

## Quarter 2 Project Pipeline Update

Deliverable	ABP Action	Progress Update	Status	When Completed
CSC Cluster (subject to SIPF outcome)	18a	<ul style="list-style-type: none"> <li>SIPF submissions to UKRI</li> <li>Full business plan submitted for the CSCConnected project c£45m</li> <li>Wave 2 EOI submitted for Medical Diagnostics and Devices</li> <li>Wave 2 EOI supported for Creative Clwster and Fintech</li> </ul>	PROGRESSING - SOME ISSUES	-
Metro Central	19a	<ul style="list-style-type: none"> <li>Investment Panel recommended to Regional cabinet release of £100k for feasibility work and to inform scope of FBC subject to 5 conditions being satisfied</li> <li>DfW approvals in principle for the outline business case related to the Cardiff Railway Central Station</li> </ul>	PROGRESSING - SOME ISSUES	-
Metro Plus & EV Strategy	19b	<ul style="list-style-type: none"> <li>Delegations to RTA for scheme approvals against City Deal Requirements</li> <li>City Deal Requirements set out in the approved Common Assessment Framework</li> <li>Metro Enhancement Framework adopted and approved by RTA to complement the above</li> <li>First 'approved' schemes coming forward for initial funding approval of RTA on 13 November 2019</li> <li>Taxi LEV strategy going for RTA approval on 13 November</li> </ul>	PROGRESSING - SOME ISSUES	-
Housing Investment Fund (including Sites and Premises assessment)	19c	<ul style="list-style-type: none"> <li>Investment Panel recommended to Regional cabinet release of £100k for FBC development</li> <li>Workshop events with partners to inform the stalled sites and SME aspects of fund</li> <li>Sites and premises work being synched with the principles of the fund</li> </ul>	PROGRESSING - SOME ISSUES	-
Digital Infrastructure	19d	<ul style="list-style-type: none"> <li>CVL fibre project has in principle status as part of the IIF – with developmental work ongoing with proposers</li> <li>Fibre enablement of 'core towns' project is at SIFT 1a stage of the IIF</li> <li>Two further discussions underway on IIF proposals regarding market opportunities around digital infrastructure</li> <li>Digital infrastructure requirements and opportunities embedded within the Metro Plus Common Assessment Framework</li> <li>LFFN Wv 2 project re-purposed to deliver across all CCR LAs – anticipated to be c£6-7m</li> <li>5G Blueprint for CCR submission to DCMS led by Innovation Point, CCR, WG and academic and private industrial partners</li> <li>Digital demand report commissioned as a frame for regional digital investments</li> </ul>	PROGRESSING - SOME ISSUES	-
Skills for the Future	19e	<ul style="list-style-type: none"> <li>Work is underway to establish a Youth Cabinet/ Forum – with partnerships, youth councils and organisations from across the region</li> <li>MSC data science students are working across the CDO and RSP to augment capacity for regional skills 'live' data capture. PhD data science students start in January 2020 (through the KES scheme) and skills intelligence will feature in this work</li> <li>A brief has been drawn up to appraise existing shared apprenticeship schemes in the region with a view to scaling up a scheme for the region</li> <li>The Common Assessment Framework is now adopted and embeds skills opportunities through social value clauses and Targeted Recruitment and Training as core requirements of contracts</li> <li>CSC engagement is taking place through CSCConnected to establish one integrated plan for training, learning and skills development</li> <li>In relation to inclusive growth around skills development, several of the IIF pipeline schemes originated relate to young people outside of the system and in particular, care leavers</li> <li>The Annual Employment and Skills Plan was produced and published in October 2019</li> <li>CCR supported pupils to participate in the STEM Royal Military Academy at Sandhurst September 2019. This was in conjunction with Innovate UK and the leaders of the Faraday Challenge</li> </ul>	ON TARGET	✓
Graduate Placement Scheme -	19f	<ul style="list-style-type: none"> <li>13 graduates are now in place in locations such as Newport, Monmouthshire, Cardiff and Bridgend. 2 further posts are out to advert and with the commitments in the pipeline now working through, it is estimated that 47 graduates will be in place as at 31 March 2020.</li> </ul>	ON TARGET	✓
Public Services testbed submission to WEFO institutional capacity	19g	<ul style="list-style-type: none"> <li>WEFO P5 Institutional Capacity</li> <li>InFuSe bid submitted £8m with match funding requirement</li> <li>Additional bid into SBRI for £1.6m</li> <li>Target commencement date April 2020</li> </ul>	PROGRESSING - SOME ISSUES	

## Quarter 2 Detailed Work Programme Update

<b>Logic model title</b>	Compound Semiconductor Cluster		
<b>Logic model type</b>	Hybrid 4A: Sites and premises for enterprise and innovation and 4C: Science & R&D capacity		
<b>Interventions / projects covered by logic model</b>	Compound Semiconductor Project		
<b>Theory of change</b>			
<p>Investment Fund monies will be used to support the development of a compound semiconductor cluster in South Wales, centred on the former LG site between Cardiff and Newport. Monies will be used specifically to redevelop the facility to modern standards, including a clean room facility for the production of compound semiconductors, which is anticipated to leverage substantial private investment, by a single tenant (IQE), of £375m to kit out the factory. A Special Purpose Vehicle (SPV) has been set up as the site owner, and it will receive rental income for 11 years at which point IQE has an option to acquire the site. Through this arrangement, the expectation is that the Investment Fund monies would be repaid.</p> <p>It is expected that the facility, and IQE's location in South Wales, will act as anchor in the region for high end compound semiconductor production. The investment is expected to complement other investments in the compound semiconductor sector locally, including ERDF funding for Cardiff University's Institute for Compound Semiconductors. The long-term intention is to create a cluster at the forefront of R&amp;D in this technology area, and at the forefront of production of compound semiconductors, although this would rely on non-Investment Fund activities (unless additional Investment Fund monies are committed to other projects to develop the cluster).</p> <p>Key assumptions underlying the ToC: site's tenant could not have found alternative space locally, and would have moved production overseas without the intervention; retention and expansion of firm's production in Wales results in jobs safeguarded and created as expected; the modernised factory and clean room facility is attractive as a property resulting in enhanced value; the development of this facility and its primary lessee is an essential component in the development of the cluster resulting, alongside other interventions, in helping current semiconductor firms in south Wales to move up the value chain, and attracting other new companies and activities.</p> <p>Other factors: complementary activities, e.g. of Cardiff University and the Compound Semiconductor Applications Catapult; market demand for compound semiconductors and the continuing growth of the sector; and development of the necessary skills.</p>			
<b>Inputs</b>	<b>Activities</b>	<b>Outputs</b>	<b>Outcomes</b>
<p><u>Investment Fund inputs</u></p> <ul style="list-style-type: none"> <li>£38.4m</li> </ul> <p><u>Other inputs (including staffing and in-kind)</u></p> <ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>Construction activities in relation to development of a clean room facility for the production of compound semiconductors at the former LG site between Cardiff and Newport</li> <li>Establishment of a Special Purpose Vehicle for the site</li> </ul>	<ul style="list-style-type: none"> <li>Ha land acquired (LS)</li> <li>Ha land assembled for commercial development</li> <li>Commercial floor space developed (5,900 sq. m)</li> <li>Construction years of employment</li> <li>No. of learners enrolling/ completing course (i.e. apprentices in construction) (LT)</li> </ul>	<p><b>Theme-specific outcomes</b></p> <ul style="list-style-type: none"> <li>Private sector leverage up to the value of £375m for kit out of the facility (LS)</li> <li>Secure a £50m investment from the Compound Semiconductor Catapult (LS)</li> <li>Increase in premises with access to connectivity infrastructure (one) – <i>Celtic Way, Newport has since seen improved road infrastructure and fibre connectivity</i></li> <li>Positive property market sentiment survey</li> <li>Uplifted commercial sale value (£6m)</li> <li>Land value uplift</li> <li>Floor space occupied by firms at the facility</li> </ul>

- Direct creation of new jobs at the site (501 - achieved over time) [65 direct jobs created to date]
- Safeguarding jobs (156 at head lessee company, 390 jobs at wafer fabrication plant)
- Indirect and Induced jobs (1088 - achieved over time) [259 indirect and induced jobs created to date]
- Apprenticeships [8 new apprenticeship opportunities created to date]
- Growth in employment of business located in the facility by number of employees
- Growth in turnover of business located in the facility
- Improved business survival rate of business located in the facility
- Increased expenditure on business R&D (tenant + subsequently in wider sector)
- Increase in exports (tenant + subsequently in wider sector)
- New/improved processes adopted (tenant + subsequently in wider sector)
- New/improved products entering the market (tenant + subsequently in wider sector)
- Intellectual Property (IP) registered (e.g. patents) within the cluster
- Improved attractiveness as a location for inward investment

**Broader outcomes**

- Return on investment up to the value of £33,108,000 (LS) [*anticipated that tenant will exercise option to purchase ahead of year 6 with full return of investment resulting*]
- A total of 259 indirect jobs have been created off the back of the foundry through local supply chain and household effects, with particular impacts in the construction and higher education sectors and the catapult, along with the creation of a further 8 apprenticeship opportunities.
- A further 697 jobs indirectly supported to date within the semiconductor sector in SE Wales since the commencement of the Foundry.
- Enhancement of local innovation ecosystems
- Increase in the number of businesses that are innovation active (i.e. in the wider compound semi-conductor sector)
- As of Oct 2019 it is estimated that IQE supports direct and indirectly around £22m of Welsh GVA and with much of this supported in the Cardiff City Region. Over the same period the wider semiconductor cluster has estimated to support direct and indirectly around £158m of GVA. The commercial fundamentals of the sector are strong and we are fortunate to have so many good companies in this area with the potential for further job creation and enhanced GVA support for the region.

**Expected timescales for inputs / activities / delivery of outputs and outcomes**

<p><u>Investment Fund inputs</u></p> <ul style="list-style-type: none"> <li>• 2017-18</li> </ul>	<ul style="list-style-type: none"> <li>• 2017-18</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved on completion of the project and tenant moving into the facility.</li> </ul>	<ul style="list-style-type: none"> <li>• Impacts to be realised over time. Some will be realised on or soon after completion of the project e.g. investment leveraged, improved attractiveness of the site, development of floor space.</li> </ul>
<p><u>Other inputs (including staffing and in-kind)</u></p> <ul style="list-style-type: none"> <li>• None</li> </ul>		<ul style="list-style-type: none"> <li>• Project delivery, including site occupation, phased so outputs achieved incrementally over time</li> </ul>	<ul style="list-style-type: none"> <li>• Others will be realised as the principal beneficiary develops its business</li> <li>• Yet others will take longer, e.g. development of the ecosystem and outcomes relating to the wider sector.</li> </ul>

**Relationship to other interventions**

Other Investment Fund logic models:

- Unknown at this stage – further interventions (and logic models) to be confirmed

Other non-Investment Fund activities:

- Wider development of the Compound Semiconductor sector in Cardiff e.g. EU funding for Cardiff University's Institute for Compound Semiconductors