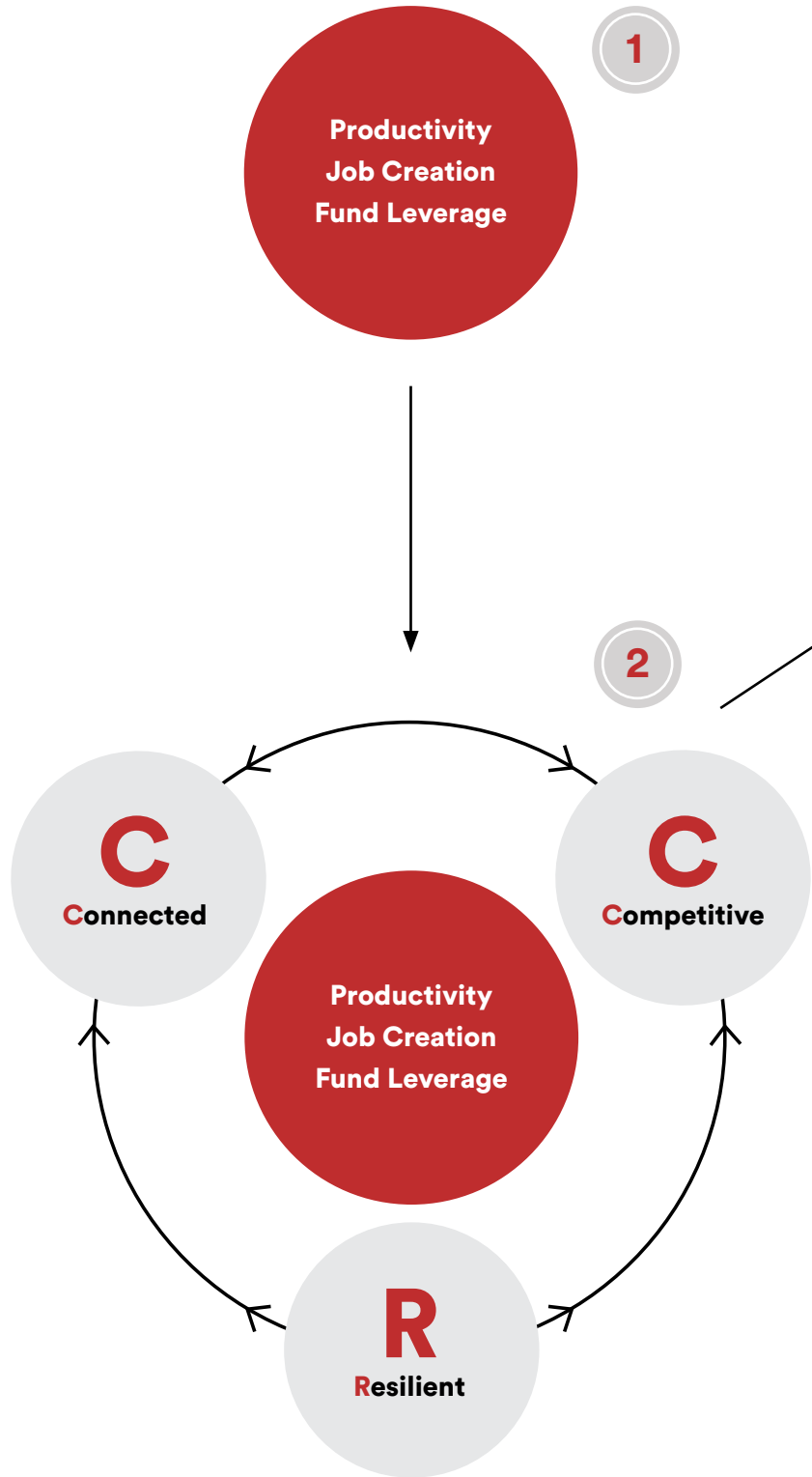
Alignment of the core objectives and targets with the Industrial and Economic Plan

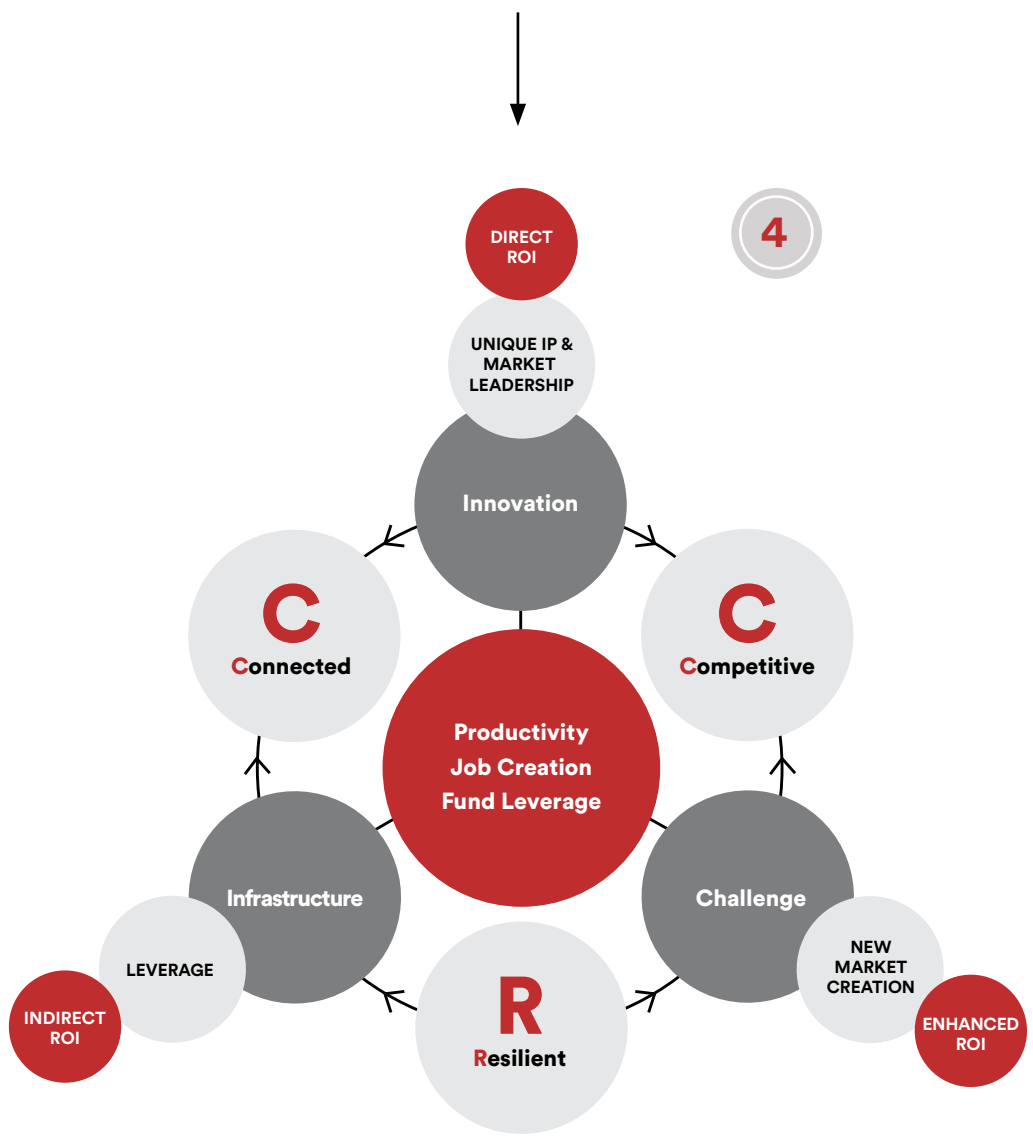
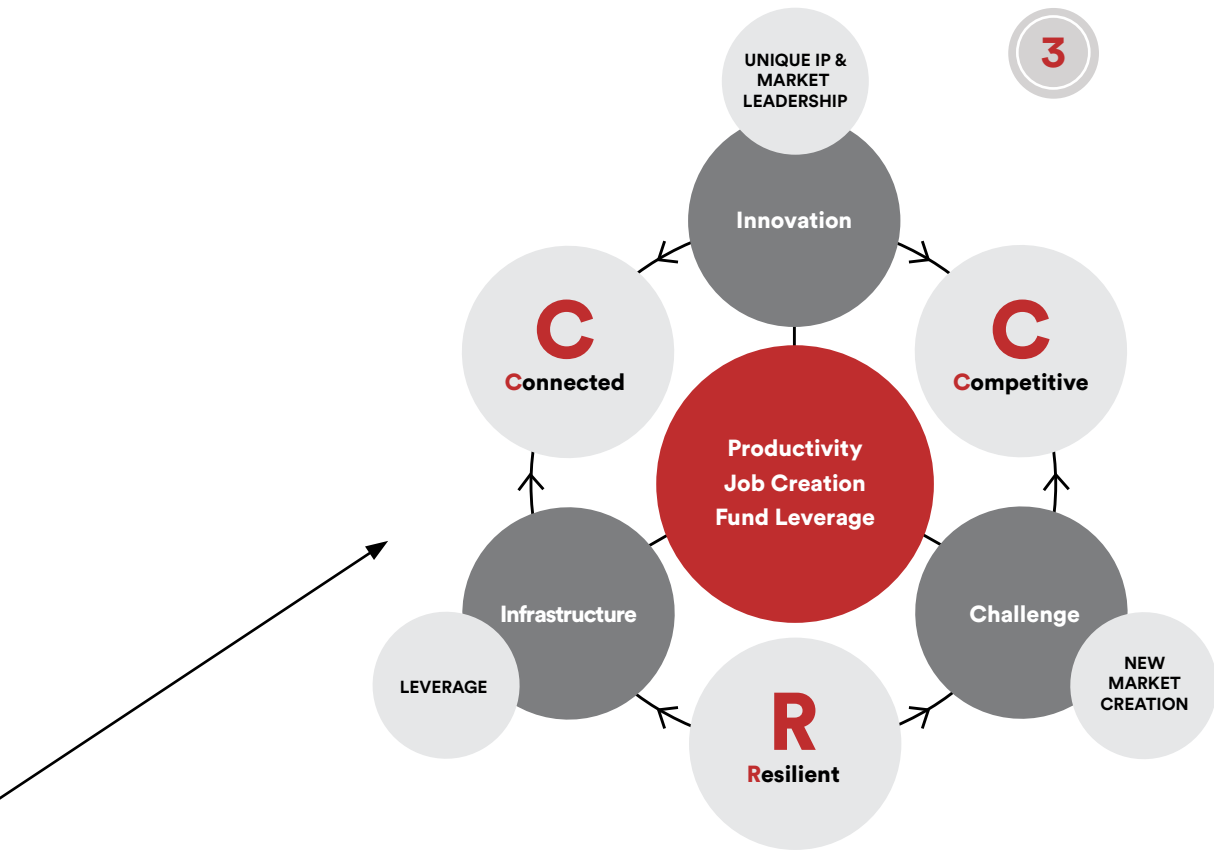
STAGE 3

Compatibility of core objectives and targets with investment priorities

STAGE 4

Anticipated return on investment impact







Contact Us

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