



**15 JULY 2019**

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## **STRENGTH IN PLACES FUND – WAVE 2**

### **REPORT OF CCR CITY DEAL DIRECTOR**

#### **AGENDA ITEM: 7**

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##### **Reason for this Report**

1. To inform Regional Cabinet of the workshop with the Life Sciences sector convened by the City Deal Office to gauge interest in progressing a Strength in Places Fund (SIPF) Expression of Interest in the area of Medical Devices and Diagnostics.
2. To report on the outcomes of the region-wide workshop and to seek Regional Cabinet's approval in relation to taking forward a first stage Expression of Interest to Wave 2 of the SIPF and the associated timescales.
3. To seek Regional Cabinet's approval to commit up to £50,000 towards the package of costs that are required to assemble an 'industry-led' project team (as required by the SIPF) with access to the required resources to pull together a compelling Expression of Interest.

##### **Background**

4. In November 2018, the Chancellor in his autumn statement announced a funding commitment to a second round of the SIPF (c£236m). Wave 2 of SIPF Fund opened in April 2019 with consultation events taking place across the UK up until the end of June. Early conversations with partners, liaison with Higher Education colleagues and reference to the CCR sectoral analysis and Industrial Growth Plan suggests that the most 'mature' next prospective cluster is around Medical Devices and Diagnostics. This has the potential to bring together areas right across the region and draw on the strength of anchor organisations such as Reneuron, Renishaw and Creo Medical as well as start-ups and a range of thriving SMEs such as Gwalia Healthcare, Bond Digital Health, TrakCel and Purolite. The benefits of bringing together such a cluster straddle all parts of the region with more than 6% of the region's GDP coming from the Life

Sciences sector – higher than other regions of the UK. (See Appendix 1 for Regional Distribution of Devices and Diagnostics companies.) Scope also exists to extend the submission area into both the Bristol area and Swansea. An initial meeting was held and strong interest expressed across Councils, Universities and the life sciences sector.

5. A second workshop with broader representation of industry, Welsh Government and academic partners was organised and held on 1 July 2019 at the Life Sciences Hub in Cardiff to progress the opportunity for a consortium to be brought together to push forward a strong proposition from the Cardiff Capital Region for Wave 2 of the Fund.
6. The workshop, attended by 35 delegates, concluded there was indeed a desire to push forward with a proposal with strong 'lead' support from industry (Creo Medical) and academia (Cardiff University) with further backing from the Life Sciences Hub and a number of other businesses and partners who wished to form a small project team and steering group. It is proposed that plans are now confirmed to develop the necessary skills, resources and arrangements to develop the Expression of Interest required for submission on 9 October 2019.

## **Issues**

7. To facilitate this, Creo Medical based in Chepstow, has pledged financial support (up to a maximum of £100k if matched by others) to ensure that the best project team is assembled with access to the required resources to pull together a compelling Expression of Interest and to more widely, create the conditions for cluster development. This is important since strong Industrial Leadership is a pre-requisite and must be demonstrated through the EOI. The Life Sciences Hub has also pledged £25k to support the costs of a bid writer as part of the project team. Other companies and organisations have also committed to in-kind contributions in the way of help, advice, expertise and support up the value of £25k. It is suggested that the CCR also commits up to £50k to the fund from the Wider Investment Fund Project Development budget. This would confirm CCR City Deal's 'local leadership' support for the EOI and demonstrate the necessary political will and backing to the process.
8. Given Wave 2 of the SIPF expects to make allocations of up to £50m to successful industry-led consortia, it is important that the opportunity is progressed. Whilst a 'fighting fund' of c£200k would appear to be a significant sum, it must be borne in mind that the Devices and Diagnostics Cluster is fledgling. A much smaller investment was made by CCR and consortium partners in convening the Wave 1 bid for the Compound Semiconductor Cluster submission to SIPF. However, this recognised the significant amount of information, data and networks readily available – mainly as a result of work on the business case for the Compound Semiconductor Foundry. The Medical Devices Cluster and Diagnostics Cluster is not in the same place. Although the number of companies is growing and the scope and scale of working is developing at a fairly quick rate, the inter-connections, alignments and coherence at cluster-scale are not well developed. There is currently no sense of identity and whilst opportunities exist – there

is a significant amount of work to do to build profile and presence. In addition to specialist bid-writing support and programme development expertise, urgent work needs to be done to establish the connections, build a brand and develop a marketing plan, bring together the network and commission an independent assessment of economic impact over the medium-term.

9. Table 1 below provides a high-level break down of the anticipated costs. Much of this relates to the direct development of the EOI itself, which is to be submitted by 9 October 2019. However, as first stage 'seed-corn' awards will not be announced until June/ July 2020 – it is important there is a wider and more medium-term focus on maintaining momentum and continuing to build capacity; collaboration and identity over this period in order to give coherence to the Devices and Diagnostics Cluster.

**Table 1**

<b>Proposed Activity</b>	<b>Approximate Investment</b>	<b>Duration</b>
Secure bid writing expertise	£40,000 (includes in-kind support)	Up until October 2019 – submission of EOI
Establish project management, Cluster co-ordinator, secretariat and support arrangements for on-going industry and academic liaison	£40,000 (includes in-kind support)	Up until June 2020 – seed fund announcement
Establish and support project steering group	£10,000	Up until June 2020 – seed fund announcement
Create the monthly 'Medical Monday' network event	£20,000	Up until June 2020 – seed fund announcement
Develop the Cluster brand, identity and marketing materials	£20,000	Up until June 2020 – seed fund announcement
Commission Economic Impact Assessment work	£25,000	Up until October 2019 – submission of EOI
Analysis of Skills requirements in conjunction with Regional Skills Partnership	£20,000	Up until June 2020 – seed fund announcement
Development of collaborative R&D programme, including international links for CCR Medical businesses	£25,000	Up until June 2020 – seed fund announcement

10. It is proposed that the initial project budget will be managed by Creo Medical. This will satisfy the 'lead role' requirements for SIPF and will be done on an open book accounting basis, jointly overseen and monitored by the small core group of contributors – all of whom will be part of the Project Team and Steering Group – including CCR City Deal. This will allow the necessary freedoms and flexibilities, but will provide accountability to CCR City Deal through an open, rigorous and transparent approach. In effect, this will mean City Deal 'grants' £50,000 to Creo Medical supported by a simple grant agreement setting out Terms and Conditions in line with standard HM Treasury provisions.

### **Reasons for Recommendations**

11. To seek Regional Cabinet's endorsement of the approach outlined to developing an industry-led Expression of Interest to Wave 2 of the Strength in Places Fund. Submitting a second stage bid to the Wave 2 Fund demonstrates backing for priority sectors, has the opportunity to benefit all parts of the region, make inter-regional links and exemplifies ambition and opportunity to UKRI. In addition, the strong offers of support from industry and the Life Sciences Hub indicate the beginnings of a long-term partnership which could persist and develop, beyond the success or otherwise of the Strength in Places Fund bid.

### **Financial Implications**

12. The attached report seeks approval to commit up to £50,000 towards an industry-led Expression of Interest (EOI) to Wave 2 of the Strength in Places Fund. The reports outlines the significant interest and strong level of support identified within the region to take forward the EOI, with circa £150,000 of commitments already pledged by a number of key stakeholders to-date.
13. It is proposed that Creo Medical will be the legal entity which undertakes the 'led role' for co-ordinating, developing and submitting the bid on behalf of the region. In addition, it will be responsible for receiving, holding and accounting for all financial contributions received to towards bid development costs. The proposed arrangements will need to ensure that any VAT implications are fully understood and costs are structured accordingly.
14. CCR City Deal's financial contribution can be met from the approved 2019/20 Programme Development & Support budget, subject to the necessary financial and administrative arrangements being agreed and put in place. It is envisaged that this will take the form of 'grant agreement', which amongst other matters, will seek to ensure that:
  - funding is to used solely to support the objectives of the Cardiff Capital Region City Deal (CCRCD) through the implementation of projects and schemes agreed by the Regional Cabinet in accordance with the arrangements set out in its Joint Working Agreement (JWA), Wider Investment Fund, Assurance Framework and JWA Business Plan;

- the CCR City Deal element of funding is utilised in a manner which complies with the European Commission's State Aid Rules and that any goods and/or services acquired through this funding are purchased in a competitive and sustainable way so as to demonstrate best value in the use of public funds;
  - that accounting records will be made available on an 'open book' basis, to satisfy the requirements of openness, transparency and accountability, in respect of public monies.
15. If the EOI is successful, it is envisaged that Creo Medical will also take responsibility for receiving and administering the £50,000 'seed-corn' funding that is being made available to work up the next stage of the process. This next stage may include an 'investment ask' from the CCR Wider Investment Fund, in which case it will be necessary to prepare a business case in-line with the requirements of the Investment & Intervention Framework.
  16. A further report will be brought back to Regional Cabinet to provide an update on matters and set-out the next steps, together with details of potential resource implications and the associated timescales.

### **Legal Implications**

17. In this case it is proposed that the CCRCDC progresses an opportunity to form a consortia that is applying, via an expression of interest ('EOI'), for UK Research and Innovation Strength in Places funding. The consortia in its application will set out its proposals. It is understood that the detail of the proposals is yet to be developed. It is proposed that City Deal provides £50,000 funding from the CCRCDC Wider Investment Fund to assist in the assembly of an 'industry led' project team to develop the proposed Expression of Interest (as detailed in the report). Detailed consideration will be required to be given to the terms attached to any funding provided by CCRCDC to any third party, including how the monies could be used and how partners/end beneficiaries are selected. This is important as the CCRCDC must ensure that any City Deal monies spent comply with the HMT and WG funding conditions. As part of the development of the EOI legal advice will be required to ensure any legal issues arising are appropriately addressed. At this stage, it is not possible to provide detailed legal advice on the above points as matters appear to be at a formative stage and we lack the detail upon which to advise.
18. Following assessment, successful EOIs will be selected to receive up to £50,000 in 'seedcorn funding' to further develop proposals for a full stage project. If the EOI submitted is successful then detailed work will be required to develop the collaborative proposals. From the CCRCDC perspective, this should include developing the detail of the governance structure around the proposed collaborative arrangement, setting out the main commitments and responsibilities of each partner to the collaboration, ensuring that all proposed activities are in line with state aid rules, the WG and HMT funding conditions that attach to the Cardiff Capital Region Wider Investment Fund and all other legal requirements. A further report, with supporting business case will be required for CCRCDC Regional Cabinet approval before any detailed proposal (which is partially reliant on CCRCDC funding) is submitted.

19. If the EOI is unsuccessful then the report seeks authority for the CCRCD to remain part of the consortium and to resubmit further applications in later rounds.

### **Wellbeing of Future Generations**

20. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible. In discharging their respective duties under the Act, each public body listed in the Act (which includes the Councils comprising the CCRCD) must set and published well-being objectives. These objectives will show how each public body will work to achieve the vision for Wales set out in the national well-being goals. When exercising its functions, the Regional Cabinet should consider how the proposed decision will contribute towards meeting the 'well-being duty' and in so doing assist to achieve the national well-being goals.
21. The well-being duty also requires Councils to act in accordance with a 'sustainable development principle'. This principle requires Councils to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Regional Cabinet must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, Regional Cabinet must:
- look to the long term;
  - focus on prevention by understanding the root causes of problems;
  - deliver an integrated approach to achieving the 7 national well-being goals;
  - work in collaboration with others to find shared sustainable solutions;
  - involve people from all sections of the community in the decisions which affect them.

Regional Cabinet must be satisfied that the proposed decision accords with the principles above. To assist Regional Cabinet to consider the duties under the Act in respect of the decision sought an assessment has been undertaken, which is attached as an appendix to this report (Appendix 2 Well-being of Future Generations Assessment) for members' consideration. In preparing reports due regard must be given to the Statutory Guidance on the Act issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

### **RECOMMENDATION**

It is recommended that the Cardiff Capital Region Regional Cabinet:-

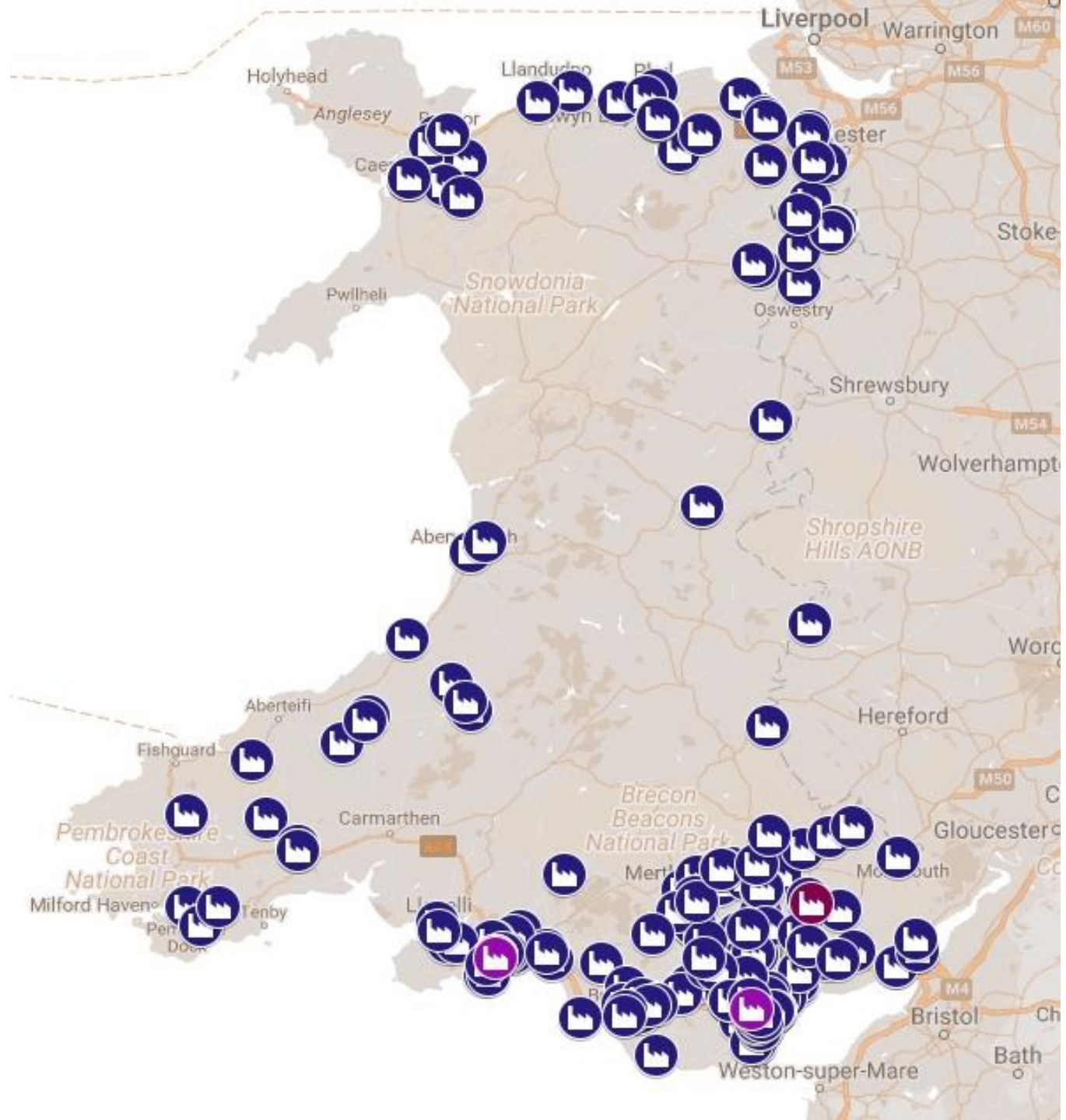
1. Note the progress being made in developing a strong consortium to develop a Wave 2 Strength in Places Expressions Of Interest (“EOI”) around the theme of Medical Devices and Diagnostics.
2. Approve up to £50,000 from the CCRCD Wider Investment Fund’s Programme Development & Support budget to meet the costs associated with the compiling a project team as outlined in the report.
3. Delegate authority to the City Deal Director (in consultation with the Portfolio Member and Joint Committee s151 Officer) to finalise and submit the EOI on 9 October 2019.
4. Agree that if the EOI is successful and Strength in Places Funding is awarded to develop the proposal (‘the Detailed Proposal’) that:
  - a. CCRCD, (with the partners to the bid and within the limits of the funding awarded), undertakes the work required to develop the Detailed Proposal; and
  - b. a further report (with supporting business case) be submitted to Regional Cabinet to seek approval of the Detailed Proposal to be submitted, including approval of any financial contribution required from the CCRCD Wider Investment Fund as part of the Detailed Proposal.
5. Agree that if the EOI is unsuccessful, to delegate authority to the CCRCD Director to work with the consortium partners to submit further EOI under successive rounds of the Strength in Places Fund programme (in line with the approach and principles set out in this report).

**Kellie Beirne**  
**Cardiff Capital Region City Deal Director**  
**15 July 2019**

### **Appendices**

Appendix 1 – Regional Distribution of Devices and Diagnostics Companies

Appendix 2 – Well-being of Future Generations Assessment



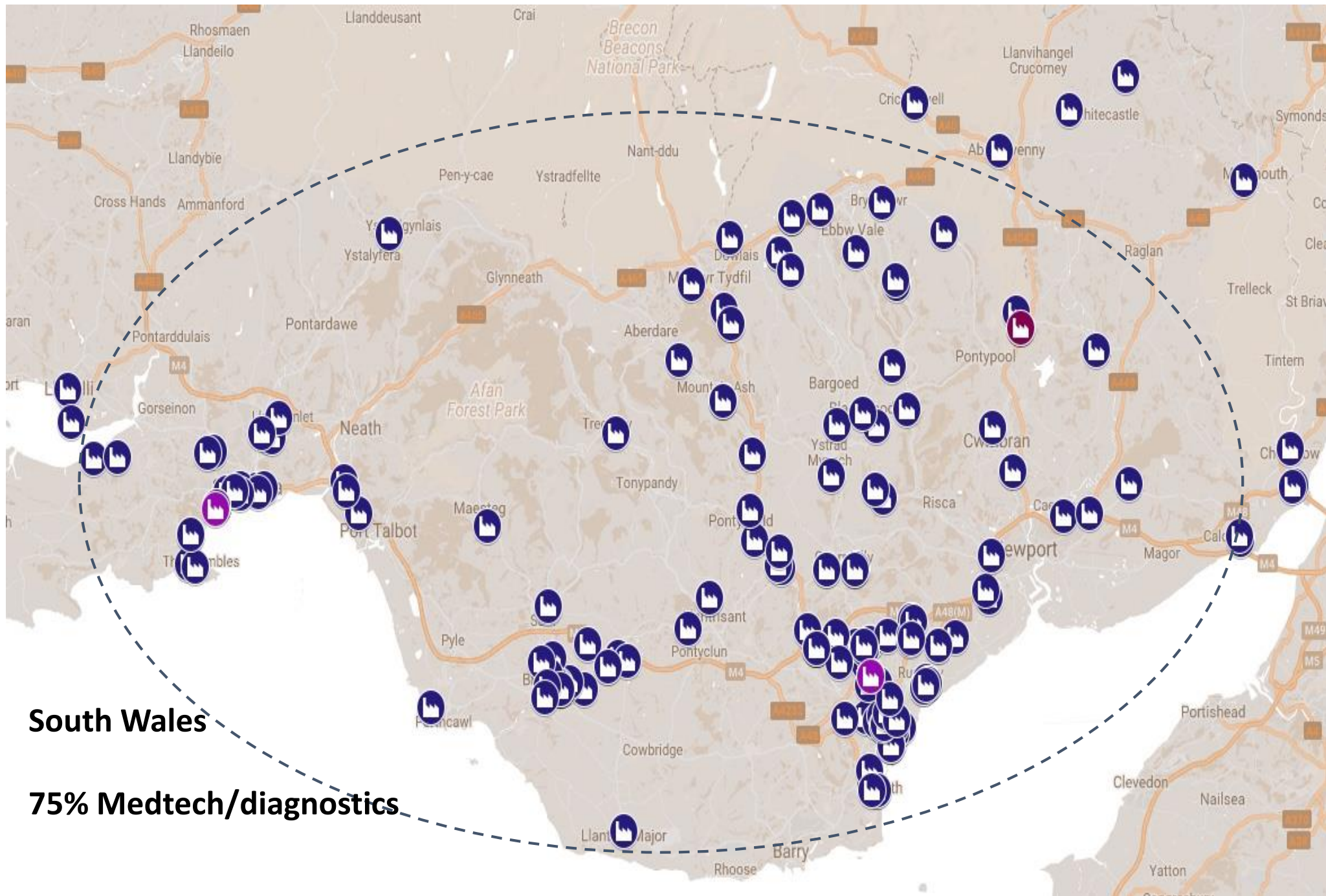
# The Welsh Life Science Sector Cluster

## “Medtech”

Employees	7300
Turnover £1.3bn	
Businesses	206

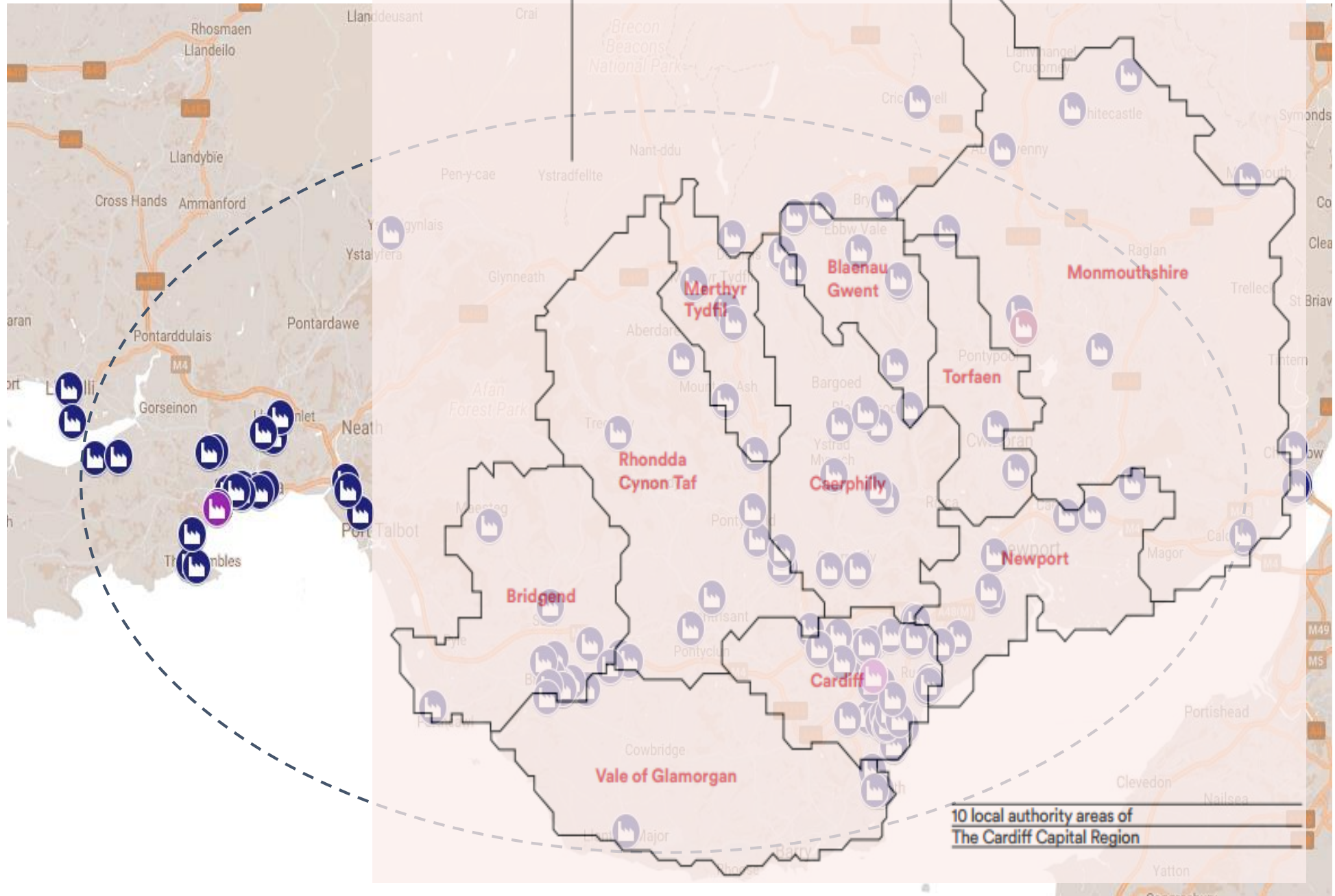
6% of UK total





**South Wales**

**75% Medtech/diagnostics**



# Future Generations Assessment

<p><b>Name of the Officer completing the evaluation:</b></p> <p><b>Kellie Beirne</b></p> <p><b>Phone no: 07826 919286</b>  <b>E-mail: kellie.beirne@cardiff.gov.uk</b></p>	<p><b>Please give a brief description of the aims of the proposal</b></p> <p>The proposal aims to seek cabinet support for the development of a cluster wide submission to UKRI Strength in Places fund for the growth and development of a Medical Diagnostics and Devices Cluster. It builds upon the first experience of SIPF with the proposed CSC Cluster bid.</p>
<p><b>Proposal: Strength in Places Wave 2 – Devices and Diagnostics</b></p>	<p><b>Date Future Generations Evaluation form completed: 8 July 2019</b></p>

**1. Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.




Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
<p><b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p>The proposal seeks to build upon a loose cluster that is starting to shape across the CCR. It is as not yet developed but an industry lead and academic partnership has been identified. There is significant potential in this sector to build wealth and prosperity and grow a focused and comparative strength.</p>	<p>The actions taken to maximize impact are around:</p> <ul style="list-style-type: none"> <li>• Consortium-led approach including CCR City Deal, Cardiff University and industrial partners;</li> <li>• Understanding the main challenge to which to respond in order to ensure scope is accurate</li> </ul>
<p><b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)</p>	<p>The proposal reflects an opportunity to ingrain and embed economic resilience and security through targeted investment in an evidenced growth sector. The sector itself is making a contribution to new</p>	<p>Economic resilience is critical given the need to withstand future economic shocks. This has the potential to make a contribution to that.</p>





Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
	technologies which can support and enhance health, wellbeing and the natural environment	
<b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood	The technology developed across the cluster is in the health and life sciences space. This makes a core and direct contribution to social, environmental and economic aims.	As the project and cluster opportunities develop, there will be opportunities to anchor companies that are leading the way on responding to societal challenges around health conditions.
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	The clustering of companies across the whole of the CCR offers a chance to link and join-up the business and academic communities as well as develop key anchor points right throughout the region. This can further enforce foundational and local ancillary opportunities.	
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	The Devices and Diagnostics cluster has been selected on account of it being a potential comparative advantage for CCR	This will sit alongside efforts to market our region competitively and globally – but to do so in a way that defines our approach to sustainability and economic self-reliance. For example, the project, offers the opportunity to make the 'Circular Economy' a feature of supply chain build.
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	The cluster project will have a strong 'made in Wales' connection.	
<b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances	This proposal goes to the heart of inclusive growth. Creating a cluster is an opportunity for more people from different and diverse backgrounds to become involved and engaged. It does not just relate to 'high skills' and the	The City Deal Skills agenda and its continued development, has specifically highlighted the need to optimize the skills opportunities.

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
	best qualified – there will be entry-level opportunities to level access to the playing field.	

## 2. How has your proposal embedded and prioritized the sustainable governance principles in its development?

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>The proposal is around an Industry of the Future. It provides opportunities for today – as well as sustained growth in an industry that will be relevant for the future.</p>	<p>Should the EOI be unsuccessful – the objective remains and the quest then becomes one of finding alternative ways to make it happen.</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>The EOI is led by a Research Body, Cardiff University, along with a number of industrial partners.</p>	<p>This will be strengthened through a specific aim around network development.</p>
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>This approach has straddled regions, sectors, businesses, skills bodies, government groups and universities.</p>	

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Putting resources into preventing problems occurring or getting worse</p>	<p>The project supports growth in a long-term high-productivity sector which will not just drive industrial and economic benefits – but social ones too in relation to smart and sustainable and solving some of the wider problems associated with disease detection and treatment of health conditions.</p>	<p>Not at this time</p>
 <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>This proposal seeks to straddle a whole supply chain, a region and regions. It has the potential to be economically advantageous and socially transformative.</p>	<p>Not at this time</p>

**3. Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	<p>Should the EOI be successful - in employment and training terms – resultant opportunities will be open to all. However, there will be an opportunity to target younger people through more formative engagement in the sector and opportunities for transformation through schools</p>	<p>None arising – although particular attention will have to be paid to how the message and opportunities is conveyed as consistently as possible to all aspects of the future workforce.</p>	<p>Planning through the Regional Skills Partnership</p>
Disability	<p>As above – the proposal relates at this time to developing the conditions to submit the EOI</p>	<p>None arising – situation will be subject to ongoing monitoring should the EOI bear fruit.</p>	

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Gender reassignment	<p>As above – the proposal relates at this time to developing the conditions to submit the EOI</p> <p>Should the submission prove to be finally successful – training and development processes will be focused on all equalities principles and matters, including gender.</p>	As above	
Marriage or civil partnership	Should the proposal be successful, employment and recruitment processes will have regard to all of the protected characteristics including the rights of married couples or those in civil partnerships.	As above	
Pregnancy or maternity	Should the proposal be successful, proper regard will be had to the rights of any employees with regard to pregnancy/ adoption/ maternity and paternity.		
Race	Should the proposal be successful and a recruitment and appointment process begin, proper regard will be had at that time, regarding promoting equality of opportunity, translation services and general support to ensure opportunities are genuinely open to all members of the community/ workforce.		
Religion or Belief	As above.		
Sex	Again, should the proposal be successful, proper regard will be had to working conditions and rights and ensuring equity. Efforts in this regard need to be twinned with more support for women in particular in STEM related work.	Proportion of women employed in STEM related professions is generally lower than that of male counterparts.	Data and evidence through the activities of the RSP to inform any potential need for targeted recruitment processes.
Sexual Orientation	As with all of the section above.		

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
Welsh Language	Should the bid be successful we will discharge all of our duties in relation to the Welsh language Act.	Not at this time but the situation will be kept under review.	

**4. Safeguarding & Corporate Parenting. Are your proposals going to affect either of these responsibilities?**

	<b>Describe any positive impacts your proposal has on safeguarding and corporate parenting</b>	<b>Describe any negative impacts your proposal has on safeguarding and corporate parenting</b>	<b>What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?</b>
Safeguarding	Any work with young people or in the context of schools/ learning establishments, will have proper regard to Safeguarding requirements and policy compliance.	Safeguarding is about ensuring that everything is in place to promote the well-being of children and vulnerable adults, preventing them from being harmed and protecting those who are at risk of abuse and neglect.	
Corporate Parenting	If successful, an opportunity exists to advise and support our young people about the potential for careers, growth and personal development through engagement with this sector		Ensure information about the industry in which the ten LAs are investors – is conveyed to and shared with young people in the care of the LA. Consideration should be given to city deal employment opportunities being more closely referenced in Corporate Parenting Policies and Strategies.

**5. What evidence and data has informed the development of your proposal?**



- Data and evidence
- Academic research
- Impact assessments
- Global reports and predictions
- Future trends
- Work to date on Precision medicine

**6. SUMMARY:** As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?

*The proposal is a speculative one at this stage and pre-submission of EOI.*

**7. ACTIONS:** As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable.

What are you going to do	When are you going to do it?	Who is responsible	Progress
Should the final bid be successful – a more detail assessment will need to be undertaken based on the prospect of actual events and occurrences – at present it is speculative			

**8. MONITORING:** The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.

The impacts of this proposal will be evaluated on:

Subject to success of EOI – notification in 2020.